Yakult

Social & Environmental Report

2013
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 2012.

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.

An English edition of this report has been prepared since fiscal 2011.

Relationship of printed report and website features

Boundary

Period
April 1, 2012 through March 31, 2013

Scope of data (Environmental data)
The scope of data in the report includes the Company’s Head Office, five branches, 10 plants,* the Yakult Central Institute for Microbiological Research, and two logistics subsidiaries in Japan as well as 26 business sites overseas.

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

* The Kyoto and Fukuyama plants were closed as of the end of August and September 2012, respectively, while the new Hyogo Miki Plant began full-scale operations in December 2012.

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Overview of Yakult’s Operations

Corporate profile

Profile of Yakult Honsha (as of March 31, 2013)
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) ¥174,888 million
(as of fiscal year ended March 31, 2013)
Business sites: Five branches, eight plants, one research laboratory, 10 medical branches, 13 logistics centers
Number of employees: 2,978 (including 282 seconded employees and 159 commissioned employees)

Profile of Yakult Group (as of March 31, 2013)
Japan
Marketing companies: 107 companies
Bottling plants: 6 companies
Affiliated companies, etc.: 15 companies and 4 associations
Number of employees: 14,037
Number of Yakult Ladies: 39,924

Overseas
Business sites: 26 companies and 1 research laboratory
Marketing regions: 30 countries and regions
Number of employees: 15,445
Number of Yakult Ladies: 41,752

Sales Structure by Type of Product (Nonconsolidated)
- Dairy products: 45.2%
- Pharmaceuticals: 21.2%
- Juices and soft drinks: 20.4%
- Cosmetics: 3.7%
- Others: 9.5%

Five-Year Overview of Net Sales (Nonconsolidated)

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<th>(FY)</th>
<th>'08</th>
<th>'09</th>
<th>'10</th>
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<td>(millions of yen)</td>
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<td>166,016</td>
<td>176,143</td>
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Overseas Business Sites
- Umbrella company
- Company
- Research laboratory
- Marketing area

Domestic Business Sites
- Head office
- Branch
- Plant
- Research laboratory
- Pharmaceutical branch
- Logistics area
By implementing its corporate philosophy, the Yakult Group will continue living up to its responsibilities to society going forward.

Thanks to the support of all our stakeholders, the Yakult Group sustained the smooth expansion of its operations during fiscal 2012, with particularly strong growth achieved in operations outside of Japan. Since Yakult initiated its overseas expansion in 1964 by establishing operations in Taiwan, it has greatly expanded the geographic scope of Yakult drinkers to include people in numerous countries in Asia, Europe, and the Americas. Including Japan, the Group is now operating in 32 countries and regions. Our average daily sales of dairy products in fiscal 2012 were approximately 30.7 million bottles, the first time since our founding that this figure has surpassed the 30 million bottle mark.

We are making steady progress in our efforts to realize the dream of Yakult’s founder, Dr. Minoru Shirota, to “deliver good health to people around the world,” and we are extremely pleased to be increasing our value as a corporate citizen that has been entrusted with responsibilities to society.

While we are steadily expanding the Yakult Group’s business operations, we believe it to be highly important to lay a solid foundation for sustained corporate growth going forward by further increasing the attention we devote to our stakeholders as well as by attaining still-higher levels of performance with respect to our responsibilities to society as a corporate citizen. Recognizing our responsibilities to society in these ways, we are doing our utmost to consistently carry out those responsibilities throughout our unique and diverse business operations.

It can be said that the Yakult Group’s corporate social responsibility (CSR) activities are based on its 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.” More specifically, as a global pioneer of R&D in the fields of lactobacilli and bifidobacteria, we are developing and employing business models (such as our home delivery system) that include “diverse social contribution activities.” We are committed to implementing our corporate philosophy in ways that enable us to continue effectively carrying out our responsibilities to society. Accordingly, we are tirelessly implementing initiatives concerning such issues as “thorough compliance management,” “risk management,” “quality assurance,” and “social and environmental activities.” Particularly regarding “social activities,” Group units centered on marketing companies are engaged in distinctive social contribution initiatives that only Yakult is positioned to undertake—such as “Courtesy Visit Activities” and regional crime prevention activities—and the Group is also reinforcing its ties with society by providing support for technology, sports, and culture. Given the Yakult Group’s strong performance at this time, we are planning to realize dynamic growth in our business as well as CSR activities. We are maintaining a strong and unflagging dedication to Yakult’s unique corporate philosophy and to the Company’s roots in the ideas of Dr. Shirota, which we refer to as “Shirota-ism,” as we strive to fully carry out our responsibilities to society going forward.

September 2013

By implementing its corporate philosophy, the Yakult Group will continue living up to its responsibilities to society going forward.
Yakult’s Roots: Shirota-ism

Yakult’s beginnings

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

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

In his research, Dr. Shirota discovered that lactobacilli were effective in suppressing harmful bacteria within the intestines. He later became the first to successfully strengthen and culture a strain of lactobacilli, which is now known as Lactobacillus casei strain Shirota.

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

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

Shirota-ism—The root of our business

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

Preventive medicine

Emphasis should be placed on preventing illness, rather than on treating illness once it develops.

A healthy intestinal tract leads to a long life

Human beings take in nutrition through their intestines. Making the intestines strong leads to healthy and long lives.

A price anyone can afford

The goal of providing as many people as possible with easy access to Lactobacillus casei strain Shirota, which protects the intestines.

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

Shirota-ism, in addition to the above, also includes ideas like “caring enough to broaden acceptance,” “caring enough to make home deliveries,” “harmony among people,” “sincerity,” and “honesty and kindness” as timeless and fundamental aspects of our business activities.

Legacies

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

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

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

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

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

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

Seeking to improve the health of people throughout the world, we are proactively promoting probiotic products centered on the fermented milk drink Yakult.

Besides preventive medicine, Yakult is active in the field of pharmaceuticals, where it is contributing to better health through research and development programs focused on anti-cancer agents.

Yakult provides fermented milk drinks and fermented milk products that contain lactobacilli and bifidobacteria (probiotics) that reach the intestines alive as well as health beverages rich in functional benefits.

By employing innovative ingredients generated by its in-house research related to lactobacilli, Yakult can offer cosmetics products for maintaining beautiful skin.

A philosophy born of our roots

Yakult’s roots

Product lineup

Foods and Beverages
- Fermented milk drinks
- Fermented milk products
- Fruit and vegetable juice products
- Soft drinks
- Coffee and tea beverages
- Other beverages, noodles
- Health foods

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

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

Yakult cosmetics products generated by bioscience. 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

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

On June 22, 2011, we introduced the executive officer system. This aims to strengthen the Board of Directors’ decision-making functions and supervisory functions as well as clarify responsibilities, and it is increasing the efficiency of both kinds of functions. In addition, to promote effective management activities and accelerate decision making, we have established the Management Policy Council, which includes Representative Directors, Divisional General Managers, and one Audit & Supervisory Board Member, and the Executive Officers Committee, which includes Executive Officers and Audit & Supervisory Board Members. The Board of Directors is composed of 15 Directors, and the Audit & Supervisory Board is composed of seven members.

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 Auditing Department is responsible for risk avoidance and other internal audit functions. It conducts internal audits spanning the operations of all internal departments and Group companies, and it provides concrete advice and recommendations with respect to operational improvements.

Audit & Supervisory Board Member Audits

Based on the audit policies and audit plans determined by the Audit & Supervisory Board, the seven Audit & Supervisory Board Members audit the operational execution situation of Directors by attending meetings of the Board of Directors and other important meetings of the Company and examining documents related to decision making and other matters.

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.
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 in April 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.

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.

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.

In fiscal 2012, the committee engaged in discussions of Yakult’s management and financial situation as well as such other themes as the Company’s internal auditing situation and international business development promotion situation.

Members provided significant opinions on each of these themes, and it was confirmed that there were no situations that were problematic from a compliance perspective.

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 and organize compliance training meetings at subsidiaries.

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 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.

Approach to the environment

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

Environmental Philosophy

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

In accordance with the Basic Policy on the Environment, we have drafted new versions of the “Yakult Environmental Action Plan” at three-year intervals since fiscal 2001. Based on these plans, all the Yakult Group’s development, manufacturing, marketing, and office units have been moving ahead with environmental measures designed to reduce the Group’s environmental impact. The fourth environmental action plan was completed in fiscal 2012, and the fifth environmental action plan was begun in fiscal 2013.

Because of the fundamental nature of environmental measures, however, we believe that such initiatives must be implemented in a sustained manner along with our business activities. To focus on the realization of longer-term environmental objectives, we instituted “Yakult Eco Vision 2010” in 2004. In 2012, we drafted “Yakult Sustainable Ecology 2020,” which focuses on continued environmental initiatives related to the sustainability of the overall global environment.

The new long-term corporate management vision sets targets to be attained by 2020 in each of the three core business fields—food and beverages (both in Japan and overseas), pharmaceuticals, and cosmetics—and Yakult will be striving to achieve dynamic growth as a global enterprise by making concerted Companywide efforts to attain these targets.
With the goals of providing customers with even greater safety and peace of mind than in the past, Yakult is taking measures to further elevate production efficiency and ensure high quality at its dairy product plants in Japan. In line with these objectives, the Company has been proceeding with the implementation of a second-stage capital investment plan covering the period from fiscal 2009 through fiscal 2013. This plan was completed in May 2013.

We have for many years been working to strengthen dairy product plant functions for improving product quality and protecting the environment, and our efforts in these respects have entailed the introduction of HACCP (Hazard Analysis and Critical Control Point) systems and the attainment of ISO9001 and ISO14001 certification.

In recent years, customers have been showing increasingly high levels of interest in safety and peace of mind regarding food. The introduction of production equipment and product inspection equipment that incorporates leading-edge technologies has been a crucial part of our efforts to respond to this trend by ensuring our capabilities for providing stable supplies of even-higher-quality products. As part of its second-stage capital investment plan, Yakult decided to end a 26-year hiatus of new plant construction with the creation of a plant designed to meet five key goals.

**Goals of the Hyogo Miki Plant**

1. Pursue high levels of product quality in response to customers’ expectations
2. Achieve high-productivity operations that strike an optimal balance between production volumes and production capacities
3. Create facilities designed to enable the handling of new products and the installation of new equipment
4. Establish a plant that can undertake environmental protection measures and exist in harmony with neighboring communities
5. Establish a plant that enables customers to make study tours to view production facilities and quality management systems
Operating as a key plant for the Western Japan Region

Designed to ensure Yakult’s capabilities for living up to its responsibilities as a food product company, the Hyogo Miki Plant (in Miki City, Hyogo Prefecture) began full-scale operations in December 2012. The new plant, which has a two-story steel-frame building with 26,189m² of floor space on a 50,000m² site, has consolidated a portion of operations previously handled by three facilities—the Kyoto, Fukuyama, and Kumamoto plants. Leveraging the distribution efficiency enabled by its location near an interchange of the Sanyo Expressway, the plant is capable of becoming the key facility for supplying concentrated Yakult, Sofuhl, and Mil-Mil products to markets ranging from those of the Kyushu district in the west and to those of the central Japan district in the east.

Food safety systems at the plant

To ensure its capabilities for consistently maintaining outstanding food safety standards on a daily basis, the Hyogo Miki Plant uses an integrated system for all processes, from raw materials procurement, sterilization, and fermentation through to blending, filling and packaging, and shipment processes.

Zoning management methods employed in the plant’s production area entail the setting of specific facility conditions and hygiene management methods required for guaranteeing the required hygiene levels in each production room, and the maintenance of those conditions and methods enables the plant to sustain stable hygienic environments. Employees must change into prescribed work uniforms, wash and disinfect their hands, and pass through an air shower before they can enter production rooms. The facility also features dedicated corridors for use by plant study tour participants so that the paths of participants and employees do not intersect.

To make sure that thorough quality assurance processes are implemented for each type of product, automated inspection devices incorporating leading-edge technologies have been installed in a way that enables diverse kinds of rigorous checks during production processes.

Communication with customers and local communities

Aiming to make the Hyogo Miki Plant an open facility, Yakult has taken special measures to enable people ranging from children through seniors to participate safely in plant study tours. In addition to installing elevators, building step-free corridors, and other measures for creating a barrier-free environment, we provide electric vehicles designed specifically to carry seniors and young children along the dedicated study tour corridors. Besides restrooms that meet the needs of physically challenged people, we also cater to the needs of visitors accompanied by children by offering a kids playroom and children’s restrooms.

To enable visitors to view production operations with ease, the study tour corridors are situated on the second-floor level and directly overlook the production rooms. Noteworthy points

A dedicated study tour corridor carefully designed to cater to the diverse interests of visitors in the tour feature video displays that provide detailed explanations. Study tour participants can also view precise small-scale replicas of production facilities and operate small-scale replicas of production equipment, so that they can deepen their understanding of the production systems through hands-on experience. The plant’s exhibition room enables participants to enjoy learning about Yakult and lactobacilli while playing games and taking quizzes.

Thorough implementation of diverse environmental protection measures

Diverse environmental protection initiatives were undertaken at the design stage to make the Hyogo Miki Plant an exemplary environment-friendly facility.

To reduce CO₂ emissions, the plant has been equipped with natural gas-fueled boilers as well as a solar cell electric power generating facility. Measures aimed at increasing the entire plant’s energy efficiency include the installed inverter-type production equipment capable of optimizing energy use in line with operating loads and the installation of multi-unit equipment control systems. Regarding water conservation, a rainwater tank is used to accumulate water used for such purposes as the watering of plant landscaping.

