Yakult Group Human Rights Policy Guidelines

— Let's talk about human rights, now —





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Yakult Group Human Rights Policy

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Introduction

To realize a responsible value chain in which all human rights are respected

Yakult's founder, Minoru Shirota, M.D., Ph.D., 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. His research bore results, leading to the development of the *Yakult* fermented milk drink. Today, the Yakult Group's business spans 40 countries and regions around the world, and our value chain is supported by stakeholders of all kinds, including customers, suppliers, local communities, and Yakult Group employees.

With increased public scrutiny of the adverse impact of business on human rights, calls have grown stronger for responsible behavior, especially on the part of corporations conducting business globally. Deliberations on ways to bring respect for human rights into corporate activities have led to the United Nations Human Rights Council's Guiding Principles on Business and Human Rights becoming fundamental international principles.

The scope of Yakult's impact on human rights has grown with our international business expansion. We understand that human rights involve aspects that vary according to region, culture, and customs, and that there may be times when our words and actions inadvertently lead to human rights abuses. It is therefore vital that every person in the Yakult Group is aware that respecting the human rights of all people in the value chain based on international principles, and working to build a sustainable society that allows everyone to pursue happiness, leads to the embodiment of our corporate philosophy.

As an initial step, we created the Yakult Group Human Rights Policy. Following this policy, it is important to take steps to understand the impact of business activities on human rights, and carry out ongoing preventive measures so that problems do not arise, rather than dealing with problems after they arise. That effort is human rights due diligence.

The Yakult Group Human Rights Policy Guidelines were established to promote a proper understanding of the Yakult Group Human Rights Policy. The guidelines are meant to promote understanding of international principles and the link between human rights and our value chain, which extends from research and development to procurement, manufacturing, logistics, sales, consumption, recycling, and disposal. We hope you will further discuss impacts on human rights with your colleagues so as to further consider and better understand the relationship between human rights and the health and happiness of people around the world.

Let us use this precautionary approach, a root of the Yakult Group to build a responsible value chain in which all human rights are respected.

Corporate Philosophy

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

Corporate Slogan

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

The belief embodied in our corporate slogan

Yakult believes that everything on the Earth must be healthy—from the water, soil, air, plants and animals to humans in order for people to be able to live healthily and to build a sound society.

Yakult Group Human Rights Policy

The Yakult Group operates its global business under the corporate philosophy of "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular," and in order to fully realize this philosophy it is vital that we create a society where human rights are protected and respected throughout the world.

The Yakult Group recognizes that during the course of conducting business, or through our value chain there exists the possibility that the group may have a negative impact on human rights, either directly or indirectly, and in order to ensure that the human rights of all people involved in the business are respected, the group shall hereby establish the Yakult Group Human Rights Policy (hereinafter referred to as the "Policy"), shall promote initiatives to further the respect of human rights, shall undertake continuous improvements, and shall contribute to the realization of a sustainable society.

The Yakult Group acts in accordance with the United Nations' "Guiding Principles on Business and Human Rights" for respecting human rights and supports and respects the following international principles in the execution of its business activities:

The International Bill of Human Rights (The Universal Declaration of Human Rights, The International Covenant on Civil and Political Rights, and The International Covenant on Economic, Social and Cultural Rights)

■ The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and the ILO Declaration on Fundamental Principles and Rights at Work by International Labour Organization (ILO)

The OECD Guidelines for Multinational Enterprises by Organisation for Economic Co-operation and Development (OECD)

 The Children's Rights and Business Principles (developed jointly by UNICEF, UN Global Compact, and Save the Children)

The Yakult Group operates globally and conducts business activities based on the laws and regulations of the countries and regions it operates in. If the laws of a given country or region differ from international human rights norms, the group follows the higher standards. If the laws of the country or region contradict international norms, the group will pursue an internationally recognized method which respects human rights to the maximum possible extent.

1. Scope

The Policy applies to all executives and employees of the Yakult Group. The group also expects all business partners involved with the group's products and services to support the Policy and requires its suppliers to understand and comply with it.

2. Responsibility for respecting human rights

The Yakult Group recognizes that in the course of conducting business, or through our value chain there exists the possibility that the group may have a negative impact on human rights, either directly or indirectly, and shall strive to prevent any violation of human rights. Further, if there is a negative impact through its business activities, the group shall appropriately rectify it in accordance with international standards and fulfill its responsibility for respecting human rights in its value chains.

3. Establishment of promotion structure

The director of Yakult Honsha Co., Ltd. who holds the position of divisional general manager of the Management Support Division is the party responsible for the Policy and for regular oversight of the Policy and adherence to it. The content of initiatives based on the Policy shall be deliberated and discussed by the CSR Promotion Committee headed by the director who holds the position of divisional general manager of the Management Support Division, and other bodies. All matters of import are to be reported to the Board of Directors.

