

For the Health of People Worldwide and of the Earth

Yakult



Yakult
Social & Environmental Report
2012

About This Report

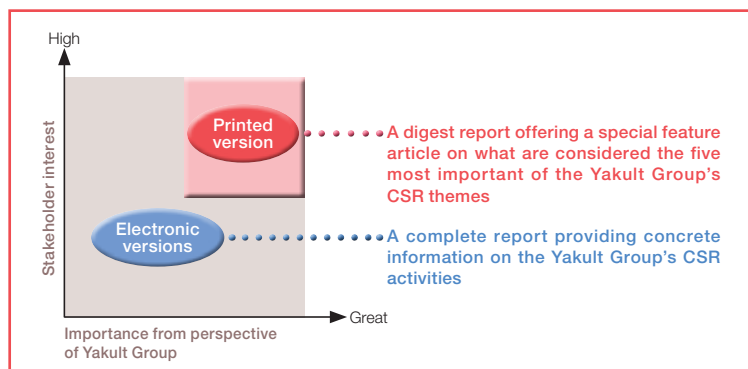
Editorial Policy

Designed to help readers learn about Yakult Honsha's corporate social responsibility (CSR) performance, this report presents information centered on the environmental activity performance and social contribution activities of Yakult Honsha and the other Yakult Group companies during fiscal 2011.

In fiscal 2010, an English-language version of this report was published, and the Company has been issuing Japanese-language editions each year for over a decade. Initially, these reports focused on the Company's business sites in Japan. Beginning from *Yakult Social & Environmental Report 2010*, the scope of the report was expanded to encompass all of the Yakult Group's social and environmental activities, including those associated with business sites both in Japan and overseas.

Aiming to encourage as many people as possible to read this report and gain a familiarity with the CSR activities of Yakult Honsha and the other Group companies, the editors have done their utmost to make the report easy to read and understand. The printed version includes contents that have been made as concise as possible, while additional quantitative data and other supplemental information can be obtained by visiting the Company's website to obtain an e-book or PDF version of the report.

Relationship of Printed Report and Website Features



Boundary

Period

April 1, 2011 through March 31, 2012

Scope of Data (Environmental Data)

The scope of data in the report includes the Company's Head Office, five branches, nine plants, the Yakult Central Institute for Microbiological Research, and two logistics subsidiaries* in Japan as well as 28 business sites overseas.

With respect to social activities, the report covers the above-mentioned facilities as well as the activities of domestic Group companies.

* In June 2011, three logistics subsidiaries were reorganized to create two new companies.

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Overview of Yakult's Operations

Corporate Profile

Profile of Yakult Honsha (as of March 31, 2012)

Name: Yakult Honsha Co., Ltd.

Address: 1-19 Higashi-Shimbashi 1-chome, Minato-ku, Tokyo 105-8660, Japan

Founded: April 9, 1955

Businesses: Manufacturing and marketing of dairy products, foodstuffs, pharmaceuticals, cosmetics, and others

Paid-in Capital: ¥31,117 million

Net Sales: (nonconsolidated) ¥175,220 million (as of fiscal year ended March 31, 2012)

Business sites: Five branches, nine plants, one research laboratory, 10 medical branches, 11 logistics centers

Number of employees: 2,936 (including 283 seconded employees and 147 commissioned employees)

Profile of Yakult Group (as of March 31, 2012)

Japan Sales companies: 109 companies

Bottling plants*: 6 companies

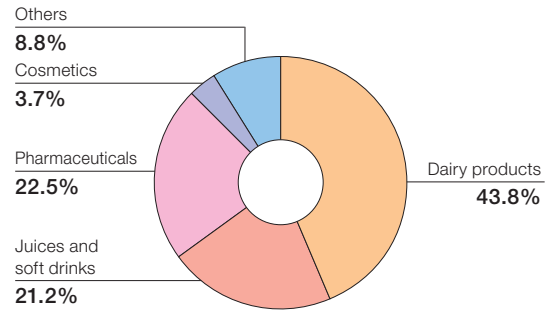
Affiliated companies, etc.: 15 companies and 4 associations

Overseas Business sites: 28 companies and 1 research laboratory

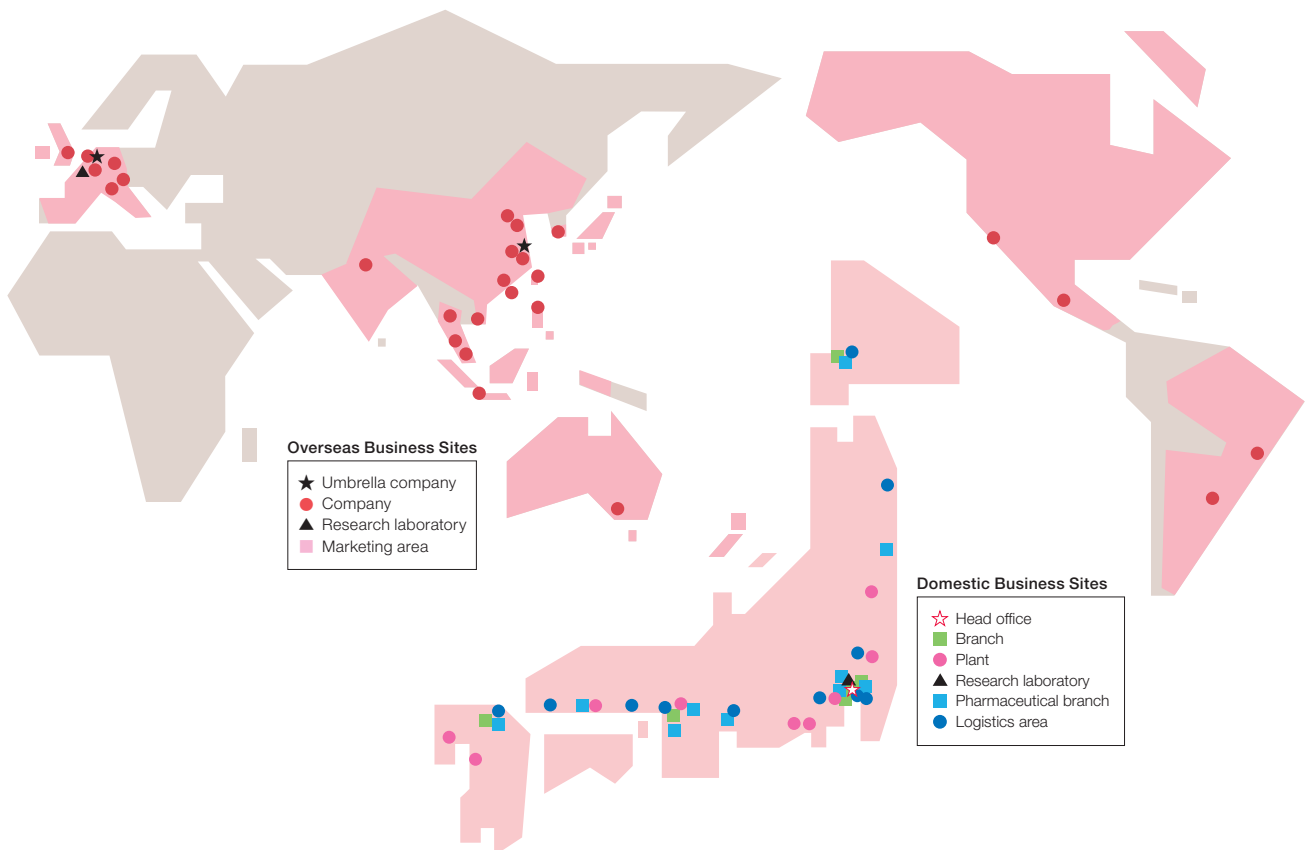
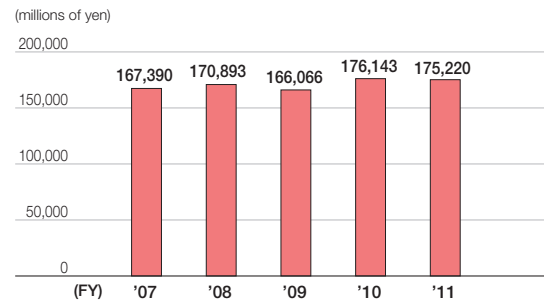
Marketing regions: 31 countries and regions

*On April 1, 2012, the name of subsidiary plants was changed to bottling plants.

Sales Structure by Type of Product (Nonconsolidated)



Five-Year Overview of Net Sales (Nonconsolidated)



To Our Stakeholders

Implementing CSR Programs Based on Our Corporate Philosophy to Earn Society's Trust and Promote a Beneficial Relationship with Society

Q: What kind of a year did Yakult have in fiscal 2011, following the Great East Japan Earthquake?

Soon after the Great East Japan Earthquake disaster, Yakult Honsha established its Great East Japan Earthquake task force at its headquarters, created cooperative systems for providing Yakult Group employees and other people in impacted regions with protection and support, donated and supplied mineral water and soft drinks to residents of the regions, and otherwise did its utmost to aid the regions. Moreover, because the earthquake disaster damaged Yakult Group plants and a number of the centers (bases for Yakult Ladies' operations) of Group sales companies and impacted the Group's procurement of raw materials and supplies, we emphasized initiatives for ensuring our business continuity. Thanks to the support and cooperation of individual Group companies and affiliates, the Yakult Group was able to resume the production and shipment of its full lineup of dairy products slightly more than three months after the disaster. We greatly appreciate the various efforts that made this achievement possible.

As a result of the nuclear power plant disaster that accompanied the earthquake, Japan's energy problems have become increasingly severe. While our energy conservation initiatives in the past were designed primarily to help prevent global warming, conserving electric power and reducing energy consumption have now become critical goals that all companies in Japan must strive to attain as a means of enabling the country to overcome its electric power shortage. Helping prevent global warming remains a top priority, and there is an urgent need to increase the use of renewable energy. We are also implementing initiatives with respect to biodiversity and an increasingly diverse range of other environmental preservation themes.

In these ways, fiscal 2011 was a year in which the Yakult Group endeavored to provide support to disaster-impacted regions, but it was also a year in which the Group benefited from assistance provided from a large number of entities and people. Moreover, it was a year in which Japan's critical electric power crisis led us to strongly reaffirm our commitment to proactively undertaking social activities and environmental activities.

In accordance with its corporate slogan—"In order for people to be healthy, everything around them must also be healthy."—the Yakult Group is determined to continue its tradition of proactively making concrete contributions to society.

Q: Please explain how the Long-Term Vision "Yakult Vision 2020" will determine the direction of the Yakult Group's progress in the future.

Based on its corporate philosophy as expressed by "We contribute to the health and happiness of people around the world through the pursuit of excellence in life science in general and our research and experience in microorganisms in particular," Yakult Honsha has for many years been actively engaged in business operations centered on the food and beverages business, the pharmaceuticals business, and the cosmetics business. The motive forces propelling the expansion of those operations are mission-driven management and agricultural-style management. Mission-driven management entails having a sense of mission to make contributions to solving issues faced by local communities, and it reflects our belief that there would be no point in operating a company if we did not perceive this kind of mission. Agricultural-style management entails expending one's own time and energy to steadily build a foundation to offer products of assured quality and new value, and emphasizes winning the trust of local communities.

Going forward, we are anticipating a turbulent management environment—owing to such factors as an aging society and population shrinkage in Japan, the growth of emerging country markets, and the intensification of global competition—and we believe we must have a long-term vision to serve as a corporate development road map. Thus, Yakult Honsha has formulated a long-term vision for its three businesses of food and beverages (Japan and overseas), pharmaceuticals, and cosmetics that sets targets to be achieved by each business over a period of 10 years and explains the ways in which the entire Yakult Group will work together in pursuit of growth as a global company. This long-term vision, which we call "Yakult Vision 2020," was announced in January 2011.

Realizing this vision is an integral part of the Group's plans for carrying out its responsibilities to society.



Sumiya Hori
Chairman, Representative Director, and CEO



Takashige Negishi
President, Representative Director, and COO

Q: You began implementing your Basic Policy on CSR. Please give us an overview of the Yakult Group’s CSR programs.

Essentially, Yakult’s CSR programs are corporate activities that stem naturally from our aforementioned corporate philosophy. More specifically, as the world’s leading company regarding R&D in the fields of lactobacilli and bifidobacteria, we are striving to realize an “enriched social lifestyle” and “economic stimulation” through our business activities while concurrently developing business models that include “diverse social contribution activities,” thereby generating tangible benefits in accordance with our corporate philosophy going forward. Our Basic Policy on CSR is designed to promote the maintenance of a good balance between these three values as we seek to implement strategies for Yakult’s sustained growth.

We also believe it to be extremely important to implement initiatives concerning such issues as “thorough compliance management,” “risk management,” “quality assurance,” and “social and environmental activities” as means of living up to our responsibilities to all of our stakeholders, including customers, people in local communities, shareholders, business associates, and the Yakult Group employees.

Reflecting our recognition of the importance of such initiatives, the Yakult Basic Policy on CSR stipulates that “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,” which was implemented from April 2012.

Q: What is the objective of “Yakult Sustainable Ecology 2020”?

“Yakult Sustainable Ecology 2020,” which was implemented from April 2012, is a new long-term environmental vision that includes a compilation of the goals Yakult is aiming to attain by 2020.

It has three principal elements. The first element is to reduce greenhouse gas emissions and help realize a low-carbon society. The second is to promote the efficient use of resources by applying the “3Rs” (reduce, reuse, and recycle) in ways that increase resource recycling. The third is to gain a comprehensive understanding of the relationship between the Group’s business activities and biodiversity and then work to preserve biodiversity.

In 2004, we established “Yakult Eco Vision 2010,” which enabled us to achieve numerous achievements in the period through 2010.

Building on the momentum of that environmental vision, we plan to implement initiatives in accordance with “Yakult Sustainable Ecology 2020” that will promote mutually beneficial relationships with all of Yakult’s stakeholders and contribute to the creation of a sustainable society.

August 2012

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Sumiya Hori
Chairman, Representative Director, and CEO

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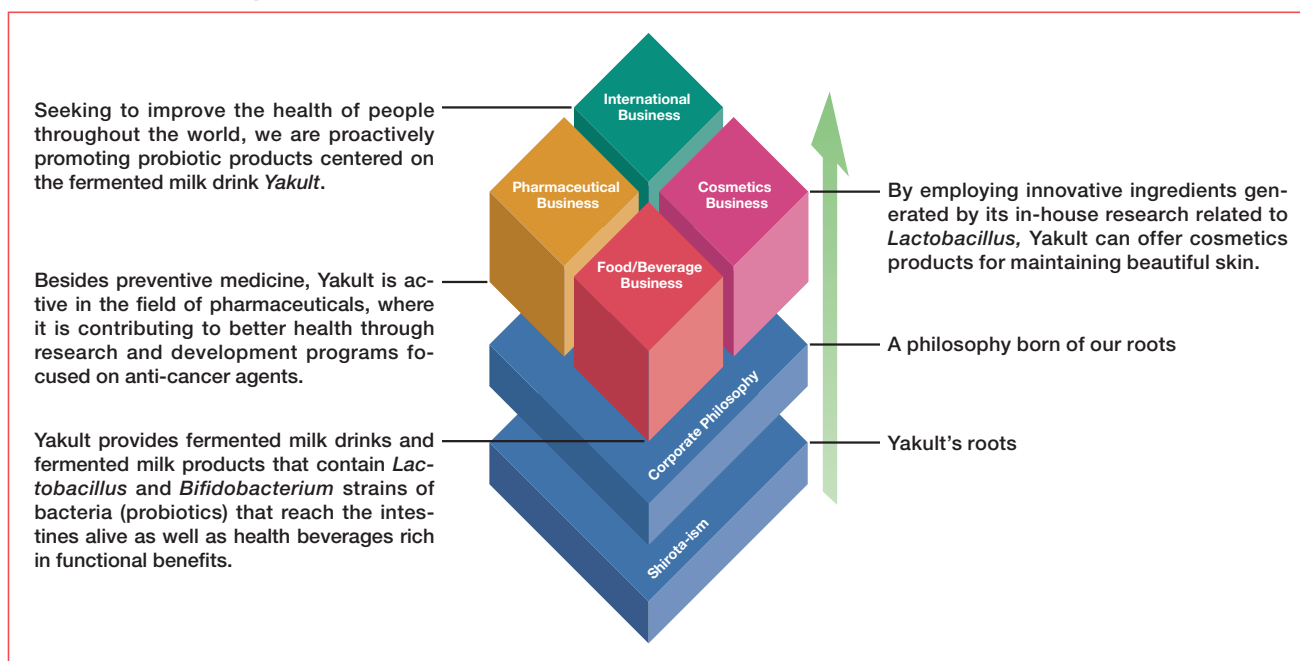
Takashige Negishi
President, Representative Director, and COO

Corporate Philosophy

Corporate Philosophy

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

Business Development



Product Lineup

Foods and Beverages

- *Lactobacillus*-based dairy beverages
- Fermented milk products



Yakult dairy products based on the concepts of "preventive medicine" and "a healthy intestinal tract lead to a long life." *Lactobacillus casei* strain Shirota and *Bifidobacterium breve* strain *Yakult* reach the intestines alive and promote a healthier intestinal tract.

- Fruit and vegetable juice products
- Soft drinks
- Coffee and tea beverages
- Other beverages, noodles
- Health beverages



Yakult beverages that help create healthy life scenes. High-quality raw materials are used to create functional beverages with various health benefits.

Cosmetics

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



Yakult cosmetic products generated by bio-science. These products help maintain beautiful and healthy skin.

Pharmaceuticals

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



Yakult pharmaceuticals making contributions in the field of medicine. These products are providing people with benefits in both medical facilities and homes.

Management of the Yakult Group

Fundamental Corporate Governance Policy

In accordance with our corporate philosophy (see page 4), the primary business objective of Yakult Honsha and the Yakult Group is to “contribute to the health and happiness of people around the world.” To realize this objective, we consider it is important to build a solid corporate governance system while also continually striving to reevaluate our relationship with society, clarify the tasks that we should be addressing, and implement management functions in a highly transparent manner.

Yakult’s fundamental corporate governance policy is to “devote thorough efforts to steady business development centered on core business operations and strive to maintain a sound financial position by promoting highly transparent management functions.” Based on this policy, we are endeavoring to increase the level of society’s trust in us and our brand value while earning outstanding evaluations from customers as well as shareholders, investors, those working throughout the Yakult Group, and other stakeholders, and thereby seeking to realize sustained corporate development and growth.

Corporate Governance System

Aiming to strengthen the Board of Directors’ decision-making functions and supervisory functions as well as to clarify responsibilities and to increase the efficiency of both kinds of functions, we introduced an executive officer system in June 2011. 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 senior corporate auditors, and the Executive Officers Committee, which includes executive officers and senior corporate auditors.

The Board of Directors is composed of 15 directors, including four outside directors, and the Board of Auditors is composed of seven corporate auditors, including four outside corporate auditors.

Auditing Entities

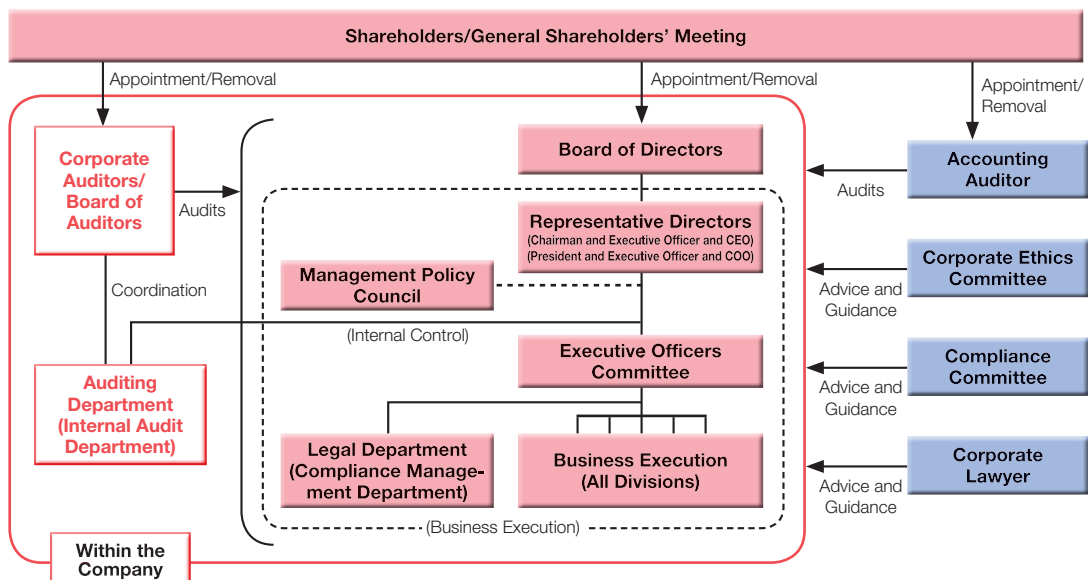
Internal Audits—The Auditing Department, which reports directly to the Company president, performs financial audits, operational audits, and internal control system audits, including those of Group companies in Japan and overseas. The head of the Auditing Department currently oversees a 15-member staff responsible for risk avoidance and other internal audit functions. These personnel conduct internal audits spanning the operations of all internal departments and Group companies as well as provide concrete advice and warnings with respect to operational improvements.

Corporate Auditor Audits—Based on the audit policies and audit plans determined by the Board of Auditors, the seven corporate auditors (including four outside corporate auditors) audit the operational execution situation of directors by attending meetings of the Board of Directors and other important Company meetings and examining documents related to decision-making and other matters.

The system of support for corporate auditor audits consists of a two-person staff that is assigned exclusively to the corporate auditors and is comprised of employees who are thoroughly familiar with the Company’s operations and capable of providing appropriate assistance for the corporate auditors’ operations.

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

Corporate Governance Framework



Compliance Programs

Recognizing that realizing sound compliance performance—maintaining rigorous legal compliance and firmly establishing rigorous corporate ethics—is one of the most-important tasks of a corporation, Yakult proactively works to promote its own compliance management while also endeavoring to ensure that Group companies give similar emphasis to compliance performance and implement the concrete measures required to attain such performance.

Yakult Code of Ethics and Code of Practice

In 2000, Yakult instituted the Yakult Code of Ethics and Code of Practice to serve as guidelines for proper corporate activities. In 2005, we revised these codes, aiming to increase their effectiveness through such measures as those to append more-specific conduct standards and concrete examples of such standards, and the application scope of the codes was concurrently expanded to include Yakult Honsha subsidiaries.

Moreover, in view of the many actual cases in which the compliance infractions of a single member of a corporate group ramifies into problems affecting the entire Group, Yakult moved in 2007 to further expand the codes' application scope, which now encompasses not only Yakult Honsha subsidiaries, but all companies in the Yakult Group.

A pocketbook including the Yakult Code of Ethics and Code of Practice has been distributed to employees so that they can easily refer to the codes at any time during their day-to-day work when they need to confirm that a particular decision-making process conforms to the Group's compliance standards.

The Yakult Code of Ethics and Code of Practice are also posted on the Company's website.



Compliance Committee

In 2000, Yakult established its Compliance Committee, which is composed of independent experts (attorneys and certified public accountants) from outside the Company.

The Compliance Committee regularly meets with directors of Yakult Honsha and provides them with wide-ranging opinions and recommendations related to all kinds of corporate activities from the perspective of compliance.

The committee has been engaged in discussions of Yakult's "management/financial situation" and "compliance promotion situation" for some time, and these discussions proceeded further during fiscal 2011.

Compliance Promotion System

To create an organization for proactively and flexibly promoting internal compliance within Yakult Honsha, the Company has established its Compliance Promotion Team, which is composed of staff from four units—the Legal Department, the General Affairs Department, the Personnel Department, and the Auditing

Department. As an additional measure to strengthen the compliance promotion system, compliance managers have been appointed within each unit of Yakult Honsha and each Group company and given responsibility for checking to ensure that day-to-day operations are being properly implemented.

Training and Learning Activities

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

In addition, we employ our internal LAN to provide all employees with e-learning courses related to compliance on an ongoing basis. To facilitate efforts to determine the optimal direction of compliance programs going forward, we are closely monitoring compliance performance, employee awareness levels, and other compliance-related situations in Yakult Honsha and its subsidiaries as well as distributing compliance-related questionnaires.