In addition to an “EcoTown” facility for accumulating recyclable items and reusable waste products with an eye to promoting zero emissions, the plant employs the A&G Environmental Water Purification System incorporating Yakult filter material (Yakult drink containers with the bottoms removed) as a means of minimizing the environmental impact of the wastewater it produces.

A solar cell electric power generating facility installed on the plant’s roof

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Support for forest protection
In October 2012, Yakult Honsha signed a contract to become an official sponsor of the C.W. Nicol Afan Woodland Trust and also became a supporting partner in the Forest Foster Parent Program being promoted by Nagano Prefecture. These initiatives represent the beginning of Yakult’s forest protection measures.

Nurturing a forest and children’s hearts
Since 1986, C.W. Nicol (chairman of the C.W. Nicol Afan Woodland Trust) has moved ahead with his forest creation project by making small land purchases to accumulate mountain forestland and agricultural land at the base of Mt. Iizuna in the town of Shinano, in Nagano Prefecture, that had been abandoned for more than 30 years. This land has been named the “Afan Woodland” after the Afan Argoed Country Park, a reforested area in Mr. Nicol’s homeland of Wales that had at one point become a devastated region filled with abandoned coal mines. UNESCO Japan has registered the Afan Woodland as one of its “Heritage for the Future” sites.

The C.W. Nicol Afan Woodland Trust is reviving the Afan Woodland so that wildlife such as insects, birds, and mammals will return while also fostering the development of children’s hearts and hopes for the future by enabling children to visit a forest with abundant biodiversity. Viewing these activities as very beneficial, Yakult decided to facilitate them by becoming a sponsor of the trust.

Four-way cooperation
Yakult’s participation in the Forest Foster Parent Program calls for it to cooperate with the C.W. Nicol Afan Woodland Trust, the Nagano prefectural government, and the Shinano municipal government. Having decided to participate in the program as a means of contributing to the society of a region desiring to renovate its forestland, we will be cooperating with our three partners in implementing various forest protection activities going forward.
In 2012, Yakult participated in the “Green Wave” program for the first time. This program calls for companies, schools, and individual citizens throughout the world to undertake tree planting activities and similar initiatives from 10:00 a.m. (local time) on the UN-sanctioned International Day for Biological Diversity (May 22). In response to the UN’s Green Wave efforts, Japan’s Ministry of the Environment, Ministry of Agriculture, Forestry and Fisheries, and Ministry of Land, Infrastructure, Transport and Tourism are promoting activities by participants in Japan.

Yakult’s Green Wave initiative in 2012 took the form of participation in a tree-planting program in Kunitachi, Tokyo, which is the site of the Yakult Central Institute for Microbiological Research, as well as proactive participation in similar programs by 17 Yakult plants and Group company facilities in Japan. Highly evaluating Yakult’s Green Wave initiative as an exemplary Companywide total-participation campaign, Japan’s National Land Afforestation Promotion Organization presented a description of the campaign to a meeting of people associated with environmental conservation held in Tokyo in February 2013.

Support for OISCA’s children’s forest program
Since 2008, the Yakult Group has provided financial support for the Children’s Forest Program of the Organization for Industrial, Spiritual, and Cultural Advancement (OISCA), an international NGO that promotes rural development, human resource development, and greenification campaigns focused primarily on the Asia-Pacific region. Our donations have been used to fund programs on the Republic of Fiji’s Viti Levu Island as well as in other locations. To promote employees’ awareness of greenery conservation issues and foster employees’ affinity for tropical forests, Yakult adjusts the level of its donations in accordance with the number of participants in its Groupwide employee environmental preservation consciousness raising campaign as well as with such other factors as the number of correct answers that employees give in quizzes organized in connection with that campaign.

Soliciting messages from individual employees
Yakult has asked individual employees to submit their own messages regarding the issue of “What I would like to do and what I can do right now to help promote greenification.” More than 18,600 messages were received from employees working at the Group’s bases in Japan and overseas, and some of these messages are excerpted below.

To help promote greenification …
“Eliminating the waste of paper is the optimal method”
“Green curtains should be grown in ways that facilitate electric power conservation.”
“Tree planting should be undertaken, and it is also important to thin undergrowth and remove weeds from existing forests.”
“We should eat locally grown produce as a means of stimulating local agriculture and thereby maintain and increase agricultural greenification.”

The employees who submitted the 96 messages judged to be the most outstanding were presented with “Green Meister” awards.
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.

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.

The fermented milk drink Yakult and other dairy products are produced at eight 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 products that are safe and offer peace of mind, 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.

Through plant festivals and other events, each dairy product plant as well as Yakult’s two plants engaged in the production of pharmaceutical and cosmetics offerings 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.

* The Kyoto and Fukuyama plants were closed as of the end of August and September 2012, respectively, while the new Hyogo Miki Plant began full-scale operations in December 2012.
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.

Yakult products are sold through two channels—home delivery by Yakult Ladies and direct sales via stores and other outlets. In the home delivery channel, Yakult Ladies convey the value of our products directly to customers and make deliveries with sincerity. Yakult Ladies also 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 market products via stores and vending machines.

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.

When consumers separately dispose of containers of consumed products in accordance with local governments’ waste-sorting regulations, those containers are also ultimately recycled by the association, so we encourage consumers to conscientiously sort their trash.
To generate concrete results in efforts to realize the objectives of the Yakult Basic Policy on the Environment 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 was completed in fiscal 2012.

Yakult Environmental Action Plan—Attainment of Phase 4 Plan action targets

As shown below, the Phase 4 Plan includes such targets as those calling for the reduction of greenhouse gas emissions, waste emissions, and office automation paper usage, and we have been working since April 2010 to attain those targets. The chart below is a compilation of information on the Phase 4 targets and on the level of target attainment.

Overall, Phase 4 targets were attained as planned, although such events as the Great East Japan Earthquake disaster prevented the full attainment of certain targets.

Yakult Environmental Action Plan—Phase 4 Plan Action Targets

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

<table>
<thead>
<tr>
<th>Action Item</th>
<th>Action Target</th>
<th>Evaluation of Target Attainment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reduction of greenhouse gas emissions</td>
<td>(1) Reduce annual CO₂ emissions of Yakult Honsha plants (including pharmaceuticals and cosmetics plants) to 3% below the average annual level in the three years through fiscal 2008</td>
<td><img src="image" alt="Full attainment" /></td>
</tr>
<tr>
<td></td>
<td>(2) Reduce annual CO₂ emissions of subsidiaries’ plants to 0.5% below the level in fiscal 2008</td>
<td><img src="image" alt="General attainment" /></td>
</tr>
<tr>
<td></td>
<td>(3) Reduce annual CO₂ 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</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td></td>
<td>(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</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td>2. Reduction of waste emissions</td>
<td>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.)</td>
<td><img src="image" alt="Full attainment" /></td>
</tr>
<tr>
<td>3. Resource protection</td>
<td>(1) Reduce the volume of office automation paper used</td>
<td><img src="image" alt="Full attainment" /></td>
</tr>
<tr>
<td></td>
<td>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</td>
<td><img src="image" alt="Full attainment" /></td>
</tr>
<tr>
<td></td>
<td>(2) Reduce electric power consumption at the Head Office building</td>
<td><img src="image" alt="General attainment" /></td>
</tr>
<tr>
<td></td>
<td>Annually reduce the level to 2% below the level in the previous fiscal year</td>
<td><img src="image" alt="General attainment" /></td>
</tr>
<tr>
<td>4. Continuation of green purchasing promotion</td>
<td>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</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td></td>
<td>(The target figure is calculated in terms of the green purchasing rate, excluding publications, for the three-year period through fiscal 2012.)</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td>5. Vending machine policies</td>
<td>(1) Promote vending machine recycling</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td></td>
<td>Install 1,100 overhauled units, a number representing approximately 36% of all newly installed vending machines in the three-year period through fiscal 2012</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td></td>
<td>(2) Strengthen the energy conservation performance of vending machines</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td></td>
<td>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</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td>6. Support for biodiversity</td>
<td>(1) Assess the relationship between business activities and biodiversity</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td></td>
<td>(2) Implement environmental education programs, etc., that address biodiversity</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td></td>
<td>(3) Promote procurement of biodiversity-friendly goods</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
<tr>
<td></td>
<td>(such products as office automation paper with forest certification marks (the FSC logo, etc.))</td>
<td><img src="image" alt="Insufficient efforts" /></td>
</tr>
</tbody>
</table>
Yakult Environmental Action Plan—Overview of Phase 5 Plan action targets

As shown below, the Phase 5 Plan continues to center on such targets as those calling for the reduction of greenhouse gas emissions, waste emissions, and office automation paper usage, and we have been working since April 2013 to attain those targets.

In the drafting of the Phase 5 Plan, efforts were made to further consolidate the results of the Phase 4 Plan.

<table>
<thead>
<tr>
<th>Action Item</th>
<th>Action Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reduction of greenhouse gas (CO₂) emissions</td>
<td>(1) Reduce annual CO₂ emissions of Yakult Honsha plants (including pharmaceuticals and cosmetics plants) and bottling plants to 1% below the average annual level in the three years through fiscal 2011</td>
</tr>
<tr>
<td></td>
<td>(2) Reduce annual CO₂ emissions of Yakult Central Institute for Microbiological Research facilities covered by the Tokyo Metropolitan Ordinance on Environmental Preservation by 8% each year compared to the base year targets for the two-year period through fiscal 2014 (fiscal 2015 target not yet determined)</td>
</tr>
<tr>
<td></td>
<td>(3) Meet requirements as a “designated shipper” based on Japan's revised Act on the Rational Use of Energy (Energy Conservation Act) by reducing annual energy consumption per unit of freight (including outsourced transport operations) by an average of 1% or more each year compared to the level in fiscal 2012</td>
</tr>
<tr>
<td>2. Reduction of waste emissions</td>
<td>(1) Reduce waste emissions from the Head Office building (including food product waste) to 6% below the level in fiscal 2012 by fiscal 2015</td>
</tr>
<tr>
<td></td>
<td>(2) Reduce waste emissions from the Yakult Central Institute for Microbiological Research (including food product waste) by 5% each year compared with the base year (fiscal 2012) and maintain a 95% recycling rate</td>
</tr>
<tr>
<td></td>
<td>(3) Promote the material recycling of waste emissions of Yakult Honsha plants (including pharmaceuticals and cosmetics plants) and bottling plants</td>
</tr>
<tr>
<td>3. Resource protection</td>
<td>(1) Reduce the volume of office automation paper used at the Head Office* to 6% below the level in fiscal 2012 by fiscal 2015</td>
</tr>
<tr>
<td></td>
<td>(2) Reduce electric power consumption at the Head Office building to 3% below the level in fiscal 2012 by fiscal 2015</td>
</tr>
<tr>
<td>4. Continuation of green purchasing promotion</td>
<td>Keep the green purchasing ratio at the Head Office* to 95% or higher each year (including office automation paper, office supplies, and sanitary supplies)</td>
</tr>
<tr>
<td>5. Vending machine policies</td>
<td>(1) Install a number of overhauled units representing approximately 33% of all newly installed vending machines in fiscal 2015</td>
</tr>
<tr>
<td></td>
<td>(2) Increase the share of newly installed vending machines that incorporate heat pumps to 90% in fiscal 2015</td>
</tr>
<tr>
<td>6. Support for biodiversity</td>
<td>(1) Consider countermeasures regarding the relationship between business activities and biodiversity</td>
</tr>
<tr>
<td></td>
<td>(2) Implement environmental education programs, etc., related to biodiversity</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Main Activities</th>
<th>Value (millions of yen)</th>
<th>Investment value</th>
<th>Expense value</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>① Pollution prevention costs</td>
<td>Wastewater treatment facility maintenance and management, sewage connection and effluent costs, introduction of hybrid vehicles, boiler maintenance, other recycling costs, Legionella bacterial prevention, sales tax maintenance and administration expenses</td>
<td>64.1</td>
<td>218.0</td>
<td>282.1</td>
<td></td>
</tr>
<tr>
<td>② Global environment preservation costs</td>
<td>High-efficiency refrigerator/freezer unit introduction expense, energy conservation and environment-friendly materials and equipment introduction subsidy expense for direct sales, high-speed freezer and coolant purchasing subsidy expense, installation of replacement LED lighting fixtures in production room expense, Green Power purchasing certificate expense, two- and three-wheeled delivery-use motorcycle purchasing subsidy expense, chilled water pump inverter control introduction expense, roof heat-barrier construction expense, ventilation and air-conditioning system maintenance and inspection expense</td>
<td>169.8</td>
<td>30.1</td>
<td>226.9</td>
<td></td>
</tr>
<tr>
<td>③ Resource recycling costs</td>
<td>Empty container collection vehicle introduction subsidy expense, materials and equipment introduction subsidy expense, industrial waste recycling expense, industrial waste processing/disposal expense, recycled plastic product manufacturing expenses, ordinary waste recycling expense, vending machine soft-waste processing expense</td>
<td>61.2</td>
<td>100.8</td>
<td>162.0</td>
<td></td>
</tr>
<tr>
<td>④ R&amp;D costs</td>
<td>Consideration of improvements to containers and secondary materials</td>
<td>0.0</td>
<td>304.1</td>
<td>304.1</td>
<td></td>
</tr>
<tr>
<td>⑤ Social activity costs</td>
<td>Plant vicinity cleanup campaign expense, donations to organizations engaged in environmental protection activities</td>
<td>0.7</td>
<td>124.3</td>
<td>125.0</td>
<td></td>
</tr>
<tr>
<td>⑥ Environmental damage costs*</td>
<td>Pollution load levy</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>322.8</td>
<td>793.5</td>
<td>1,116.3</td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>Type of Benefit</th>
<th>Value (millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of waste disposal costs associated with recycling</td>
<td>0.0</td>
</tr>
<tr>
<td>Income from recycling</td>
<td>10.3</td>
</tr>
<tr>
<td>Cost reductions resulting from resource conservation</td>
<td>0.2</td>
</tr>
<tr>
<td>Cost reductions resulting from energy conservation</td>
<td>13.2</td>
</tr>
<tr>
<td>Cost reductions resulting from packaging weight reductions</td>
<td>54.8</td>
</tr>
<tr>
<td>Cost reductions resulting from the overhaul and reuse of vending machines</td>
<td>369.4</td>
</tr>
<tr>
<td>Gains resulting from green purchasing</td>
<td>0.0</td>
</tr>
<tr>
<td>Other</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>447.9</td>
</tr>
</tbody>
</table>

Looking at environmental accounting results, Yakult’s total environmental investments and costs were approximately ¥367 million lower than in the previous fiscal year. The decline in investments was approximately ¥363 million, and the increase in expense was approximately ¥4 million. Factors causing the decrease in investments within “① Global environment preservation costs” included the completion during fiscal 2011 of a large-scale boiler fuel conversion project aimed at reducing CO₂ emissions and of a solar power equipment installation and expansion project, which were associated with only a small amount of additional investments during fiscal 2012. Projects implemented during fiscal 2012 included a high-efficiency refrigerator/freezer unit introduction project (Fuji Susono Pharmaceutical Plant) and a project to install replacement LED lighting fixtures in production rooms (Fuji Susono Plant).