4. Human rights due diligence

The Yakult Group shall develop and implement mechanisms for human rights due diligence in order to fulfill its responsibilities in regards to the respect of human rights. The group identifies potential negative impacts it may have on the society and prevents and mitigates adverse human rights impact.

p.16

Pages

pp.11-12

	Pages
5. Remedy If the Yakult Group directly causes a negative impact on human rights or fosters a situation which causes a negative impact, the group shall work to remedy this through appropriate means based on international standards.	
6. Information disclosure The Yakult Group shall disclose the progress and outcomes of its human rights-related initiatives based on the Policy on its website, etc.	
7. Dialogue and talks with stakeholders The Yakult Group shall hold dialogues and talks with stakeholders who are affected by, or may be affected by, a direct or indirect negative impact on human rights.	p.16
8. Education and training The Yakult Group shall provide necessary education and ability development to its executives and employees to instill the Policy in all business activities and implement it with certainty.	
9. Human rights issues related to business activities The Yakult Group recognizes that efforts on the following human rights-related issues concerning its business activities are an important factor of responsible business practices.	
(1) Elimination of discrimination and harassment The Yakult Group prohibits any kind of discrimination or harassment based on race, religion, faith, nationality, ethnicity, place of origin, academic background, age, gender, gender identity, sexual orientation, disability, illness, job type, or type of employment, and it takes responsibility for eliminating them.	p.21
(2) Prohibition of child labor and forced labor The Yakult Group never accepts child labor, forced labor, slave labor or labor through human trafficking.	pp.19-20
(3) Respect for basic labor rights The Yakult Group respects basic labor rights including freedom of association as well as employees' right to organize and collective bargaining rights.	p.22
(4) Appropriate wage payment and management of working hours The Yakult Group shall comply with the laws and regulations of respective countries and regions and practice responsible labor customs including payment of appropriate wages that meet or exceed the legal minimum wage and appropriate management of working hours. The group shall pay attention to the maintenance and enhancement of employees' health, control excessive labor, and reduce overtime work.	pp.22-23
(5) Development of safe, secure, and sound working environments The Yakult Group shall establish safe and hygienic workplace environments where employees can work with security to support the maintenance and enhancement of employees' mental and physical health.	
The Policy has been approved by the Board of Directors of Yakult Honsha Co., Ltd. and signed by President and Representative Director.	

Established: April 27, 2021

Hiroshi Narita President and Representative Director

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What Are Human Rights?

How would you respond to this simple question?

You may have heard the term "human rights" before, but find it difficult to actually explain to someone.

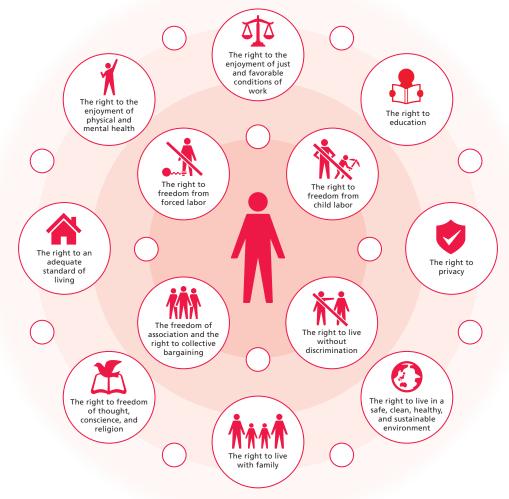
Human rights are the basic rights of a human being that every person is born with.

The Universal Declaration of Human Rights (UDHR), consisting of 30 articles, forms the basis for human rights in the world today. The declaration was adopted by the United Nations in 1948. In subsequent treaties and conventions, human rights are defined as "a common standard of achievement for all peoples and all nations."

All 30 articles enumerated in the UDHR are vital to ensure human rights and the health and happiness of people everywhere. For every person engaged in business activities, it is vital to have an understanding of its contents and to take responsible action based on a consideration of human rights.

Human rights involve a number of different rights. Below are just some examples of the many human rights that we are born with.

Examples of Human Rights



Reference: Universal Declaration of Human Rights, etc.

About the Universal Declaration of Human Rights

The Universal Declaration of Human Rights (UDHR) was adopted by the United Nations General Assembly on December 10, 1948. The declaration consists of a preamble and 30 articles and takes into consideration the constitutions and laws of the world's nations.

Many human rights treaties have been established based on the UDHR.

The Sustainable Development Goals (SDGs), adopted by the United Nations, were designed with the aim that no one on the planet is to be left behind. The SDGs are grounded in human rights and the UDHR is one of its cornerstones.

What is proclaimed in the Universal Declaration of Human Rights

In the preamble of the UDHR, the General Assembly proclaimed the UDHR to be "a common standard of achievement for all peoples and all nations," asserting in the articles that follow that everyone is entitled to economic, social and cultural rights, as well as civil and political rights.

Economic, social and cultural rights include the right to receive an education, the right to work, the right for workers to form unions, and the right to lead an existence worthy of human dignity. Civil and political rights include the freedom of thought and expression, bodily freedom, freedom of association, and the prohibition of torture, slavery, and forced labor.

Articles of the Universal Declaration of Human Rights (partial excerpts)

Article 1

All human beings are born free and equal in dignity and rights.

Article 2

Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

Article 3

Everyone has the right to life, liberty and security of person.

Article 4

No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

Article 5

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Article 6

Everyone has the right to recognition everywhere as a person before the law.