Corporate Ethics Committee

In 2002, Yakult established its Corporate Ethics Committee, which is primarily composed of independent experts from outside the Company. This committee is engaged in activities designed to ensure the Company is able to avoid relationships with anti-social elements.

Yakult Vision 2020

We have recently drafted "Yakult Vision 2020," a long-term corporate management vision covering the 10-year period from fiscal 2011 through fiscal 2020.

Background of Yakult Vision 2020's Formulation

In accordance with its corporate philosophy expressed by the slogan "We contribute to the health and happiness of people around the world through the pursuit of excellence in life science in general and our research and experience in microorganisms in particular," Yakult has for many years been actively engaged in business operations centered on the food and beverages business (both in Japan and overseas), the pharmaceuticals business, and the cosmetics business.

In light of projections that the corporate management environment will be characterized by dramatic changes going forward, Yakult now requires a new framework for guiding its corporate development path.

The new long-term corporate management vision sets targets to be attained over 10 years in each of the three core business fields—food and beverages (both in Japan and overseas), pharmaceuticals, and cosmetics—and Yakult will be striving to achieve dynamic growth as a global enterprise by making concerted Company-wide efforts to attain these targets.

Basic Policy on CSR

Corporate Activities Based on Our Corporate Philosophy

— Combining Sustainable Corporate Growth with CSR —

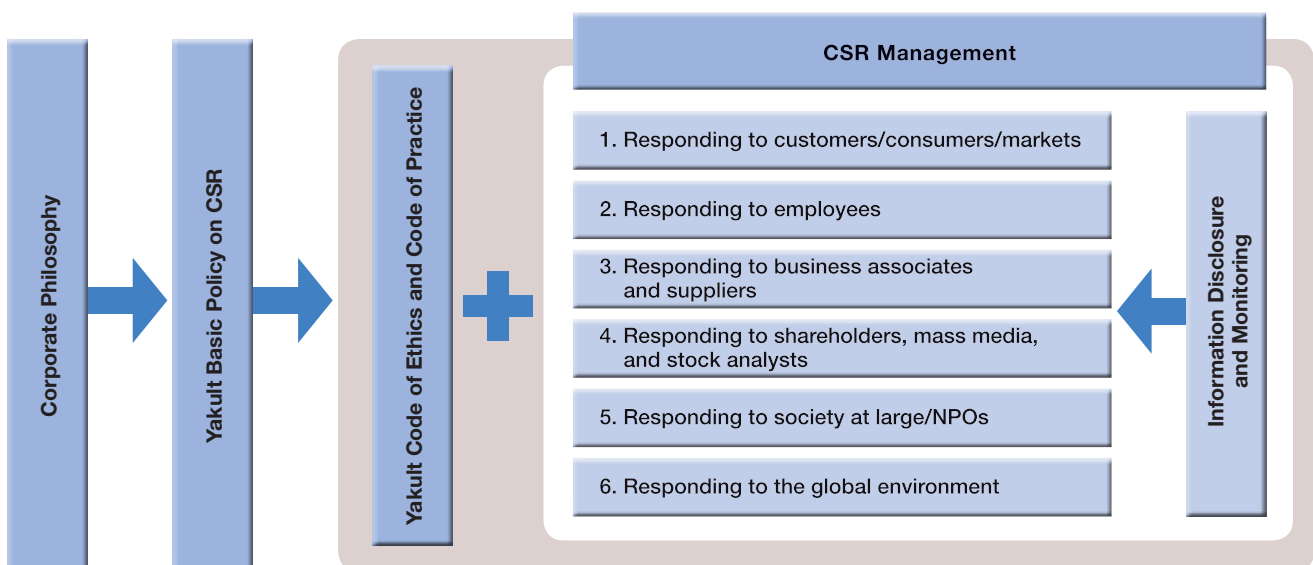
“The Yakult Basic Policy on CSR”

We will implement 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 implemented on April 1, 2012. This basic policy specifies the direction of CSR activities throughout the Yakult Group.

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.

Yakult’s CSR Management

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



Source: Yakult Code of Ethics and Code of Practice (2000 edition)

Additional Efforts Going Forward

We are currently considering the creation of a working group within Yakult Honsha’s CSR and Environmental Promotion Committee. To promote progress in our CSR activities in the future, we plan to propose the creation of a horizontally integrated organizational system for considering CSR activities throughout the Group in a manner similar to that of Yakult Honsha’s Environmental Promotion Subcommittee.

The “Yakult Sustainable Ecology 2020” Long-Term Environmental Vision

Initiatives for Business Continuity and the Environment

— Mutually Beneficial Relationships with All Stakeholders —

Environmental Initiatives

To promote more-proactive environmental preservation initiatives in every area of our business operations, in June 1997, we instituted the “Basic Policy on the Environment”, which encompasses the entire Yakult Group. This basic policy includes an environmental philosophy and the action directives.

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.

Based on the environmental philosophy, our action directives stipulate that we will build and continually improve our environmental management systems. Besides requiring efforts to reduce environmental impact throughout all of our business operations, the directives also call for emphasizing initiatives to achieve such objectives as the provision of environmental education to all Yakult Group employees, the disclosure of information on environmental activities, and the proactive pursuit of two-way communications with society regarding environmental issues.

Guidelines for Activities

1. To realize the initiatives determined by the CSR and Environmental 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 impact and will also seek to realize sustained improvement in environmental performance by periodically checking the implementation of associated initiatives, auditing such initiatives, 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, strive to further improve the level of its environmental management, and strive to eliminate environmental pollution risk factors before they become problematic.
4. In all business activities, business units will give due consideration to the environment as well as biodiversity by promoting the reduction of environmental impact.
 - (1) Efforts will be made to design containers and packaging based on due consideration of such objectives as reducing the volume of resource usage and waste products associated with containers and packaging, optimizing disposal, and promoting resource recycling.
 - (2) Regarding product manufacturing, efforts will be made to thoroughly prevent environmental pollution as well as to reduce emissions of waste products, greenhouse gases, and other problematic substances through resource and energy conservation initiatives. In addition, to promote the creation of a recycling-oriented society, efforts will be made to recycle waste products and utilize green purchasing methods.
 - (3) Regarding product distribution and marketing, efforts will be made to reduce environmental impact 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 the Yakult Group offices will strive to conserve resources and energy and thereby reduce their generation and emission of waste products, greenhouse gases, and other problematic substances. In addition, they will strive to recycle waste products and utilize green purchasing methods.
 - (5) Regarding research activities, efforts will be made to reduce environmental impact 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 efforts will be made to increase consciousness of environmental issues.
6. Information related to environmental activities will be appropriately disclosed, and efforts will be made 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
Revised: January 25, 2010

In accordance with the Basic Policy on the Environment, we have drafted new versions of the “Yakult Environmental Action Plan” at three-year intervals since fiscal 2001. Based on these plans, all the Yakult Group’s development, manufacturing, marketing, and office units have been moving ahead with environmental countermeasure activities designed to reduce the Group’s environmental impact. The fourth environmental action plan was instituted in fiscal 2010, and the implementation of that plan is proceeding smoothly with the goal of attaining all the plan’s objectives by fiscal 2012.

Because of the fundamental nature of environmental countermeasure activities, however, we believe that such initiatives must be implemented in a sustained manner along with our business activities. In March 2004, we supplemented our three-year cycles of environmental action plan implementation and results evaluation activities by instituting the “Yakult Eco Vision 2010” to focus on the realization of longer-term environmental objectives.

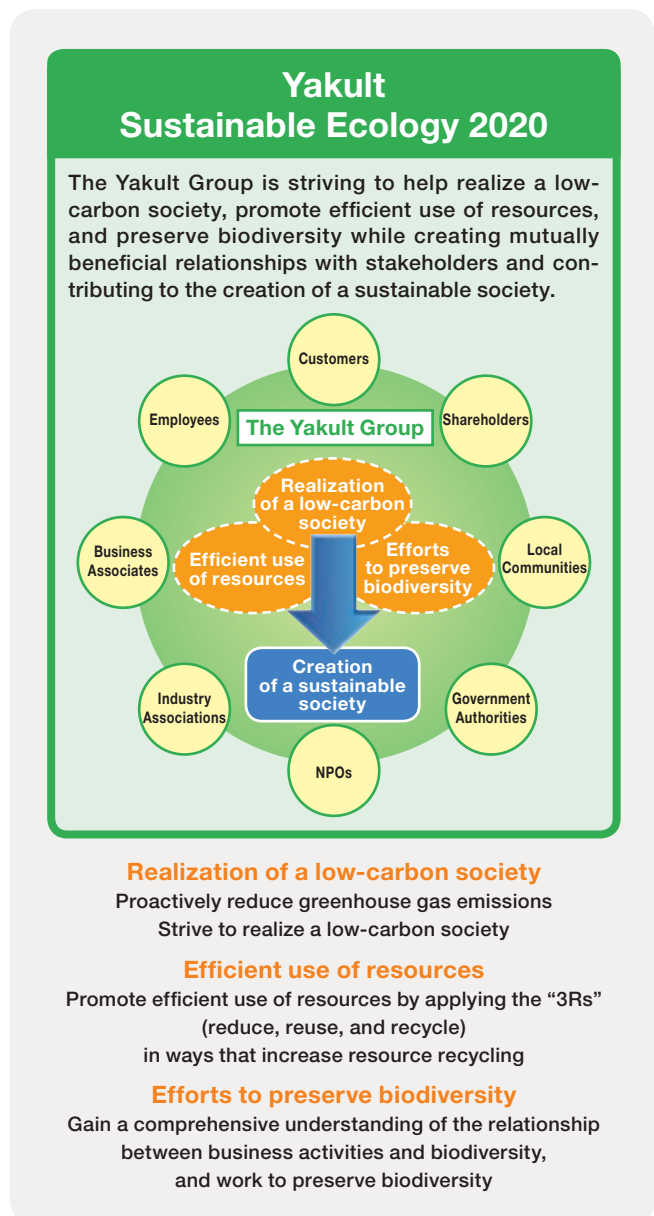
“Yakult Sustainable Ecology 2020”

“Yakult Eco Vision 2010” had the goal of making “all domestic offices conform to green company principles, contributing to coexistence with the environment and the formation of a sustainable society.” To meet the requirements for our definition of a ‘green company,’ a company must offer products and services that are in harmony with the environment, operate factories and offices that minimize their environmental impact, and undertake activities to speed up information disclosure and expand communication.

As summarized in our *Yakult Social & Environmental Report 2011*, the sustained efforts of all Yakult units to attain the “Yakult Eco Vision 2010” targets led to the achievement of significant results.

In view of that success, we have drafted “Yakult Sustainable Ecology 2020”, which focuses on activities related to Yakult’s business continuity as well as environmental initiatives related to the sustainability of the overall global environment. This new environmental vision sets targets for attainment by 2020.

“Yakult Sustainable Ecology 2020” portrays three kinds of major issues that Yakult must respond to in the future and also emphasizes that the Group must maintain mutually beneficial relationships with stakeholders and contribute to the creation of a sustainable society. The three major issues were selected based on consideration of significant changes expected to take place over the next 10 years, population growth issues (food and water shortages, poverty, and growing greenhouse gas emissions), changes in corporate activity-related requirements (the UN Global Compact), changes in global environment-related consciousness and activities (the UN Convention on Biological Diversity and the UN Framework Convention on Climate Change), and the long-term vision focused on the year 2050 within the Third Basic Environment Plan of Japan’s Ministry of the Environment (approved by the Cabinet in April 2006).



Leveraging Special Characteristics of Yakult's Business Operations

Guest Lecturers

— Correct Eating Habits and Lifestyles for Better Health —

Yakult Founder Dr. Minoru Shirota promoted the concepts of “preventive medicine,” “a healthy intestinal tract leads to a long life,” and “offering products at a price anyone can afford.” The Company’s roots are found in these and other ideas of Dr. Shirota, which we refer to collectively as “Shirota-ism.” Yakult has maintained its commitment to Shirota-ism through the current day, and the philosophy is the foundation for all the Company’s businesses.

Besides providing health-promoting products that stem from Shirota-ism, we have a long record of providing information about Shirota-ism to people in local communities. One of the ways we do this is through the dispatch of guest lecturers.

In Japan, the promulgation of the “Basic Law on Shokuiku (food and nutrition education)” in 2005 and the creation of the “Basic Program for Shokuiku Promotion” in 2006 reflect a growing desire to provide children with proper information about food and encourage them to adopt eating habits that help maintain good health. Among the related initiatives that have been taken are those to launch food and nutrition education programs in schools. Aiming to cooperate with those programs, Yakult has since 2008 undertaken the dispatch of “guest lecturers.”

Yakult dispatches guest lecturers mainly to primary schools. The people who we send to offer guest lectures are staff at Yakult Honsha branches and the Company’s regional marketing companies. The lectures they present have the theme “early to bed, early to rise, breakfast, and morning bowel movements.” They are designed to provide information about the important role of the intestines in absorbing nutrients from food, the way we can evaluate the condition of our intestines based on the shape of stools, the ways that bacteria living in the intestines work, and similar subjects. This information is explained with the assistance of models, picture-card story shows, and other materials to make it easy for children to understand how important it is to have healthy eating habits that are conducive to good bowel functions.

In fiscal 2011, Yakult presented 513 guest lectures at locations throughout Japan. The overwhelming majority of children attending the lectures and their teachers have reported that the lectures enabled them to gain a good understanding of the beneficial actions of lactobacilli in the intestinal tract and of the importance of focusing on both bowel functions and food rather than on food alone. Going forward, we will continue dispatching guest lecturers and thereby promote correct eating habits and lifestyles for better health based on Shirota-ism.

Lecture Contents

(Example)

- ① **Structure and functions of the digestive tract**
(Hands-on experience of the shape and length of the digestive tract)
- ② **What we can learn from stools about life rhythms**
(Lesson configured based on results of questionnaires completed by students in advance)
- ③ **There are bacteria living in your intestines**
- ④ **Using stools to check the health of your intestines**
(Visual examination of stool-shape models)
- ⑤ **My declaration of important points for healthy-intestine lifestyles**
(Students explain how the lecture relates to their own lifestyle)



A scene from a guest lecture

Numbers of Guest Lectures (Primary, middle, and high schools, etc.)

	FY2010			FY2011		
	Branches	Marketing Companies	Totals	Branches	Marketing Companies	Totals
Hokkaido	0	0	0	0	3	3
East Japan	26	39	65	24	40	64
Metropolitan	9	67	76	23	205	228
Central Japan	10	20	30	15	57	72
West Japan	1	30	31	3	143	146
Total	46	156	202	65	448	513



Example of instructional materials



Stool-shape models



Digestive tract model

Comments from Students and Teachers (Selected)

- I learned that we have to have meals with balanced nutrition, and we have to increase the number of good bacteria in the intestines.
- It was good, because I never had an opportunity to learn about how important bowel movements are.
- The student's consciousness of correct eating habits has been increased, and the amount of leftovers from lunches has been diminishing.
- Some of the teachers have stated that they want to give other people guidance on how to have healthy eating habits going forward.
- The students are particularly keen on learning when they have an instructor other than their usual teachers.
- I previously just thought of stools as dirty things, so it was a good thing to be taught about body rhythms. From now on, I will strive to maintain a highly regular lifestyle.
- Giving the lecture on healthy eating habits was very helpful.
- We appreciate the efforts that were made to make learning enjoyable.

Yakult A&G Environmental Water Purification Systems

— Focus on Water Resources in Business Operations —

Based on our recognition that “water is a precious resource,” we have developed a sophisticated water purification system that uses Yakult drink containers with the bottoms removed (Yakult filter material) as tools for culturing microorganisms that break down contaminants. We are working to promote the more-widespread use of Yakult filter material, and our efforts have led to the use of this material in national and local government water purification projects in Japan. Yakult A&G Environmental Water Purification Systems are able to achieve high levels of purification of industrial wastewater as well as ordinary wastewater, and they have already demonstrated their effectiveness at Yakult plants (see page 29 of the web version of this report) as well as numerous other water treatment facilities. Yakult filter material is also being used to purify polluted streams and rivers, and, in particular, it is steadily achieving positive results in programs for the prevention of the summertime propagation of blue-green algae in ponds, marshes, and other enclosed bodies of water without a water-flushing mechanism.

Water quality in such ponds and marshes is being improved with systems that involve the installation of floating-island- or stationary-submerged-type units that are packed tightly with randomly positioned arrays of Yakult filter material.

As a blue-green algae prevention demonstration project, a single floating-island purification unit was installed at a pond in Inokashira Park in Mitaka, Tokyo, in September 2006. This project has the ambitious goal of making the bottom of the 1.5-meter deep pond visible year-round by 2017, when the park will celebrate the 100th anniversary of its opening. Because the initial stage of the project demonstrated results in line with expectations, one stationary-submerged unit was installed in April 2008, and three floating-island units and two stationary-submerged units were added in March 2009.

[Rivers]

Principal Installed Facilities	Location	Number of Filter Material (thousands of bottles)	Installation Date
Gake River Heisei-izumibashi Water Treatment Facility	Ayase River tributary	1,530	March 1994
Sakai River Water Treatment Facility	Nagara River tributary, Hashima, Gifu Prefecture	34,000	May 1996
Nagara River Estuary Weir Ayu Hatching Waterway	Nagara River, Mie Prefecture	3,140	August 1996
Kuwahara River Water Treatment Facility	Gifu Prefecture	3,750	December 1998
Sakai River Water Treatment Facility	Nagara River tributary, Hashima, Gifu Prefecture	4,180	March 2000
Nakanohashi River Water Treatment Facility	Nakanohashi River, Nara Prefecture	3,960	December 2000
Kimotsuki River Tributary Water Treatment Facility	Kimotsuki River tributary, Kanoya, Kagoshima Prefecture	840	March 2007



Gake River Heisei-izumibashi Water Treatment Facility, Tokyo



Inokashira Park pond, Mitaka, Tokyo

[Ponds/Marshes]

Principal Installed Facilities	Number of Filter Material (thousands of bottles)	Installation Date
Pond in Myoshoji Park, Suginami-ku, Tokyo	44	March 1996
Makomogaike Pond, Kaga, Ishikawa Prefecture	56	March 1996
Jyonuma, Tatebayashi, Gunma Prefecture	96	June 2004
Myosanji Pond, Ota City, Gunma Prefecture	48	March 2005
Inokashira Park pond, Mitaka, Tokyo	25	September 2006
Inokashira Park pond, Mitaka, Tokyo	10	April 2008
Inokashira Park pond, Mitaka, Tokyo	95	March 2009



Jyonuma, Tatebayashi, Gunma Prefecture

Supporting Earthquake-Impacted Regions with Combined Treatment Septic Tanks

The water purification capabilities of Yakult filter material are also being utilized in combined-treatment septic tanks.

In fall 2011, as part of its efforts to provide assistance to recovery efforts in the wake of the Great East Japan Earthquake disaster, Yakult donated combined-treatment septic tanks incorporating Yakult filter material to temporary medical care facilities built in earthquake-impacted regions of Iwate Prefecture.

Iwate Prefecture is emphasizing initiatives to restore medical care capabilities by implementing "Impacted Region Medical Care Provision Countermeasures." As a part of this countermeasures program, the prefecture has built temporary medical care facilities and provided medical equipment and other supplies free of charge to doctors and towns in the impacted regions.

To help support this program, Yakult donated combined-treatment septic tanks incorporating Yakult filter material to three temporary medical care facilities and also took responsibility for the expenses associated with the installation and operation of those septic tanks, thereby contributing to the prefecture's recovery efforts in the field of medical care.

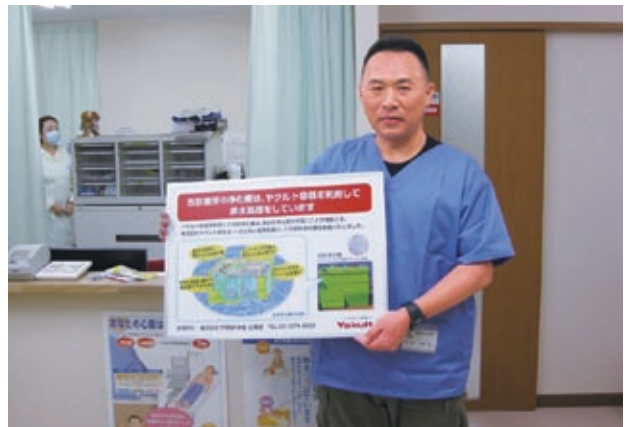
Since their installation, the septic tanks have functioned smoothly, and all of the doctors at the temporary medical care facilities have expressed their great satisfaction with the tanks. One of the doctors expressed his gratitude saying that he was "amazed that the water quality is even better than that of the septic tank used before the earthquake disaster."



Takita Clinic



Ueda Clinic



Chiba Clinic

Yakult's Roots: Shirota-ism

Concepts Promoted by Yakult's Founder: Minoru Shirota

— Shirota-ism Is the Foundation for All of Yakult's Businesses —

Shirota-ism Leads to the Founding of Yakult

Yakult's founder, Dr. Minoru Shirota (1899-1982), began his medical studies in 1921 at Kyoto Imperial University (now Kyoto University). At that time, Japan had yet to achieve economic prosperity, and unsanitary conditions combined with poor nutrition made such infectious diseases as cholera and dysentery quite common. Large numbers of Japanese were dying from such illnesses, and particularly vulnerable were elderly people and children with relatively weak resistance to diseases.

Deeply disturbed by that reality, Dr. Shirota began studying medicine. He focused on the field of preventive medicine, which aims to help people avoid sickness, and started down the path of microorganism research. Dr. Shirota discovered that lactobacilli were effective in suppressing harmful bacteria within the intestines, and he became the first person in the world to successfully strengthen and culture a strain of lactobacilli. In 1930, he was able to develop a strain of lactobacilli that is not killed by such digestive juices as gastric fluid and bile, so that they can reach the intestines alive and perform diverse functions that promote improved human health. This lactobacilli strain is now known as *Lactobacillus casei* strain Shirota.

Dr. Shirota, together with volunteers, then developed an inexpensive, good tasting fermented milk drink, 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.

Together with preventive medicine, Dr. Shirota promoted two other concepts. The first concept is that strengthening the intestinal tract, from which the body absorbs nutrients, will promote better health and longer life spans. The second concept is that good health, which everyone wants, should be delivered at a price anyone could afford. Because Dr. Shirota thought that as many people as possible should have easy access to intestine-strengthening *Lactobacillus casei* strain Shirota, he arranged for Yakult's initial marketing at a price roughly as affordable as a postcard.

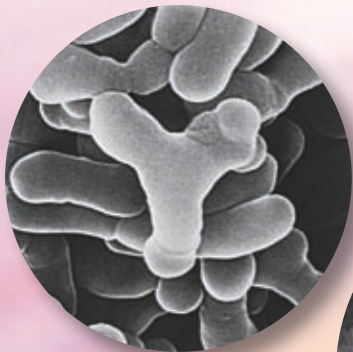
At Yakult, these three principal ideas of Dr. Shirota are referred to as Shirota-ism, and they serve as the root of all of our business activities.

“Things that Must Not Change” and “Things that Must Change”

We deliver our products personally to people at their homes and other locations. That approach is rooted in Dr. Shirota's principles, which emphasize sincerity and harmony among people. At the same time as we deliver products with a sincere belief in their benefits, we are seeking to propagate the preventive medicine approach along with the idea that a healthy intestinal tract leads to a healthy, long life.

These concepts—“caring enough to make home deliveries,” “sincerity,” “harmony among people,” “caring enough to broaden acceptance,” and “honesty and kindness”—have remained constant over the years and are still touchstones for Yakult today. These ideas also underlie our staunch commitment to thorough hygiene and quality assurance management as well as to R&D programs designed to generate new products that promote better health.