The level of economic benefits was up approximately ¥12 million compared to the previous fiscal year. Factors causing this increase included a decrease in dairy product container and containerboard usage volume and associated expenses, which offset a decrease in cost reductions resulting from the overhaul and reuse of vending machines that reflected a decrease in the number of vending machines overhauled.
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, all of Yakult Honsha’s business sites, the Company submitted a “periodic report” for fiscal 2012 and a “medium- to long-term plan” for the period beginning from fiscal 2013.

Based on the Energy Conservation Act, the Fuji Susono Plant, the Fukushima Plant, and the 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 2012 amounted to 24,010kl on a crude oil conversion basis (up 2,164kl from the previous fiscal year).

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 2012, the volume of food waste products was 544.6 tons, and recycling, etc. measures were undertaken for 68.1% 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 2012)

<table>
<thead>
<tr>
<th>Volume Generated (t)</th>
<th>Volume Reused (t)</th>
<th>Reuse, Etc. Ratio (%)</th>
<th>Reuse Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>544.6</td>
<td>350.8</td>
<td>68.1</td>
<td>Fertilizer, animal feeds, etc.</td>
</tr>
</tbody>
</table>

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

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 2012 is shown in the table on the right. These fees and the payments to municipal governments amounted to approximately ¥260 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 2012)

<table>
<thead>
<tr>
<th>Container and Packaging Type</th>
<th>Obligatory Recycling Volume (t)</th>
<th>Commissioned Recycling Fees (thousands of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glass bottles</td>
<td>335</td>
<td>1,403</td>
</tr>
<tr>
<td>PET bottles</td>
<td>189</td>
<td>497</td>
</tr>
<tr>
<td>Plastic containers and packaging</td>
<td>6,683</td>
<td>249,126</td>
</tr>
<tr>
<td>Paper containers and packaging</td>
<td>154</td>
<td>1,270</td>
</tr>
<tr>
<td>Total</td>
<td>7,361</td>
<td>252,296</td>
</tr>
</tbody>
</table>

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 2012, 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 2012, the scope of Yakult’s mandatory reporting based on that ordinance included methanol and six other substances.

* PRTR Act: Pollutant Release and Transfer Registration Act

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 2012)

<table>
<thead>
<tr>
<th>Chemical</th>
<th>Amount Handled (kg/year)</th>
<th>Amount Released (kg/year)</th>
<th>Amount Transferred (kg/year)</th>
<th>PRTR Act</th>
<th>Tokyo Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chloroform</td>
<td>1,400</td>
<td>(air) 24</td>
<td>(waste product)</td>
<td>(wastewater) 1,400</td>
<td>0.1</td>
</tr>
<tr>
<td>Methanol</td>
<td>1,000</td>
<td>(air) 31</td>
<td>(waste product)</td>
<td>970</td>
<td>○</td>
</tr>
<tr>
<td>Hexane</td>
<td>650</td>
<td>(air) 10</td>
<td>(waste product)</td>
<td>640</td>
<td>○</td>
</tr>
<tr>
<td>Ethyl acetate</td>
<td>670</td>
<td>(air) 4</td>
<td>(waste product)</td>
<td>670</td>
<td>○</td>
</tr>
<tr>
<td>Acetone</td>
<td>150</td>
<td>0</td>
<td>(waste product)</td>
<td>150</td>
<td>○</td>
</tr>
<tr>
<td>Xylene</td>
<td>130</td>
<td>(air) 1</td>
<td>(waste product)</td>
<td>130</td>
<td>○</td>
</tr>
<tr>
<td>Sulfuric acid</td>
<td>280</td>
<td>0</td>
<td>(waste product)</td>
<td>280</td>
<td>○</td>
</tr>
</tbody>
</table>

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Measures were taken to restrain greenhouse gas emissions in accordance with the Phase 4 Plan Action Targets of the Yakult Environmental Action Plan.

Measures at Yakult Honsha plants

At Yakult Honsha’s 10 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.

Measures aimed at restraining CO₂ emissions and conserving energy implemented during fiscal 2012 included the introduction of a city gas-fueled boiler at the Hyogo Miki Plant, solar power equipment installation and expansion projects implemented at the Hyogo Miki and Saga plants, and a high-efficiency refrigerator/freezer unit introduction project at the Fuji Susono Pharmaceutical Plant. In addition, 51 other new projects were implemented, primarily projects focused on fuel, electric power, and water usage.

Looking at CO₂ emissions during fiscal 2012, the volume of emissions was 8.5% higher than the annual average level during the three-year period from fiscal 2006 through fiscal 2008 (emissions associated with fuels were down 10.2%, and emissions associated with electric power were up 25.9%). This reflects the impact of the Great East Japan Earthquake disaster, which caused an increase in the CO₂ emission coefficient of electric power. If the CO₂ emission coefficient of electric power for the period from fiscal 2006 through 2008 is employed, the fiscal 2012 emissions associated with electric power were down 3.9% compared to the fiscal 2006–2008 period, reflecting the steady progress of Yakult’s emissions-restraint measures.

Measures at offices

Measures designed to reduce the environmental impact of office operations include those to promote waste generation reduction and waste recycling as well as such measures as those aimed at reducing electric power consumption through the optimal operation of lighting and air-conditioning systems and at reducing the amount of office automation paper used.

Energy conservation measures have reduced electric power consumption to 2,840,000kWh, a 15.3% reduction from the fiscal 2010 level.

Measures at the Yakult Central Institute for Microbiological Research

Energy conservation measures included the introduction of highly efficient LED lighting fixtures and the revision of air-conditioning system operating times and settings. CO₂ emission volume was reduced to 11.4% below the base level established in cooperation with the Tokyo Metropolitan Government in accordance with the Tokyo Metropolitan Ordinance on Environmental Preservation.

Logistics-related measures

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

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

Japan’s revised Energy Conservation Act has required Yakult to annually reduce its energy consumption per unit of freight by an average of 1% or more, and Yakult achieved a 1.3% average annual reduction during the five-year period through fiscal 2012 with a base year of fiscal 2008.

* The Green Management certification is obtained from the Foundation for Promoting Personal Mobility and Ecological Transportation, which evaluates business units’ implementation of measures based on the Foundation’s Green Management Promotion Manual and certifies that the business units have achieved a specified level of performance regarding those measures.
Yakult Honsha Plants’ waste product countermeasures and sustained zero emissions performance

Each Yakult Honsha plant is sustaining 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 10 plants during fiscal 2012 was approximately 2,189t, a year-on-year decrease of approximately 413t, or 15.9%. 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%, and all of the plants have sustained zero emissions of waste materials performance for five of more years. Zero emissions of waste materials performance has been maintained for nine consecutive years at the Fukushima, Ibaraki, Saga, and Kumamoto plants; eight consecutive years at the Fuji Susono Plant; and seven consecutive years at the Shonan Cosmetics Plant.

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

With respect to the Group’s 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 2012, the average recycling rate for the 10 companies in question rose 0.6 percentage point, to 99.7%.

* Yakult’s definition of zero emissions of waste materials performance is when 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, 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, wastepaper-sorting boxes have been placed on each floor, 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 2012, the volume of the Head Office building’s office automation paper and other ordinary waste products was 73.1 tons, down 7.4% from the previous year. The recycling ratio has been maintained at 100% since fiscal 2005, and the objective is to sustain this zero emissions level of waste materials performance.

Appropriate management and recycling of waste products at the Yakult Central Institute for Microbiological Research

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 94% of this waste, but the remaining 6% includes such products as used reagents and other products that are difficult to recycle. Currently, the institute has contracts with 23 commissioned waste-processing companies, and members of the institute’s Waste Product Specialist Committee made on-site inspections of the facilities of 11 of those companies during fiscal 2012, 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, a composting facility installed on the grounds of the institute is used to transform that waste into fertilizer.
**Eco-Friendly packaging and other measures**

In January 1995, Yakult drafted its “Basic Policy on Environment-Friendly Containers and Packaging,” which has the fundamental goals of ensuring the safety of containers and packaging, 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 2012, 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 and promoting the reduction and recycling of related materials**

**Development of environment-friendly packages**

In fiscal 2012, newly introduced Joie (Yogurt Cup) products were launched in packages that have non-aluminum caps that are more environment-friendly than the aluminum caps of previously launched Purela yogurt containers.

**Improvements regarding cosmetics containers and packaging**

In fiscal 2012, the single-box packaging for PARABIO ac cream saj was simplified, the product explanation information was printed on the bottom panel of the box, and the separate product explanation information sheet was eliminated. In addition, the adoption of an integral-top-panel-type box has enhanced the ease of folding up and disposal.

**Reducing packaging/waste material volume**

As a result of packaging material rationalization promotion measures implemented during fiscal 2012, decreases were achieved in food product packaging material usage including a 32,063kg reduction of craft ball paper used for Mil-Mil products, a 25,728kg reduction of paper used in Sofuhl containers, a 91,995kg reduction of Joie (Yogurt Cup) materials, and a 3,286kg reduction of Joie (Yogurt Cup) materials. In addition, we were able to decrease the amount of containerboard, craft ball paper, and plastic resins used in cosmetics product containers and packaging by 39kg, 33kg, and 525kg, 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 43 new products (including renewed products).
Various initiatives at marketing stages

During fiscal 2012, 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 introduce thermally insulated cold boxes and freezer storage units.

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 27 hybrid cars were procured during fiscal 2012.

Recycling of product containers/packaging

Because Yakult manufactures and markets containers for such products as Yakult fermented milk drink and Joie yogurt 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 Japan’s Containers and Packaging Recycling Act, and it, therefore, has a responsibility to handle the recycling of its containers and packaging (see page 17).

Containers and packaging disposed of as sorted trash by households are recycled by municipalities.

Recycling of Waste Plastic from Plants

<table>
<thead>
<tr>
<th>Yakult Hansha plants</th>
<th>Bottling company plants</th>
<th>Recycling companies</th>
<th>Plastic molding companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Pulverization processing)</td>
<td></td>
<td>(Production of recycled resin)</td>
<td>(Manufacture of plastic products and components)</td>
</tr>
</tbody>
</table>

Recycled Plastic Products

30-centimeter rulers
Bottle openers

Recycled Plastic Products

<table>
<thead>
<tr>
<th>Item</th>
<th>Production volume (items)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-centimeter rulers</td>
<td>128,500</td>
</tr>
<tr>
<td>Bottle openers</td>
<td>77,000</td>
</tr>
<tr>
<td>Yakkun card stands</td>
<td>39,000</td>
</tr>
<tr>
<td>Mil-Mil magnets</td>
<td>39,500</td>
</tr>
<tr>
<td>Mil-Mil S magnets</td>
<td>15,500</td>
</tr>
</tbody>
</table>

Introduction of Environment-Friendly Equipment (Fiscal 2012)

<table>
<thead>
<tr>
<th>Item</th>
<th>Introduced Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Route delivery trucks with internal container collection spaces</td>
<td>89</td>
</tr>
<tr>
<td>Route delivery trucks with roof-mounted container collection spaces</td>
<td>20</td>
</tr>
<tr>
<td>Empty container collection boxes for vending machines</td>
<td>554</td>
</tr>
<tr>
<td>Heat-pump-type vending machines</td>
<td>1,649</td>
</tr>
<tr>
<td>Overhauled vending machines</td>
<td>719</td>
</tr>
<tr>
<td>Thermally insulated boxes and freezer storage units</td>
<td>95</td>
</tr>
</tbody>
</table>

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 resin is used to manufacture special recycled goods, such as rulers and bottle openers, that are distributed free of charge to people participating in plant study tours and environmental events.
Structure of the A&G Environmental Water Purification System

The A&G Environmental Water Purification System uses 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.