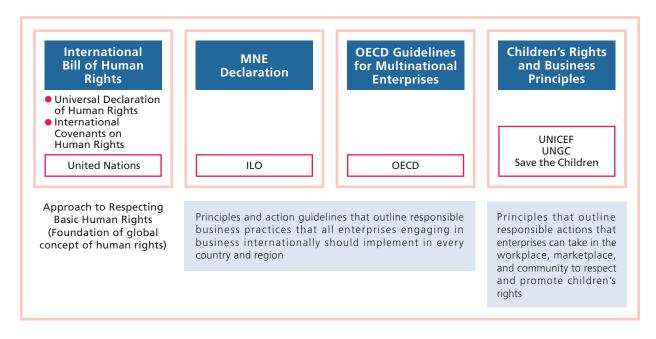
Scan code for the full text of the UDHR



United Nations, "Universal Declaration of Human Rights" (full text), OHCHR, https://www.ohchr.org/en/human-rights/universal-declaration/translations/english

International Principles Supported and Respected by the Yakult Group

The Yakult Group supports and respects the United Nations' International Bill of Human Rights, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) of the International Labour Organization (ILO), the OECD Guidelines for Multinational Enterprises from the Organisation for Economic Co-operation and Development (OECD), and the Children's Rights and Business Principles developed by UNICEF and others. These are also listed in our Human Rights Policy (see pp. 3-4).



International Bill of Human Rights

The International Bill of Human Rights, composed of the Universal Declaration of Human Rights (see p. 6) and the International Covenants on Human Rights, is the cornerstone of the international approach to respect for fundamental human rights.

The International Covenants on Human Rights are based on the content of the Universal Declaration of Human Rights and written as conventions; they are the most basic and comprehensive of any human rights treaties. The International Covenants on Human Rights consist of two covenants—the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR).

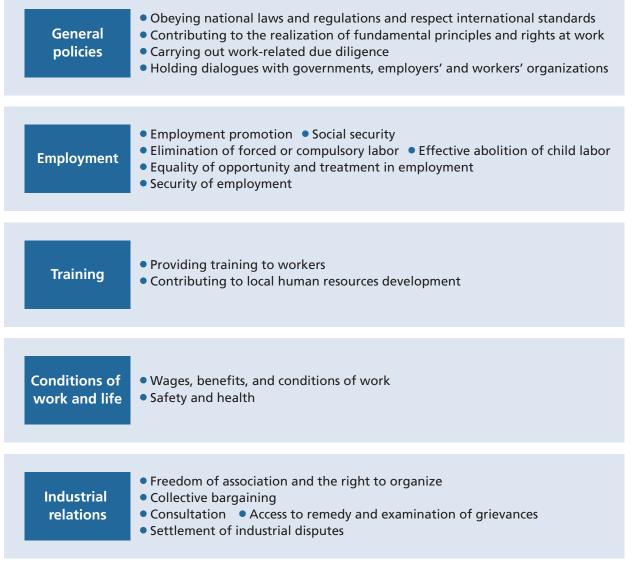


Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

The International Labour Organization (ILO) is a United Nations agency that specializes in labor issues worldwide. The ILO sets labor standards, creates policy, and engages in programs that include training, education, and research aimed at enabling every person to have productive, dignified employment ("decent work").

The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), was adopted by the Governing Body of the ILO in 1977. It provides guidance on how multinational enterprises can contribute to the realization of decent work for all. The MNE Declaration was last amended in March 2017 to take into account new developments, including the Guiding Principles on Business and Human Rights (see pp. 11–12), endorsed by the United Nations Human Rights Council in 2011 and the adoption of the 2030 Agenda for Sustainable Development.

MNE Declaration Guidelines (Five Areas)



ILO," MNE Declaration (Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy)"(full text),ILO, https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/ ---multi/documents/publication/wcms_094386.pdf



OECD Guidelines for Multinational Enterprises

The Organisation for Economic Co-operation and Development (OECD), to which developed countries belong including Japan, the U.S., and European countries, established the OECD Guidelines for Multinational Enterprises in 1976 as recommendations for responsible business conduct. The guidelines were a response to the burgeoning economic and social impacts that multinational enterprises were having on the countries in which they operated.

The guidelines cover a wide range of areas—general policies and policies on disclosure, human rights, employment and industrial relations, environment, combating bribery, bribe solicitation and extortion, consumer interests, science and technology, competition, and taxation. They are not legally binding, but it is expected for enterprises to voluntarily observe them. These action guidelines were revised in 2011, at which time a new chapter on human rights was added, specifying the human rights due diligence (see p. 12) that enterprises are to carry out.

Overview of the OECD Guidelines for Multinational Enterprises

1	Definitions and Principles	The Guidelines provide multinational enterprises with principles and standards for good practice. The Guidelines are legally non-binding recommendations. National Contact Points (NCPs) were established by adhering governments to promote and implement the Guidelines.
2	General Policies	Enterprises should contribute to achieving sustainable development, respect human rights, encourage local capacity-building, encourage human capital formation, uphold good corporate governance practices, etc. The Guidelines are a principal tool for carrying out risk-based due diligence, and for identifying, preventing, and mitigating adverse impacts of business activities, including in the supply chain.
3	Disclosure	Enterprises should ensure that timely information is regularly disclosed on all material matters regarding their activities, structure, financial situation, performance, etc. The important information that enterprises should disclose as well as disclosure recommendations are given as examples.
4	Human Rights (chapter newly established in 2011)	Enterprises have the responsibility to respect human rights and should carry out human rights due diligence as appropriate in the activities of their enterprise and those of their supply chain, etc.
5	Employment and Industrial Relations	Enterprises should respect the rights of workers, provide workers with necessary information, promote consultation and co-operation between workers and employers, and when operating in developing countries , provide adequate working conditions, training, reasonable notice of collective dismissals, etc.
6	Environment	Enterprises should take due account of the need to protect the environment, public health and safety, and to conduct their activities in a manner contributing to the wider goal of sustainable development.
7	Combating Bribery, Bribe Solicitation and Extortion	Enterprises should not offer, promise, or demand a bribe or other undue advantage. In the 2011 revision, the scope of this chapter was expanded to include combating bribe solicitation, extortion, and the use of small facilitation payments.
8	Consumer Interests	Enterprises should act in accordance with fair business, marketing, and advertising practices and should take all reasonable steps to ensure the quality and reliability of the goods and services that they provide. They should also properly ensure the security of personal data, combat misleading marketing practices, and take into consideration the needs of disadvantaged consumers, e-commerce issues, etc.
9	Science and Technology	Enterprises should contribute to the development of the innovative capacity of the countries in which they operate, and permit the transfer of technologies and know-how.
10	Competition	Enterprises should carry out their activities using competitive methods within the framework of all applicable laws and regulations.
11	Taxation	Enterprises should contribute to the public finances of host countries by making timely payment of their tax liabilities.