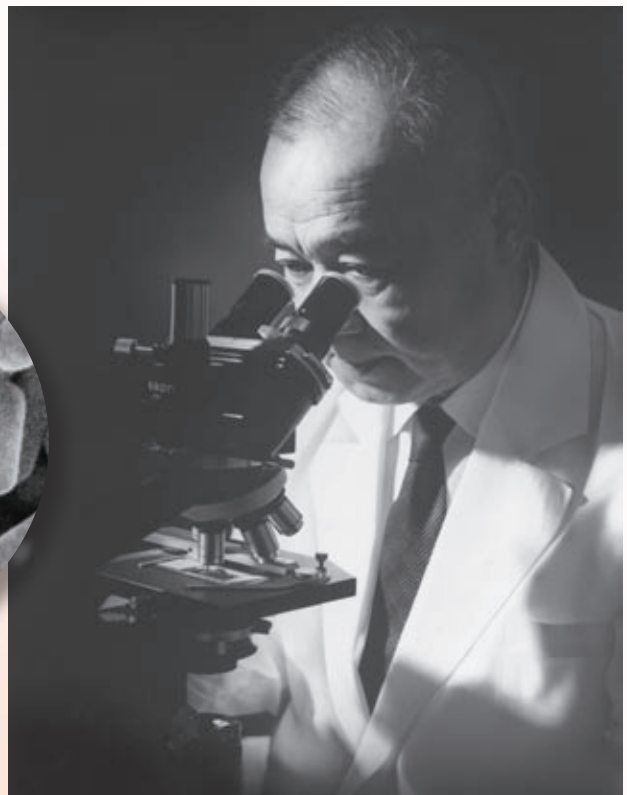
At the same time, we have also been addressing needs to make certain adjustments in light of changing conditions in market environments and society at large. While maintaining prices that make our products affordable to all people, we are aiming to provide our products to as many people as possible by diversifying our marketing methods. By distributing products through supermarkets, convenience stores, other mass retailers, and vending machines, we have created marketing systems that enable people to obtain our products 24 hours a day, 365 days a year. Despite these changes, however, we have resolutely sustained our traditional commitment to Shirota-ism and rigorous hygiene and quality assurance management. We are making sure to carefully note the distinctions between the “things that must not change” and the “things that must change.”



Bifidobacterium breve
strain Yakult



Lactobacillus casei
strain Shirota



Yakult's founder, Dr. Minoru Shirota (1899-1982)

Global Business Development Based on Shirota-ism

Yakult is developing its business based on its Shirota-ism-based corporate philosophy expressed as, “We contribute to the health and happiness of people around the world through the pursuit of excellence in life science in general and our research and experience in microorganisms in particular.” 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 concept of Shirota-ism, and we are developing and broadening the scope of these businesses both in Japan and overseas. After initiating global business development in the 1960s with the launch of operations in Taiwan and Hong Kong, we proceeded further with globalization in the 1990s by establishing presences in such countries as Australia, the Netherlands, and Belgium. Since the start of the 21st century, we have commenced business in such countries with huge populations as the United States, China, and India.

Currently, there are still many people in the world who die from cholera or dysentery, while the affluence of developed countries has led to a rise in the incidence of lifestyle-related diseases. In light of steady progress in research related to such objectives as the prevention of lifestyle-related diseases and postoperative infections as well as the strengthening of immune systems, we anticipate that the potential benefits of *Lactobacillus casei* strain Shirota will continue to increase.

Going forward, Yakult will remain dedicated to its root ideals of Shirota-ism as it strives to contribute to the health and happiness of people throughout the world by developing and expanding its global business operations.

Providing Products that Offer Safety and Peace of Mind

Raising the Level of Customer Satisfaction

— Efforts to Obtain ISO Certifications —

To ensure that customers can enjoy products manufactured by Yakult Honsha with peace of mind, the Yakult Group places strong emphasis on promoting customer satisfaction during logistics operations while concurrently reducing the environmental impact of those operations. As a part of associated efforts, Yakult Honsha has since 2005 provided support to enable all Yakult Marketing Group member companies to obtain certification of their compliance with the ISO14001 environmental management system standards and the ISO9001 quality management system standards.

Yakult Honsha's Support for Obtaining ISO Certifications

The Yakult Marketing Group's acquisitions of ISO certifications began when a customer of a Yakult sales company in Hiroshima Prefecture that had already obtained an ISO14001 certification requested that the Yakult sales company follow suit.

The ISO14001 environmental management system standards and the ISO9001 quality management system standards have many features in common, and efforts centered on Yakult Honsha's Sales Company Modernization Department were begun to obtain combined certifications for numerous business sites. Proceeding this way has facilitated the effective use of funds while increasing the management quality of marketing companies in a manner that has promoted a rise in the level of the entire Group's management quality as well as the greater sharing of information among Group companies. In view of all these factors, the campaign to obtain combined certifications for the Yakult Marketing Group was initiated.

With respect to ISO14001 certification, efforts have not been restricted to those aimed at reducing environmental impact but have also included measures aimed at improving the environment, and sales company units, including Yakult Ladies, have progressively developed diverse programs aimed at improving the environment. Regarding ISO9001 certification, measures have been taken to respond to customer feedback in reevaluating operations and have all sales company staff participate in implementing other measures with the goal of promoting customer satisfaction.

Management system building measures are moving ahead with the objective of obtaining combined certification for an additional two companies in the Yakult Marketing Group during fiscal 2012. ISO-related activities are being carried out on a day-to-day basis with the goal of further improving the Group's related performance going forward.

Marketing Companies' Independent Initiatives to Obtain ISO Certifications

On their own initiatives, numerous Group marketing companies not included within the scope of the Yakult Marketing Group have been working to obtain ISO9001, ISO22000, and ISO14001 certification. The results, so far, are shown in the table on the right.

Receipt of ISO14001 Certifications by Yakult Honsha and Bottling Plants

ISO14001 certification for all Yakult Honsha's 9 plants as well as the Yakult Central Institute for Microbiological Research Analytical Center was obtained by March 1, 2003. Based on guidance and support provided by the Plant Environmental Countermeasures Subcommittee (now defunct), all Yakult Group bottling plants, other business sites with manufacturing units, and logistics companies obtained ISO14001 certification by November 2004. Each year, these companies and business sites implement activities related to the goals of the ISO14001 standards, and thereby work to further reduce their environmental impact.

ISO Certifications Obtained with Yakult Honsha's Support

Sales company	Date of Receipt
Yakult Shin Hiroshima Sales Co., Ltd.	March 14, 2006
Yakult Hiroshima Chuo Sales Co., Ltd.	March 14, 2006
Yakult Miyazaki Sales Co., Ltd.	March 14, 2007
Yakult Miyakonojo Sales Co., Ltd.	March 14, 2007
Yakult Kagoshima Sales Co., Ltd.	March 14, 2007
Yakult Sendai Sales Co., Ltd.	March 14, 2007
Yakult Kagoshima Tobu Sales Co., Ltd.	March 14, 2007
Yakult Iwate Sales Co., Ltd.	March 14, 2008
Yakult Tokyo Sales Co., Ltd.	March 14, 2008
Yakult Niigata Sales Co., Ltd.	March 14, 2008
Yakult Kanagawa Tobu Sales Co., Ltd.	March 14, 2009
Yakult Kinki Chuo Sales Co., Ltd., Hanshin Branch	March 14, 2009
Yakult Saga Sales Co., Ltd.	March 14, 2009
Yakult Yamaguchi Sales Co., Ltd.	March 14, 2010
Yakult Miyagi Chuo Sales Co., Ltd.	March 14, 2011
Yakult Sasebo Sales Co., Ltd.	March 14, 2012

ISO Certifications Obtained on Marketing Companies' Own Initiatives

Sales company	ISO 9001	ISO 22000	ISO 14001	Date of Receipt
Yakult Yonezawa Sales Co., Ltd.	○			December 24, 2004
Yakult Saitama-Nishi Sales Co., Ltd.			○	June 17, 2005
Yakult Gunma Sales Co., Ltd.	○		○	July 4, 2005
Yakult Mito Sales Co., Ltd.	○			September 7, 2007
Yakult Odate Sales Co., Ltd.	○		○	October 18, 2007
Yakult Hyogo Sales Co., Ltd.		○		March 13, 2009
Yakult Gunma Sales Co., Ltd.		○		January 27, 2010

— Ensuring the Safety of Raw Materials and Products —

One of Japan's Most-Rigorous Radioactive Materials Testing and Management Systems

To further enhance customers' peace of mind and enjoyment of the Company's dairy products, Yakult Honsha has autonomously instituted a system for testing for radioactive substances so that it can confirm that only shipments with measurement levels below the level of Japan's new standards are shipped. Yakult Honsha will continue to use this system, which is one of the most-rigorous systems of its type in Japan, to assess each blending tank or each production lot for each type of product during each day of production operations, after April 2012 as well.

More specifically, we perform assessment inspections for each blending mixture lot used to manufacture each type of dairy product. In the case that a doubtful measurement is detected, we perform a second inspection using even more-precise measurement equipment (germanium semiconductor detectors), and shipments are only dispatched after confirming that measurements are below Japan's new standards. In the case of juice and soft drink products, inspections are performed during each day of production operations. Going forward, Yakult Honsha will maintain its commitment to ensuring both product safety and stable product supplies.

Ensuring the Safety of Raw Materials

When selecting raw materials, Yakult conducts thorough investigations of the transactional performance, technological capabilities, and quality management situations of raw materials suppliers. Besides confirming situations regarding the use of agricultural chemicals, we require suppliers to submit "raw materials investigation reports" and conduct safety investigations. For agricultural products, we obtain analysis certificates from producers and suppliers with respect to the presence of agricultural chemicals and other substances, and, in this way, we ensure rigorous compliance with the standards set by Japanese laws and regulations. Regarding raw materials suppliers both in Japan and overseas, we conduct investigations of relevant manufacturing plants and processes to confirm quality and hygiene management systems and, when necessary, request that improvements be implemented.

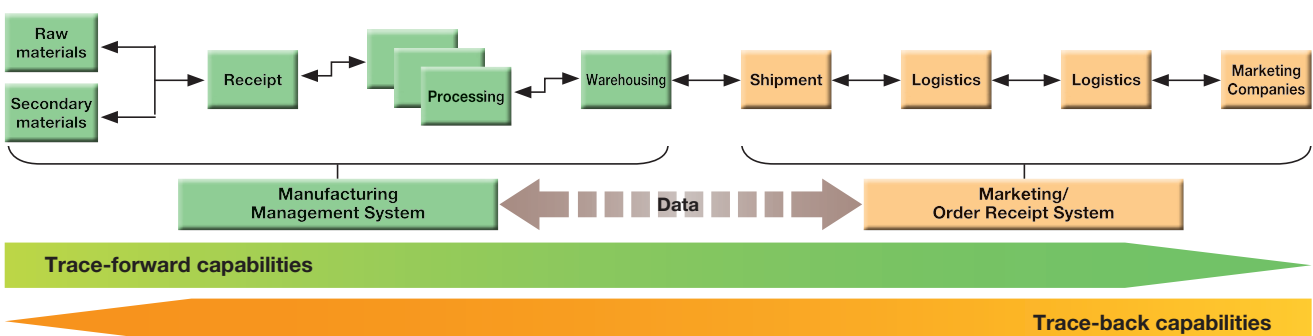
Even after transactions have been initiated with a given supplier, we arrange for the supplier to periodically provide analysis certificates with respect to the presence of agricultural chemicals and other substances. When our existing suppliers begin obtaining materials from a different country or make other changes to their own procurement sources, we immediately have them provide us with study reports on the new sources so that we can conduct investigations.

And we have built a traceability system that enables us to determine the manufacturing history of each production lot with respect to raw materials, intermediate materials, and manufacturing situations as well as determine relevant shipment destinations.



Traceability System

Our traceability system gives us "trace-back" capabilities so that we can determine the raw materials used in specified products and "trace-forward" capabilities so that we can determine the products made from specified raw materials.

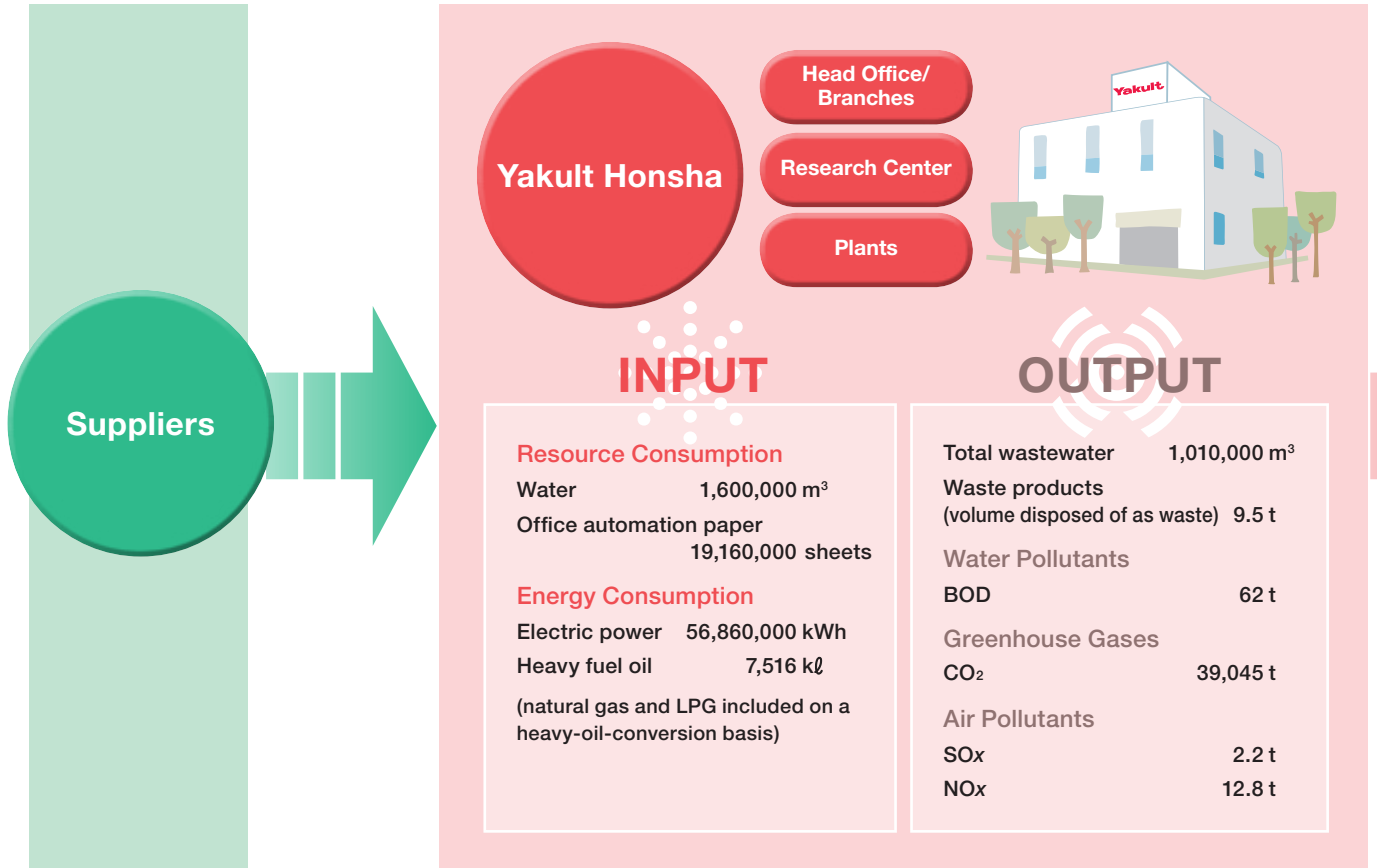


Product Quality Issues

During fiscal 2011, Yakult had no product quality issues requiring autonomous product recalls or similar measures.

Environmental Impact of Business Activities

From Production through Deliveries



Raw Materials

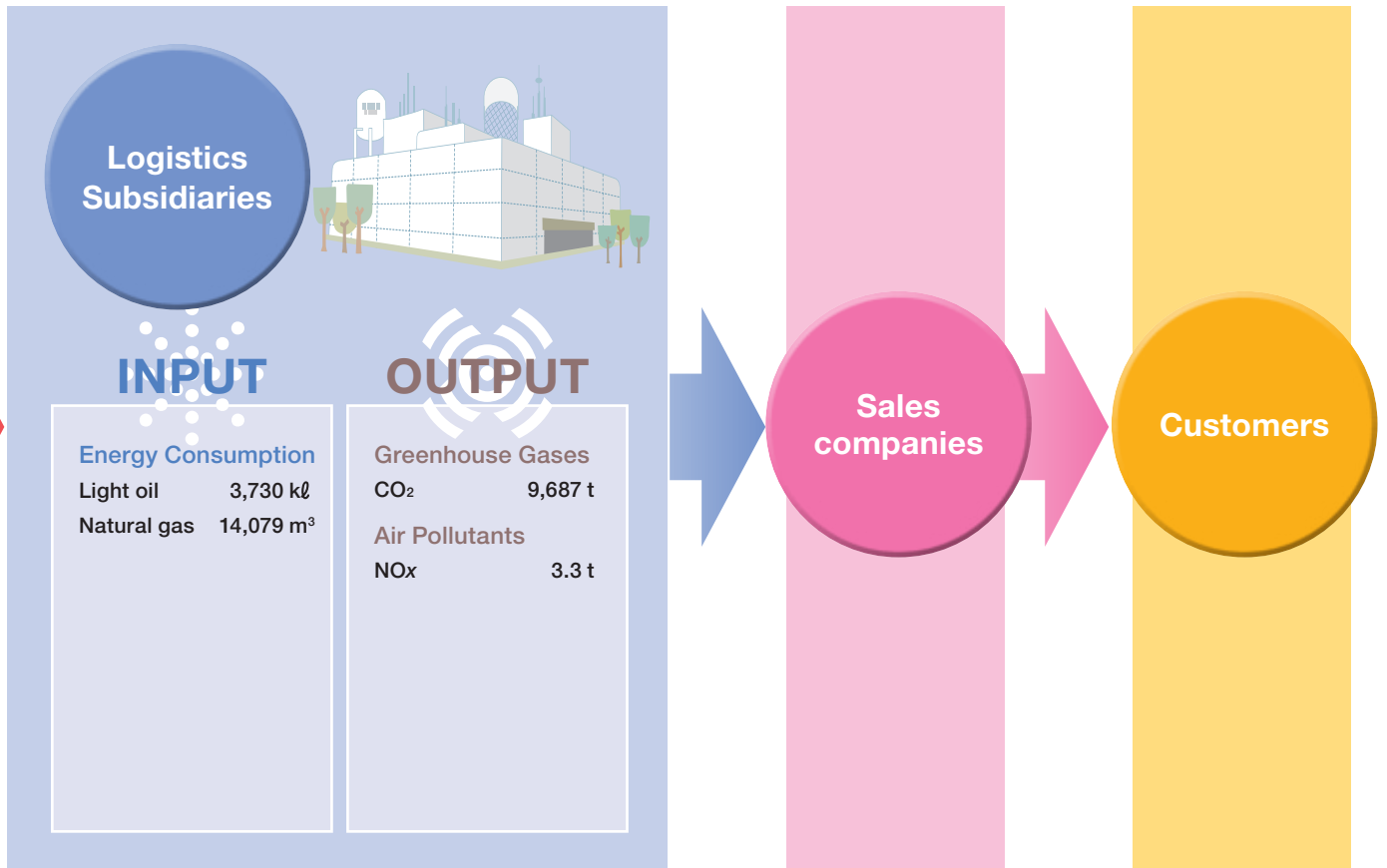
There are diverse raw materials used in the production of the fermented milk drink *Yakult* and other products, and each type of raw material is inspected to confirm that it conforms to established standards. This inspection process is also applied to such packaging materials as plastic resin used in plastic containers and paper containers.

Research and Development

The Yakult Central Institute for Microbiological Research engages in research aimed at developing materials for use in food products that are useful for maintaining and promoting improved human health from the preventive medicine perspective as well as for use in pharmaceuticals and cosmetics. In the field of food products, the institute undertakes probiotics research programs centered on programs involving *Lactobacillus casei* strain Shirota as well as research programs aimed at developing functional materials with the potential for maintaining and promoting the human body's higher-order regulatory functions. In the field of pharmaceuticals, the institute implements research programs designed to develop anti-cancer agents and related drugs. In the field of cosmetics, the institute's research seeks to develop highly safe and effective ingredients based on skin science.

Production

The fermented milk drink *Yakult* and other dairy products are produced at seven Yakult Honsha plants and six bottling plants. Each plant has introduced HACCP (Hazard Analysis and Critical Control Point) systems to ensure their capabilities for producing safe and reliable products, and each plant has complied with the objectives and targets of the ISO14001 standard so that operations can be implemented with a reduced level of environmental impact. By plant festivals and other events, the plants seek to deepen their relationships with people in local communities, and plant employees participate in periodic local cleanup campaigns that help beautify areas in the vicinity of plants.



Logistics

The transport of products manufactured in plants is handled by logistics subsidiaries. As Yakult has “designated shipper” status in accordance with Japan’s revised Act on the Rational Use of Energy (Energy Conservation Act), it is required to annually reduce its energy consumption per unit of freight by an average of 1% or more during a five-year period. This requirement has been incorporated within Yakult’s Environmental Action Plan, and we are seeking to ensure the requirement is met. In addition, each logistics subsidiary has created and renewed its environmental management, and they promote “eco-driving” methods as a means of reducing greenhouse gas emissions.

Marketing

Yakult products are sold through two systems—home delivery by Yakult Ladies and direct sales by customers in stores. The home delivery channel offers opportunities to meet customers face to face covering the value of our products and making deliveries with sincerity. Yakult Ladies play the role of assisting people in their regions with respect to health management objectives. To offer another opportunity for customers to obtain Yakult products anytime and anywhere, we are expanding the distribution of products via stores and vending machines.

Recycling

The containers of *Yakult* and other products delivered to customers’ homes and offices are subject to Japan’s Containers and Packaging Recycling Act, so we have the responsibility to recycle them. Yakult has commissioned the Japan Containers and Packaging Recycling Association—which is specified by the national government as a qualified recycling organization—to handle this recycling process and pays the association a commission for this service. In this way, Yakult is carrying out its responsibility to recycle its packages. When consumers sort their trash in accordance with local governments’ waste sorting regulations, the product containers are also ultimately recycled by the association, so we encourage consumers to conscientiously sort their trash.

Environmental Action Plan

To generate concrete results in efforts to realize the objectives of the Yakult Basic Policy on the Environment (see page 8) and to strengthen the foundations of environmental management, Yakult has been implementing its Environmental Action Plan since April 2001. The fourth phase of the plan began in fiscal 2010.

Yakult Environmental Action Plan—Phase 4 Plan

The Phase 4 plan has six action items, including “reduction of greenhouse gas emissions,” “reduction of waste emissions,” “resource protection,” and other items carried forward from previous phases of the Environmental Action Plan along with one new item—“support for biodiversity.”

Yakult Environmental Action Plan—Phase 4 Plan Action Targets

(Period: April 1, 2010 through March 31, 2013)

Action Item	Action Target
1. Reduction of greenhouse gas emissions	(1) Reduce annual CO ₂ emissions of Yakult Honsha plants (including pharmaceuticals and cosmetics plants) to 3% below the average annual level in the three years through fiscal 2008
	(2) Reduce annual CO ₂ emissions of subsidiaries' plants to 0.5% below the level in fiscal 2008
	(3) Reduce annual CO ₂ emissions of the Yakult Central Institute for Microbiological Research by 8% compared to the average annual level in the three-year period through fiscal 2004
	(4) Meet requirements as a “designated shipper” based on Japan’s revised Act on the Rational Use of Energy (Energy Conservation Act) by reducing its annual energy consumption per unit of freight (including outsourced transport operations) by an average of 1% or more each year
2. Reduction of waste emissions	Reduce waste emissions from the Head Office building (including food product waste) each year to 2% below the level in the previous fiscal year and maintain a 100% recycling rate (Cigarette butts and food scraps are excluded from the scope of recycling.)
3. Resource protection	(1) Reduce the volume of office automation paper used Annually reduce the volume of office automation paper used per employee at the Head Office building, etc, to 1% below the level in the previous fiscal year
	(2) Reduce electric power consumption at the Head Office building Annually reduce the level to 2% below the level in the previous fiscal year
4. Continuation of green purchasing promotion	Increase the green purchasing ratio for environmental products (those covered by the Yakult Green Purchasing Guidelines) at the Head Office building to 95% by fiscal 2012 (The target figure is calculated in terms of the green purchasing rate, excluding publications, for the three-year period through fiscal 2012.)
5. Vending machine policies	(1) Promote vending machine recycling Install 1,100 overhauled units, a number representing approximately 36% of all newly installed vending machines in the three-year period through fiscal 2012
	(2) Strengthen the energy conservation performance of vending machines Increase the share of installed vending machines that incorporate heat pumps (Such vending machines have relatively small global warming impact.) to 80% by fiscal 2012
6. Support for biodiversity	(1) Assess the relationship between business activities and biodiversity (2) Implement environmental education programs, etc., that address biodiversity (3) Promote procurement of biodiversity-friendly goods (such products as office automation paper with forest certification marks (the FSC logo, etc.))