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

<table>
<thead>
<tr>
<th>Plants</th>
<th>Date of introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fukushima Plant</td>
<td>September 1997</td>
</tr>
<tr>
<td>Yakult Aichi Plant*</td>
<td>December 2002</td>
</tr>
<tr>
<td>Fuji Susono Plant</td>
<td>March 2005</td>
</tr>
<tr>
<td>Yakult Iwate Plant*</td>
<td>March 2007</td>
</tr>
<tr>
<td>Yakult Aichi Plant* (expansion)</td>
<td>January 2008</td>
</tr>
<tr>
<td>Hyogo Miki Plant</td>
<td>March 2012</td>
</tr>
<tr>
<td>Sukabumi Plant (P.T. Yakult Indonesia Persada)</td>
<td>December 2010</td>
</tr>
</tbody>
</table>

* Bottling company plants

Efforts to prevent water pollution from plant wastewater—A&G Environmental Water Purification Systems

In fiscal 2012, Yakult Honsha’s plants used approximately 1,490,000t of water (down 3% from the previous year) and generated approximately 1,060,000t (up 10%) of wastewater. For the purpose of purifying wastewater, the dairy product plants of Yakult Honsha and other Group companies are introducing A&G Environmental Water Purification Systems.

A&G Environmental Water Purification Systems have already been installed at three of Yakult Honsha’s domestic dairy product plants—the Fukushima, Fuji Susono, and Hyogo Miki plants—as well as at the Sukabumi Plant of P.T. Yakult Indonesia Persada. Regarding Group bottling plants, the Yakult Aichi Plant constructed the A&G Environmental Water Purification System in 2002, and the Yakult Iwate Plant, which was renovated in 2007, is now using a similar system. As the Yakult Aichi Plant has been expanding its production facilities, it moved to expand its A&G Environmental Water Purification System in 2008.

One of the most noteworthy characteristics of the A&G Environmental Water Purification System is that it reduces the excess sludge generation volume to a level approximately 1/12 of the level typically seen with conventional activated sludge processing systems. Because of this, the running cost of the 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 this system.

Efforts to promote biodiversity

Reflecting Yakult’s objective of promoting biodiversity, the Phase 4 Plan Action Targets of the Yakult Environmental Action Plan call for implementing environmental education programs related to biodiversity and “assessing the relationship between business activities and biodiversity.” In fiscal 2012, we hired a consulting company to produce the “Report on the Assessment of the Relationship between Business Activities and Biodiversity.”

Many companies in Japan and overseas are implementing initiatives related to biodiversity, and Yakult intends to sustain its biodiversity promotion efforts going forward by taking such measures as those to promote the Groupwide sharing of related information, educate employees regarding biodiversity, and undertake biodiversity-related social contribution activities.
Environmental management seminars

We have implemented Environmental Management Seminars for managers since fiscal 2002. In fiscal 2012, C.W. Nicol Afan Woodland Trust Chairman C.W. Nicol was invited to lead a seminar on the theme of “Corporate CSR Activities” that was attended by 51 managers, including 12 directors and 19 organizational unit managers.

While comparing the situations of forests in the United Kingdom and forests in Japan, Mr. Nicol discussed his ideas on such environmental protection-related topics as the richness of Japan’s natural environment and the beneficial tranquility-inspiring effects of forests on human hearts and minds.

In addition, Mr. Nicol made an oral presentation, including short video clips designed to offer suggestions regarding CSR programs that make use of forests, giving the example of his organization’s "Forest of the Heart" program, which enables children facing psychological and physical challenges to benefit from spending time in forest environments.

Promotion of CSR/environment-related education

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

We have supplemented those programs by employing our internal LAN to provide employees with e-learning courses on environmental issues, and this has greatly increased employees’ opportunities for obtaining environmental information.

In fiscal 2012, environmental education programs on diverse themes—including ISO standards, energy conservation, and waste-product processing—were implemented at Yakult Honsha plants, and these programs helped achieve further progress regarding employees’ consciousness of environmental issues.

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 2012, the Group implemented a campaign with the theme “Let’s Increase Greenery Starting Nearby” and participated in numerous tree-planting campaigns at plants throughout Japan in connection with the “Green Wave 2012” program promoted by Japan’s Ministry of the Environment and other government units.

The cumulative total number of employees participating in the annual Yakult Environmental Protection Campaigns reached 130,000 in fiscal 2012, and it is believed that the campaigns have had a considerable effect in steadily increasing environment consciousness among Yakult Group employees.

Promoting CSR/Environmental Education

<table>
<thead>
<tr>
<th>CSR/Environmental Education Programs</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newly Hired Employee Training</td>
<td>148</td>
</tr>
<tr>
<td>Employing training courses by management level</td>
<td>125</td>
</tr>
<tr>
<td>Environmental Education (e-Learning Courses)</td>
<td>219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>492</strong></td>
</tr>
</tbody>
</table>

Environmental Education Programs at Yakult Honsha Plants

<table>
<thead>
<tr>
<th></th>
<th>Number of Sessions</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO standards-related education</td>
<td>15</td>
<td>70</td>
</tr>
<tr>
<td>Energy conservation and waste product processing</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19</strong></td>
<td><strong>75</strong></td>
</tr>
</tbody>
</table>

Yakult Environmental Protection Campaign Themes

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Theme</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Challenging goal of eliminating disposable shopping bags</td>
<td>8,026</td>
</tr>
<tr>
<td>2008</td>
<td>Do you know what Team Minus 6% is?</td>
<td>14,563</td>
</tr>
<tr>
<td>2009</td>
<td>Transform unneeded things into green—Smile/Eco Fund Raising!</td>
<td>7,072</td>
</tr>
<tr>
<td>2010</td>
<td>What Is Biodiversity?—Let’s Sustain the Life of the Earth.</td>
<td>15,766</td>
</tr>
<tr>
<td>2012</td>
<td>Let’s Increase Greenery Starting Nearby</td>
<td>18,644</td>
</tr>
</tbody>
</table>

* The campaign was suspended in fiscal 2011 owing to the impact of the Great East Japan Earthquake disaster.
History of the Yakult Central Institute for Microbiological Research—Sustained efforts to realize the potentials of ShirotA-ism

The Yakult Central Institute for Microbiological Research traces its roots back to a facility established by Dr. Minoru Shirota—the Company’s founder and a medical doctor—at a site in Kyoto in 1955. At that time, the facility each day dynamically carried out and expanded the scope of research designed to realize progress regarding Dr. Shirota’s key objectives: “preventive medicine” and “a healthy intestinal tract leads to a long life.” Firmly believing that it is better to emphasize measures to prevent sickness rather than measures to cure sickness and that healthy intestines are the most-important basis for lengthy life spans, Dr. Shirota passionate-ly discussed those concepts with researchers as he sought to guide Yakult’s research programs along the most-potentially productive paths. The ideas actively propounded by Dr. Shirota—known as ShirotA-ism—are an invaluable heritage that the Tokyo-based Yakult Central Institute for Microbiological Research remains committed to building on.

Aiming to realize diverse important objectives in accordance with its 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.”—Yakult has continued to be a pioneer on the leading edge of progress in preventive medicine. Based on the foundation of our research regarding intestinal microorganisms, we are working to broaden the scope of our research related to beneficial microorganisms, discover highly functional lactobacilli, and make the most of the potentials of such microorganisms.

Pursuing health science research focused primarily on intestinal flora

The Central Institute’s research programs are focused primarily on elucidating ways that intestinal microorganisms (intestinal flora) can contribute to preventive medicine. The Institute has developed a molecular biology-based intestinal flora analysis system (YIF-SCAN®) that it employs to investigate healthy and pathological intestinal flora structures and undertake research into the relationship between intestinal flora and human health. The Institute is also seeking to discover hitherto-unknown intestinal microorganisms and gain a deeper understanding of the structures and functions of intestinal flora.

Research into the relationship between intestinal flora and health has been attracting increasing attention in recent years, and many scientists throughout the world have begun focusing on this theme. Against this backdrop, Yakult is striving to further broaden the dissemination of its leading-edge research results. By organizing the Symposium on Intestinal Flora, which announces academic research results, as well as health promotion conferences aimed at the general public, lectures, and other events, we are doing our utmost to increase recognition of the importance of intestinal flora, and contribute to the promotion of better health.

Researching and applying probiotics—Providing innovative products based on research results

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

The word “probiotics” is derived from the word “probiosis,” which refers to symbiotic relationships among organisms, and are defined as live microorganisms that exert a beneficial effect on host organisms, including people. Probiotics research is largely aimed at leveraging the power of beneficial bacteria to help maintain and improve human health, and Lactobacillus casei strain Shirota and Bifidobacterium breve strain Yakult are among the most-prominent types of such beneficial bacteria. Research related to such “carefully selected and fortified bacteria strains” has enabled us to maintain a position on the leading edge of global progress in the field of probiotics.

Based on the results of our microorganism research programs with a dual focus on intestinal flora and probiotics, we are developing innovative products with special benefits for human health. By providing people with unique functional food products, we are making an important contribution to the betterment of human health worldwide.

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

Yakult is currently constructing an additional four research buildings featuring the most-sophisticated research equipment currently available, and these buildings are expected to be completed at the end of October 2015. Besides further bolstering the Central Institute’s position as a global top-level R&D facility with superior capabilities for overcoming challenges associated with the intensification of global R&D competition, the new buildings are designed to enable us to augment our contribution to scientific, technological, and societal progress throughout the world.
Efforts to Ensure Safety and Peace of Mind

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 combined certifications of their compliance with the two international standards—the ISO14001 environmental management system standards and the ISO9001 quality management system standards.

Yakult Honsha’s support for obtaining ISO certifications

The acquisition of ISO certifications began when a customer of a Yakult marketing company in Hiroshima Prefecture that had already obtained an ISO14001 certification requested that the Yakult marketing company follow suit.

The operations of Yakult marketing companies center on the provision of products manufactured by Yakult Honsha to customers via the Yakult Lady home delivery system as well as via direct sales involving stores and vending machines. Given the nature of those operations, we concluded that it is important to supplement environmental impact reduction measures by making concurrent efforts to move ahead with initiatives for comprehensively reevaluating quality factors regarding both products and services.

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 Marketing 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.

Management system building measures are moving ahead with the objective of obtaining combined certification for an additional company in the Yakult Marketing Group during fiscal 2013. 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 (for food safety management systems), and ISO14001 certifications. The results, so far, are shown in the table on the right.

ISO14001 and ISO9001 Certifications Obtained with Yakult Honsha’s Support

<table>
<thead>
<tr>
<th>Year of Receipt</th>
<th>Marketing Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Yakult Shin Hiroshima Sales Co., Ltd.</td>
</tr>
<tr>
<td>2005</td>
<td>Yakult Hiroshima Chuo Sales Co., Ltd.</td>
</tr>
<tr>
<td>2006</td>
<td>Yakult Miyazaki Sales Co., Ltd.</td>
</tr>
<tr>
<td>2006</td>
<td>Yakult Miyakonojo Sales Co., Ltd.</td>
</tr>
<tr>
<td>2006</td>
<td>Yakult Kagoshima Sales Co., Ltd.</td>
</tr>
<tr>
<td>2006</td>
<td>Yakult Sendai Sales Co., Ltd.</td>
</tr>
<tr>
<td>2006</td>
<td>Yakult Kagoshima Tobu Sales Co., Ltd.</td>
</tr>
<tr>
<td>2007</td>
<td>Yakult Iwate Sales Co., Ltd.</td>
</tr>
<tr>
<td>2007</td>
<td>Yakult Niigata Sales Co., Ltd.</td>
</tr>
<tr>
<td>2007</td>
<td>Yakult Tokyo Sales Co., Ltd.</td>
</tr>
<tr>
<td>2008</td>
<td>Yakult Kanagawa Tobu Sales Co., Ltd.</td>
</tr>
<tr>
<td>2008</td>
<td>Yakult Kinki Chuo Sales Co., Ltd.*</td>
</tr>
<tr>
<td>2008</td>
<td>Yakult Saga Ken Sales Co., Ltd.</td>
</tr>
<tr>
<td>2009</td>
<td>Yakult Yamaguchi Sales Co., Ltd.</td>
</tr>
<tr>
<td>2010</td>
<td>Yakult Miyagi Chuo Sales Co., Ltd.</td>
</tr>
<tr>
<td>2011</td>
<td>Yakult Sasebo Co., Ltd.</td>
</tr>
<tr>
<td>2012</td>
<td>Yakult Odate Sales Co., Ltd.</td>
</tr>
<tr>
<td>2012</td>
<td>Yakult Chiba Ken Sales Co., Ltd.</td>
</tr>
</tbody>
</table>

* Certification obtained for a portion of branches.

ISO Certifications Obtained on Marketing Companies’ Own Initiatives

<table>
<thead>
<tr>
<th>Year of Receipt</th>
<th>Marketing Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Yakult Yonezawa Sales Co., Ltd.</td>
</tr>
<tr>
<td>2005</td>
<td>Yakult Saitama-Nishi Sales Co., Ltd.</td>
</tr>
<tr>
<td>2007</td>
<td>Yakult Mito Sales Co., Ltd.</td>
</tr>
<tr>
<td>2008</td>
<td>Yakult Hyogo Sales Co., Ltd.</td>
</tr>
<tr>
<td>2009</td>
<td>Yakult Gunma Sales Co., Ltd.</td>
</tr>
</tbody>
</table>

Receipt of ISO certifications by Yakult Honsha, bottling plants, and other group units*

All Yakult Honsha dairy product plants and all Group bottling companies have obtained ISO9001 certification. Each year, these business sites and companies implement activities related to the goals of the ISO9001 standards, and thereby work to further upgrade their quality performance.

All Yakult Honsha plants, all Group bottling companies, and the Yakult Central Institute for Microbiological Research Analytical Center have obtained ISO14001 certification.

* The Hyogo Miki Plant, which began full-scale operations in December 2012, is currently preparing to obtain ISO certifications.
Ensuring the safety of raw materials

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

Ensuring the safety of products

Yakult establishes internal product quality standards that are much more rigorous than standards set by relevant laws and regulations and employs HACCP (Hazard Analysis and Critical Control Point) systems, ISO9001-certified quality management systems, and other quality management systems in connection with its efforts to provide products that are safe and of dependably high quality.