Source: OECD Guidelines for Multinational Enterprises (Ministry of Foreign Affairs of Japan) OECD, "OECD Guidelines for Multinational Enterprises 2011 EDITION" (full text),OECD, https://www.oecd.org/daf/inv/mne/48004323.pdf

Children's Rights and Business Principles

The Children's Rights and Business Principles were developed in 2012 by UNICEF, the UN Global Compact (UNGC), and Save the Children. Focusing on children's rights within the scope of the enterprise and human rights, these are a comprehensive set of principles to guide companies on the full range of actions they can take in the workplace, marketplace, and community to respect and support children's rights.

The following ten principles below are to be used as guidelines by enterprises in reviewing the relationship between their activities and children's rights.

1	Meet the responsibility to respect children's rights and commit to supporting the human rights of children
2	Contribute to the elimination of child labour, including in all business activities and business relationships
3	Provide decent work for young workers, parents and caregivers
4	Ensure the protection and safety of children in all business activities and facilities
5	Ensure that products and services are safe, and seek to support children's rights through them
6	Use marketing and advertising that respect and support children's rights
7	Respect and support children's rights in relation to the environment and to land acquisition and use
8	Respect and support children's rights in security arrangements
9	Help protect children affected by emergencies
10	Reinforce community and government efforts to protect and fulfil children's rights

The Framework for Respecting Human Rights Employed by the Yakult Group

—The United Nations' Guiding Principles on Business and Human Rights—

Outline

As the global economy advances, the world has become more interconnected, offering many conveniences. But concerns have been growing globally about regarding the adverse impacts of business activities on human rights. Issues such as child labor, forced labor, and a poor working environment in the supply chain are textbook examples of the negative impact of business on human rights. These concerns have given rise to calls for enterprises to act responsibly.

Against this backdrop, in 2011 the United Nations adopted the Guiding Principles on Business and Human Rights (hereafter, "Guiding Principles"). The Guiding Principles contain three pillars and 31 principles that apply to all states and all business enterprises. The latter have a responsibility to protect human rights and are being called on to work with states to improve access to effective remedy (to redress human rights abuses).

Note: The International Bill of Human Rights, the MNE Declaration, the OECD Guidelines for Multinational Enterprises, and the Children's Rights and Business Principles are international norms and standards, while the United Nations' Guiding Principles on Business and Human Rights provide a framework that incorporates approaches to respecting human rights and specific mechanisms for taking action.

Three Pillars of the Guiding Principles

State Duty to Protect Human Rights Corporate Responsibility to Respect Human Rights

Access to Effective Remedy

These Guiding Principles clarify the basic internationally recognized approach to business enterprises and human rights. They have broad public support and are being actively and widely implemented.

Implementation in Governments (States)

Many countries including Japan have formulated action plans in line with these Guiding Principles and are setting up legal systems, developing policies, and encouraging enterprises to actively take measures.

Implementation in Civil Society

The 2030 Agenda for Sustainable Development, which lists 17 Sustainable Development Goals (SDGs), aims to build a sustainable world in which no one will be left behind and makes s reference to these Guiding Principles. The concept that no one will be left behind can be considered as advocating for protecting and respecting the human rights of every person on the planet. The 17 goals, which include ending hunger, access to water, and gender equality, have human rights as their theme, which society and business enterprises need to work together to achieve.

Implementation in Investors

There is a growing trend when investing in a company to look beyond strictly financial indicators and consider the company's initiatives and disclosures in environmental, social, and governance (ESG) areas. For institutional investors, provisions involving respect for human rights play an important role in their valuation criteria relating to social engagement.







The Yakult Group partners with many stakeholders to build a responsible value chain* that follows the Guiding Principles and respects the human rights of all people.

* A value chain is a concept that describes the full chain of steps in a business's activities that add value, ranging from the procurement of raw materials to processing, logistics, marketing, sales, and provision of services.

Actions That Enable a Company to Fulfill Its Responsibility to Respect Human Rights

The Guiding Principles are aimed at enabling enterprises to fulfill their responsibility to respect human rights. They cover three things—commitment to human rights policy, carrying out human rights due diligence, and providing access to remedy for human rights abuses.

1. Commitment to Human Rights Policy

Key Points

A business enterprise is expected to show its commitment to fulfilling its responsibility to respect human rights in its human rights policy.

- The approval of company executives
- An explicit statement of expectations regarding how human rights should be addressed by employees, business partners, and individuals directly involved with the company's products and services
- Public disclosure and internal communication, etc.

2. Carrying Out Human Rights Due Diligence

A business enterprise is expected to identify the impacts its business activities have on human rights, take steps to prevent or mitigate those adverse impacts, and work to verify the effectiveness of its response.