Environmental Accounting—Costs and Benefits of Environmental Protection

Environmental Accounting

Yakult's Environmental Accounting System

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

Purpose of the System

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

Main Features of the System

Scope of Data

Yakult Honsha, on a non-consolidated basis

Time Period

From April 1, 2011 through March 31, 2012 (fiscal 2011)

Noteworthy Features

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

Fiscal 2011 Economic Accounting Performance

(millions of yen)

Item		Main Activities (blue indicates investments and black indicates expenses)	Investment value	Expense value	Total
Costs within business areas	① Pollution prevention costs	Wastewater treatment facility maintenance and management, introduction of hybrid vehicles, sewerage connection and effluent costs, performance of soil inspections at research facilities, boiler maintenance, wastewater testing, wastewater treatment facility deodorizer unit maintenance and administration, Legionella bacilli dispersal prevention, wastewater treatment storage tank and septic tank sludge withdrawal, wastewater route cleaning, oxygen reduction equipment lease cost, clean steam filter replacement, C II pharmaceutical manufacturing-use water supply facility activated carbon material and associated pressure gauge replacement, air compressor regular maintenance, small-sized once-through boiler regular cleaning	49.5	179.9	229.4
	② Global environment preservation costs	Conversion of boiler from heavy oil to city gas/propane fuel, high-efficiency transformer renovation, installation and expansion of solar power equipment, high-speed freezer and coolant introduction subsidy cost, energy-conservation and environment-friendly materials and equipment for direct marketing subsidy costs, the certificate of Green Power purchasing cost, three-wheeled motorcycle purchasing subsidy cost, energy air-line/water supply line racking repair construction, water supply pump unit renovation construction, installation of energy-efficient lighting fixtures, regular renovation/maintenance inspection of C II air-conditioner equipment chiller facility, air supply/exhaust unit maintenance, compressor inspection/maintenance, regular maintenance of refrigerator/freezer units	584.9	76.1	661.0
	③ Resource recycling costs	Industrial waste recycling costs, empty container collection vehicle introduction subsidy costs, materials and equipment development/introduction subsidy costs, recycled plastic product manufacturing, industrial waste processing/disposal, domestic waste recycling costs, vending machines sorted-waste processing, thermal insulation film for windows installation, ELPLAT® I.V. infusion solution production facility heat dissipation countermeasures, C II steam pressure reducing valve replacement and repair, domestic waste processing and disposal	48.7	98.2	146.9
(2) Upstream/downstream costs		Containers and Packaging Recycling Act commissioned recycling fees, vending machine overhaul and re-use, container pulverization	0.0	321.6	321.6
(3) Management activity costs		Plant grounds green area management costs, marketing company EMS creation support costs, Yakult Social & Environmental Report production costs, ISO14001 certification renewal and maintenance costs (periodic reviews), wastewater quality management/inspections/measurements, boiler soot measurement costs, PRTR Act response measures, plant Environmental Management Committee meetings, demand controller installation, ELPLAT® I.V. infusion solution plant steam-flow volume gauge installation, Watt-hour meter replacement, environmental education for employees, inspection visits to waste treatment facilities, water quality measuring instrument units overhaul	2.8	111.8	114.6
(4) R&D costs		Consideration of improvements to containers and secondary materials	0.0	4.1	4.1
(5) Social activity costs		Plant vicinity cleanup campaign costs, donations to organizations engaged in environmental protection activities	0.0	4.6	4.6
(6) Environmental damage costs*		Restoration construction in response to fallen trees on plant grounds (damage from Typhoon No. 15), pollution load levy	0.0	0.9	0.9
Total			685.9	797.2	1,483.1

* Environmental damage costs = pollution load levy

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

Economic Benefits Associated with Environmental Protection Measures (millions of yen)

Type of Benefit	Value
Reduction of waste disposal costs associated with recycling	0.0
Income from recycling	5.5
Cost reductions resulting from resource conservation	0.3
Cost reductions resulting from energy conservation	10.5
Cost reductions resulting from packaging weight reductions	0.6
Cost reductions resulting from the overhaul and reuse of vending machines	419.3
Gains resulting from green purchasing	0.0
Other	0.0
Total	436.2

Looking at environmental accounting results, Yakult's total environmental investments and costs were approximately ¥116 million higher than in the previous fiscal year. The rise in investments was approximately ¥163 million, and the increase in costs was approximately ¥47 million.

Factors causing the rise in investments within "(1)-② Global environment preservation costs" included a large-scale boiler fuel conversion project (Fukushima Plant, Fuji Susono Pharmaceutical Plant, and Saga Plant) and the installation and expansion of solar power equipment (Fuji Susono Plant, Yakult Central Institute for Microbiological Research).

With respect to expense reductions achieved through "vending machine overhaul and reuse," an increase in the number of overhauled machines caused the level of expense reductions to increase by approximately ¥670 million compared to the previous fiscal year.

Responding to Environmental Laws and Regulations

Energy Conservation Act

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

In response to this change, Yakult Honsha has been submitting “energy use situation reports” and “periodic reports” as of fiscal 2010 for all of Yakult Honsha’s business sites, and the Company has also submitted a “medium- to long-term plan that started from fiscal 2011” for all its business sites.

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

Yakult Honsha’s total energy use during fiscal 2010 amounted to 23,168kℓ on a crude oil conversion basis.

Food Recycling Act

All Yakult Honsha business sites are striving to reduce the volume of their food waste products and promote the recycling of such waste products. In fiscal 2011, the volume of food waste products was 861.8 tons, and recycling, etc., measures were undertaken for 94.9% of this waste.

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

Food Waste Product Reuse Performance (Fiscal 2011)

Volume Generated (t)	Volume Reused (t)	Reuse, Etc., Ratio (%)	Reuse Applications
861.8	817.5	94.9	Fertilizer, animal feeds, etc.

*Since fiscal 2008, food waste generated during logistics processes has been included in the scope of data compilation.

Response to the Container Recycling Act

The Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (Containers and Packaging Recycling Act) was instituted in 1995 and revised in June 2006, with the revised law taking full effect in April 2008. Among the provisions of

the revised law are those that require retailers to reduce their use of plastic bags and other kinds of containers and packaging items. As a manufacturer, Yakult has previously been obligated to undertake product recycling processes, and the Company has initiated additional measures regarding “3R” (reduce, reuse, and recycle) promotion and the start of the system for making payments to the municipal governments handling sorted waste processing*.

The amount of commissioned recycling fees paid by Yakult in fiscal 2010 is shown in the table below. These fees and the payments to municipal governments amounted to approximately ¥320 million.

*The system of payments to municipal governments began with calculations made based on data for fiscal 2008 and the start of payments was begun from fiscal 2009.

Container and Packaging Obligatory Recycling Volume and Commissioned Recycling Fees (Fiscal 2011)

Container and Packaging Type	Obligatory Recycling Volume (t)	Commissioned Recycling Fees (thousands of yen)
Glass bottles	347	1,442
PET bottles	191	2
Plastic containers and packaging	6,310	253,754
Paper containers and packaging	134	1,093
Total	6,982	256,291

Response to the PRTR Act*

Japan’s Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management (PRTR Act) took full effect in April 2003. It requires that companies measure the volume of their emissions of specified substances, their transfers of such substance from their business sites, and other data. It also requires the submission of reports on the volume of substances handled in the case of specified substances that are handled in volumes of one ton or more in the course of a year. The scope of Yakult’s reporting obligation, determined based on data for the amount of substances handled during fiscal 2011, includes only chloroform. The Tokyo Metropolitan Ordinance on Environmental Preservation, which took effect in October 2001, requires that reports be submitted with respect to chemical substances handled in annual volumes of 100kg or more. In fiscal 2011, the scope of Yakult’s mandatory reporting based on that ordinance included methanol and four other substances.

*PRTR Act: Pollutant Release and Transfer Registration Act

Substances Used by Yakult Central Institute for Microbiological Research (Kunitachi City, Tokyo) Subject to Reporting Requirements Based on the PRTR Act and the Tokyo Metropolitan Ordinance on Environmental Preservation (Fiscal 2011)

Chemical	Amount Handled (kg/year)	Amount Released (kg/year)	Amount Transferred (kg/year)	PRTR Act	Tokyo Ordinance
Chloroform	2,359	(air) 10.9	(waste product) 2,348 (wastewater) 0.04	○	○
Methanol	1,601	(air) 35.9	(waste product) 1,565		○
Hexane	673	(air) 28.1	(waste product) 645		○
Ethyl acetate	780	(air) 11.2	(waste product) 769		○
Acetone	154	0	(waste product) 154		○
Xylene	134	0	(waste product) 134		○

*All the above chemicals are used as reaction solvents and extraction solvents.
The figures shown above may differ from those reported to the national and Tokyo metropolitan governments due to differences in precision.

Electric Power-Saving Measures in Summer

Since the Great East Japan Earthquake, the regions served by Tohoku Electric Power Co., Ltd. (Tohoku EPCO), and Tokyo Electric Power Co., Inc. (TEPCO), have suffered from major power supply shortages. In view of this, the Japanese government issued regulations restricting electric power usage by large-scale power consumers (those with power contracts for 500kW or more). The regulations—effective during the hours from 9:00am through 8:00pm from July 1 through September 9, 2011 in the TEPCO

region and from July 1 through September 2, 2011, in the Tohoku EPCO region—call for power consumption to be reduced by at least 15% compared with levels in the previous year.

Eight Yakult Honsha and Yakult Group facilities are covered by the regulations, including the Head Office, Yakult Central Institute for Microbiological Research, the Fukushima Plant, the Ibaraki Plant, the Fuji Susono Plant, the Shonan Cosmetics Plant, the Yakult Iwate Plant, and the Yakult Chiba Plant.

Each of these facilities took diverse measures to reduce electric power consumption. The principal measures are described below.



Lithium storage batteries at the Ibaraki Plant



Generators at the Ibaraki Plant



Generators at the Fuji Susono Plant

<p>Head Office</p>	<ul style="list-style-type: none"> ① Turning off lights when people are absent and “thinning out” lights (reducing the number of light bulbs that illuminate each area) ② Selecting power-saving settings offered by OA equipment and turning off some OA equipment in locations with multiple units of such equipment ③ Removing power plugs from power sockets when televisions and other video equipment are not in use ④ Turning off a portion of elevators during non-peak usage periods and encouraging use of the stairs ⑤ Changing air-conditioner thermostat settings to 29°C ⑥ Turning off electric signs for public viewing and other exterior illumination ⑦ Strengthening no-overtime-day program, implementation of unified holiday period program
<p>Yakult Central Institute for Microbiological Research</p>	<ul style="list-style-type: none"> ① Using private power generation to adjust peak power usage ② Stopping elevators ③ Turning off toilet seat heaters ④ Turning off signage illumination ⑤ Turning off unnecessary lights during lunch breaks ⑥ Turning off hot water for hand washing ⑦ Taking thorough measures to turn off PC screensavers
<p>Fukushima Plant Ibaraki Plant Fuji Susono Plant Yakult Iwate Plant Yakult Chiba Plant</p>	<p>(Measures taken by each plant)</p> <ul style="list-style-type: none"> ① Shifting production line operation periods ② Installing generators ③ Air-conditioning and lighting units (thinning out) in offices, etc., and implementing detailed electric power conservation measures
<p>Shonan Cosmetics Plant</p>	<ul style="list-style-type: none"> ① Installing generators ② Air-conditioning and lighting units (thinning out) in offices, etc. ③ Installing air-cooled refrigeration/freezing units

These initiatives enabled considerable reductions in electric power consumption. The Head Office's maximum level of electric power consumption was 1,180 kW in 2010, for example, but was restrained in 2011 to 942kW in July, 962kW in August, and 930kW in September. This enabled the facility to surpass its target of reducing power consumption by 15%.

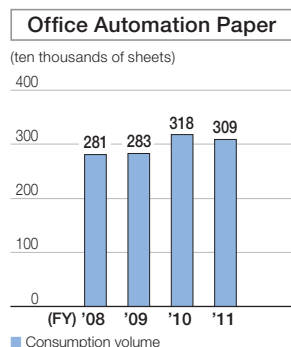
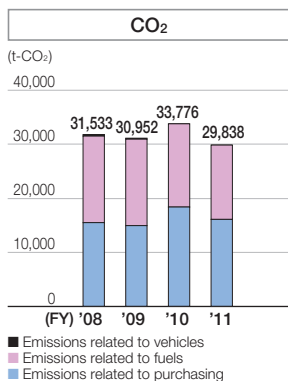
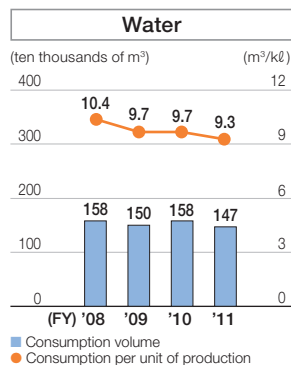
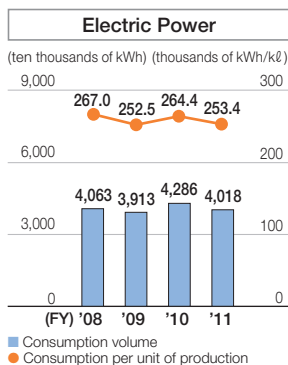
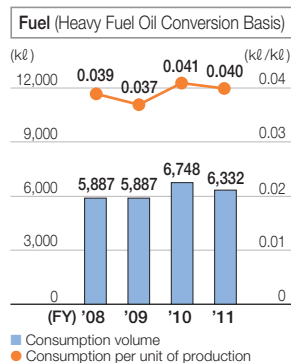
All the other seven facilities also succeeded in achieving maximum power consumption reductions of 15% or greater during the three-month period covered by the regulations restricting electric power usage in accordance with the requirements of those regulations.

Restraining Greenhouse Gas Emissions

Measures at Yakult Honsha Plants

At Yakult Honsha's nine plants, proactive measures have been taken to restrain greenhouse gas emissions, and energy and resource conservation activities have been stepped up with the goal of attaining objectives and targets based on the ISO14001 system. In fiscal 2011, 73 new greenhouse gas emission restraint programs were initiated, centered on programs related to fuels, electric power, and water.

At the Company's seven dairy product plants, fuel use (heavy fuel oil conversion basis) was down 6.2% year on year, electric power consumption was down 6.3% year on year, and water use was down 7.0% year on year. The drop in fuel consumption volume reflected the switch from heavy oil to city gas fuel use at the Fukushima Plant and the switch from heavy oil to LPG fuel use at the Saga Plant. The fall in electric power consumption volume reflected the impact of the earthquake disaster on the Fukushima Plant and the implementation of special summertime electric power conservation measures. The decrease in water use reflected the impact of the earthquake disaster on the Fukushima Plant.



Note: For figures per unit of production, the scope of production level data compilation included the seven dairy product plants.

Measuring the year-on-year decrease in environmental impact per unit of production (kℓ), the figures for fuel, electric power, and water were down 2.4%, 4.2%, and 4.1%, respectively.

Looking at CO₂ emissions during fiscal 2011, the volume of emissions was down 11.7% year on year, to 29,838t. Measured per unit of production, the volume was down 9.6%, to 0.188t/kℓ. Because figures are calculated per unit of production volume, the scope of data compilation included the seven dairy product plants. (Total CO₂ emissions from the Shonan Cosmetics Plant and the Fuji Susono Pharmaceutical Plant were 2,726t, down 19.1% year on year.)

The principal factor behind this drop was the switch from heavy oil to city gas fuel use at the Fuji Susono Pharmaceutical Plant.

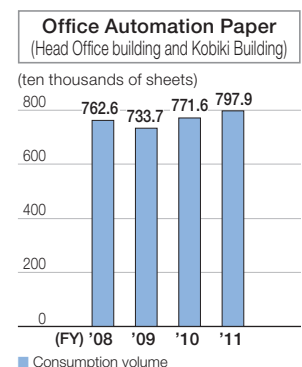
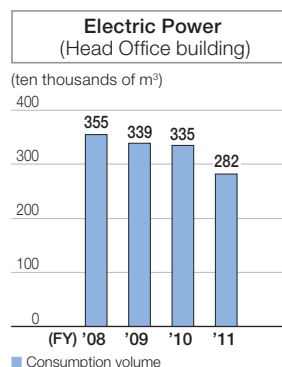
In fiscal 2011, Yakult's initiatives aimed at reducing CO₂ emissions and energy consumption included the switch from heavy oil to city gas boiler fuel use at the Fukushima Plant and the Fuji Susono Pharmaceutical Plant, the switch from heavy oil to LPG boiler fuel use at the Saga Plant, the expansion of solar power equipment at the Fuji Susono Plant, and the introduction of boiler waste heat recovery units at the Ibaraki Plant.

Measures at Offices

The Head Office has been assigned targets for objectives in the fourth stage of the Yakult Environmental Action Plan (see page 20) and is working to attain those targets.

As a result, fiscal 2011 electric power consumption (at the Head Office) decreased 16.0% year on year, to 2,815,000kWh. The amount of office automation paper used rose 3.4% year on year, to 7,979,000 sheets, and the amount per employee was up 3.6% year on year. The green purchasing rate was increased to 95.1% in accordance with the target.

Going forward, Yakult will move ahead with various programs designed to realize additional reductions in each consumption category.



Restraining Waste Product Volume and Attaining Zero Emissions of Waste Materials Targets

Yakult Honsha Plants' Waste Product Countermeasures Sustaining Zero Emissions Performance

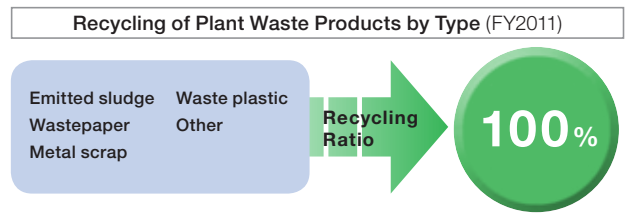
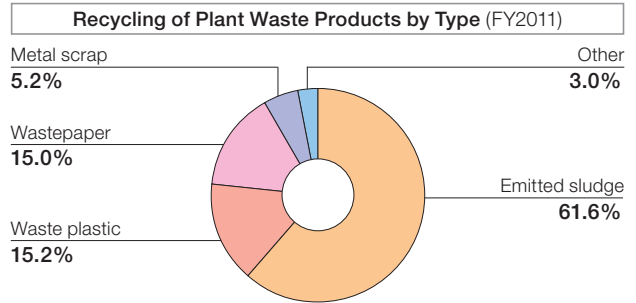
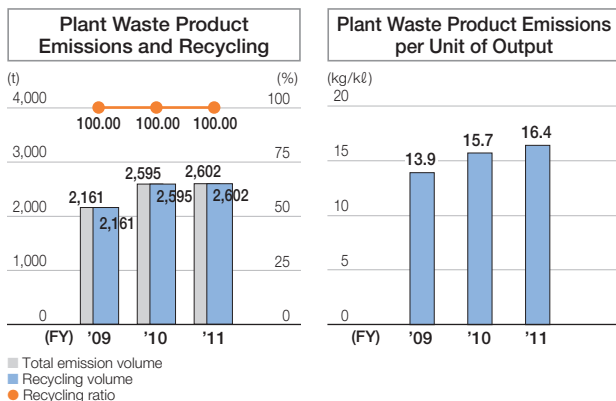
Each Yakult Honsha plant is taking thorough measures to restrain the generation of waste products and promote recycling, thereby seeking to attain and maintain zero emissions of waste materials performance.

As a result, the total volume of waste emissions at the nine plants during fiscal 2011 was approximately 2,602t, a year-on-year increase of approximately 7t, or 0.3%. Because the Company has revised its waste sorting processes and further increased the detail of its waste sorting categories, however, the recycling rate for those waste emissions was 100.0%, and all of the plants attained zero emissions of waste materials performance. Zero emissions of waste materials performance has been maintained for eight consecutive years at the Fukushima, Ibaraki, Saga, and Kumamoto plants; seven consecutive years at the Fuji Susono Plant; and six consecutive years at the Shonan Cosmetics Plant. We are committed to sustaining this zero emissions of waste materials performance going forward.

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

With respect to Group bottling plants, which are considered a part of the Group's manufacturing division, we are providing technical support and guidance to enable them to progressively increase their recycling ratios. In fiscal 2011, however, the average recycling rate for the 10 companies in question declined 0.3 percentage point, to 99.1%.

* Yakult's definition of zero emissions of waste materials performance (included within the third phase of the Environmental Action Plan) = the final disposal (landfill disposal) volume for plant waste products (excluding specified management industrial waste products) is less than 1%. (Specified management industrial waste products: ink, solvents, PCB waste products, etc.)

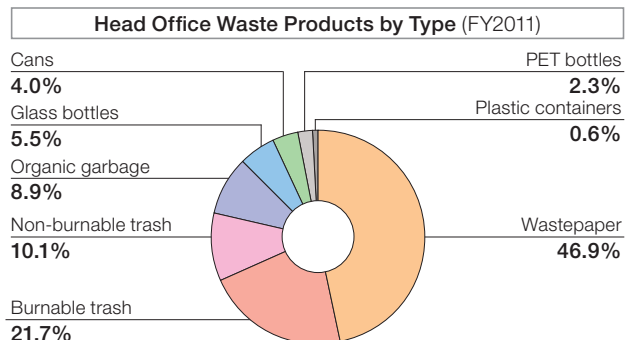


Waste Product Sorting at the Head Office Building

As numerous employees work at the Tokyo Head Office building, the main objectives of waste product reduction programs at that building are reducing the waste product emission volume and increasing the recycling ratio with respect to the waste products of the building, which are primarily wastepaper. To attain these objectives, each employee has been issued his own wastepaper-sorting boxes, and measures are being taken to promote the effective use of these boxes. At the same time, regarding other kinds of waste products, efforts have been maintained to ensure a thorough understanding of waste sorting methods, and efforts are being made to increase consciousness of waste sorting and collection processes.

Emission Volume and Recycling Ratio for Waste Products

In fiscal 2011, the volume of the Head Office building's ordinary waste products was 78.9 tons, down 4.0% from the previous year, and wastepaper items accounted for approximately 50% of that waste. Waste separated into the categories of burnable trash, non-burnable trash, organic garbage, and four other categories accounted for approximately 90% of the total waste volume. The recycling ratio has been maintained at 100% since fiscal 2005, and the objective is to sustain this zero emissions of waste materials performance.



Activities at Central Institute

Environmental Activities at Research Institute

In addition to activities at offices and plants, Yakult is implementing global warming prevention measures at its research institute engaged in R&D operations. At the Yakult Central Institute for Microbiological Research, such measures are being promoted by the Environmental Promotion Committee, which is chaired by an executive officer of the Company. Reports on these activities are made annually.

The construction of new laboratories at the Yakult Central Institute for Microbiological Research is progressing, and plans call for realizing the “research institute in the forest” concept. Going forward, we will continue to engage in activities in accordance with the “research institute in the forest” concept.

Global Warming Prevention Measures

To reduce our CO₂ emissions, the institute has undertaken such activities as those to expand solar power systems, introduce amorphous transformers in connection with the renovation of a portion of electric power receiving facilities, and operate air-conditioning equipment and lighting fixtures in accordance with schedules. The institute is also working to gain a better understanding of its energy usage and enhance that usage through such measures as those to conduct studies of current situations regarding the use of energy for individual application and to comprehensively manage water usage.



The expanded solar power generation system

Appropriate Management and Recycling of Waste Products

Because the institute is engaged in diverse kinds of research, it generates a wide variety of waste products. Outside specialist companies are commissioned to recycle approximately 93% of this waste, but the remaining 7% includes such products as used reagents and other products that are difficult to recycle. Currently, the institute has contracts with 18 commissioned waste processing companies, and members of the institute’s Waste Product Specialist Committee made on-site inspections of the facilities of 9 of those companies during fiscal 2011, aiming to confirm that waste processing was being carried out appropriately. When necessary, we revise the contract provisions of our contracts with these waste processing companies.