These systems are not limited to spot checks and other kinds of inspections to confirm product quality. We have developed and installed diverse kinds of inspection equipment that enable us to undertake continuous quality monitoring processes and inspect entire production batches. Our highly sophisticated quality management systems are ensuring the safety of all our products.

Traceability system

Each individual Yakult product package bears a recommended use-by date and a production lot number printed with an ink-jet printer. The Yakult Group’s traceability system enables “trace-back” capabilities so that we can access the manufacturing history of specified products and "trace-forward" capabilities so that we can determine primary shipment destinations of specified products.

To verify that our plant employee technical education programs, facility management systems, food hygiene management systems, and other systems are functioning effectively, we autonomously implement audits on inter-unit, inter-plant, intra-company, and other bases as part of our efforts to discover and respond to problems as quickly as possible.

Yakult Honsha operates one of Japan’s most-rigorous product safety systems focused on the detection of radioactive substances, which it uses to assess each blending tank or each production lot for each type of product during each day of production operations.

Product quality issues

Just as in fiscal 2011, Yakult had no product quality issues requiring autonomous product recalls or similar measures during fiscal 2012.
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 avoid 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.

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 packaging materials related to manufacturing, sales and marketing promotion, office, and R&D activities at all of the Company’s business sites.

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 have been sustained based on provisions in each phase of the Yakult Environmental Action Plan since the first phase was begun in April 2001.

In fiscal 2012, the last year of the plan’s fourth phase, the Head Office and Central Research Institute’s green purchasing ratios rose, but declines in the ratios of plants caused the Company’s overall green purchasing ratio to decline 2.0 percentage points, to 93.5%. Plans call for sustaining efforts to promote further progress in augmenting green purchasing going forward.

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
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 marketing 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 2012, the Customer Support Center received 53,572 consultations, down slightly from 61,716 in the previous year.

Customer Consultations in Fiscal 2012

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inquiries</td>
<td>39,414</td>
</tr>
<tr>
<td>Applications</td>
<td>5,120</td>
</tr>
<tr>
<td>Complaints</td>
<td>5,002</td>
</tr>
<tr>
<td>Discontinuations/suspensions</td>
<td>1,641</td>
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<tr>
<td>Changes</td>
<td>604</td>
</tr>
<tr>
<td>Others</td>
<td>1,791</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53,572</strong></td>
</tr>
</tbody>
</table>

Customer response flows

Customer Support Center

Customer Consultations in Fiscal 2012

<table>
<thead>
<tr>
<th>Topic</th>
<th>Number</th>
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<tbody>
<tr>
<td>Inquiries</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53,572</strong></td>
</tr>
</tbody>
</table>

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.

With respect to fiscal 2012, ended March 31, 2013, the level of total dividends applicable to the fiscal year was ¥23.0 per share.

We had approximately 23,000 shareholders as of March 31, 2013.

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.
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 marketing company and social workers in the region and moved many local governments to take action. As a result, these visits by Yakult Ladies, known as “Courtesy Visit Activities,” have spread throughout Japan.

As of March 2013, approximately 3,400 Yakult Ladies are paying regular visits to more than 46,500 elderly people in response to requests from 144 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 2012, we delivered attractive flowers and a message card to more than 47,500 people. As this program has been highly evaluated, we are continuing it for the ninth consecutive year in 2013.

Providing communities with “safety and peace of mind”—Yakult Ladies’ community safety watch and crime prevention activities

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

In March 2013, five Kanagawa Prefecture-based marketing companies (Yakult Kanagawa Chuo Sales Co., Ltd., Yakult Kanagawa Tobu Sales Co., Ltd., Yakult Shonan Sales Co., Ltd., Yakult Odawara Sales Co., Ltd., and Yakult Atsugi Sales Co., Ltd.) collaborated with Kanagawa Prefecture to establish the “Agreement on Regional Safety Watch Activities.” This agreement calls for Yakult Ladies—who during their visits to customers’ homes notice unusual changes suggestive of an incipient life crisis—to give due consideration to the protection of personal information but provide information to local government units as a means of preventing unattended and solitary deaths.

We are carrying out such safety watch and crime prevention programs in all of Japan’s regions, and these programs are earning growing support and recognition from people in each region.

As of March 2013, 97 marketing companies throughout Japan have created organizations to carry out such activities.

Implementing social activities with vending machines

By the end of March 2013, the Yakult Group had installed approximately 56,000 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 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 sudden heart attacks, it is hoped that the scope of AED installations will be quickly expanded. In fiscal 2012, Yakult installed 290 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—people who have recovered from their heart problems and are currently back at their workplaces.

In cooperation with Kirin Beverage Co., Ltd., which is a partner in Yakult’s vending machine operations, we are moving ahead with the installation of “Pink Ribbon” vending machines that contribute a portion of their proceeds to the Japan Cancer Society. In fiscal 2012, 88 “Pink Ribbon” vending machines were installed throughout Japan.

Yakult is installing numerous types of vending machines with special social contribution functions, including 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.
Cooperation with health promotion conferences

Each April 7—the World Health Organization (WHO)’s World Health Day—Yakult cooperates with a health maintenance advocacy conference program organized by the Japan Dietetic Association (JDA). In 2012, the 33rd year of the program, the conference featured lectures and symposia on the theme “Nutrition and Meals during Natural Disasters—Eating Is Living.” Held in Yakult Hall in Tokyo’s Higashi Shimbashi district, the lively event was attended by 370 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 2012, we coordinated a June meeting in Omihachiman, Shiga Prefecture, followed by 12 other meetings throughout Japan.

21st Century Food and Health Forum cosponsorship

The 12th Annual Session of the 21st Century Food and Health Forum, sponsored by Asahi Shim bun, was held on April 23, 2012 in the Tokyo International Forum facility. Open to the general public, the annual forum events focus on the key role of probiotics with respect to food and health in the 21st century, 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 12th session had the theme of “Healthy Lives Begin with Intestines—Preventing Disease by Strengthening Intestinal Tracts” and featured highly interesting lectures on this theme as well as a panel discussion on the theme of “Proven Performance! Healthy Living through Intestinal Flora Enhancement.” An audience of approximately 1,200 people listened intently to the forum participants.

Intestinal Flora Symposium cosponsorship

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 November 2, 2012, at Yakult Hall, the 21st session of the Symposium focused on the main theme of “Intestinal Flora and Ecology—Meals, Nutrition, and Environmental Factors.” Those attending the event included approximately 80 Yakult Group employees from facilities in 19 countries and regions as well as 511 other people, including researchers working in Japan- and overseas-based universities, government research institutions, and companies.

The Symposium began with highly detailed lectures by seven top-class researchers based in Japan and abroad and was followed by a lively general discussion as well as 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, 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 an effective means of fostering a deeper understanding of plant operations among people from local communities.

During fiscal 2012, the Saga Plant suspended its plant festival implementation owing to the construction of new buildings and other factors. As a result, four Yakult Honsha plants and six bottling plants held festivals in fiscal 2012, and a total of approximate ly 20,000 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 products that are safe and offer peace of mind, we proactively offer study tours of the plants of Yakult Honsha and other Yakult Group companies. We offer plant tours to members of the general public ranging from children through the elderly as well as such programs as sociology and environmental education programs for primary school students, and we also seek to use such tours to obtain feedback information from opinion leaders and people with a particularly strong interest in health issues.

During fiscal 2012, plant renovation projects temporarily limited the ability of some Yakult Group plants to accept visitors, but seven Yakult Honsha plants and five bottling plants hosted approximately 200,000 people.
Yakult Social & Environmental Report 2013

Dispatching instructors

Besides supplying products that promote good health, Yakult is seeking to realize the benefits of Shirota-ism concepts by providing health-related information to people in local communities. Yakult Honsha branches and marketing companies in each region of Japan dispatch guest lecturers to kindergartens, primary schools, and other locations, where they use scale models and other instructional tools to provide easy-to-understand information about the important role of the intestines and the importance of healthy eating habits conducive to good bowel functions.

Donating kimchi to seniors living alone (South Korea)

Yakult is also proactively implementing programs designed to contribute to local communities outside Japan.

We initiated our annual "Love Kimjan (kimchi making) Campaign" in the Korean city of Busan in 2001, and since 2005 its scope has been broadened to include six cities throughout South Korea. The campaign involves the making of kimchi by groups of Yakult Ladies and the nationwide presentation of that kimchi to seniors living alone.

On November 15, 2012, some 2,250 Yakult Ladies and other volunteers gathered to pickle over 60,000 heads of Chinese cabbage, weighing approximately 140 tons. This was recognized by the National Archives of Korea as setting a new South Korean record for the greatest number of people in a kimchi-making group and the greatest amount of kimchi to be produced at a single kimchi-making event. The previous records were also set at a similar event organized by Korea Yakult Co., Ltd. in 2008.

The kimchi produced at the event was donated in 10-kilogram portions to more than 25,000 seniors living throughout South Korea.

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 Group plants.

In fiscal 2012, 10 business sites helped beautify nearby areas by implementing 145 cleanup campaigns in which a total of 986 employees participated.

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 marketing 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. In fiscal 2012, 966 children participated in clinics held in nine locations.

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 30th national bound tennis championship tournament at the Tokyo Metropolitan Gymnasium in May 2012, and this event featured relentlessly heated competition among more than 700 contestants from throughout Japan.

In addition, since 2005, Yakult has cosponsored international swimming competition events as an official partner of the Federation Internationale de Natation (FINA), as FINA’s efforts to promote good health by means of participation in aquatic sports resonate harmoniously with Yakult’s corporate philosophy of “We contribute to the health and happiness of people around the world.”
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 marketing company organizations.

**Overview of training programs**

We implement education and training programs for all the employees of Yakult Honsha and other Group companies, including marketing 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 2012 were held on an aggregate total of 389 days and attended by 663 employees. Programs for Group company employees were held on an aggregate total of 289 days and attended by 3,764 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, stress 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**
   - 200 courses (begun twice each year)

**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 implementation capabilities, upgrading managerial skills, etc. (9 courses)
3. **Distance learning**
   - 200 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 marketing 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 eight years ago, the system has been used by a total of 89 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
Since fiscal 1998, Yakult has been utilizing a Cafeteria Plan System to promote greater employee satisfaction with employee welfare programs.

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 and leisure activity subsidies, shinkansen (bullet train) commuting subsidies, self-development subsidies, and subsidies for making use of sports clubs and engaging in other recreational activities. Other items designed to facilitate employees’ work-life plans and increase job satisfaction include subsidies for child raising and medical expenses. Currently, employees are consuming 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 social 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 subsequently maintained our rate at above the legally stipulated rate through fiscal 2008. Employee retirements and other factors caused our rate to slip slightly below the stipulated level in fiscal 2009, but proactive recruitment has kept our rate above the stipulated level since fiscal 2010 (the stipulated level has been raised to 2.0% since April 1, 2013).

Workshops for mental health
Yakult considers initiatives for promoting good mental health to be extremely important. In fiscal 2012, aiming to increase the awareness of mental-health-related problems and countermeasures, we organized on-site workshops for mental health for all employees at all Group facilities. A total of 57 workshop sessions were held at 23 facilities, at which lectures were presented to more than 2,000 participants.
Helping realize optimal work-life balances

Yakult’s objective regarding work-life balances is “to create pleasant working environments that enable each employee to maintain good health, maintain optimal balances between their work and the rest of their lives, make the most of their abilities, and live active lives with high energy levels.” In accordance with the fundamental objective of providing environments in which all employees share appropriate consciousness of the importance of good work-life balances, Yakult’s Personnel Department is moving ahead with efforts to prevent excessive work hours and create pleasant work environments that facilitate work activities.

Acquisition of Kurumin Mark Certification

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

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

The Kurumin Mark logo portrays a happy infant that is gently wrapped in swaddling clothes (referred to as “o-kurumi” in Japanese) as a warmly emotive graphic symbol of good care. It is designed to encourage corporate and workplace-based efforts to support good balances of work and child-raising activities.

Work-life balance workshop

In July 2012, approximately 800 employees participated in Yakult’s two-day Work-Life Balance Training Workshop, held at Yakult Hall. We invited Yoshie Komuro, CEO of Work Life Balance Co., Ltd., and a leader in the work-life balance field, to give a speech at the workshop, during which she discussed the importance of maintaining a healthy work-life balance and illustrated her points by presenting real-life examples.

Parental child-rearing leave for men

Until recently, almost all the Yakult employees taking child-rearing leaves have been women, but a growing number of people have pointed out that it was difficult for men to take such leaves. In response, we revised our employment regulations in April 2010 to enable our “conservation leave” system—previously only available to people recovering from injuries, etc.—to be used for child-rearing leaves.

As of March 2013, nine male employees had obtained child-rearing leaves. We are continuing to take measures to create workplaces that help employees maintain a good balance between work and child rearing, including measures to promote greater awareness of the child-rearing leave systems we offer.

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

As part of its efforts to provide pleasant workplace environments, Yakult is providing diverse kinds of information and support to employees who are completing their child-raising leaves so that they can return to their workplaces with peace of mind and subsequently maintain good balances between work and child-raising tasks. In fiscal 2012, we took the additional initiative of organizing two round-table meetings for child-raising leave takers preparing to return to their workplaces.

The round-table meetings include a first stage, during which the Personnel Department provides diverse kinds of information, and a second stage, during which leave takers can exchange ideas with employees who have already accumulated experience and know-how regarding the achievement of good balances between work and child-raising.

Participants reported that “it was encouraging to be able to exchange information with other employees who have been in our positions and have a clear understanding of our situation” and “I have gained helpful reference information that enables me to anticipate how I will be approaching my work after returning to my workplace.”