The series of actions to be taken, including disclosure, is what is referred to as "human rights due diligence." A business enterprise is expected to introduce a human rights due diligence process in line with the size and nature of its operations.



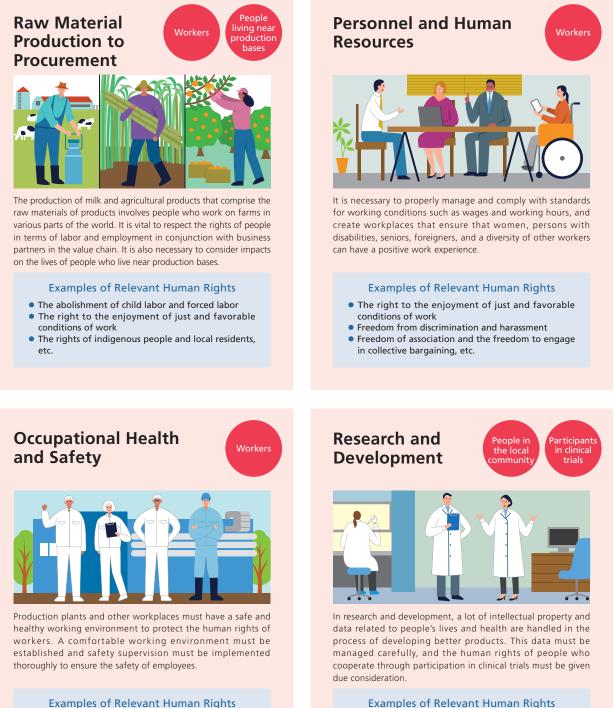
3. Providing Access to Remedy

A business enterprise is expected to have in place mechanisms that lead to an appropriate response when a grievance or consultation is received about human rights abuses in the value chain. Requirements are stipulated to guarantee the effectiveness of those mechanisms.

Key Points	Legitimacy	Accessibility	Predictability	Equitability
(Requirements)	Transparency	Rights-compatibility	A source of continuous learning	Engagement and dialogue with stakeholders

How Respect for Human Rights Can Manifest on the Job

Human rights are involved in a wide range of business areas in the value chain. It is vital for every person in the group to see daily operations from the perspective of human rights and work with business partners and others in society.



- The right to life, liberty, and safety
- The right to work in a safe and healthy working environment, etc.

Examples of Relevant Human Rights

- The right to life, liberty, and safety
- Protection of personal information and privacy
- Intellectual property rights, etc.



We manage product quality so that customers' health and safety are not threatened. It is important to give consideration to safety and ease of use in order to prevent mistaken use of products, including the packaging.

Examples of Relevant Human Rights

- The right to life, liberty, and safety
- The right to enjoy good health
- The right to be informed, etc.



It is important to deliver products safely to each and every customer who needs them, and to provide easy-to-understand explanations, including for seniors and children, that give correct information about the products.

Examples of Relevant Human Rights

- The right to life, liberty, and safety
- The right to enjoy good health
- The right to be informed
- Children's rights, etc.



We properly manage data that is handled through marketing activities. It is also important to provide people with correct information and avoid the use of discriminatory language in advertisements, posters, etc.

Examples of Relevant Human Rights

- Protection of personal information and privacy
- The right to be informed
- Children's rights
- Freedom from discrimination, etc.

Building Community Relations





Attention must be paid to avoid polluting the environment in the vicinity of business bases and to avoid producing noise, light pollution, etc. We avoid creating adverse impacts on the health and lives of people in surrounding communities and strive to build long-term relationships of trust with them.

Examples of Relevant Human Rights

- The right to enjoy good health
- The right to an adequate standard of living
- The right to life, liberty, and safety, etc.

The Yakult Group Value Chain and Human Rights

All people in the value chain involved in the Yakult Group's business activities have human rights.

The people working on the farms producing raw materials, the people working in business partners' factories, the people living in the vicinity of our plants or business bases, the people who use our products, and the people who see the commercials or posters we create... our business activities involve relationships with all kinds of people. Wherever people are human rights come into play.

In the United Nations' Guiding Principles on Business and Human Rights (see pp. 11-12), the scope of risks to human rights that should be ascertained by an enterprise extends to the entire value chain, including within the corporate group itself.

Procurement No child labor or forced labor? **Production** Logistics Safe working environment? No long working hours? No adverse impact on people who are Yakult physically or socially vulnerable? \mathbf{O} Consumption **Sales** No environmental No discriminatory advertising? Are products safe? pollution or other adverse impact on residents' lives? **Recycling and Disposal** No illegal waste disposal?

The Yakult Group Value Chain

What Is Written in the Yakult Group Human Rights Policy?

The Yakult Group established its human rights policy in April 2021, at which time the policy was announced both internally and externally (see pp. 3-4). Based on this policy, each and every member of the group shall work to deepen their understanding of what it means to respect human rights in their daily duties, working with business partners and others throughout our value chain which extends from research and development to procurement, production, logistics, sales, consumption, recycling, and disposal.

The Human Rights Policy contains everything outlined below. The Yakult Group acts in accordance with the United Nations' Guiding Principles on Business and Human Rights (see pp. 11-12), which stands as a framework for the respect of human rights used by countries and enterprises worldwide. We also support internationally recognized principles on human rights (see pp. 7-10) and carry out measures that promote respect for human rights.