With respect to food product waste that is primarily generated by the institute’s dining room, an “eco-machine” installed on the grounds of the institute is used to transform that waste into fertilizer. The resulting fertilizer product is presented free of charge to people visiting the institute as well as to employees of the institute.

Appropriate Management of Chemicals

Employing many kinds of chemical substances, the institute gives special attention to the storage, usage, disposal, etc., of those substances. The institute has established its own *Handbook on Procedures for the Safe Handling of Chemical Substances, Etc.*, and chemicals are managed appropriately in accordance with the procedures stipulated in that handbook. Regarding potentially harmful chemical substances, reports on the use of the substances are prepared in accordance with the PRTR Act and the Tokyo Metropolitan Ordinance on Environmental Preservation (see page 22).

Based on consideration of the potential risk of environmental pollution, the institute has purchased special reagent storage bottle cabinets.

Employee Education Activities

Environmental education programs for the institute’s employees are implemented each year, and the institute seeks to increase consciousness of environmental issues through such measures as the organization of group viewings of environment-related videos. It also organizes inspection tours of energy conservation-related facilities and waste processing facilities. In fiscal 2011, an energy conservation-related facilities study tour visited Tokyo Gas Co., Ltd., and the waste processing facilities study tour visited San-ei Garasu K.K.

In addition, by disclosing the energy usage volume of each building within the institute to the institute’s employees, the institute is working to heighten environmental consciousness among its employees. While working to increase its communication with nearby communities, the institute also seeks to promote consciousness of environmental issues. Accordingly, it organizes cleanup/beautification campaigns in the vicinity of its grounds once each month.



The energy conservation-related facilities study tour visiting Tokyo Gas Co., Ltd.



The waste processing facilities study tour visiting San-ei Garasu K.K.

Environment-Friendly Design and Logistics

Eco-Friendly Packaging and Other Measures

In January 1995, Yakult drafted its “Basic Policy on the Environment-Friendly Containers and Packaging,” which has the fundamental goals of ensuring the safety of containers and packaging, restraining the amount of packaging used, optimizing processing/disposal processes, and promoting resource recycling. At the same time, we instituted our “Container and Packaging Environment-Friendliness Evaluation Standards” to more concretely guide efforts made in accordance with the basic policy to design containers and packaging with low levels of environmental impact for Yakult products beginning with dairy products and also including other food products and cosmetics products. We have continually considered means of improving and increasing the sophistication of these evaluation standards in light of changes in laws and regulations, progress in recycling technologies, and other factors. In fiscal 2007, we drafted container and packaging evaluation standards for pharmaceutical products and conducted an evaluation of the containers and packaging of each individual item in our pharmaceutical product lineup.

During fiscal 2011, we considered means of promoting the 3Rs (reduce, reuse, and recycle) regarding containers and packaging items, including the crating methods used for products and secondary materials.

Improving Container/Packaging Configurations

Improvements Regarding Cosmetics Containers and Packaging

In fiscal 2011, the single- and double-box packaging for 60 new cosmetics products was improved with the addition of finger handles on top flaps to facilitate opening, and Grantia EX compact cosmetics cases were given a slide-type configuration to facilitate product cartridge replacements.

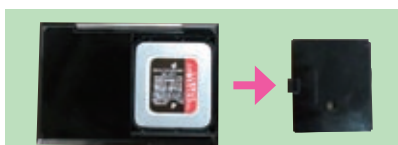
In addition, to improve the visibility of Braille seals, the seals have been given a white background, and the Braille dots have been supplemented by text in large-type black letters spelling out the relevant product name.



Top flap supplemented with a finger handle to facilitate opening



Braille seal enhanced to facilitate visual recognition



Cosmetic product container with new slide-type configuration designed to facilitate product replacements

Reducing Packaging/Waste Material Volume

As a result of packaging material rationalization promotion measures implemented during fiscal 2011, we were able to decrease the amount of containerboard, craft ball paper, and plastic resins used in cosmetic product containers and packaging by 463kg, 12kg, and 155kg, respectively.

Promoting the Use of Recycled Resources

Recycled paper is used for single-box packaging and assortment packaging of cosmetics, and use was expanded to include 76 new products (including renewed products).

Various Initiatives at Marketing Stages

During fiscal 2010, we worked to promote the recycling of used containers collected in connection with direct sales routes and vending machines by continuing to introduce route delivery trucks with special container collection spaces designed based on consideration of hygienic and efficiency factors as well as by continuing to retrofit route delivery trucks with container collection spaces attached to their roofs. We also maintained programs to install empty container recovery boxes next to vending machines and to upgrade the motorcycles used by Yakult Ladies on their delivery routes by introducing four-cycle engine models that have lower levels of environmental impact.

As a new initiative begun in fiscal 2007, we have been introducing non-fluoron-refrigerant vending machines that employ natural refrigerant (CO₂) that has a very low global warming potential. Since fiscal 2008, we have been introducing heat-pump-type vending machines that have the potential for generating even greater energy-conservation benefits than the non-fluoron-refrigerant vending machines, and we are now emphasizing measures to increase the installation of heat-pump models.

Regarding the automobiles used by marketing representatives in our pharmaceutical business, we have begun introducing hybrid models, and 26 hybrid cars were procured during fiscal 2011.



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



A hybrid car model used by pharmaceutical marketing representatives

Introduction of Environment-Friendly Equipment (Fiscal 2011)

Item Introduced	Number
Route delivery trucks with internal container collection spaces	58
Route delivery trucks with roof-mounted container collection spaces	24
Empty container collection boxes for vending machines	662
Heat-pump-type vending machines	1,560
Overhauled vending machines	817
Delivery motorcycles with four-cycle engines	1,011

Recycling of Product Containers/Packaging

Products manufactured at Yakult plants are sent through logistics bases on their way to 109 marketing companies throughout Japan, after which they are delivered directly to customers by Yakult Ladies or delivered to customers via supermarkets and convenience stores. To build a recycling-oriented society, it is important that conscientious efforts be made to recover and recycle the plastic and paper container and packaging materials remaining after customers consume those products.

In 1995, Japan instituted its Containers and Packaging Recycling Act to promote the reduction and recycling of container and packaging waste, which accounts for more than 60% of ordinary household waste by volume. After subsequent amendments, the law took full effect in 2008.

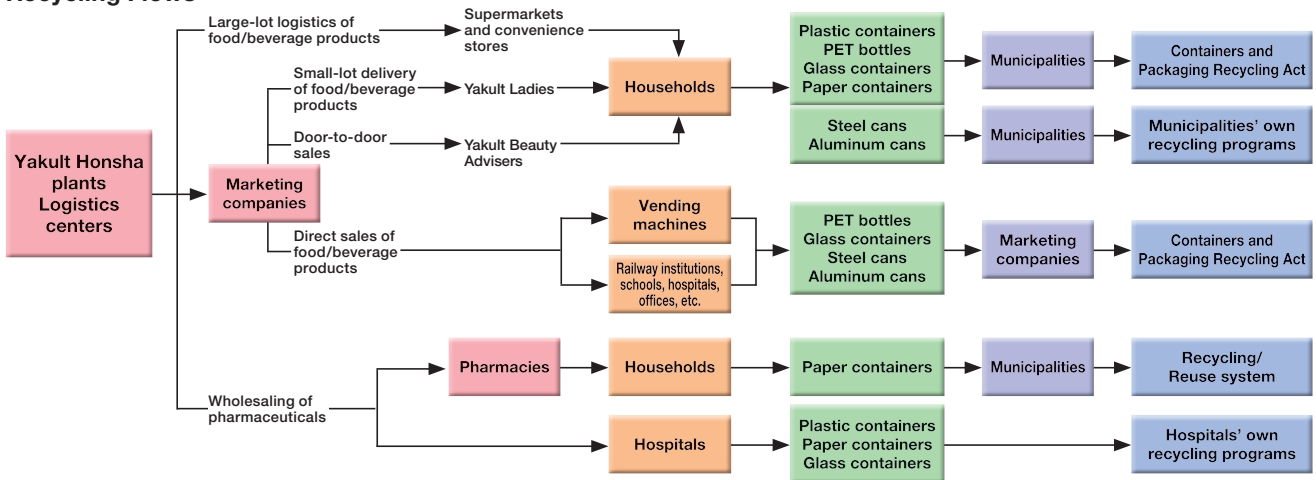
Because Yakult manufactures and markets containers for such products as *Yakult* fermented milk drink and *Joie* yogurt drinks and a diverse range of containers and packaging for its dairy products and other products, the Company is considered a specified container and packaging producer and user in accordance with the

Containers and Packaging Recycling Act, and it, therefore, has a responsibility to handle the recycling of its containers and packaging (see page 22).

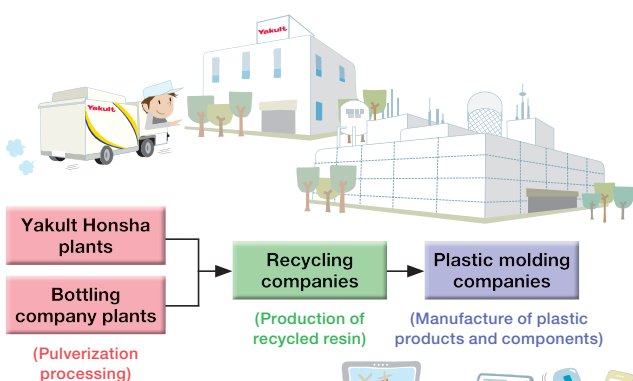
Containers and packaging disposed of as sorted trash by households are collected and stored by municipalities before being sent to specialized recycling companies that use various methods to recycle the materials. In some cases, raw materials are recovered through material recycling methods, while, in other cases, chemical recycling methods are used to generate oil or thermal recycling methods are used to generate heat energy.

In addition, container and packaging-related waste generated at Yakult plants and bottling plants is sorted by material, and measures are taken to recycle the materials in that waste. In the case of plastic bottles, polystyrene resin is recovered and used to manufacture such products as personal computers and audio equipment. To promote greater consciousness of recycling, a portion of the polystyrene resins is used to manufacture special recycled goods, such as rulers and card stands, that are distributed free of charge to people participating in plant study tours and environmental events.

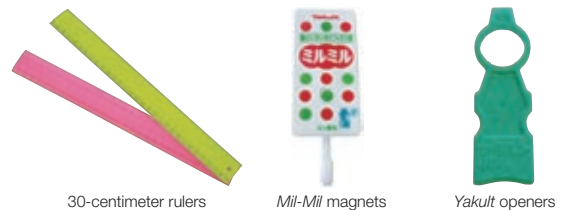
Recycling Flows



Recycling of Waste Plastic from Plants



Recycled Plastic Products



Recycled Plastic Product Production Volume (Fiscal 2011)

Item	Production volume (items)
30-centimeter rulers	118,000
Yakult card stands	48,000
Mil-Mil magnets	58,500
Mil-Mil S magnets	40,000
Yakult openers	90,500

Responding to Environmental Pollution Risks

Efforts to Prevent Water Pollution from Plant Wastewater Yakult A&G Environmental Water Purification Systems

In fiscal 2011, Yakult Honsha's plants used approximately 1,530,000t of water (down 7% from the previous year) and generated approximately 960,000t (up 3%) of wastewater. For the purpose of purifying wastewater, the dairy product plants of Yakult Honsha and other Group companies are introducing Yakult A&G Environmental Water Purification Systems.

Yakult A&G Environmental Water Purification Systems have already been installed at five of Yakult Honsha's seven plants—the Saga, Kyoto, Fukushima, Fukuyama, and Fuji Susono plants. At the Saga Plant, which has completely shifted to the use of a Yakult A&G Environmental Water Purification System, the extremely high level of the new system's performance has been confirmed, as BOD* has been reduced to below 1.0mg/ℓ (a BOD* removal rate of 99.8%) and the nitrogen-removal rate has been 68%. The Hyogo Miki Plant plans to begin the partial operation of a new Yakult A&G Environmental Water Purification System in August 2012, and this system was installed in March 2012. Regarding Group bottling plants, the Yakult Aichi Plant constructed a Yakult A&G Environmental Water Purification System in 2002, and the Yakult Iwate Plant, which was renovated in 2007, is now introducing a similar system. As the Yakult Aichi Plant has been expanding its production facilities, it moved to expand its Yakult A&G Environmental Water Purification System in 2008.

One of the most-noteworthy characteristics of the Yakult A&G Environmental Water Purification System is that it reduces the excess sludge generation volume to a level approximately 1/12 the level of the level typically seen with conventional activated sludge processing systems (calculated based on the actual performance of the Saga Plant's system). Because of this, the running cost of the Yakult A&G Environmental Water Purification System can be reduced to approximately half the level of conventional activated sludge processing systems, and superior maintenance ease is another merit of the Yakult system.

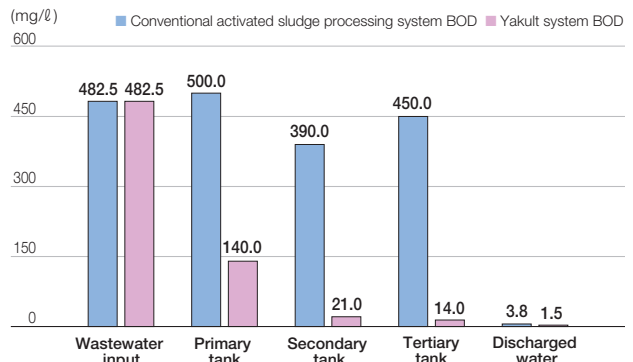
Aiming to conduct research for deepening our microbiological understanding of the Yakult system's performance, the Saga Plant's system was supplemented in 2007 with equipment that enables researchers to obtain filter material samples while the system is in operation. The Yakult Central Institute for Microbiological Research staff are using the new equipment to elucidate the Yakult A&G Environmental Water Purification System's mechanisms of operation.

* BOD represents biochemical oxygen demand, which is a principal indicator of organic water pollution.



The Saga Plant's Yakult A&G Environmental Water Purification System in operation (This system was being removed as of March 31, 2012, following the plant's creation of a connection to the municipal sewerage system on January 16, 2012.)

BOD Changes during the Water Purification Process (Data from the Saga Plant)



* The reason why the BOD of water released from the conventional activated sludge processing system is low is that excess sludge is removed.

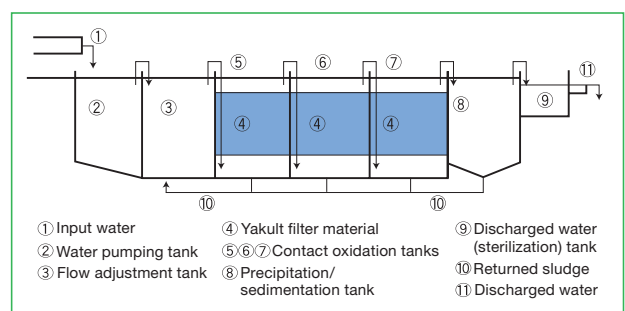
Introduction of the Yakult A&G Environmental Water Purification System at Yakult Honsha Plants and Other Yakult Group Plants

Plants	Introduction
Saga Plant	July 1991
Kyoto Plant	October 1992
Fukushima Plant	September 1997
Fukuyama Plant	November 1998
Yakult Aichi Plant*	December 2002
Fuji Susono Plant	March 2005
Yakult Iwate Plant*	March 2007
Yakult Aichi Plant* (expansion)	January 2008
Hyogo Miki Plant	March 2012

* Bottling company plants

Structure of the Yakult A&G Environmental Water Purification System

The Yakult A&G Environmental Water Purification System uses 65ml Yakult containers with the bottoms removed (Yakult filter material) as tools for culturing microorganisms that break down contaminants, and it is able to achieve high levels of purification of industrial wastewater as well as ordinary wastewater. The Yakult filter material is randomly placed within contact oxidation tanks and diverse types of microorganisms take up residence on both the insides and outsides of the Yakult containers. These microorganisms thoroughly break down and digest the organic substances that contribute to water pollution, achieving very high treatment performance compared to conventional activated sludge processing systems.



Reducing the Environmental Impact of Logistics Activities

Support for Efforts at Logistics Stages

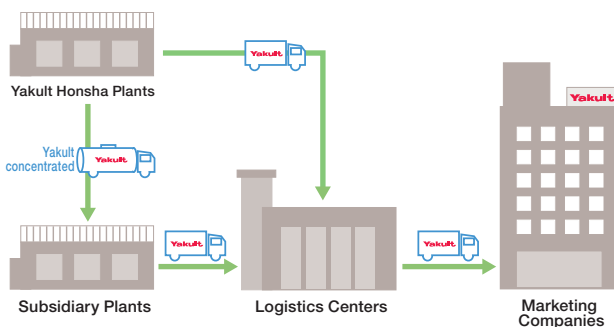
The Yakult Group ships dairy and other food products as well as cosmetics products and other products among logistics bases (Yakult Honsha plants, bottling plants, and logistics centers) and then to 109 marketing companies throughout Japan, and this shipping work is mainly carried out by logistics subsidiaries.

The revised Energy Conservation Act that took effect from April 2006 defines “designated shippers” as companies with annual shipping volumes of 30 million ton-kilometers or more. As a designated shipper, Yakult has the obligation to submit reports on its shipping operations, and it was also required to annually reduce its energy consumption per unit of freight by an average of 1% or more during the five-year period through fiscal 2010. As a result of our efforts to comply with this requirement, we achieved a 1.03% average annual reduction of energy consumption per unit of freight during the period. We have sustained related efforts with the goal of attaining energy consumption reduction targets for fiscal 2011 and subsequently.

Yakult strongly emphasizes the importance of efforts at logistics stages to reduce consumption of diesel fuel, natural gas, and other fuels and thereby lower the environmental impact of greenhouse gas and air pollutant emissions. Yakult Honsha is providing its logistics subsidiaries with support and guidance regarding measures for reducing their environmental impact and obtaining and renewal of such management system certifications as the Green Management certification.

In addition, particularly regarding juice, tea, and soft drink products, we are promoting modal shifts within shipping operations that are progressively restraining associated emissions of greenhouse gases and air pollutants.

Logistics Routes for Principal Yakult Products



Number of Delivery Vehicles Operated by Logistics Subsidiaries (As of March 31, 2012)

Commissioned Product Delivery Company	Number of Vehicles	YOY Change	CNG-Fueled Vehicles within Total Number	YOY Change
Yakult East Logistics Co., Ltd.	105	—	1	—
Yakult West Logistics Co., Ltd.	72	—	0	—
Total	177	-12	1	-3

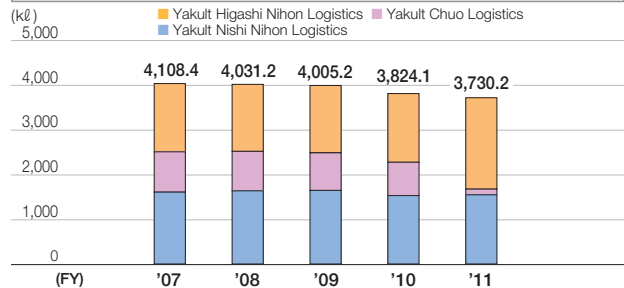
Note: In June 2011, Yakult Higashi Nihon Logistics Co., Ltd., Yakult Chuo Logistics Co., Ltd., and Yakult Nishi Nihon Logistics Co., Ltd., were reorganized to create two new companies—Yakult East Logistics Co., Ltd., and Yakult West Logistics Co., Ltd.

Efforts to Reduce the Environmental Impact of Logistics-Use Vehicles

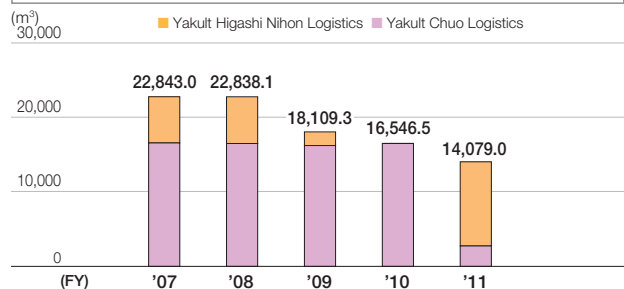
Yakult Group logistics companies are striving to continuously reduce the environmental impact of their operations by obtaining Green Management certification for each of their marketing offices as well as by rigorously practicing such eco-driving methods as those involving the operation of vehicles at speeds that maximize fuel economy and making efforts to minimize the time periods in which vehicle engines are allowed to idle. Figures below include figures for Yakult Chuo Logistics Co., Ltd., for the period through May 2011.

* In June 2011, Yakult Chuo Logistics Co., Ltd., was reorganized to create two new companies—Yakult East Logistics Co., Ltd., and Yakult West Logistics Co., Ltd.

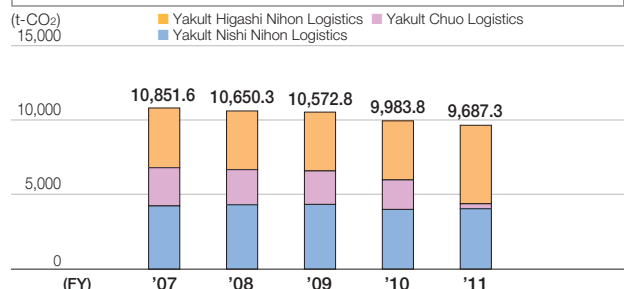
Diesel Fuel Consumption Volume



Natural Gas Consumption Volume

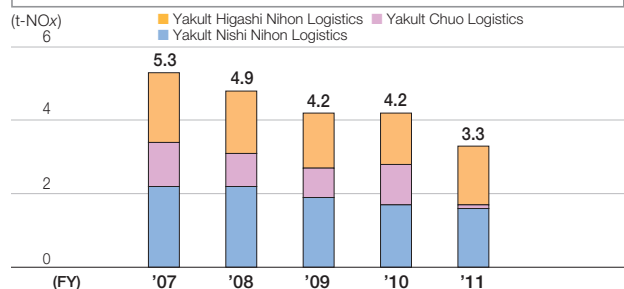


CO₂ Emission Volume



* CO₂ emission volume is estimated based on fuel consumption figures. The CO₂-fuel conversion ratios are 2.62kg-CO₂/ℓ for diesel fuel and 2.23kg-CO₂/m³ for natural gas.

NO_x Emission Volume



* NO_x emission volume is estimated based on each vehicle's mileage figures multiplied by each vehicle's NO_x emission coefficient (g-NO_x/km). This new method for calculating estimates of NO_x emission volume has been used since fiscal 2004.

Promoting CSR/Environmental Education

Promotion of CSR/Environmental Education

Since April 2000, Yakult has been implementing Environmental Education Programs designed to increase employees' consciousness of environmental issues.

We initially organized position-specific compliance environmental training programs for five groups of employees ranging from managers to newly hired employees. Since 2006, we have supplemented those programs by employing our internal LAN to provide employees with e-learning courses on environmental issues. As a result, we are now implementing eight levels of environmental education programs, and this has greatly increased employees' opportunities for obtaining environmental information. Beginning from fiscal 2010, we have expanded the scope of these programs to augment education related to CSR issues, and a CSR Fundamental Knowledge e-learning course is now offered to all employees.

Environmental Management Seminars

We have implemented Environmental Management Seminars for managers since fiscal 2002. In fiscal 2011, Ms. Emiko Nagasawa, Manager of Planning, Research & Development at Nippon Keidanren (Japan Business Federation) Business Services, was invited to lead a seminar on the theme of "Becoming an Enterprise with a High Level of Social Sensitivity—Corporations' Efforts to Promote Volunteer Activities."



Ms. Emiko Nagasawa, Nippon Keidanren Business Services

Ms. Nagasawa discussed such topics as the state of volunteer activities in Japan following the Great East Japan Earthquake disaster, the meaning of social contribution activities as a part of CSR programs, and the optimal methods for supporting such activities with the participation of employees. While explaining connections to the ISO26000 standard, she explained the ideal nature of corporations' social contribution activities in the "CSR era," and

Fiscal 2011 CSR/Environmental Education Programs

Training Program	Month(s) Implemented	Number of Participants
Newly Hired Employee Training	April	67
Newly Appointed General Manager Training	June	21
Pre-Promotion Training for Assistant Managers	May–July	123
Pre-Promotion Training for Deputy Managers	November/December	82
Pre-Promotion Training for Managers	November/December	54
Environmental Education (e-Learning Courses)		
Newly Appointed Assistant Managers Level 4	May	103
Newly Appointed Deputy Managers Level 6	June	54
Newly Appointed Core Managers Level 8	July	60
Environmental Management Seminar (Corporate Officers and Unit Managers)	September	47

she also proposed that nurturing the development of CSR managers in-house will help companies achieve sustainable growth. The 47 participants in the seminar included 12 directors, 14 department managers, and 7 Environmental Promotion Committee members.