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.

Promoting group employees’ work motivation and job satisfaction

Aiming to help develop Group employees’ abilities and skills and promote their consciousness of important issues, Yakult organizes training programs for individual employees, dispatches instructors, and offers guidance regarding distance-learning programs. In addition, to enable Yakult Ladies who are raising young children to perform their work duties with peace of mind, Group companies operate childcare facilities in more than 1,000 locations that are taking care of approximately 11,000 children.
Environmental Impact Data

Greenhouse gas emissions

Yakult Honsha total CO₂ emissions

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<th>Year</th>
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Yakult Honsha dairy product plant CO₂ emissions

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<tr>
<th>Year</th>
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<th>2010</th>
<th>2011</th>
<th>2012 (1)</th>
<th>2012 (2)</th>
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<tr>
<td>Average CO₂ emissions (t)</td>
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<td>33,776</td>
<td>29,838</td>
<td>36,501</td>
<td>32,330</td>
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</table>

Emissions related to fuels and electric power

Notes: 2012 (1) is calculated using the fiscal 2012 CO₂ emission coefficient of electric power. 2012 (2) is calculated using the fiscal 2006-2008 CO₂ emission coefficient of electric power.

Logistics-related CO₂ emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>2006~2008 Average</th>
<th>2010</th>
<th>2011</th>
<th>2012 (1)</th>
<th>2012 (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions (t)</td>
<td>10,572</td>
<td>9,983</td>
<td>9,687</td>
<td>9,045</td>
<td></td>
</tr>
</tbody>
</table>
Yakult Honsha dairy product plant fuel consumption (Heavy fuel oil conversion basis)  

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption volume (kL)</td>
<td>5,887</td>
<td>6,748</td>
<td>6,332</td>
<td>7,137</td>
</tr>
<tr>
<td>Consumption per unit of production (liters/kL)</td>
<td>0.037</td>
<td>0.041</td>
<td>0.040</td>
<td>0.044</td>
</tr>
</tbody>
</table>

Office electric power consumption (Head Office Building)  

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ten thousands of kWh)</td>
<td>339</td>
<td>335</td>
<td>282</td>
<td>284</td>
</tr>
</tbody>
</table>

Central institute electric power consumption  

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ten thousands of kWh)</td>
<td>718</td>
<td>783</td>
<td>767</td>
<td>830</td>
</tr>
</tbody>
</table>

Yakult Honsha dairy product plant electric power consumption  

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ten thousands of kWh)</td>
<td>6,000</td>
<td>5,887</td>
<td>6,748</td>
<td>6,332</td>
</tr>
<tr>
<td>Consumption per unit of production (kWh/kL)</td>
<td>0.037</td>
<td>0.041</td>
<td>0.040</td>
<td>0.044</td>
</tr>
</tbody>
</table>

Logistics-related fuel consumption (Diesel fuel)  

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>(kL)</td>
<td>4,055</td>
<td>3,824</td>
<td>3,730</td>
<td>3,522</td>
</tr>
</tbody>
</table>
### Restraining volume of waste products

#### Yakult Honsha Plant waste product emissions and recycling situation

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Emitted volume (t)</th>
<th>Recycled volume (t)</th>
<th>Recycling ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>4,000</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>2010</td>
<td>3,000</td>
<td>2,161</td>
<td>50</td>
</tr>
<tr>
<td>2011</td>
<td>2,000</td>
<td>2,197</td>
<td>50</td>
</tr>
<tr>
<td>2012</td>
<td>1,000</td>
<td>2,189</td>
<td>50</td>
</tr>
</tbody>
</table>

**Note:**
- Emitted volume (left scale)
- Recycled volume (left scale)
- Recycling ratio (right scale)

#### Yakult Honsha dairy product plant waste product emission volume per production unit

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Emitted volume (t/1000)</th>
<th>Recycled volume (t/1000)</th>
<th>Recycling ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>20.0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>2010</td>
<td>15.0</td>
<td>13.9</td>
<td>85.3</td>
</tr>
<tr>
<td>2011</td>
<td>10.0</td>
<td>16.2</td>
<td>60.1</td>
</tr>
<tr>
<td>2012</td>
<td>5.0</td>
<td>13.4</td>
<td>26.8</td>
</tr>
</tbody>
</table>

**Note:**
- Emitted volume (left scale)
- Recycled volume (left scale)
- Recycling ratio (right scale)

#### Office waste product emissions and recycling situation (Head Office Building)

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th>Emitted volume (t)</th>
<th>Recycled volume (t)</th>
<th>Recycling ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>86.3</td>
<td>85.3</td>
<td>98.3</td>
</tr>
<tr>
<td>2010</td>
<td>82.3</td>
<td>82.3</td>
<td>100</td>
</tr>
<tr>
<td>2011</td>
<td>78.9</td>
<td>78.9</td>
<td>100</td>
</tr>
<tr>
<td>2012</td>
<td>73.1</td>
<td>73.1</td>
<td>100</td>
</tr>
</tbody>
</table>

**Note:**
- Emitted volume (left scale)
- Recycled volume (left scale)
- Recycling ratio (right scale)

#### Office waste products by type (Head Office Building)

- Cans: 4.0%
- Organic garbage: 9.2%
- Bottles: 9.3%
- Non-burnable trash: 10.3%
- Burnable trash: 10.8%
- Paper products: 52.1%

**Note:**
- Total: 100%
Other environmental impact

**Logistics-related NOx emissions**

(ton)

<table>
<thead>
<tr>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0</td>
<td>4.2</td>
<td>4.2</td>
<td>3.3</td>
</tr>
<tr>
<td>2.0</td>
<td>1.0</td>
<td>4.2</td>
<td>2.9</td>
</tr>
</tbody>
</table>

**Office automation paper usage volume**
(Yakult Honsha Plants)

(tens of thousands of pages)

<table>
<thead>
<tr>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>400</td>
<td>318</td>
<td>309</td>
<td>256</td>
</tr>
</tbody>
</table>

**Office automation paper usage volume**
(Head Office Building)

(tens of thousands of pages)

<table>
<thead>
<tr>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>733</td>
<td>771</td>
<td>797</td>
<td>800</td>
</tr>
</tbody>
</table>
[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.

For information on the “Green Wave 2012” program, please see page 11.

**Fukushima Plant**

| 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 |
| Plant grounds area: | 28,059m² |
| Building floor space: | 13,617m² |
| Number of employees: | 157 |

**Ibaraki Plant**

| Location: | 1232-2, Oaza Kawatsuma, Goka-machi, Sashima-gun, Ibaraki 306-0314 |
| General manager: | Teiji Nakamura |
| Products produced: | Concentrated Yakult, concentrated Yakult Ace, concentrated Yakult 400LT, concentrated Yakult SHEs, BF-1 |
| Plant grounds area: | 44,800m² |
| Building floor space: | 16,028m² |
| Number of employees: | 93 |

**Fiscal 2012 review**—As we entered our first summer season following the inauguration of full-scale operations at our new plant building, we anticipated a rise in our power consumption. All units throughout the plant are concertedly implementing diverse electric power conservation measures, however, and we have been able to restrain our peak power consumption level. Going forward, we will continue working to increase our staff’s consciousness of electric power consumption issues and do our utmost to undertake the concrete implementation of effective measures to restrain our electric power consumption.

**Fiscal 2012 review**—Our production volume decreased slightly during fiscal 2012. Besides our summer electric power conservation measures, our environmental countermeasures included participation in the “Ibaraki Eco Challenge” program, in connection with which we planted bitter gourd vines to create heat-insulating “green curtains” on the walls of our plant building. In addition, we positioned nets to shield our rooftop air-conditioning units from sunlight and worked to increase our staff’s consciousness of environmental issues.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Water Usage (m³)</th>
<th>Electric Power Usage (kWh)</th>
<th>City Gas Usage (m³)</th>
<th>Waste Product Emissions (t)</th>
<th>BOD (t)</th>
<th>CO₂ (t)</th>
<th>SO₂ (t)</th>
<th>NOₓ (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>178,697</td>
<td>7,618,510</td>
<td>1,070,668</td>
<td>469.1</td>
<td>48.555</td>
<td>6,633</td>
<td>0</td>
<td>2.996</td>
</tr>
<tr>
<td>2012</td>
<td>185,114</td>
<td>5,123,679</td>
<td>844,474</td>
<td>246.2</td>
<td>0.572</td>
<td>4,272</td>
<td>0</td>
<td>1.465</td>
</tr>
</tbody>
</table>
Fuji Susono Plant/Fuji Susono Pharmaceutical Plant

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, Joie (Drinkable Yogurt), Pretio, Sofuhl, Joie (Yogurt Cup), Mil-Mil

Fuji Susono Pharmaceutical Plant

Location: 653-1, Aza Juzaburo, Shimowada, Susono-shi, Shizuoka 410-1105

General manager: Masayoshi Tajima

Products produced: Prescription drugs, OTC drugs, enzymes

Plant grounds area: 208,497m²  Building floor space: 28,944m²

Number of employees: 226

Fiscal 2012 review—The Fuji Susono Plant has been implementing environmental management programs focused primarily on the “effective use of resources,” “pollution prevention,” and “core business operations.” As a result, we achieved our targets regarding “reducing electric power consumption per kilogram of production by 1%,” “reducing substandard product output per 100,000 product units by 2%,” and “maintaining a green purchasing ratio of 95% or higher.”

Takuma Arai
Manager, Products Section II

Hyogo Miki Plant

Location: 1838-266, Aza Nakao, Shijimi-cho Toda, Miki-shi, Hyogo 673-0514

General manager: Akifumi Doi

Products produced: Concentrated Yakult, concentrated Yakult 400, concentrated Yakult 400LT, Sofuhl, Mil-Mil, Mil-Mil S

Plant grounds area: 50,864m²  Building floor space: 26,190m²

Number of employees: 134

Fiscal 2012 review—In fiscal 2012, we gave top priority to getting the new plant up and running, and we were, therefore, unable to launch major environmental protection campaigns. Having established smooth production operations, however, we are planning to implement measures going forward with such objectives as “conserving resources, conserving energy, recycling waste products, and proactively undertaking projects that contribute to local communities.” In these ways, we intend to deepen our roots in local communities and make our plant a highly dependable and trusted facility.

Toshihiro Chitoku
Section Manager, Facilities Management Section

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

Location: 2300, Tamichigari, Kanzaki-machi, Kanzaki-shi, Saga 842-0002
General manager: Megumi Tagomori
Products produced: Concentrated Yakult,* concentrated Yakult 400,* concentrated Yakult 400LT,* Joie (Drinkable Yogurt), Pretio, Mi-Mi S
*Production began from April 2013
Plant grounds area: 20,936m² Building floor space: 12,111m²
Number of employees: 122

Fiscal 2012 review—We began construction of a new building from April 2011, and all our staff members have been concertedly doing their utmost to ensure that production in the new building gets off to a good start. Regarding environmental protection activities implemented during fiscal 2012, we were able to reduce our CO₂ emissions by 639,092kg, a figure that represents 132% 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 (m³) Electric Power Usage (kWh) LPG Usage (m³) Waste Product Emissions (t) BOD (t) CO₂ (t) SO₂ (t) NOₓ (t)
2012 185,344 5,358,208 251,629 184.7 25,560 4,235 0 0.802

Kumamoto Plant

Location: 3-24-1, Kamikumamoto, Kumamoto-shi, Kumamoto 860-0079
General manager: Arata Watashima
Products produced: Concentrated Yakult, concentrated Yakult 400
Plant grounds area: 15,234m² Building floor space: 6,581m²
Number of employees: 39

Fiscal 2012 review—While moving ahead with the implementation of our plant reorganization plan, we were able to reduce energy consumption through the reevaluation of production processes and through such initiatives as those to turn off the lighting of our advertising tower during certain time periods and promote reductions in plant staff members’ use of private cars for commuting, and we were thereby able to attain our CO₂ emissions reduction target. We also implemented environmental protection campaigns, including a weeding campaign on the banks of the Iseri River and a cleanup campaign in areas nearby our plant.

Fiscal Year Water Usage (m³) Electric Power Usage (kWh) Heavy Fuel Oil Usage (t) Waste Product Emissions (t) BOD (t) CO₂ (t) SO₂ (t) NOₓ (t)
2012 87,861 1,447,000 364 90.5 12,432 1,745 0.370 0.911

Shonan Cosmetics Plant

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 2012 review—At the Shonan Cosmetics Plant, we moved ahead with measures to install LED lighting fixtures and thereby reduced our electric power consumption. As part of our social contribution activities, we proactively participated in such cleanup campaigns as the Enoshima Clean Campaign and thereby deepened our ties with local communities. Going forward, we will continue to increase the share of our lighting provided by LED fixtures and aim to achieve additional reductions in our electric power consumption.

Fiscal Year Water Usage (m³) Electric Power Usage (kWh) City Gas Usage (m³) Waste Product Emissions (t) BOD (t) CO₂ (t) SO₂ (t) NOₓ (t)
2012 15,309 580,317 26,074 18.9 0.681 329 0 0.044
Kyoto Plant*

Location: 38, Tohachi, Makishima-cho, Uji-shi, Kyoto 611-0041
General manager: Akifumi Doi
Products produced: Concentrated Yakult, concentrated Yakult 400LT, MI-MI, MI-MI S
Plant grounds area: 19,180m²  Building floor space: 7,440m²
Number of employees: 87

Fiscal 2012 review—At the end of August 2012, the Kyoto Plant discontinued the production operations it had carried out for 49 years. We sustained our efforts to reduce energy consumption and waste product volume and other environmental protection measures right up to the halt of production operations, which was completed without any associated problems. We greatly appreciate the support and cooperation we have received over many years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Usage (m³)</th>
<th>Electric Power Usage (kWh)</th>
<th>City Gas Usage (m³)</th>
<th>Waste Product Emissions (t)</th>
<th>BOD (t)</th>
<th>CO₂ (t)</th>
<th>SO₂ (t)</th>
<th>NOₓ (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>89,559</td>
<td>1,793,705</td>
<td>331,156</td>
<td>74.0</td>
<td>0.067</td>
<td>1,559</td>
<td>0</td>
<td>0.223</td>
</tr>
</tbody>
</table>

* The Kyoto Plant was closed at the end of August 2012. Data regarding the plant’s location, general manager, products produced, plant grounds area, building floor space, and number of employees are figures as of April 1, 2012.