1	Spheres of application	All executives and employees of the group, together with business partners, shall take steps to respect human rights.
2	Responsibility for respecting human rights	The group shall fulfill its responsibility to respect human rights in the group's entire value chain from raw material production to consumption and disposal.
3	Establishment of promotion structure	The director of Yakult Honsha Co., Ltd. in charge shall clarify the group's manage- ment system for carrying out human rights-related initiatives.
4	Human rights due diligence	The group shall develop and implement human rights due diligence to identify potential negative impacts on human rights and prevent and mitigate those impacts on human rights.
5	Remedy	If the group causes a negative impact on human rights or fosters a situation that causes such impact, the group shall work to remedy it.
6	Information disclosure	The group shall disclose the progress and outcomes of its human rights-related initiatives.
7	Dialogue and talks with stakeholders	The group shall hold dialogues and talks with stakeholders whose human rights are (or may be) adversely affected by the group's activities.
8	Education and training	The group shall provide education and ability development to its executives and employees on carrying out human rights-related initiatives.
9	Human rights issues related to business activities	The group recognizes that human rights-related initiatives are an important factor of responsible business practices.

Note: The items outlined in red are specific things carried out in human rights due diligence.

The full text of the Yakult Group Human Rights Policy is found on pp. 3-4 🔶

Key Human Rights Issues for the Yakult Group

The Yakult Group identified 14 key human rights issues in fiscal 2021.

First, with advice from external experts, the Yakult Group conducted a survey on human rights issues (potential human rights risks) throughout its value chain, covering major international norms and industry-specific human rights issues, establishing which issues pertain to which stakeholders.

Next, at a review meeting set up at Yakult Honsha to examine human rights due diligence, multiple cross-departmental teams discussed and evaluated the human rights issues identified, and selected key human rights issues that were considered to be particularly relevant to the Yakult Group.

The relationship and importance of each issue to the Yakult Group's business activities are explained starting from page 19.

	Key Human Rights Issues	Main Stakeholders Involved	
1	Forced Labor/Human Trafficking Forced labor exists in the world today, whether in developed or developing countries.		
2	Child Labor Child labor impedes the psychological and physical growth of children and may put their lives in danger. Also, by losing the opportunity to get an education, children have their future potential stolen from them.		
3	Discrimination It is important to see things from others' perspectives and act accordingly, while also acquiring the right knowledge for eliminating discrimination.	Employees	
4	(Yakult) Inhumane Treatment Harassment is a wrongful affront to an individual's dignity and is both socially impermissible conduct and a human rights abuses.		
5	Freedom of Association and the Right to Collective Bargaining Good communication between workers and employers is crucial for reaching a labor agreement that can be accepted by both labor and management.		
6	Working Hours Long working hours involve many kinds of risks that can lead to human rights abuses.		

	Key Human Rights Issues	Main Stakeholders Involved	
7	Wages To get paid appropriate wages for work performed is also a basic human right.	Employees (Yakult)	
8	Occupational Health and Safety Let us make sure that workplaces are safe, hygienic, and healthy to protect the mental and physical health of employees.		
9	Human Rights Issues in the Supply Chain Note: Refers primarily to key human rights issues 1–8 in the supply chain. The Yakult Group is not irrelevant with regard to human rights abuses that may occur in the supply chain.	Supply chain	
10	The Health of Nearby Residents Thorough preventive measures are crucial for preventing health hazards to nearby residents.	Local	
11	Access to Water and Sanitation Clean water is essential for the people in local communities to lead healthy lives. It is vital to conduct business activities responsibly, taking into account the water and sanitation conditions of the areas in which we operate.	communities	
12	Ethical and Responsible Marketing The Yakult Group has a social responsibility to carry out marketing consistent with respect for human rights.	Consumers	
13	Health and Safety Assuring the health and safety of customers is our duty as a manufacturer of food products, pharmaceuticals, and cosmetics.		
14	Privacy Rights It is vital to take precautions to ensure that information is not leaked or used for other purposes.	Employees and local communities (participants in clinical trials)	

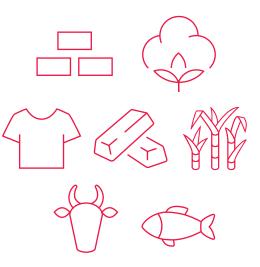


Forced labor is defined as "all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily" by the ILO. Forced labor is not limited to a person being compelled to work through violence or threats. It also takes the form of withholding wages or overtime pay, work under misrepresented conditions, and other situations.

In addition to forced labor, "modern slavery" encompasses enslavement, conditions of servitude, human trafficking, and similar situations, and business enterprises are being called on to help in its eradication. According to a report issued by the ILO and others in 2022⁺¹, there are an estimated 50 million people in situations considered modern slavery today, an increase of over 10 million more people since the previous global estimates were issued in 2017. Women and children continue to be in the most vulnerable position. Also vulnerable are immigrants, migrant workers, and workers who are burdened with heavy debt, including illegal brokerage fees or held deposits. The report says that such people are at acute risk of being subject to poor working conditions.

Including its entire supply chain, a corporation must guarantee that it does not engage in forced labor or human trafficking. The Yakult Group never accepts child labor, forced labor, slave labor, or labor through human trafficking. We do not force anyone to work against their will and do not restrict anyone's freedom to leave their job. Our group, including our entire supply chain, shall take steps to ensure that no forced labor or human trafficking occurs.