Groupwide Unified Environmental Protection Campaign

Each year since 1994 during Japan's Environment Month, the Yakult Group has implemented unified Yakult Environmental Protection Campaigns. In fiscal 2011, the Group implementation of the unified campaign was cancelled owing to the impact of the Great East Japan Earthquake.

The cumulative total number of people participating in the annual Yakult Environmental Protection Campaigns reached 110,000 people in fiscal 2010, and it is believed that the campaigns have had a considerable effect in steadily increasing environment consciousness among the Yakult Group employees.

Yakult Environmental Protection Campaign Themes

Fiscal Year	Theme	Number of Participants
2000	Environmental slogan proposals	6,303
2001	Recycled plastic product idea proposals, environmental quiz	7,753
2002	Self-administered checkup on environment-friendly activities	10,519
2003	Eco-life check sheet Part I	4,139
2004	Eco-life check sheet Part II	3,002
2005	Green purchasing consciousness survey, proposals of declarations/suggestions	8,374
2006	"3R" implementation for everybody	9,712
2007	Challenging goal of eliminating disposable shopping bags	8,026
2008	Do you know what Team Minus 6% is?	14,563
2009	Transform unneeded things into green—Smile/Eco Fund Raising!	7,072
2010	What Is Biodiversity? – Let's Sustain the Life of the Earth.	15,766

Implementation of Environmental Education/Training Programs at Yakult Honsha Plants

In fiscal 2011, Yakult Honsha plants implemented diverse environmental education programs focused on such themes as ISO standards, energy conservation, and waste product processing, and these programs helped further raise the level of environmental consciousness among plant employees.

Environmental Education/Training Programs

	Number of Sessions	Number of Participants
ISO standards-related education	28	134
Energy conservation and waste product processing	8	9
Total	36	143

Relationships with Local Communities

Courtesy Visit Activities

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

This activity began when a Yakult Lady in Kohriyama, Fukushima Prefecture, took it upon herself to provide Yakult products to elderly people living alone, at her own expense, after hearing the sad news of one such person whose death went unnoticed. Her initiative resonated with both the local Yakult sales company and social workers in the region and moved many local governments to take action. As a result, these courtesy visits, known as "Courtesy Visit Activities," have spread throughout Japan.

The "Courtesy Visit Activities" have been highly praised by people involved in volunteer activities as well as government entities. In 1991, Yakult received the Japan Institute for Social and Economic Affairs' Special Community Relations Award for Excellence as a Corporation. In 1994, we received the Minister for Health and Welfare Award for distinguished volunteer service.

As of March 2012, approximately 3,500 Yakult Ladies are paying regular visits to around 47,000 elderly people in response to requests from more than 147 local governments in Japan.

As part of activities organized to celebrate the 70th anniversary of Yakult's founding, we have since September 2005 presented flowers to elderly people on Respect-for-the-Aged Day. In 2011, we delivered attractive flowers and a message card to more than 47,400 people in 142 municipalities. As this program has been highly evaluated, we plan to continue it for the seventh consecutive year in 2012.



Providing Communities with "Safety and Peace of Mind" Yakult Ladies' Community Crime Prevention Activities

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

In Aichi Prefecture, six sales companies and Yakult Honsha's Tokai Branch established the Yakult Aichi Prefecture Crime Prevention Cooperation Association in October 2007 and registered it as an "Aichi Prefecture Safe Town/Traffic Safety Partnership

Enterprise." Sales companies in the Tokai region had already begun organizing safety patrol activities from 2006 but, following the establishment and registration of the new association, these activities were supplemented with additional programs to implement safety-related training courses for Group employees, provide customers with safety-related information, and thereby upgrade the Group's contributions to the creation of communities where people can live with peace of mind. We are carrying out these kinds of programs in all of Japan's regions, and these programs are quite familiar to people in each region. In some cases, sales companies have received special awards for these programs from local police units and crime prevention associations.

As of March 2012, 79 sales companies throughout Japan have created organizations to carry out crime prevention activities.

Implementing Social Activities with Vending Machines

By the end of March 2012, the Yakult Group had installed approximately 51,000 vending machines throughout Japan. In addition to their original function of enabling customers to purchase products, some vending machines offer additional functions that can offer important assistance to people in local communities.

One example of such vending machines are models that are installed together with automated external defibrillators (AEDs) that can save the lives of people with cardiac arrhythmias that can lead to cardiac arrest. As approximately 30,000 Japanese lose their lives each year owing to heart attacks, it is hoped that the scope of AED installations will be quickly expanded. By the end of fiscal 2011, Yakult had installed 119 vending machines with AED units, and there already have been cases in which people have used the Yakult AEDs to save the lives of people who have recovered from their heart problems and are currently back at their workplaces. Yakult is installing numerous types of vending machines with special social contribution functions, including "White Ribbon" models that contribute a portion of their proceeds to the JOICFP Organization (Japanese Organization for International Cooperation in Family Planning), disaster-relief models that will distribute their merchandise free of charge following major earthquakes and other disasters, and crime-prevention models that incorporate security cameras that can play useful roles in crime prevention activities.



A vending machine installed together with an AED unit



A vending machine with a sign explaining its sponsorship of JOICFP

Cooperation of Health Promotion Conferences

Each April 7—the World Health Organization (WHO)'s World Health Day—Yakult cooperates with a Health Maintenance Advocacy Meeting with the Japan Dietetic Association (JDA). In 2011, the 32nd year of the program, the meeting featured lectures and symposia on the theme “Meals and Cancer—Eat Better for the Sake of Living Better” on October 17 due to the Great East Japan Earthquake disaster. Held in Yakult Hall in Tokyo’s Higashi Shimbashi district, the event was attended by 313 nutritionists and others with a strong interest in health issues.

Yakult also cooperated with the local conventions of nutritionist associations in each Japanese prefecture. In fiscal 2011, we coordinated a July meeting in Nara, Nara Prefecture, followed by numerous other meetings throughout Japan.



32nd Health Maintenance Advocacy Meeting

Date	Location	Date	Location
July 15	Nara, Nara Prefecture	November 24	Yabu, Hyogo Prefecture
September 3	Aomori, Aomori Prefecture	November 26	Hirosaki, Aomori Prefecture
September 17	Utsunomiya, Tochigi Prefecture	November 26	Matsumoto, Nagano Prefecture
October 1	Hachinohe, Aomori Prefecture	November 26	Akita, Akita Prefecture
October 22	Morioka, Iwate Prefecture	December 10	Osaka, Osaka Prefecture
October 22	Saitama, Saitama Prefecture	January 9	Gifu, Gifu Prefecture
November 20	Kyoto, Kyoto Prefecture		

Special Sponsorship of “Let’s Eat Vegetables”

Yakult Honsha was a special sponsor for the “Let’s Eat Vegetables” event, the latest in a series of events targeting the general public that the Japan Dietetic Association has organized on August 31 (Vegetable Day) each year since 2009.

The 2011 event highlighted the relationship between the proactive ingestion of vegetables and the prevention of lifestyle-related diseases. Two lectures were presented with the themes of “Making Use of Food Functions for the Prevention of Lifestyle-Related Diseases” and “Simple Vegetable Cuisine,” and the lectures attracted an audience of 230 people who listened with great enthusiasm.

21st Century Food and Health Forum Sponsorship

The 11th Annual Session of the 21st Century Food and Health Forum, sponsored by *Asahi Shimbun*, was held on May 30, 2011 in the Tokyo International Forum facility. Open to the general public, the annual forum events focus on the key role of probiotics in 21st Century Food and Health, and they feature lectures that are designed to explain this central theme in easily understood ways to people with a strong interest in health issues as well as people associated with the health care industry. The 11th session had the theme of “What You Can Do from Today to Make a Healthy Intestinal Tract Lead to a Long Life—Infectious Disease Prevention Attracting Attention Worldwide” and featured highly interesting lectures on this theme as well as a panel discussion on the theme of “What Will You Do If It Happens?!? Countermeasures for Protecting Your Family.” An audience of approximately 1,300 people listened intently to the forum participants.

Also during fiscal 2011, Yakult Honsha cosponsored health forum events on such topics as promoting strong immune systems and healthy intestinal systems that were organized by several local newspapers based in locations ranging from Hokkaido to Kyushu, and a large number of people attended these events.



The 11th Annual Session of the 21st Century Food and Health Forum

Cooperation of Intestinal Flora Symposium

Coordinated by the Foundation for Yakult Bioscience Research and supported by the Ministry of Education, Culture, Sports, Science and Technology, the Symposium on Intestinal Flora has been organized to promote greater public awareness and understanding of bioscience issues centered on those related to intestinal flora. Yakult Honsha has been cooperating with respect to this Symposium program since its inauguration. Held on October 28, 2011, at Yakult Hall, the 20th session of the Symposium focused on the main theme of “New Progress in Research Related to Intestinal Flora and Probiotics.” Those attending the event included approximately 50 Yakult Group employees from facilities in 15 countries and regions as well as 565 other people, including researchers working in Japan- and overseas-based universities, government research institutions, and companies.

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

Implementation of Plant Festivals and Study Visits

Aiming to deepen friendly relations between plants and local communities, we annually organize festivals at each plant and invite the members of local communities and employees' families to participate. Besides food and refreshment vending booths and film screenings, the festivals feature performances by actors portraying animated characters popular with children, bands, and Japanese drum ensembles as well as diverse other attractions. While enjoying those features, people attending festivals also have the opportunity to participate in plant study tours and product tasting events. The festivals have proven to be effective means of fostering deeper understanding of plant operations among people from local communities.

During fiscal 2011, the Fukushima Plant and Saga Plant suspended their plant festival implementation owing to the construction of new buildings and other factors. As a result, five Yakult Honsha plants and six bottling plants held festivals in fiscal 2011, and a total of approximately 30,000 people attended those festivals.

In addition, with the objective of deepening understanding of Yakult's products and the Group's commitment to environmental awareness and safe, reliable products, we have, for many years, offered study tours of Yakult Honsha and other bottling plants. We offer plant tours to members of the general public ranging from children through the elderly as well as such programs as educational field trips and environmental education programs for primary school students, and we also seek to use such tours to obtain feedback information from opinion leaders and people with a particularly strong interest in health issues.

During fiscal 2011, plant renovation projects and the Great East Japan Earthquake temporarily limited the ability of some Yakult



Plant festival at the Kyoto Plant



Plant festival at the Fukushima Plant

Group plants to accept people, but seven Yakult Honsha plants and five bottling plants hosted approximately 220,000 people.

Cleanup Campaigns

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

To carry out this responsibility, we have, for many years, proactively implemented cleanup campaigns aimed at tidying up roads, rivers, shorelines, and other areas, primarily in the vicinity of Yakult Honsha plants. In addition, the Central Research Institute supplements its cleanup campaigns by periodically testing the water quality of nearby rivers, conducting studies of the distribution of nearby wells, and creating reports to disclose the results of those activities. In these and other ways, the plants and the Central Research Institute strive to deepen their communication with local communities by implementing activities that increase their opportunities to cooperate and interact with those communities.

In fiscal 2011, 10 Yakult Honsha business sites helped beautify nearby areas by implementing cleanup campaigns in which a total of 951 employees participated.



Fukuyama Plant cleanup campaign



Kumamoto Plant cleanup campaign

Yakult Honsha Facility Cleanup Campaign Implementation (Fiscal 2011)

	Number of Facilities	Number of Campaigns	Total Number of Participants in Campaigns	Average Number of Participants in Campaigns
Plants	9	101	791	7.8
Central Research Institute	1	12	160	13.3
Total	10	113	951	8.4

Promoting Sports Activities

The Yakult Group's professional baseball team, the Tokyo Yakult Swallows, entertains a great many fans during the baseball season and, during the offseason, the team cooperates with sales companies throughout Japan to organize baseball clinics. Focused on primary and junior high school baseball teams, the clinics help children learn about the enjoyability of sports and the preciousness of good health by interacting with professional baseball players.

Yakult also cooperates in efforts to promote "bound tennis," a sport created in Japan that combines the rules of ordinary tennis with certain elements of racquetball and other sports. The Japan Bound Tennis Association held its 29th national bound tennis championship tournament at the Tokyo Metropolitan Gymnasium in June 2011, and this event featured relentlessly heated competition among more than 1,000 competitors from throughout Japan. Yakult cosponsors this tournament as well as the bound tennis tournament held within the National Sports Festival of Japan's Ministry of Education, Culture, Sports, Science and Technology.

In addition, since 2005, Yakult has sponsored international swimming competition events as an official partner of the Fédération Internationale de Natation (FINA). FINA is fostering the development and promoting the international popularity of aquatic sports that have an extremely healthy image that resonates harmoniously with Yakult's corporate philosophy of "We contribute to the health and happiness of people around the world." In view of this, we have extended our official partner contract with FINA through 2012 and are continuing to actively support international swimming competitions.

Dispatching Instructors

The Yakult Group dispatches instructors to lecture on the natural environment and microorganism science fields as well as a wide range of other fields in response to requests from the health forum events organized by local newspapers (see page 33) as well as dietician associations throughout Japan and other associations and schools, including universities. Because our academic activities harmonize well with our corporate mission of providing customers with products that are reliably safe and inspire peace of mind, we are proactively working through plant PR sections and other units to further develop these activities.

Support for Children under Age of 15 (Mexico)

During the period from March 1 through April 30 of 2011, Yakult's marketing company based in Guadalajara City, in the Mexican state of Jalisco—Distribuidora Yakult Guadalajara S.A.de C.V.—implemented a program that accumulated donations for Guadalajara's Hospital Civiles at a rate of one centavo (approximately ¥0.06) per bottle of the fermented milk drink *Yakult* sold.

Focusing on serving low-income people who find it difficult to pay social insurance fees or medical care fees and therefore are unable to obtain medical care at other hospitals, the Hospital Civiles provides medical care gratis or charges only what patients can afford to pay. In addition to obtaining funds from Mexico's

central government and the Jalisco State government, the hospital is supported by donations from companies and individuals.

In accordance with Distribuidora Yakult Guadalajara's mission of "contributing to society's health promotion efforts," the company presented its accumulated donations to the Hospital Civiles to be used to fund health care for patients, children under 15.



Signing ceremony for the hospital donation program

Co-Sponsorship of the Zuiderzee Klassieker Bicycle Touring Event (Netherlands)

Yakult's Netherlands-based distributor, Yakult Nederland B.V., acted as a premium partner in co-sponsoring the First Annual Zuiderzee Klassieker bicycle touring event, which was organized by the Dutch Stomach-Intestine-Liver Foundation (Maag Lever Darm Stichting (MLDS)) and held on September 24, 2011.

Seeking to improve the lives of patients with diseases related to the stomach, intestines, and liver, the MLDS supports academic research and engages in diverse information dissemination activities.

The Zuiderzee is the former name of Overijssel lake, situated in the northwestern part of the Netherlands, and the Almere Plant of Yakult Europe B.V. is also in that region. The Zuiderzee Klassieker bicycle tours covered 60km, 120km, and 220km routes originating from that plant, and the tours also played the role of helping gathering funds for the MLDS.

The inaugural Zuiderzee Klassieker event was highly popular, attracting 425 participants, and it also succeeded in collecting considerable funds for the MLDS. In addition, factory study tours were organized at the Almere Plant for family members of participants and other people.

Yakult Nederland will also be a premium partner for the Second Annual Zuiderzee Klassieker, to be held on September 22, 2012, and the company is striving to increase the number of participants to 800, roughly twice the previous number.



A scene from the First Annual Zuiderzee Klassieker bicycle touring event

Communication with Customers

Role and Systems of the Customer Support Center

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

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

Customer Feedback

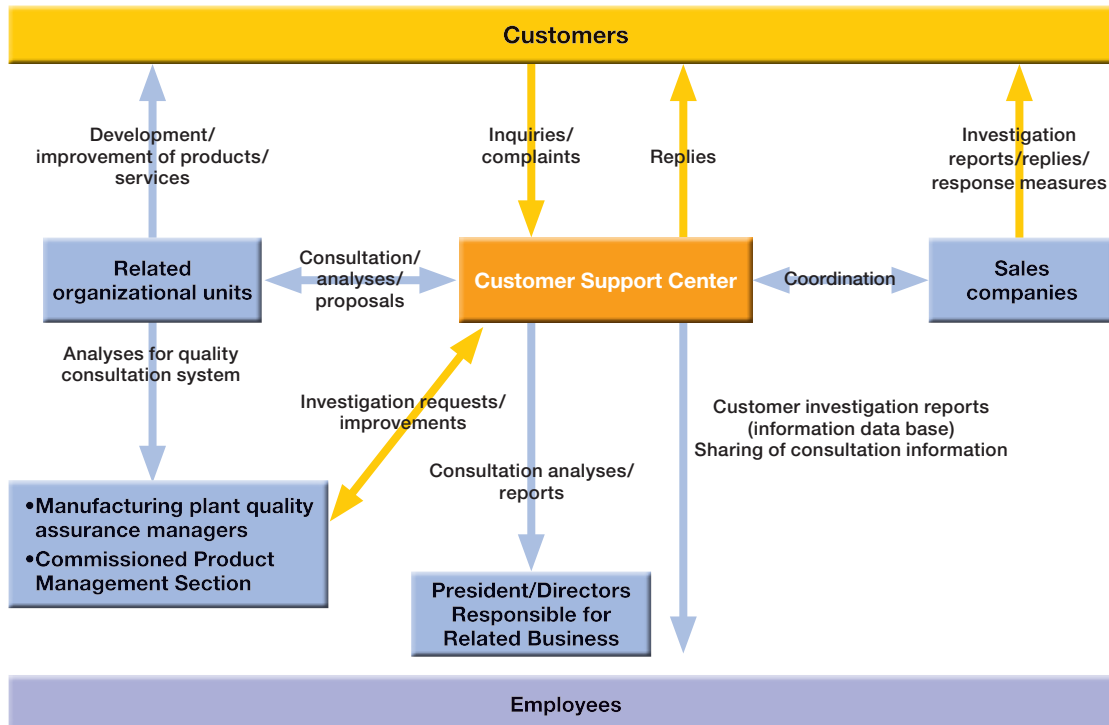
We organize our customer consultations into the categories of inquiries, applications, complaints, discontinuations/suspensions, changes, and others.

In fiscal 2011, the Customer Support Center received 61,716 consultations, down slightly from 64,540 in the previous year.

Customer Consultations in Fiscal 2011

Topic	Number
Inquiries	46,982
Applications	5,597
Complaints	5,311
Discontinuations/suspensions	1,499
Changes	441
Others	1,886
Total	61,716

Customer Response Flows



Customer Support Center

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

(9:00 to 17:30, except Saturdays, Holidays, and year-end and New Year holidays)

IR Activities

Relationship with Shareholders

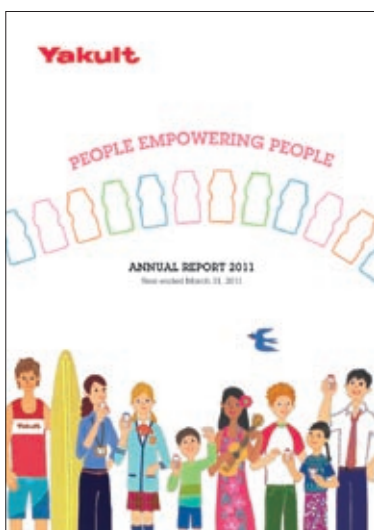
Yakult's IR activities are focused primarily on securities analysts and institutional investors. Specifically, we hold business results briefings and business explanation meetings and collaborate with securities companies to organize small meetings and business site tours for institutional investors.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

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

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

In fiscal 2011, the ordinary level of dividends was supplemented by a special ¥2 per share dividend in commemoration of the 75th anniversary of Yakult's founding, increasing the level of annual dividends per share to ¥22.0.

As a result of our implementation of these various strategies and policies, we had approximately 28,000 shareholders as of March 31, 2012.



Yakult's annual report for fiscal 2011

IR Information Disclosure

Yakult endeavors to disclose IR information in a manner that is fair, timely, and rapid. As a part of our strategies for realizing this objective, we have created a "For Investors" section within our website, and we strive to ensure that IR information is disclosed in a timely manner via that website section, which offers important basic corporate information as well as diverse kinds of other information that may facilitate investment decisions.

Principal Kinds of Information in the "For Investors" Website Section*

Yakult's Management Policies

Top Message from the President, Management Policy, Corporate Governance, etc.

Financial/Performance Information

Flash reports, supplementary materials for financial statements, long-term financial reports, performance data, etc.

IR Explanation Meetings

Materials presented at explanation meetings organized for analysts

IR Calendar

A schedule of IR-related events

IR Library

Annual reports, business reports, company profile, principal shareholders, etc.

Stock Information

Basic stock-related information

Shareholders' Meeting

Information related to shareholders' meetings

Shareholder Benefits

Examples of benefits available to shareholders

FAQ

Answers to some of the questions most frequently asked by shareholders

To Individual Investors

Background of Yakult's founding, naming of Yakult's professional baseball team, performance summary, etc.

* Note: Not all of these features are included in the "For Investors" section of the English-language version of the Company's website, although some of those features are found in other sections of the English-language website.



The top page of the "For Investors" section of Yakult's website

Procurement Policies

Promoting Fair and Sound Transactions

Yakult believes it to be important to develop its operations through fairly and transparently implemented independent corporate activities. With respect to transactions with raw material suppliers and companies that market its products, we are naturally determined to avoiding illegal transactions, and we are also committed to refraining from using improper methods to pursue profits and from discriminatory actions. To maintain thoroughly sound relationships with its transactional partners and promote fair purchasing and sales transactions, we have instituted action standards with specific provisions.

Aiming to further upgrade performance with respect to raw material quality, stable supplies, and other issues, we have since January 2005 undertaken with the understanding and cooperation of our transactional partners to fairly and equitably review the characteristics of transactions in single-year periods. Our transactional partners are given feedback on the results of those reviews, and the results are employed as a basis for proactive efforts to enhance and reform the characteristics of transactions.

Green Procurement

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

Since fiscal 2001, all of the Company's business sites have worked based on the basic policy and in cooperation with transactional partners to engage in procurement activities in a manner that promotes the protection of the global environment, the reduction of

environmental impact, contributions to the creation of a recycling-oriented society, and other environmental objectives.

Green Purchasing

Yakult instituted its Green Purchasing Guidelines in April 2000, prior to the 2001 implementation of Japan's Act Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Act on Promoting Green Purchasing). In accordance with the guidelines, we have taken measures to promote the purchasing and use of environment-friendly products with respect to office-automation paper, printed materials, stationery and other office-use products, and sanitation-related products. These measures are being sustained, and the fourth phase of the Yakult Environmental Action Plan includes provisions for additional initiatives in this regard.

In fiscal 2011, which was the second year of the period covered by the fourth phase plan, the Head Office maintained its 100% green purchasing performance with respect to office automation paper and improved remarkably its green purchasing shares with respect to office-use and sanitation-related products. As a result, its green purchasing ratio increased 2.1 percentage points year on year, to 95.1%. At plants, the green purchasing ratio for office-automation paper declined, but progress in augmenting green purchasing of stationery office supplies and sanitary products raised the overall green purchasing ratio 0.8 percentage point, to 96.2%. The Central Research Institute's overall green purchasing ratio declined 2.1 percentage points, to 94.6%, reflecting a decrease in the green purchasing ratio for stationery office supplies.

In fiscal 2011, Yakult's Companywide green purchasing ratio rose 1.1 percentage points, to 95.5%, and plans call for sustaining efforts to promote further progress in augmenting green purchasing.