Fukuyama Plant*

Location: 5253, Kamura-cho, Fukuyama-shi, Hiroshima 729-0112
General manager: Megumi Tagomori
Products produced: Concentrated Yakult 400, concentrated Yakult 400LT, Sofuhi
Plant grounds area: 18,638m²  Building floor space: 4,121m²
Number of employees: 45

Fiscal 2012 review—The Fukuyama Plant was closed at the end of September 2012, but we sustained our environmental activities to the last and were thereby able to achieve an additional reduction in our energy consumption and our waste product generation. We would like to express our heartfelt thanks for the support and cooperation the Fukuyama Plant’s environmental activities received over many years, and right up to the time of the plant’s closing.

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Usage (m³)</th>
<th>Electric Power Usage (kWh)</th>
<th>Heavy Fuel Oil Usage (t)</th>
<th>Waste Product Emissions (t)</th>
<th>BOD (t)</th>
<th>CO₂ (t)</th>
<th>SO₂ (t)</th>
<th>NOₓ (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>54,581</td>
<td>1,126,296</td>
<td>219</td>
<td>65.2</td>
<td>0.204</td>
<td>1,334</td>
<td>0.231</td>
<td>0.668</td>
</tr>
</tbody>
</table>

* The Fukuyama Plant was closed at the end of September 2012. Data regarding the plant’s location, general manager, products produced, plant grounds area, building floor space, and number of employees are figures as of April 1, 2012.

Yakult Central Institute for Microbiological Research

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: 23,670m²
Number of employees: 279

Fiscal 2012 review—The Central Institute for Microbiological Research is currently constructing three new buildings, with 22,100m² of total floor space, which are scheduled to be completed during fiscal 2013. While our total energy consumption is expected to rise going forward, we plan to operate as an environment-friendly research facility by making use of natural energy and by efficiently making use of highly energy-efficient equipment. At the same time, we will be building sound networks of communication with local communities and promoting the implementation of activities based on close cooperation with relevant government authorities.

<table>
<thead>
<tr>
<th>Year</th>
<th>Water Usage (m³)</th>
<th>Electric Power Usage (kWh)</th>
<th>City Gas Usage (m³)</th>
<th>Waste Product Emissions (t)</th>
<th>BOD (t)</th>
<th>CO₂ (t)</th>
<th>SO₂ (t)</th>
<th>NOₓ (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>46,907</td>
<td>8,301,727</td>
<td>702,204</td>
<td>120.2</td>
<td>3.100</td>
<td>5,427</td>
<td>0</td>
<td>0.160</td>
</tr>
</tbody>
</table>

* The Kyoto Plant was closed at the end of August 2012. Data regarding the plant’s location, general manager, products produced, plant grounds area, building floor space, and number of employees are figures as of April 1, 2012.
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$98.9 million each year to cover the cost of collecting and disposing of empty containers of such products as Yakult.

Since 2006, the company has had an energy conservation committee at its plant that is considering the installation of energy-saving equipment and working to increase employee consciousness of energy conservation issues.

Hong Kong Yakult Co., Ltd.
Location: Hong Kong Special Administrative Region
Start of operations: June 1969
Number of employees: 179
Business scope: Manufacture and marketing of Yakult and Yakult Light
HACCP certification: 2013
ISO9001 certification: 2001
ISO22000 certification: 2013

Environmental activities
Paper, empty containers, aluminum, OPP film, petri dishes, and other waste products are separated from waste generated by the plant and are collected and recycled by a specialist company. 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.

Because sunlight entering the plant building through windows led to sharp temperature increases, all windows have been covered with light-blocking film as a means of preventing such temperature rises.

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.

In addition, the company is co-sponsoring diverse health-related and charity events in the Hong Kong-Macau region.

Yakult Co., Ltd. (Taiwan)
Location: Taipei
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$98.9 million each year to cover the cost of collecting and disposing of empty containers of such products as Yakult.

Since 2006, the company has had an energy conservation committee at its plant that is considering the installation of energy-saving equipment and working to increase employee consciousness of energy conservation issues.

Yakult Philippines, Inc.
Location: Manila
Start of operations: October 1978
Number of employees: 797
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.

Social activities
Aiming to promote sports, the company annually organizes the “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 a balanced diet. In addition, it provides the fermented milk drink Yakult free of charge to people cooperating with Red Cross blood donation drives.

Yakult (Thailand) Co., Ltd.
Location: Bangkok
Start of operations: June 1971
Number of employees: 1,314
Business scope: Manufacture and marketing of Yakult
HACCP certification: 2012

Environmental activities
By introducing GPS operations management systems for logistics trucks, monitoring vehicle speeds, engine speed, vehicle locations, and other factors, and checking if drivers are speeding or idling their vehicles for long periods of time, the company is working to reduce its fuel consumption and CO2 emissions. In addition, 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.

Regarding industrial waste products, the company separates recyclable items for sale to specialized companies, and it has achieved zero emissions performance with respect to trash incineration.

Korea Yakult Co., Ltd.
Location: Seoul
Start of operations: August 1971
Number of employees: 1,137
Business scope: Manufacture and marketing of Yakult, Yakult Ace, Yakult 400, etc.
HACCP certification: 1998
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 the A&G Environmental Water Purification System for plant wastewater treatment, and its Nonsan 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 “Love Help 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 Kimjan (kimchi-making) Campaign,” in which the Yakult Ladies make kimchi each autumn and provide it free of charge to needy elderly people throughout South Korea.

Activities of Principal Overseas Business Sites (*Figures for numbers of employees are as of December 31, 2012.*)
Yakult Social & Environmental Report 2013

Yakult (Singapore) Pte., Ltd.

Location: Singapore  
Start of operations: July 1979  
Number of employees: 146  
Business scope: Manufacture and marketing of Yakult and Yakult Ace Light  
HACCP certification: 2002  
ISO9001 certification: 2003  

Environmental activities  
The company thoroughly sorts its waste products and arranges for the sale of such valuable resources as waste paper, cardboard, waste plastic, and scrap iron to specialized recycling companies. It also arranges for the collection and reuse of such resources as waste aluminium foil 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 symposia, regional health lecture meetings, and other activities organized by the Singapore Cancer Society, and it has been a sponsor of symposia organized by the National Foundation for Digestive Diseases (NFDD) for more than 20 years.

Aiming to increase its exchanges with local communities, the company proactively organizes plant study tours. More than 15,000 people visit the company’s plants each year, and the company takes the opportunity to explain to those visitors about the development of Yakult’s operations outside Japan.

P.T. Yakult Indonesia Persada

Location: Jakarta  
Start of operations: January 1991  
Number of employees: 3,135  
Business scope: Manufacture and marketing of Yakult  
ISO22000 certification: 2011  

Environmental activities  
Since December 2010, the Sukabumi Plant has operated the 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 symposia, the company organizes booths at local food product exhibitions and participates in Indonesia-Japan friendship promotion programs and other events to promote a better understanding of the benefits of Yakult fermented milk drinks.

Yakult Australia Pty. Ltd.

Location: Dandenong  
Start of operations: February 1994  
Number of employees: 96  
Business scope: Manufacture and marketing of Yakult and Yakult Light  
HACCP certification: 2009  
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. South Australia is implementing a container recycling law, and the company and other beverage makers are paying an AU0.10 tax to the authorities for each container of beverage marketed.

Yakult (Malaysia) Sdn. Bhd.

Location: Shah Alam  
Start of operations: February 2004  
Number of employees: 194  
Business scope: Manufacture and marketing of Yakult Ace and Yakult Ace Light  
HACCP certification: 2006  

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 a youth who has undergone an artificial anus operation to treat imperforate anus conditions and can therefore not control his bowel functions, the company provides gratis supplies of Yakult fermented milk drinks, diapers, study supplies, and other products. In addition, the company distributes the Yakult Newsletter three times each year as a means of providing ordinary consumers with health-related information.

Yakult (China) Corporation

Location: Shanghai  
Start of operations: April 2005  
Number of employees: 785  
Business scope: Supervision of Group companies in China and marketing of Yakult

Environmental activities  
The company collects the used containers and caps from the fermented milk drink Yakult that it distributes daily along with empty PET bottles and provides those items to recycling companies to enable resource reuse.

Social activities  
The company engages in social contribution programs aimed at popularizing probiotics health maintenance methods. It strives to (1) popularize and promote Intestinal Health Day, (2) cosponsor symposia related to lactic acid bacteria, and (3) collaborate with hospitals, universities, and research institutions, and hold health classes, sampling activities, and plant study tour programs to disseminate information to ordinary customers.

In addition, the company participates in the Seven Star Food Product Safety Contest organized by the leading Chinese business media outlet, China Business News. Yakult was named one of the 100 most-trusted food product brands, and the company received the Food Product Safety Grand Prize.
By using recycled water, the company has reduced its water consumption by approximately 800t/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 diesel fuel consumption through the installation of a system for controlling the number of its four boilers in operation.

**Social activities**

Aiming to increase exchanges with local communities, the company is promoting plant study tours. During fiscal 2012, 419 study tour sessions were implemented, and approximately 26,000 people participated in the tours. In addition, the company is cooperatively organizing diverse volunteer activities based on a tie-up with Shenzhen University.

**Guangzhou Yakult Co., Ltd.**

- **Location:** Guangzhou
- **Start of operations:** June 2002
- **Number of employees:** 866
- **Business scope:** Manufacture and marketing of Yakult
- **HACCP certification:** 2004
- **ISO14001 certification:** 2003
- **ISO9001 certification:** 2003

**Environmenental activities**

By shifting to the use of LED lighting fixtures in its plant, the company has reduced its electric power consumption by approximately 395,148kW. In addition, the company has decreased the volume of trash bags it uses by reevaluating its container processing method and purchasing a pulverizing unit that has lowered waste product volume levels.

**Social activities**

Each year prior to the Lunar New Year, the company donates funds for community activities through the Jiading District Government.

**Shanghai Yakult Co., Ltd.**

- **Location:** Shanghai
- **Start of operations:** May 2005
- **Number of employees:** 318
- **Business scope:** Manufacture and marketing of Yakult
- **HACCP certification:** 2008
- **ISO9001 certification:** 2008

**Environmenental activities**

By shifting to the use of LED lighting fixtures in its plant, the company has reduced its electric power consumption by approximately 395,148kW. In addition, the company has decreased the volume of trash bags it uses by reevaluating its container processing method and purchasing a pulverizing unit that has lowered waste product volume levels.

**Social activities**

Each year prior to the Lunar New Year, the company donates funds for community activities through the Jiading District Government.

**Tianjin Yakult Co., Ltd.**

- **Location:** Tianjin
- **Start of operations:** August 2011
- **Number of employees:** 86
- **Business scope:** Manufacture of Yakult

**Environmenental 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 by employing energy-loss-free ventilation equipment that recovers heat or coolness from exhaust air, and its employment of high-efficiency fluorescent lighting fixtures has resulted in a 20% reduction of lighting-related power consumption. The company employs natural gas as its boiler fuel, so that its soot emissions are insignificant.

**Yakult Vietnam Co., Ltd.**

- **Location:** Ho Chi Minh City
- **Start of operations:** September 2007
- **Number of employees:** 220
- **Business scope:** Manufacture and marketing of Yakult
- **HACCP certification:** 2010
- **ISO22000 certification:** 2010
- **ISO14001 certification:** 2011

**Environmenental activities**

Based on its 2013 plant management policy, the company is emphasizing measures to make its plant a “green factory.” The company is implementing activities designed to reduce energy consumption and attain other objectives.

**Social activities**

The company is arranging study tours of its wastewater-processing facility.

As a part of its social contribution programs, the company is striving to maintain management processes in accordance with the green factory program of Binh Duong Province. In addition, the company proactively cosponsored and participated in local events held on World Environment Day.

**Yakult Danone India Pvt. Ltd.**

- **Location:** New Delhi
- **Start of operations:** January 2008
- **Number of employees:** 150
- **Business scope:** Manufacture and marketing of Yakult
- **HACCP certification:** 2010
- **ISO9001 certification:** 2011

**Environmenental activities**

The company collects waste from its plants and arranges for the recycling of resources from that waste. In addition, the company is maintaining wastewater and ventilation processes in accordance with national environmental standards.

**Social activities**

In November 2011, the company established the Yakult India Microbiota and Probiotics Science Foundation.

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—250 study tour sessions were implemented, and approximately 14,539 people participated in the tours.
Yakult S/A Ind. E. Com. (Brazil)

Location: Sao Paulo
Start of operations: October 1968
Number of employees: 2,499
Business scope: Manufacture and marketing of Yakult, Yakult 400, Sofyl, etc.
HACCP certification: 2004

Environmental activities
The company uses a pulverizing unit to process all its cap-related aluminum waste materials and plant-use container waste materials before selling those materials to recycling companies. The company employs natural gas as its boiler fuel, so that its soot emissions are insignificant. Because the San Bernardo Plant is situated within the municipal water supply region of Sao Paulo, a decision was made based on environmental risk assessments to shift operations to the Lorena Plant.