Goods Most Reported to be Made with Forced Labor* ²	Unit: number of countries
Bricks	9
Cotton	7
Garments	8
Gold	5
Sugar cane	5
Cattle (livestock)	5
Fish and Shellfish	5



*1 Source: "Global Estimates of Modern Slavery: Forced Labour and Forced Marriage" (2022), a report issued by the International Labour Organization (ILO), Walk Free, an international human rights group, and the International Organization for Migration (IOM) *2 Source: "2022 List of Goods Produced by Child Labor or Forced Labor" by the Bureau of International Labor Affairs, an agency within the U.S. Department of Labor

Child Labor

2

Do you know the adverse impacts that child labor has on children's human rights?

Child labor impedes the psychological and physical growth of children and may put their lives in danger. Also, by losing the opportunity to get an education, children have their future potential stolen from them.

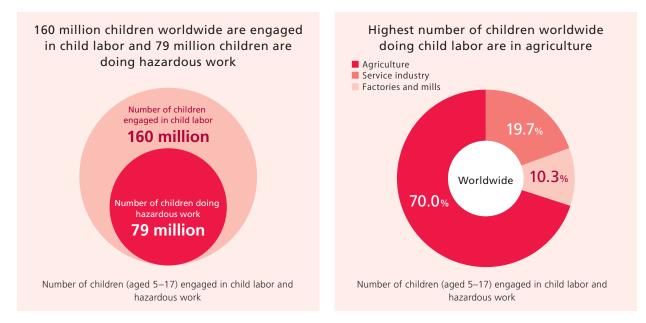
International treaties recognize two patterns of child labor. The first is working instead of getting an education among children under the age of 15 (or 14 for developing countries), an age at which they should be receiving compulsory education. The second is work that is hazardous to the health, safety, or morals of children under 18 years old. The ILO defines child labor as work that is "mentally, physically, socially or morally dangerous and harmful to children; and/or interferes with their schooling."

Child labor is work that deprives children of the opportunity to get an education and impedes their healthy growth. Child labor is not helping one's family with the housework or farm work, having a part-time job as a student, or earning pocket money outside of school hours. Children unable to receive elementary education will grow up without having learned to read or write, which means their future potential is taken from them and, as they grow up, they will only be able to get low-skilled jobs. Child labor impedes the psychological and physical development of children and is a human rights abuses that not only infringes upon the dignity of childhood but takes away their future, as well.

According to the ILO report, 160 million children are engaged in child labor worldwide, 70% in agricultural work. The Yakult Group, which procures agricultural products as raw materials such as sugar (sugar cane), isomerized sugar (corn), and soy milk (soybeans), is not irrelevant with regard to child labor that may occur in the supply chain.

The Yakult Group will protect children from work that is damaging to their health, safety and morals, and will eliminate labor by children not yet of working age. (Yakult Group Supplier CSR Guidelines)

We will take steps to ensure that child labor is not taking place in our group or at direct suppliers or subcontractors, which includes the processes of producing raw materials.



Source: "Child Labour: Global estimates 2020, trends and the road forward" by the ILO and UNICEF

Discrimination

3

Is there something discriminatory about that casual comment?

It is important to see things from others' perspectives and act accordingly, while also acquiring the right knowledge for eliminating discrimination.

The Yakult Group has a large number of employees and all kinds of people working for it. Also, many stakeholders are involved in Yakult's business—customers, shareholders, business partners, etc. We need to respect the human rights of all people with whom we are involved and not do harm to any individual's dignity.

The Yakult Group prohibits any kind of discrimination or harassment based on race, religion, faith, nationality, ethnicity, place of origin, academic background, age, gender, gender identity, sexual orientation, disability, illness, job type, or type of employment in any aspect of our business activities. If any discrimination does occur or might occur, we will eliminate and remedy it. (From the Yakult Ethical Principles and Code of Conduct and the Yakult Group Human Rights Policy)

Teasing people with disabilities or using discriminatory language against them, evaluating personnel based on their gender or nationality, or product design or advertising that stereotypes people of a certain ethnicity are all forms of discrimination. Discrimination is said to arise from subjective, preconceived notions and biased thinking.

To create a society in which everyone can live freely without discrimination and prejudice, it is important to reexamine one's own words and actions to make sure they are not discriminatory, be considerate of others' feelings, and see things from their perspective and act accordingly.





Inhumane Treatment

Do you have the right knowledge for preventing harassment?

Harassment is a wrongful affront to an individual's dignity and is both socially impermissible conduct and a human rights abuses.

The Yakult Ethical Principles and Code of Conduct clearly prohibits any form of harassment. Harassment may lead to a decline in the victim's physical or mental health; it discourages people from working and causes the workplace environment to worsen by upsetting workplace order.

It is important to deepen your understanding of harassment risks so that you do not become either a perpetrator or a victim. Regular communication is vital, and steps taken to deepen mutual understanding and share perceptions at the workplace will help create a workplace environment in which harassment does not occur.

4



Freedom of association is vital for both workers and employers to assure their civil liberties and rights at work. Moreover, labor–management dialogue is beneficial to the enterprise and society at large as it leads to both sides gaining an accurate understanding of the issues and resolving them.

The enterprise must not interfere in the formation of labor unions nor engage in anti-union discriminatory treatment. The Yakult Group complies with all laws and regulations pertaining to the freedom of association and the right to collective bargaining, and respects the fundamental rights of workers to join or organize employee labor unions or other associations and the right to collective bargaining.