Yakult Basic Policy on Green Procurement

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

[Scope of Policies]

All manufacturing, marketing, office, and R&D facilities

[Basic Policies]

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

Established March 5, 2001

Promoting Employees' Missions and Motivation

Employee Education

To sustain the Yakult Group's development and expansion, it is crucial to improve employees' skills and capabilities as well as increase employees' consciousness of important environmental and societal issues. In view of this, we are endeavoring to foster the development of the next generation of Yakult managers and workers by establishing and implementing the following basic policies and education/training programs.

Basic Policies

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

Overview of Training Programs

We implement education and training programs for all the employees of Yakult Honsha and other Group companies, including sales companies, affiliates, and bottling plants. Excluding distance learning courses and performance explanation meetings for employees, education and training programs for Yakult Honsha employees during fiscal 2011 were held on an aggregate total of 440 days and attended by 820 employees. Programs for Group company employees were held on an aggregate total of 265 days and attended by 3,493 employees.

Programs for Yakult Honsha Employees

1. **Level-specific training linked to the personnel system**
 - New employee training, new employee follow-up training
 - Training prior to promotion to higher management levels, training prior to promotion to higher supervisory posts, training prior to promotion to higher core managerial posts, training prior to promotion to higher general managerial posts
 - Training for newly appointed organizational unit managers
 - Training for mid-career hires, training for dispatched employees
2. **Theme-centered training that complements level-specific training (open-application system)**
 - Writing skills, team-building skills, finance, planning and ideas, marketing
 - Presentation preparation skills, coaching, mental-care management
3. **Training for cultivating global employees (open-application system)**
 - International Prep School (training for personnel to be stationed overseas)
4. **Participation in external training programs (extension courses of external educational institutions)**

5. Distance learning

- 236 courses (begun twice each year)

6. Other

- Support for receipt of official certifications
- Discounted subscriptions to business publications
- Performance explanation meetings for employees

Programs for Group Company Employees

1. Level-specific training

- Yakult introductory course (training for new employees)
- Skill improvement course for mid-level employees (time management, presentation preparation skills)
- Management and supervision strengthening course (leadership development, mental-care management)
- Manager-development course (Management Prep School)

2. Training by dispatched instructors

- Business manners, strengthening training capabilities, strengthening implementation capabilities, upgrading managerial skills, etc. (9 courses)

3. Distance learning

- 236 courses (begun twice each year)

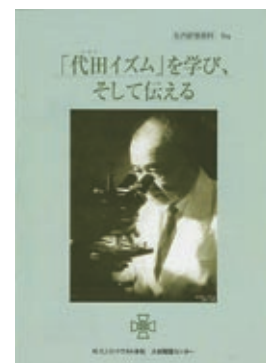
Direction of Employee Education Going Forward

The Yakult Group positions its basic policy of "Promote the dynamic perpetuation of our founder's philosophy" as a central pillar of all its employee education and training programs.

Accordingly, all of the level-specific training programs within programs provided to employees of Yakult Honsha and other Group companies include training related to Yakult's corporate philosophy. Using a pamphlet entitled Shirota-ism on the ideas and philosophy of Yakult's founder, Minoru Shirota, along with videos on this subject, employees learn about the source of the Yakult Group's business development.

Going forward, we will continue to provide all Group employees with opportunities to learn about Shirota-ism.

In addition, rather than restricting ourselves to training programs, we will be emphasizing programs designed to support the operations of sales companies, including programs related to total quality management (TQM) activities and activities that help increase organizational vitality.



The pamphlet Shirota-ism

Personnel Systems for Promoting Employees' Missions and Motivation

In light of differences among the size of the roles the Company expects individual employees to play, methods of contributing to performance, and job types, Yakult undertakes human resource management processes by classifying employees into different role groups (levels), job groups, and career courses.

Newly hired employees are assigned to a specific career course (occupational category) and given opportunities to develop the skills they require and contribute to corporate performance as they seek to expand and raise the level of their own roles in the Company.

Career Course Switch System

The Career Course Switch System is designed to enable employees to create paths toward selecting the career courses they desire, help employees already with the Company to realize personal growth based on numerous opportunities to leverage their own career development consciousness, and heighten the levels of employees' missions and motivation while also creating dynamic workplaces filled with vitality.

The system enables employees to shift from the so-called "general course" to the "comprehensive course" and other career courses, and we believe that this system's functions play a crucial role in creating an environment in which employees can fully utilize their own motivation and abilities.

Instituted seven years ago, the system has been used by a total of 63 employees who choose to proactively make the requisite efforts and address the challenges of a new career development path.

Self-Reporting/Qualification Assessment System

The Self-Reporting/Qualification Assessment System helps Yakult learn about individual employees' opinions, desires, and specific capabilities with respect to job characteristics, skill development, postings, and transfers. By promoting two-way communications and mutual understanding between employees and the Company, the system is designed to further increase the effectiveness of personnel management processes. One noteworthy feature of this system is the In-House FA (Free Agent) system, which enables employees to announce their desire to shift to a new position and effectively helps those employees move to new workplaces where they can make the most of their individual capabilities and potentials. This and other features of the Self-Reporting/Qualification Assessment System are helping individual employees grow while increasing the organizational dynamism.

Job Rotation System

Another system designed to help assess employees' capabilities and facilitate employees' long-term career development is the Job Rotation System. Employees hired for the "comprehensive course" (office section) initially undergo basic training about the Company

and business manners before being assigned to a post. During their first approximately 10 years with Yakult, they are transferred to new posts at roughly three- to four-year intervals, thereby experiencing work within three organizational units. By experiencing work both in the capital and outlying regions, both in marketing departments as well as administrative departments and other kinds of departments, employees expand the horizons of their experience in a balanced manner and increase the level of their skills. Concurrently, they gain a better understanding of what kind of post is most appropriate for them and can take measures to make the most of their abilities.

A Cafeteria Plan for Increasing Employee Satisfaction

As changes in society have increased the diversity of employees' value systems and expectations with respect to their jobs, Yakult has taken steps to increase satisfaction with employee welfare programs. Since fiscal 1998, we have been utilizing a Cafeteria Plan System to this end.

The system assigns all employees a certain number of points applicable to individual years. Employees can freely choose the way they apply those points to obtain various benefits available on the menu. Unused points can be carried over to subsequent years, further increasing the flexibility of the system.

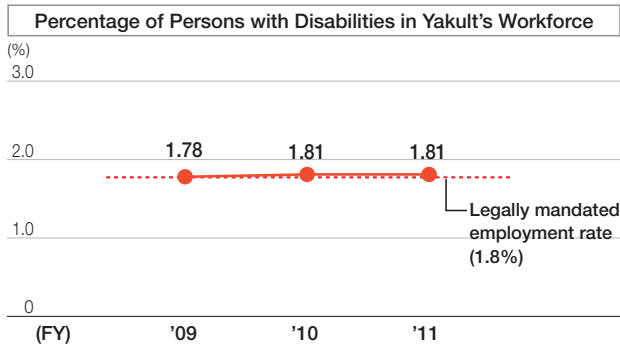
Principal menu items include travel subsidies, shinkansen (bullet train) commuting subsidies, self-development subsidies, and subsidies for making use of sports clubs and engaging in other recreational activities. Other items designed to facilitate employees' life plans and increase job satisfaction include subsidies for child raising and medical expenses. Currently, employees are applying approximately 90% of their annual allocation of points, and this suggests that the cafeteria menu of benefits has been well tailored to meet employee needs.

Hiring of Persons with Disabilities

Recognizing that it has an important responsibility to hire persons with disabilities, Yakult engages in such hiring in a stable manner while rigorously complying with legally mandated hiring levels. Having proactively engaged in recruitment activities aimed at attaining the legally mandated percentage of persons with disabilities in its workforce, we increased the rate to above the stipulated 1.8% rate in fiscal 1999 and have subsequently maintained our rate at above the legally stipulated rate. As a result, we were given the Tokyo Association for Employment of Persons with Disabilities Chairperson's Award in fiscal 2001 and the Tokyo Metropolitan Government Bureau of Industrial and Labor Affairs Director General's Award in fiscal 2002. These and other awards reflect society's high evaluation of Yakult's policies regarding the hiring of persons with disabilities.

In fiscal 2009, the impact of retirements and other factors caused the percentage of persons with disabilities in Yakult's

workforce to dip below the mandated level, but proactive hiring measures after fiscal 2010 brought the Company's level back above the mandated level.



Helping Realize Optimal Work-Life Balances

<Parental Child-Raising Leave for Men>

Yakult is taking diverse initiatives designed to enable its employees to realize optimal work-life balances, and one recent example is the expansion of child-raising leave availability. While our "conservation leave" system was previously only available to people recovering from non-work-related injuries or nursing family members and

quasi-family members, we revised our employment regulations in April 2010 to enable the system to be used for child-raising leaves.

As of March 2012, six male employees had obtained child-raising leaves. We are continuing to take measures to create workplaces that help employees maintain a good balance between work and child raising, including measures to promote greater awareness of the child-raising leave systems we offer.

<Abbreviated Work Schedules for Child Raising>

As another move to promote optimal work-life balances, Yakult has extended the applicability of its abbreviated work schedules for the child-raising system as of April 2010 from "for the care of children below age three" to "for the care of children until they enter elementary school."

<Promoting the Use of Annual Allotments of Paid Holidays>

To promote employees' use of their annual allotments of paid holidays, in April 2010, Yakult Honsha has created a system that encourages use of a paid holiday by each employee on his or her birthday. This initiative was supplemented in April 2012 with the establishment of an anniversary leave system and a volunteer activity leave system.



Eiichiro Naito

Food Research Laboratory I
Food Research Department
Yakult Central Institute for Microbiological Research

After my family's first child was born on March 8, 2011, I took the opportunity of obtaining a child-raising leave. My wife and I were both a bit confused about the best ways to care for our child, but we used a lot of energy to overcome challenges stemming from our lack of knowledge. One aspect of child care that made a particularly strong impression on me is the issue of nighttime crying. On the worst nights, the crying would continue relentlessly for numerous hours, and my child wouldn't sleep at all. I also was on the brink of tears as I cuddled and comforted my child throughout the night. While the child-raising leave was only for three days, it left our family with fond memories of togetherness and also gave me an opportunity to discover that child raising is very difficult but extremely important. Going forward, I plan to make the most of the Company's leave systems as I do my best to proactively participate in my child's upbringing.



Kazutaka Yamada

Human Resources Section
Human Resources Department

My third daughter was born in January 2011, and I obtained a child-raising leave so that I could care for my first two daughters during the period that my wife and third daughter remained at the hospital. I cooked and cleaned up after meals, shuttled the two daughters to and from kindergarten, tidied and cleaned the house, went shopping, and did various other housekeeping tasks one after another. Altogether, those tasks were harder to do than my work at the Company, but I somehow managed to finish them without any major crises. My naughty daughters spent much of their time quarreling with each other, and I was at my wits' end playing the peacemaker, but spending all day long interacting directly with my daughters for several days in a row was a precious experience. I have excellent memories of that period of time that will never fade.

Business Site Reports

[Note regarding fuels]

Plants make use of heavy fuel oil, city gas, LPG, light oil, and others. However, fuel usage figures are stated in terms of the amount of the main fuel used at each facility, with usage of secondary types of fuels converted into the corresponding volume of that main fuel.

[Main products of each site]

The items listed are current as of March 31, 2012.

Fukushima Plant



(ISO14001 certification obtained on May 31, 2002)



Shingo Yamaki
Section Manager,
Facilities Management
Section

Location: 10-1, Aza Tooki, Kuroiwa, Fukushima-shi, Fukushima 960-8520
General Manager: Masaru Kurihara
Products Produced: Concentrated *Yakult*, concentrated *Yakult Calorie Half*, concentrated *Yakult 400*, *Mil-Mil*, *Mil-Mil S*, *Sofuhl*, *Yakult Genki Yogurt*
Plant Grounds Area: 28,059m² **Building Floor Space:** 13,653m² **Number of Employees:** 138

Fiscal 2011 Review

We were able to surmount the challenges presented by the Great East Japan Earthquake disaster and complete the construction work on our new plant building. The amount of energy usage increased. However, we are striving to conserve energy by introducing energy-saving equipment and moving ahead with measures to increase the efficiency of manufacturing and production activities. As a means of helping protect the global environment, we switched to the use of natural gas as our boiler fuel.

Fiscal Year	Water Usage (m ³)	Electric Power Usage (kWh)	City Gas Usage (m ³)	Waste Product Emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
2011	137,777	6,168,360	810,770	936.7	32.525	4,727	0.350	3.327

Ibaraki Plant



(ISO14001 certification obtained on August 9, 2002)



Takahito Muranushi
Manager, Facilities
Management Section

Location: 1232-2, Oaza Kawatsuma, Goka-machi, Sashima-gun, Ibaraki 306-0314
General Manager: Teiji Nakamura
Products Produced: Concentrated *Yakult*, concentrated *Yakult 300V*, concentrated *Yakult SHEs*, concentrated *Yakult 400LT*, *BF-1*
Plant Grounds Area: 44,800m² **Building Floor Space:** 15,729m² **Number of Employees:** 89

Fiscal 2011 Review

The benefits of our fiscal 2010 switch to the use of natural gas boiler fuel have reduced our overall energy consumption. Moreover, our response to the summertime electric power usage restrictions have led to the implementation of electric power conservation measures throughout the plant as well as changes to working hour schedules and other initiatives. As a result, we were able to exceed the target of reducing peak energy consumption levels by 15% by realizing a peak energy consumption reduction of 20%.

Fiscal Year	Water Usage (m ³)	Electric Power Usage (kWh)	City Gas Usage (m ³)	Waste Product Emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
2011	178,320	5,061,434	835,733	177.7	0.600	3,776	0	1.357

Fuji Susono Plant/Fuji Susono Pharmaceutical Plant



(ISO14001 certification was obtained for the Fuji Susono Plant on October 13, 2000, and for the Fuji Susono Pharmaceutical Plant on January 10, 2003.)

Fuji Susono Plant

Location: 653-1, Aza Juzaburo, Shimowada, Susono-shi, Shizuoka 410-1105
General Manager: Naoki Tomomatsu
Products Produced: Concentrated *Yakult 400*, concentrated *Yakult 400LT*, *Pretio*, *Joie*, *Mil-Mil*, *Sofuhl*, *Purela*

Fuji Susono Pharmaceutical Plant

Location: 653-1, Aza Juzaburo, Shimowada, Susono-shi, Shizuoka 410-1105
General Manager: Masayoshi Shimada
Products Produced: Prescription drugs, OTC drugs, enzymes

Plant Grounds Area: 208,497m² **Building Floor Space:** 25,382m² **Number of Employees:** 279

Fiscal 2011 Review

The Fuji Susono Plant implemented measures to support production at each plant building damaged by the Great East Japan Earthquake disaster as well as measures to deal with electric power-related changes in the manufacturing environment—such as those associated with the rolling blackouts after the earthquake and the power usage volume restrictions. At the same time, we moved ahead with environmental protection activities. Reflecting benefits from our progress in realizing highly efficient production processes, we achieved a 12% reduction in the volume of waste products.



Takuma Arai
 Manager,
 Products Section II

Fiscal Year	Water Usage (m ³)	Electric Power Usage (kWh)	City Gas Usage (m ³)	Waste Product Emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
2011	523,302	17,869,774	2,048,646	805.4	0.573	11,419	0.144	2.841

*Note: The Fuji Susono Pharmaceutical Plant is situated on the grounds of the Fuji Susono Plant.

Kyoto Plant



(ISO14001 certification obtained on October 29, 1999)

Location: 38, Tohachi, Makishima-cho, Uji-shi, Kyoto 611-0041
General Manager: Akifumi Doi
Products Produced: Concentrated *Yakult*, concentrated *Yakult 400LT*, *Mil-Mil*, *Mil-Mil S*

Plant Grounds Area: 19,180m² **Building Floor Space:** 7,440m² **Number of Employees:** 87

Fiscal 2011 Review

Amid the tight electric power-supply situation in fiscal 2011, we increased employees' consciousness of the need for electric power conservation and stepped up conservation initiatives with supplemental measures to turn off lighting and air-conditioning equipment when not needed. These initiatives enabled us to achieve our environmental performance targets. Although plans call for closing the Kyoto Plant in fiscal 2012, we will continue working to maintain a high level of environmental consciousness and move ahead with a new round of environmental protection activities with the participation of all employees.



Yoshiharu Wada
 Manager, Facilities
 Management Section

Fiscal Year	Water Usage (m ³)	Electric Power Usage (kWh)	City Gas Usage (m ³)	Waste Product Emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
2011	226,859	4,619,660	909,791	156.8	0.182	3,485	0	0.853

Fukuyama Plant



(ISO14001 certification obtained on February 22, 2002)



Mikio Kinoshita
Section Manager,
Facilities Management
Section

Location: 5253, Kamura-cho, Fukuyama-shi, Hiroshima 729-0112
General Manager: Megumi Tagomori
Products Produced: Concentrated *Yakult 400*, concentrated *Yakult 400LT*, *Sofuhl*
Plant Grounds Area: 18,638m² **Building Floor Space:** 4,121m² **Number of Employees:** 45

Fiscal 2011 Review

Although our energy consumption rose along with our production volume, we were able to reduce our energy consumption per unit of production output by eliminating waste, reevaluating our operational methods, and taking other initiatives. In this way, we were able to attain our environmental protection targets and objectives. Although fiscal 2012 will be the last year of the Fukuyama Plant's operation, we will continue promoting environmental protection activities in close cooperation with nearby communities during the year.

Fiscal Year	Water Usage (m ³)	Electric Power Usage (kWh)	Heavy Fuel Oil Usage (kl)	Waste Product Emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
2011	129,003	2,576,748	516	180.4	0.146	3,273	0.583	1.791

Saga Plant



(ISO14001 certification obtained on December 21, 2001)



Takashi Kotubo
Manager, Facilities
Management Section

Location: 2300, Tamichigari, Kanzaki-machi, Kanzaki-shi, Saga 842-0002
General Manager: Toyoaki Irifune
Products Produced: *Prezio*, *Joie*, *Mil-Mil S*
Plant Grounds Area: 20,936m² **Building Floor Space:** 7,112m² **Number of Employees:** 127

Fiscal 2011 Review

We began construction of a new building from April 2011, and our Energy Building was completed in January 2012. Regarding our environmental performance, we were able to reduce our CO₂ emissions by 78,033kg, a figure that represents 134% of our reduction target. Going forward, we will proactively promote environment-friendly production activities while also striving to engage in environmental protection activities in close cooperation with nearby communities.

Fiscal Year	Water Usage (m ³)	Electric Power Usage (kWh)	Heavy Fuel Oil Usage (kl)	Waste Product Emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
2011	207,693	4,975,587	577	145.0	7.841	3,443	0.582	1.406

Kumamoto Plant



(ISO14001 certification obtained on February 8, 2002)



Masaharu Miyabe
Section Manager,
Facilities Management
Section

Location: 3-24-1, Kamikumamoto, Kumamoto-shi, Kumamoto 860-0079
General Manager: Arata Watashima
Products Produced: Concentrated *Yakult*, concentrated *Yakult 400*, *Sofuhl*
Plant Grounds Area: 15,234m² **Building Floor Space:** 6,581m² **Number of Employees:** 59

Fiscal 2011 Review

By increasing the efficiency of our production facilities and reevaluating facility operation methods, we were able to reduce our CO₂ emissions by 4% compared with the previous fiscal year, a considerable accomplishment. As part of our measures for protecting underground water resources, we distributed saplings for afforestation programs. Going forward, we will continue aiming to be a plant that has a close relationship with local communities as we promote additional environmental activities.

Fiscal Year	Water Usage (m ³)	Electric Power Usage (kWh)	Heavy Fuel Oil Usage (kl)	Waste Product Emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
2011	113,916	2,110,892	500	182.3	15.643	2,167	0.514	1.022

Shonan Cosmetics Plant



(ISO14001 certification obtained on July 12, 2002)



Takato Suguri
Manager, General
Affairs Section

Location: 2-5-10, Kugenumashinmei, Fujisawa-shi, Kanagawa 251-0021

General Manager: Toshiya Yanagisawa

Products Produced: Cosmetics products

Plant Grounds Area: 4,455m² **Building Floor Space:** 3,200m² **Number of Employees:** 43

Fiscal 2011 Review

During fiscal 2011, in view of the electric power situation following the Great East Japan Earthquake disaster, we set ourselves the environmental target of “presenting proposals related to the reduction of electric power consumption” and proceeded with the implementation of various environmental activities. We also proactively engaged in social contribution activities by sustaining our cosponsorship of and participation in cleanup campaigns, eco-cap fund collection programs, and other programs.

Fiscal Year	Water Usage (m ³)	Electric Power Usage (kWh)	City Gas Usage (m ³)	Waste Product Emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
2011	16,372	579,236	25,007	17.9	1.296	275	0	0.032

Yakult Central Institute for Microbiological Research



(ISO14001 certification obtained for Central Institute Analytical Center on January 11, 2001)



Hiroshi Yamada
Section Manager,
Facilities Management
Section

Location: 1796, Yaho, Kunitachi-shi, Tokyo 186-8650

General Manager: Fumiyasu Ishikawa

Research Fields: Development research for foodstuffs, pharmaceuticals, and cosmetics; research related to intestinal bacteria; bioactive substance discovery research; biotechnology research; product and material safety testing and research; analytical testing

Plant Grounds Area: 21,257m² **Building Floor Space:** 22,208m² **Number of Employees:** 277

Fiscal 2011 Review

During the fiscal year, we implemented measures to restrain emissions of greenhouse gas centered on measures orchestrated by our Environmental Promotion Committee, and all the Institute's employees worked concertedly to promote energy conservation activities. Going forward, we will continue maintaining rigorous compliance with all relevant laws and regulations while maintaining good relationships with local communities and volunteer groups as we promote further progress in our environmental activities.

Fiscal Year	Water Usage (m ³)	Electric Power Usage (kWh)	City Gas Usage (m ³)	Waste Product Emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
2011	41,388	8,935,512	913,159	143.7	3.500	5,277	0	0.160

Activities of Principal Overseas Business Sites

(*Figures for numbers of employees are as of December 31, 2011.)

Yakult Co., Ltd. (Taiwan)

Location: Taipei, Republic of China
Start of Operations: March 1964
Number of Employees: 325
Business Scope: Manufacture and marketing of *Yakult*, *Yakult 300*, *Yakult 300 Light*, etc.

Environmental Activities

To facilitate the reuse and sale of waste products generated at the company's plant, the waste products are separated into seven categories. Based on an agreement with the government, the company provides NT\$8-9 million each year to cover the cost of collecting and disposing of empty containers of such products as *Yakult* and *Joie*.

Hong Kong Yakult Co., Ltd.

Location: Hong Kong Special Administrative Region, People's Republic of China
Start of Operations: June 1969
Number of Employees: 179
Business Scope: Manufacture and marketing of *Yakult* and *Yakult Light*
ISO9001 Certification: 2001

Environmental Activities

The company has introduced an immersed membrane filter at its wastewater treatment facility and has taken measures to simplify treatment processes and improve the quality of wastewater emissions.

Social Activities

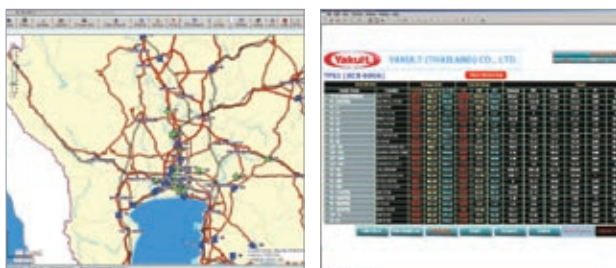
To foster a positive corporate image and increase exchanges with local communities, the company has promoted plant tours, and the number of people annually participating in such tours has surpassed 30,000. In addition, the company organized cleanup campaigns with respect to sidewalks and roads near its production plant.

Yakult (Thailand) Co., Ltd.

Location: Bangkok, Thailand
Start of Operations: June 1971
Number of Employees: 1,255
Business Scope: Manufacture and marketing of *Yakult*

Environmental Activities

By introducing GPS operations management systems for logistics trucks and monitoring vehicle speeds, engine speed, vehicle locations, and other factors, the company has worked to reduce its fuel consumption and CO₂ emissions. In addition, based on Thailand's Energy Conservation Promotion Act, the company has introduced systems for monitoring its consumption of electric power and water, and it is employing those systems in connection with its efforts to reduce energy consumption.