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
Start of operations: October 1981
Number of employees: 2,951
Business scope: Manufacture and marketing of Yakult, Yakult 40LT, Sofyl LT, Sofyl (drink), etc.
HACCP certification: 2002

Environmental activities
The company sorts its waste products and sells them to 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 bank and water tower operations and intermittently operates 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 plants for the purpose of promoting environmental protection.

Social activities
In cooperation with Mexico’s Ministry of Health, the company is promoting activities designed to increase Mexicans’ consciousness of health issues, including campaigns to disseminate information about how to improve diets, maintain good food hygiene standards, and improve exercise habits.

During the period from March 1 through April 30, 2012, Distribuidora Yakult Guadalajara S.A. de C.V. 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 infants.

Yakult U.S.A. Inc.

Location: Los Angeles
Start of operations: October 1999
Number of employees: 59
Business scope: Manufacture and marketing of Yakult and Yakult Light
Environmental activities
The company separates waste paper, containers, and other kinds of waste materials generated at its facilities and arranges for their collection and recycling by specialized companies.

Social activities
The company cosponsors symposia organized by the American Academy of Family Physicians. In addition, the company donates Yakult products for distribution at events organized by Japanese schools as well as other local schools.

Yakult Europe B.V.

Location: Almere
Start of operations: March 1996
Number of employees: 127
Business scope: Supervision of Group companies in Europe and manufacture of Yakult and Yakult Light
HACCP certification: 2003
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 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 organized the Yakult International Symposium for participation by people working in connection with medical care and science. In addition, the company implemented plant study tours for consumers, people involved with medical care, nutritionists, and others.

Netherlands: The company distributed samples of Yakult products to athletes and others associated with Olympic and Paralympic games, thereby contributing to the health and health management of athletes. In addition, the company co-sponsored a bicycle touring event organized by the Dutch Stomach-Intestine-Liver Foundation (Maag Lever Darm Stichting (MLDS)).

Belgium: The company organized mini-seminars that included health-related lectures and cooking sessions for nutritionists, other medical care professionals, and others. The company also provided the fermented milk drink Yakult to hockey and volleyball clubs as a means of contributing to athletes’ health and health management.

United Kingdom: The company co-sponsors the Bowel Cancer UK organization and participates in the running events organized by that organization. In addition, it has become a sponsor of the IBS Network, the Royal Opera House, and other organizations.

Germany: The company makes a cultural contribution as a sponsor of a children’s opera program in Cologne that is designed to promote young people’s aesthetic education. As an official sponsor of the training center of Germany’s Olympic team, the company provides Yakult fermented milk drink products to the training center as a means of contributing to the health and health management of promising Olympic athletes.

Austria: The company works as a sponsor of the local Red Cross chapter to provide blood donors with Yakult fermented milk drink products and also helps contribute to athletes’ health and health management by donating Yakult fermented milk drink products to such organizations as soccer clubs and running clubs.

Italy: The company sponsors academic conferences focused on medical care professionals and researchers. In addition, the company is a sponsor of marathons, swimming competitions, consumer fairs, fitness associations, and other organizations and events.
Third-Party Perspective

The Yakult Group has proactively expanded its operations in global markets since 1964 and currently has a presence in 32 countries and regions around the world. During fiscal 2012, the Group’s global sales of dairy products surpassed the level of 30 million units per day for the first time. One gets the strong impression that the Group has a resolute ambition to achieve business growth through sales in global markets. In view of the Yakult Group’s powerful dynamism, I recommend that the Group aim to further consolidate the respect of stakeholders throughout the world and promote an additional surge of business growth by undertaking activities going forward, with emphasis on the following three themes.

- Disclose information on existing activities related to value chains
- Measure corporate resource input volumes and associated output or benefit volumes
- Water-Related Efforts among Environmental Action Plan Targets

**Response to the third-party opinion**

We are very pleased that Ms. Akabane has been able to provide us with her objective third-party appraisal of the Yakult Social & Environmental Report this year based on her considerable specialist knowledge of the CSR field. Ms. Akabane has over ten years’ of CSR management experience in multi-sector and multi-national companies. Her initiatives to create corporate units focused on environmental responsibilities and contributions to society and her efforts to organize employee volunteer programs have been highly evaluated. Besides her work in Japan, she has experience launching CSR projects in Singapore, Thailand, South Korea, and China. She has bachelor degrees in political science and biology from Tufts University (U.S.), and Keio University (Japan). She has presented lectures at diverse venues, including Japan’s Ministry of the Environment, Keio University, the World Bank, the British Council, and Toyo Kaike Inc. and she has written third-party evaluations of CSR reports issued by numerous companies. Recognized as a leading expert in the CSR field, she is frequently consulted by companies asking for her views on CSR issues.

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**Profile**

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**Makiko Akabane**

Director of CSR Asia Japan office

Yakult’s Shirota-ism philosophy in their respective regions.


disclosed via the Group’s website also be included in the CSR report. Corporate responses to human rights, bribery, and corruption issues have attracted increasing attention worldwide since the creation of the ISO26000 standard for CSR activities, and Yakult is engaged in procurement and manufacturing activities on a global scale. Disclosing information about the Group’s autonomously adopted rigorous ethical standards is something that I believe will foster a further increase in the confidence that people have in the Group. In addition, while the safety assurance information in this report relates only to operations in Japan, I would suggest that it may be beneficial to begin including, to the extent that is feasible, a certain amount of information about measures being taken to ensure product safety overseas.

As Yakult was early in boldly venturing into overseas markets from 1964, when Japan was still sustaining rapid economic growth, the number of Yakult Ladies overseas has grown to more than 40,000, a number greater than the number of Yakult Ladies in Japan. Yakult’s efforts to build marketing systems, including the value-chain element represented by Yakult Ladies, have been an important part of the foundation for the Group’s dynamic power. Going forward, I would like to see more information about the activities of Yakult Ladies throughout the world—how they are recruited and trained, how they perceive themselves as members of the Yakult Ladies network, how they respond to special local needs, and how they disseminate and promote Yakult’s Shirota-ism philosophy in their respective regions.

- Measuring corporate resource input volumes and associated output or benefit volumes

Yakult’s activities for contributing to local communities and protecting the natural environment are being carried out on a Companywide basis. Since numerous kinds of activities for contributing to local communities are being implemented worldwide in line with regional needs, I get the feeling that Yakult has created an environment permeated by the corporate philosophy in which due attention is being given to the identification of local needs. However, it is also true that activities for contributing to local communities and protecting the natural environment require the investment of various kinds of corporate resources, such as personnel, employees’ time, know-how, and funds. In line with the expanding scope of the information and explanations provided, I believe that it may be useful to begin measuring the amount of resources invested in these activities and comparing the associated quantitative and qualitative benefits provided to local communities as well as to society at large.

I would also like to recommend that Yakult measure the benefits of its employee training programs. Currently, the explanations of these programs are limited to descriptions of training themes and the numbers of participants. It may be possible to provide some quantitative information on the corporate resources invested in training programs and some qualitative information about the benefits of the programs, such as information about changes in the situations of employees before and after the programs. I recommend that Yakult begin considering the possibility of providing explanations about whether its training and human resource development programs are producing results.

- Water-Related Efforts among Environmental Action Plan Targets

Yakult has achieved some excellent results from its water-related environmental protection efforts, such as the water conservation benefits of the rainwater harvesting capabilities of the new Hyogo-Miki plant and the benefits from the use of A&G Environmental Water Purification Systems, which incorporate empty Yakult drink containers with the bottoms removed, at several locations including overseas plants. However, there is no water-related item in the list of Yakult Environmental Action Plan targets. The report does provide data on water usage, wastewater volume, and water quality with respect to the environmental impact of business operations, but there is no water-related item in the explanation of the attainment of the Yakult Environmental Action Plan Phase 4 Plan Action Targets or the explanation of Phase 5 Plan Action Targets. From a global perspective, water-related issues are among the most important environmental issues. There are innumerable water-related issues, such as those associated with excessive water leading to flooding, insufficient water leading to shortages, and water quality problems leading to insufficient access to safe water supplies. Given that Yakult’s core operations include the production of beverages and cosmetics offerings, I believe that water-related efforts have a particularly close relationship to the Group’s business. Going forward, I hope to see water-related items included in the environmental action targets, and I expect that such an inclusion will provide convincing evidence of the comprehensive scope of Yakult’s environmental protection efforts.

Mr. Narita has over ten years of CSR management experience in multi-sector and multi-national companies. His initiatives to create corporate units focused on environmental responsibilities and contributions to society and his efforts to organize employee volunteer programs have been highly evaluated. Besides his work in Japan, he has experience launching CSR projects in Singapore, Thailand, South Korea, and China. He has bachelor degrees in political science and biology from Tufts University (U.S.), and Keio University (Japan). He has presented lectures at diverse venues, including Japan’s Ministry of the Environment, Keio University, the World Bank, the British Council, and Toyo Kaike Inc. and he has written third-party evaluations of CSR reports issued by numerous companies. Recognized as a leading expert in the CSR field, he is frequently consulted by companies asking for his views on CSR issues.

**Hiroshi Narita**

Director and Managing Executive Officer CSR/Environmental Management Committee Chairman

Yakult Honma Co., Ltd.
### History of Environmental and Social Activities

(Fiscal Years)

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>Began collecting plastic containers of Yakult fermented milk drink products, etc.</td>
</tr>
<tr>
<td>1972</td>
<td>Began “Courtesy Visit Activities” by Yakult Ladies</td>
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<tr>
<td>1976</td>
<td>Established Plastic Recycling Committee</td>
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<tr>
<td>1991</td>
<td>Began using A&amp;G Environmental Water Purification Systems incorporating Yakult filter material to purify wastewater from Yakult Group plants, etc.</td>
</tr>
<tr>
<td></td>
<td>Established the Environmental Countermeasures Committee and other environmental countermeasure units in Yakult Honsha to promote environmental management</td>
</tr>
<tr>
<td>1994</td>
<td>Received the Minister of Health and Welfare Award for “Courtesy Visit Activities”</td>
</tr>
<tr>
<td></td>
<td>Began overhauling and reusing vending machines</td>
</tr>
<tr>
<td>1996</td>
<td>Fukushima Plant selected for FY1996 MITI Minister’s Award for Factory Energy Management Excellence</td>
</tr>
<tr>
<td>1997</td>
<td>Drafted the Yakult Basic Policy on the Environment (Including the Environmental Philosophy and Action Directives)</td>
</tr>
<tr>
<td>1999</td>
<td>Established Green Purchasing Guidelines</td>
</tr>
<tr>
<td></td>
<td>Acquired ISO14001 certification for the Kyoto Plant and subsequently obtained this certification for all of Yakult Honsha’s plants</td>
</tr>
<tr>
<td>2000</td>
<td>Began annually publishing and distributing the Yakult Environmental Report</td>
</tr>
<tr>
<td>2001</td>
<td>Drafted Environmental Accounting Guidelines and began annually disclosing environmental accounting data</td>
</tr>
<tr>
<td>2003</td>
<td>Revised the Action Directives of the Yakult Basic Policy on the Environment</td>
</tr>
<tr>
<td></td>
<td>Drafted Eco Vision 2010</td>
</tr>
<tr>
<td>2004</td>
<td>Created the Yakult Environment Symbol</td>
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<tr>
<td>2005</td>
<td>Began presenting flowers to elderly people on Respect for the Aged Day to commemorate the 70th anniversary of Yakult’s founding</td>
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<tr>
<td></td>
<td>Began sponsoring the FINA World Swimming Championships</td>
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<tr>
<td></td>
<td>Organized Symposium “Leaving Behind a Better Water Environment”</td>
</tr>
<tr>
<td></td>
<td>Acquired ISO14001 certification for the Okayama Plant and completed the receipt of this certification for all 24 Group plants</td>
</tr>
<tr>
<td>2006</td>
<td>Central Institute selected for FY2006 Tokyo Metropolitan Environment Award (Governor’s Award)</td>
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<tr>
<td></td>
<td>Central Institute selected for FY2006 Japan Society on Water Environment Technology Award</td>
</tr>
<tr>
<td></td>
<td>Began introducing non-fluorocarbon vending machines that use a natural refrigerant</td>
</tr>
<tr>
<td></td>
<td>Began third phase of Yakult Environmental Action Plan</td>
</tr>
<tr>
<td>2008</td>
<td>Participated in the Team Minus 6% program of the Ministry of the Environment</td>
</tr>
<tr>
<td>2010</td>
<td>Revised the Action Directives of the Yakult Basic Policy on the Environment</td>
</tr>
<tr>
<td></td>
<td>Renamed the Environmental Countermeasures Office as the CSR and Environmental Promotion Department</td>
</tr>
<tr>
<td></td>
<td>Began the fourth phase of Yakult Environmental Action Plan</td>
</tr>
<tr>
<td></td>
<td>Central Institute earns AA+ evaluation for outstanding greenhouse gas reduction performance based on the Tokyo Metropolitan Government’s Prevention of Urban Global Warming system</td>
</tr>
<tr>
<td>2011</td>
<td>Donated combined-treatment septic tanks incorporating Yakult filter material to temporary medical care facilities built in earthquake-impacted regions of Iwate Prefecture</td>
</tr>
<tr>
<td>2012</td>
<td>Instituted “Basic Policy on CSR” and “Yakult Sustainable Ecology 2020”</td>
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<tr>
<td></td>
<td>Drafted “Yakult Environmental Action Plan” Phase 5 Plan Action Targets</td>
</tr>
<tr>
<td></td>
<td>Participated in the “Green Wave 2012” program promoted by Japan’s Ministry of the Environment</td>
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</tbody>
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