Korea Yakult Co., Ltd.

Location: Seoul, Republic of Korea
Start of Operations: August 1971
Number of Employees: 1,969
Business Scope: Manufacture and marketing of *Yakult*, *Yakult Ace*, *Yakult 400*, etc.
ISO9001 Certification: 1998

Environmental Activities

As a part of its environmental protection measures, the company has further stepped up its previous programs for collecting used product containers. The company is also using a Yakult A&G Environmental Water Purification System for plant wastewater treatment, and its Non-san Plant undertakes such environmental conservation measures as those to provide funding for the nature conservation campaigns of local schools.

Social Activities

The company has organized a "Help Love Campaign" that calls for donating 1% of all employees' salaries to such charitable organizations as those that care for underprivileged children. The company is also implementing the "Love Kimchi Campaign," in which the Yakult Ladies make kimchi each autumn and provide it free of charge to needy elderly people throughout South Korea.

Yakult Philippines, Inc.

Location: Manila, Philippines
Start of Operations: October 1978
Number of Employees: 695
Business Scope: Manufacture and marketing of *Yakult*

Environmental Activities

The company sorts its waste materials into the categories of aluminum, plastics, metal cans, waste oil, and general trash and commissions their processing by government-approved specialist companies. In addition, it uses environment-friendly biodiesel fuel as its boiler fuel.

Social Activities

In Calamba City, the company co-sponsors programs for fostering the development of young people and organizes soccer tournaments as well as the annual "Yakult 10-mile marathon" event. It cooperates with doctors who perform checkups in health clinics and helps them provide patients with explanations regarding gastrointestinal functions and guidance regarding the maintenance of balanced diets.



Yakult (Singapore) Pte., Ltd.

Location: Singapore
Start of Operations: July 1979
Number of Employees: 142
Business Scope: Manufacture and marketing of *Yakult* and *Yakult Ace Light*
ISO9001 Certification: 2003

Environmental Activities

The company thoroughly sorts its waste products and arranges for the collection and reuse of such resources as waste aluminum and waste oil by specialized recycling companies. To reduce its water consumption, the company has continued to position restrictive orifices within water pipes to reduce flow rates.

Social Activities

The company provides funds and products to support the symposiums, regional health lecture meetings, and other activities organized by the Singapore Cancer Society and has been a main sponsor of symposiums organized by the National Foundation for Digestive Diseases (NFDD) for more than 20 years.

P.T. Yakult Indonesia Persada

Location: Jakarta, Indonesia
Start of Operations: January 1991
Number of Employees: 2,663
Business Scope: Manufacture and marketing of *Yakult* and *Yakult Ace*
ISO22000 Certification: 2011

Environmental Activities

Since December 2010, the Sukabumi Plant has operated a Yakult A&G Environmental Water Purification System. In light of the delayed development of local infrastructure, the company is using its new water purification system as a demonstration facility as it works to promote the construction of additional such facilities and thereby increase the effective use of used *Yakult* containers.

Social Activities

Among other social contribution programs, the company works to increase the understanding of Yakult and increase exchanges with local communities by organizing plant tours and film showings. Besides cosponsoring various kinds of symposiums, the company organizes booths at local food product exhibitions, and participates in Indonesia–Japan friendship promotion programs and other events to promote the better understanding of the benefits of *Yakult* fermented milk drinks.

Yakult Australia Pty. Ltd.

Location: Dandenong, Australia
Start of Operations: February 1994
Number of Employees: 93
Business Scope: Manufacture and marketing of *Yakult* and *Yakult Light*
ISO9001 Certification: 2004

Environmental Activities

By reevaluating plant facilities' operating time periods and settings, the company has reduced its consumption of electric power and natural gas used as fuel. To reduce its water consumption, it has introduced a system for filtering rainwater and utilizing it as purified water, and a system for chlorinating and filtering wastewater from reverse osmosis filtering units and reusing that water for cleaning applications.

Social Activities

The company is cosponsoring the social contribution activities of the AFL Essendon Australian football club and the Melbourne Rebels Super Rugby club.

Yakult (Malaysia) Sdn. Bhd.

Location: Kuala Lumpur, Malaysia
Start of Operations: February 1994
Number of Employees: 185
Business Scope: Manufacture and marketing of *Yakult Ace* and *Yakult Ace Light*

Environmental Activities

Trash generated at the plant is separated into three categories and consigned to a contractor for processing. The plant's wastewater is purified with an activated sludge-type wastewater treatment facility. The quality of discharged water by that facility is analyzed by a contractor monthly and reported to the government's environmental agency.

Social Activities

To alleviate the suffering of youth who have undergone artificial anus operations to treat imperforate anus conditions and can therefore not control their bowel functions, the Company provides gratis supplies of *Yakult* fermented milk drinks, diapers, study supplies, and other products.

Yakult (China) Corporation

Location: Shanghai, People's Republic of China
Start of Operations: April 2005
Number of Employees: 601
Business Scope: Supervision of Group companies in China and marketing of *Yakult*

Social Activities

The company engages in social contribution programs aimed at popularizing probiotics health maintenance methods. It strives to (1) popularize and promote Bowel Health Day, (2) participate in symposia related to lactic acid bacteria, (3) disseminate information to such specialists as physicians focusing on digestive organs and researchers focusing on microbes, (4) disseminate information to news media and opinion leaders, and (5) disseminate information to ordinary consumers by organizing health classes, sample product distribution programs, and plant study tour programs.

Guangzhou Yakult Co., Ltd.

Location: Guangzhou, People's Republic of China
Start of Operations: June 2002
Number of Employees: 624
Business Scope: Manufacture and marketing of *Yakult*
ISO14001 Certification: 2003
ISO9001 Certification: 2003

Environmental Activities

By using treatment water, the company has reduced its water consumption by approximately 1,000t/month, and this achievement was highly evaluated by the city of Guangzhou and its development zone. By equipping four air compressors with inverter controls as well as a system for controlling the number of units in operation, the company was able to realize a 40% reduction in electric power consumption. Similarly, the company achieved a 9% reduction in its fuel consumption through the installation of a system for controlling the number of four boilers in operation.

Social Activities

The company cooperates with a Guangzhou city youth volunteer organization to plan and implement full-day tours for orphans. It also provides support to a Guangzhou city association of elderly people and supports that association's organization of mountain climbing programs at Baiyun Mountain.



Shanghai Yakult Co., Ltd.

Location: Shanghai, People's Republic of China
Start of Operations: May 2005
Number of Employees: 279
Business Scope: Manufacture and marketing of *Yakult*
ISO9001 Certification: 2008

Environmental Activities

The company sorts its waste materials into the categories of plastics, paper, aluminum, and oriented polypropylene and arranges for the collection and recycling of those resources by specialized companies. By equipping four air compressors with inverter controls, the company has been able to reduce its electric power consumption.

Social Activities

Each year prior to the Lunar New Year, the company donates sums of between RMB100,000 and RMB200,000 to impoverished residents of nearby communities through the Jiading District Government.

Tianjin Yakult Co., Ltd.

Location: Tianjin, People's Republic of China
Start of Operations: August 2011
Number of Employees: 61
Business Scope: Manufacture of *Yakult*

Environmental Activities

By changing the type of stretch film it employs, the company has been able to reduce the number of cardboard tubes it discards to one-third the previous level. In addition, as a part of its energy conservation strategies, the company has worked to reduce the amount of energy it uses for heating and air conditioning, and it employs natural gas as its boiler fuel so that its soot emissions are insignificant.

Social Activities

Aiming to create a "plant that is open to society," the company arranges plant study tours for groups of all sizes as well as individuals. When requested, the company arranges for its managers to provide explanations of corporate policies and food hygiene maintenance efforts. In February 2012, the company's plant was certified by the city of Tianjin's commercial tourism exposition assessment committee as a model factory, thereby increasing opportunities for hosting tourists coming from distant locations. This certification has greatly expanded the plant's interactions with society—the number of people participating in plant study tours increased from 444 in February 2012 to 2,486 in April 2012.



Yakult Vietnam Co., Ltd.

Location: Ho Chi Minh City, Socialist Republic of Vietnam
Start of Operations: September 2007
Number of Employees: 171
Business Scope: Manufacture and marketing of *Yakult*
ISO22000 Certification: 2010
ISO14001 Certification: 2011

Environmental Activities

In accordance with its 2012 plant management policy, the company is emphasizing measures to make its plant a truly "environment-friendly plant." Based on the ISO14001 certification of its environmental management system obtained in December 2011, the company is setting itself specific environmental goals and implementing measures to attain those goals.

Social Activities

The company has promoted plant tour participation by people ranging from kindergarten schoolchildren through adults. As a part of its social contribution programs, the company proactively participates in local charity events and donates products and novelty items for such events as well as sponsors local consciousness-raising events held on World Environment Day.

Yakult Danone India Pvt. Ltd.

Location: New Delhi, Republic of India
Start of Operations: January 2008
Number of Employees: 120
Business Scope: Manufacture and marketing of *Yakult*
ISO9001 Certification: 2011

Environmental Activities

The company collects waste from its plant and arranges for the recycling of resources from that waste.

Social Activities

Because India is not yet advanced with respect to women's opportunities in society, the company is supporting the efforts of the India Vision Foundation to improve women's social position. In addition, the company arranges for that foundation to arrange lecture meetings for its Yakult Ladies to promote their greater understanding of such concepts as those associated with the meaningfulness of work.



Yakult S/A Ind. E. Com. (Brazil)

Location: Sao Paulo, Brazil
Start of Operations: October 1968
Number of Employees: 2,421
Business Scope: Manufacture and marketing of *Yakult*, *Yakult 400*, *Sofuhl*, etc.

Environmental Activities

In response to a Brazilian law regarding solid waste products promulgated in August 2010 that defines corporate responsibilities for recovering product containers, the company has adopted a policy of participating in cooperative corporate projects centered on those organized by the Food and Drink Association of Brazil (ABIA).

Social Activities

The company provides plant tours and cosponsors various Brazilian baseball activities as well as provides donations and otherwise supports the activities of Japanese cultural organizations. It also is cosponsoring occupational training programs for people with physical disabilities.

Yakult S.A. de C.V. (Mexico)

Location: Mexico City, Mexico
Start of Operations: October 1981
Number of Employees: 2,873
Business Scope: Manufacture and marketing of *Yakult*, *Yakult 40LT*, *Sofuhl*, *Sofuhl* (drink), etc.

Environmental Activities

The company sorts its waste products and arranges for their collection by a certified waste processor, and it also arranges to dispose of old manufacturing facilities and similar equipment through sales to recycling processors. To reduce the amount of electricity it uses, the company takes advantage of late-night power for ice storage and water tower operations and halts the operation of the wastewater treatment facility blowers during specified late-night periods. In accordance with relevant laws and regulations, the company plans and implements inspections within its plant for the purpose of promoting environmental protection.

Social Activities

During the period from March 1 through April 30 of 2011, based on its philosophy of “helping promote better health throughout society,” the company implemented a program that accumulated donations for Guadalajara’s Hospital Civiles hospital at a rate of one centavo (approximately ¥0.06) per bottle of the fermented milk drink *Yakult* sold. The accumulated donations are being used to fund health care for patients, including infants and children up to the age of 15.

Yakult U.S.A. Inc.

Location: Los Angeles, U.S.A.
Start of Operations: October 1999
Number of Employees: 56
Business Scope: Manufacture and marketing of *Yakult* and *Sofuhl*

Social Activities

The company cosponsors symposia organized by the American Academy of Family Physicians.

Yakult Europe B.V.

Location: Almere, Netherlands
Start of Operations: March 1996
Number of Employees: 129
Business Scope: Supervision of Group companies in Europe and manufacture of *Yakult* and *Yakult Light*
ISO14001 Certification: 2000
ISO9001 Certification: 2005

Environmental Activities

Having obtained ISO14001 certification of its environmental management system, the company uses that system to move forward with a full range of measures to reduce its environmental impact in a sustained manner. The company registered with the energy conservation plan introduced by European environmental authorities in 2009 and has set itself energy consumption targets for the period from 2009 through 2012 as well as the period from 2013 through 2016. It is moving ahead with measures designed to achieve those targets in accordance with suggestions from the relevant authorities.

Social Activities

Yakult Europe B.V.: The company held the Sixth Annual Yakult International Symposium in Vienna, Austria, and cosponsored a three-country conference on nutritional science in Graz, Austria.

Netherlands: The company co-sponsored a bicycle touring event organized by the Dutch Stomach-Intestine-Liver Foundation (Maag Lever Darm Stichting (MLDS)), and the Almere Plant of Yakult Europe B.V. served as the starting and ending point for the associated tours. The company also implements educational programs for nutritionists that include plant tours together with lectures presented by diverse specialists.

Belgium: To promote greater awareness and understanding of probiotics, the company cooperates with domestic academic associations and other organizations by organizing diverse workshop programs—such as those associated with Nurse Week, academic nutrition conferences, and nurses associations.

United Kingdom: The company plans such events as the Gut Week event and seeks other opportunities to contribute to better health by providing explanations of intestinal function. It also organizes booths at nursing association conventions as a means of providing educational information to nurses.

Germany: The company made a cultural contribution as a sponsor of a children’s opera program in Cologne that is designed to promote young people’s emotional education. It also has provided *Yakult* fermented milk drink products to the training center of Germany’s Olympic team as a means of helping strengthen team members’ health management.

Austria: The company works as a sponsor of the local Red Cross chapter to provide blood donors with *Yakult* fermented milk drink and also dispatches dietitians referred to as “Yakult Information Ladies” throughout the country to present lectures on probiotics and intestinal health.

Italy: The company plans “Healthy Intestines Month” programs implemented each April in cooperation with the country’s national association of dietitians as a means of explaining the importance of healthy intestines and supporting progress in people’s understanding of health issues.

Third-Party Perspective

After having been given the opportunity to present a third-party review of previous editions of the *Yakult Social & Environmental Report*, I have been invited to present my opinion regarding this year's report as well. Having carefully read the report, I will offer my ideas regarding the things about Yakult's efforts and policies that made the deepest impression on me as a consumer who earnestly wishes to help realize sustainable lifestyles.

In the response to the first question of the "To Our Stakeholders" section of this report, Yakult's chairman and president look back on fiscal 2011 and strongly reaffirm their commitment to social contribution programs and environmental protection programs, and I believe this is directly linked to the explanation of the Company's long-term vision and plans for carrying out its responsibilities to society that is presented in the response to the second question. Later in the section, it is explained that "Yakult Eco Vision 2010" generated numerous benefits in the period through 2010 and that "Yakult Sustainable Ecology 2020" will serve as a long-term vision for building on the momentum of "Yakult Eco Vision 2010" to contribute to the creation of a sustainable society. It clearly is a vision for augmenting a sustainable business foundation and helping create a sustainable society in cooperation with all the stakeholders associated with that business foundation. As one of those stakeholders, I am hoping to maintain good two-way communications with Yakult in the coming years, during which I am also looking forward to watching the new vision progressively produce positive results comparable to those of the previous vision.

The special feature section of the report explains how Yakult is implementing initiatives to make the most of the special characteristics of its business operations. One of those initiatives involves the dispatch of guest lecturers, and I believe that this is a way of responding to important social issues that reflects Yakult's special strengths. I do not believe it is an exaggeration to say that the children attending the lectures are given an excellent lesson on how giving due attention to maintaining our corporeal health as a key part of the meaning of life. The effectiveness of the guest lecturer program is evident to readers in the comments from the students and teachers who participated in the program.

The next initiative covered by the special feature article involves the Company's efforts to promote use of Yakult A&G Environmental Water Purification Systems incorporating Yakult filter material. I was very pleased to read about how the systems have been progressively developed over a long period of time and are generating increasingly large benefits. Clean water is a prerequisite for business activities as well as, naturally, for our daily lives. The ability to employ the systems to help support earthquake-impacted regions is yet another benefit from Yakult's sustained research programs. Although Yakult's efforts to improve water treatment technology may not be very visible to the average person, I believe they reflect the Company's special strengths and are eminently praiseworthy.

The report explains that Yakult plans to create a working group along a horizontally integrated Companywide organizational system for considering concrete initiatives based on the "Yakult Basic Policy on CSR". I expect that this



Kikuko Tatsumi
Executive Director and Chair
of the Environmental Committee
Nippon Association of Consumer Specialists (NACS)

Profile

Born in Osaka, Tatsumi was a teacher before earning her certification as advisory specialist for consumers' affairs in 1985. She has been a board member of NACS since 1998 and chair of the Environmental Committee of NACS since 1999. Among her numerous other positions at this time, she is an ad hoc member of the Industrial Structure Council and the Advisory Committee on Energy and Natural Resources of the Ministry of Economy, Trade and Industry and a specialist advisor to the Central Environment Council of the Ministry of the Environment. She is emphasizing efforts to promote this concept among consumers as well as companies.

organizational system will identify specific social issues that should be addressed, and I am looking forward to seeing how Yakult's dynamic power is employed to realize improvements with respect to those issues.

Regarding the environmental impact of business operations, it is noted within the "To Our Stakeholders" section that Japan's energy crisis has become severe. Following the unprecedented accident at the nuclear power plant of Tokyo Electric Power Co., Inc. (TEPCO), in Fukushima, Japan has adopted a policy of reevaluating its energy policies from scratch. Japan's population should have a voice with respect to the selection of the country's energy sources, as this choice will have an impact on future generations of Japanese. Each and every Japanese requires energy to sustain their day-to-day lifestyles, and it is important that each and every Japanese participate in the discussion aimed at determining the country's energy policies. We are now engaged in an epochal debate about Japan's optimal energy policies for today as well as the future.

The country has created three proposals on the theme of the optimal sources of electric power and offered them up for debate. This is presenting an opportunity for Japan to undertake a bold reform of its energy structure with the participation of ordinary citizens, and the situation holds great potential for enabling a major structural change in the lives of Japanese citizens and the activities of the country's industries.

In view of this situation, it may well be that the time is now ripe for corporations to reevaluate their long-term policies regarding the sources of the energy they require for their business activities. Ordinary citizens should be reconsidering their lifestyles along with the energy that they directly consume as well as the energy they indirectly consume. If they do this, they are likely to discover that some of the products they purchase each day require considerable energy inputs. The time has come for companies to provide their stakeholders with clear explanations of the kinds of energy they are using and how they are using that energy. We must give due attention to the issue of what sustainable energy is and what kinds of business activities can be said to be employing energy in a sustainable manner. If a company can offer convincing explanations of its energy choices, I believe it will definitely support a rise in the value of that company's product offerings. The people have great expectations with respect to businesses' approach to this issue.

Response to the Third-Party Opinion

I am pleased that Ms. Tatsumi has been able to provide us with her objective third-party appraisal of the *Yakult Social & Environmental Report* this year, as in previous years.

First of all, I would like to thank her for her work and express my gratitude for her high evaluation of Yakult's efforts.

From the current fiscal year, Yakult Honsha will be implementing measures in accordance with its "Basic Policy on CSR" and the "Yakult Sustainable Ecology 2020" vision. We are aiming to implement the measures in ways that promote benefits for all our stakeholders while creating a solid foundation for sustainable corporate activities as well as a sustainable societal environment in which to carry out those corporate activities. We will be doing our utmost to successfully execute our plans in ways that enable us to live up to the expectations of Ms. Tatsumi, as she has expressed them in her review, as well as the expectations of all our other stakeholders.

Having read Ms. Tatsumi's proposals with respect to the energy crisis, I am reminded once again that energy will be an important issue going forward. From the perspective of Yakult, I am acutely aware that Yakult must further accelerate its efforts to determine the optimal ways of achieving sustainable energy usage in its business activities.

The Company will be giving due attention to making sure that our social and environmental activities reflect the insights we have gained from Ms. Tatsumi's comments.

Thank you very much for your valuable feedback, Ms. Tatsumi, we sincerely appreciate it.



Hiroshi Narita
Director and Managing Executive Officer
CSR/Environmental Management
Committee Chairman
Yakult Honsha Co., Ltd.

History of Environmental Activities

(Fiscal Years)	
1971	<ul style="list-style-type: none"> ■ Began collecting plastic containers of <i>Yakult</i> fermented milk drink products, etc.
1976	<ul style="list-style-type: none"> ■ Established Plastic Recycling Committee
1991	<ul style="list-style-type: none"> ■ Began using <i>Yakult</i> containers in wastewater treatment plants, etc. ■ Established the Environmental Countermeasures Committee and other environmental countermeasure units in Yakult Honsha to promote environmental management
1993	<ul style="list-style-type: none"> ■ Began introducing vending machines and showcases that use alternative chlorofluorocarbon refrigerants
1994	<ul style="list-style-type: none"> ■ Began overhauling and reusing vending machines
1995	<ul style="list-style-type: none"> ■ Drafted Basic Policy on Environment-Friendly Containers and Packaging and Container and Packaging Environment-Friendliness Evaluation Standards
1996	<ul style="list-style-type: none"> ■ Fukushima Plant selected for FY1996 MITI Minister's Award for Factory Energy Management Excellence
1997	<ul style="list-style-type: none"> ■ Drafted the Yakult Basic Policy on the Environment (including the Environmental Philosophy and Action Directives) ■ Made investment to collaboratively establish the Japan Containers and Packaging Recycling Association
1998	<ul style="list-style-type: none"> ■ Sapporo Plant selected for FY1998 MITI Minister's Award for Factory Energy Management Excellence
1999	<ul style="list-style-type: none"> ■ Established Green Purchasing Guidelines ■ Acquired ISO14001 certification for the Kyoto Plant and subsequently obtained this certification for all of Yakult Honsha's 12 plants by January 2003
2000	<ul style="list-style-type: none"> ■ Began annually publishing and distributing the <i>Yakult Environmental Report</i> ■ Began first phase of Yakult Environmental Action Plan
2001	<ul style="list-style-type: none"> ■ Drafted Environmental Accounting Guidelines and began annually disclosing environmental accounting data ■ Fujisawa Plant selected for FY2001 Efficient Use of Electricity Electrical Safety Awards
2002	<ul style="list-style-type: none"> ■ Drafted Environmental Pollution Risk Management Directive and Waste Product Management Directive
2003	<ul style="list-style-type: none"> ■ Revised the Action Directives of the Yakult Basic Policy on the Environment ■ Drafted Eco Vision 2010 ■ Began second phase of Yakult Environmental Action Plan
2004	<ul style="list-style-type: none"> ■ Created the Yakult Environment Symbol ■ Fujisawa Plant selected for FY2004 Energy Minister's Award for Factory Energy Management Excellence
2005	<ul style="list-style-type: none"> ■ Organized Symposium "Leaving Behind a Better Water Environment" ■ Acquired ISO14001 certification for the Okayama Plant and completed the receipt of this certification for all 24 Group plants ■ Contributed "support signs" to an environmental protected area near the Central Institute for Microbiological Research
2006	<ul style="list-style-type: none"> ■ Central Institute selected for FY2006 Tokyo Metropolitan Environment Award (Governor's Award) ■ Central Institute selected for FY2006 Japan Society on Water Environment Technology Award ■ Began introducing non-fluorocarbon vending machines that use a natural refrigerant ■ Began third phase of Yakult Environmental Action Plan
2007	<ul style="list-style-type: none"> ■ Central Institute presents Nitrifier Assay Kit and Yakult A&G Environmental Water Purification System at the Sewage Works Exhibition of the Japan Sewage Works Association
2008	<ul style="list-style-type: none"> ■ Participated in the Team Minus 6% program of the Ministry of the Environment
2009	<ul style="list-style-type: none"> ■ Drafted fourth phase of Yakult Environmental Action Plan
2010	<ul style="list-style-type: none"> ■ Revised the Action Directives of the Yakult Basic Policy on the Environment ■ Renamed the Environmental Countermeasures Office as the CSR and Environmental Promotion Department ■ Began the fourth phase of Yakult Environmental Action Plan ■ Central Institute earns AA+ evaluation for outstanding greenhouse gas reduction performance based on the Tokyo Metropolitan Government's Prevention of Urban Global Warming system
2011	<ul style="list-style-type: none"> ■ Donated combined-treatment septic tanks incorporating Yakult filter material to temporary medical care facilities built in earthquake-impacted regions of Iwate Prefecture ■ Established the Yakult Sustainable Ecology 2020 long-term environmental vision

Yakult

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