Working Hours

6

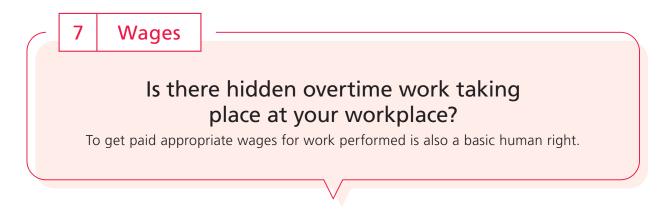
Are you properly managing your own workload and schedule and those of your subordinates?

Long working hours involve many kinds of risks that can lead to human rights abuses.

Long working hours not only impose an excessive load of labor but can also lead to less sleep or rest time, time spent with family, or vacation time, and can cause a buildup of fatigue. If a person continues to work long hours, their work productivity declines and they are at higher risk of sudden death from overwork or developing depression or other illnesses. Recently, remote work opportunities have been on the rise, so it is necessary to ascertain how many hours people spend working outside the workplace. Caution is required regarding workplaces where people work long hours on a regular basis or where it is common for people not to be able to take adequate breaks.

Also, forcing a business partner to meet a tough delivery deadline may lead to longer working hours or other issues at their business. The business partner's lead times must be sufficiently taken into account when specifying delivery dates.

The Yakult Group shall comply with the laws and regulations of each country and region and ensure that labor is managed responsibly, which includes an appropriate amount of working hours. We will work to maintain and promote the health of employees, curb overwork, and reduce overtime hours.



The Yakult Group shall comply with the laws and regulations of respective countries and regions and practice responsible labor customs including payment of appropriate wages that meet or exceed the legal minimum wage, payment of a premium for overtime work (overtime pay), and the appropriate management of working hours.

In addition, all people have the right to receive equal pay for equal work without discrimination. We value the perspective of recognizing gender equality and the labor and employment rights of people with disabilities, and we implement fair employment to enable a diverse range of people to let their individuality and abilities shine and allow them to play active roles in the workplace.

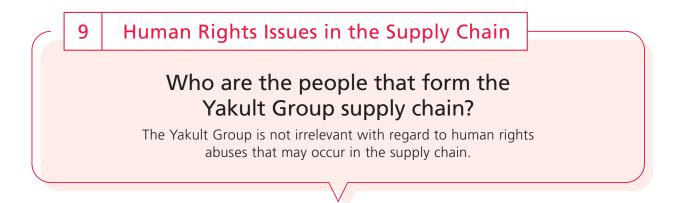




8 Occupational Health and Safety Is your workplace environment safe? Let us make sure that workplaces are safe, hygienic, and healthy to protect the mental and physical health of employees.

A wide range of steps need to be taken to guarantee occupational health and safety. These include ensuring the proper use of protective equipment such as gloves and helmets in a plant or at a work site; the thorough management of hazardous materials such as chemicals; implementing safety precautions and regular inspections of plant machinery and tools and vehicles used for business; and making preparations for an emergency situation, such as an earthquake or fire. In addition to the need to prevent workplace accidents and overwork, there is also a growing recognition of the benefits of health checkups to prevent sickness and provide mental health care. Maintaining the safety and health of workers leads to sound business activities.

The Yakult Group shall maintain the safety and health of employees by following the law, complying with both external and internal regulations, and establishing and maintaining a safe working environment. (From the Yakult Ethical Principles and Code of Conduct)



The Yakult Group's supply chain for the procurement of raw materials extends across the globe. Employees of suppliers, individuals involved in the production or transportation of agricultural products, nearby residents, and the general public are all stakeholders who may well be at risk of having their human rights violated through the supply chain, directly or indirectly. We need to pay attention to and take steps to resolve human rights issues occurring both with direct suppliers and with those further upstream in raw material production areas.

International experts and organizations have pointed out, for example, that forced labor and child labor might be occurring in the production of certain raw materials such as palm oil, soybeans, and sugar cane. These specific raw materials are used in a wide range of products in modern society and since the Yakult Group uses these specific raw materials, these human rights issues are closely related to our business activities, and we have a social responsibility to find solutions to them.

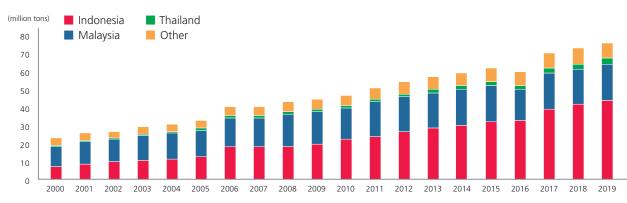
An Example: Palm Oil and Supply Chain Human Rights Issues

Palm oil is extracted from the fruit of oil palm trees, which are grown in tropical regions. In some developed countries—in the EU and United States—palm oil must be labeled by law as a raw material, but in many countries, including Japan, there is no such labeling requirement. For this reason, palm oil is often listed as "vegetable oil" or "vegetable oils and fats" on product ingredient labels, and although people may not be aware of it, palm oil is the most common of all vegetable oils and fats in the world.

Palm oil is used in margarine, chocolate, instant noodles, and other processed foods. It is also widely used as an ingredient in soaps, detergents, shampoos, and cosmetics.



Worldwide, 74.59 million tons of palm oil were produced in 2019, and that volume continues to grow year by year. Approximately 90% of that production takes place in three countries in Southeast Asia—Indonesia (about 58%), Malaysia (about 27%), and Thailand (about 4%).

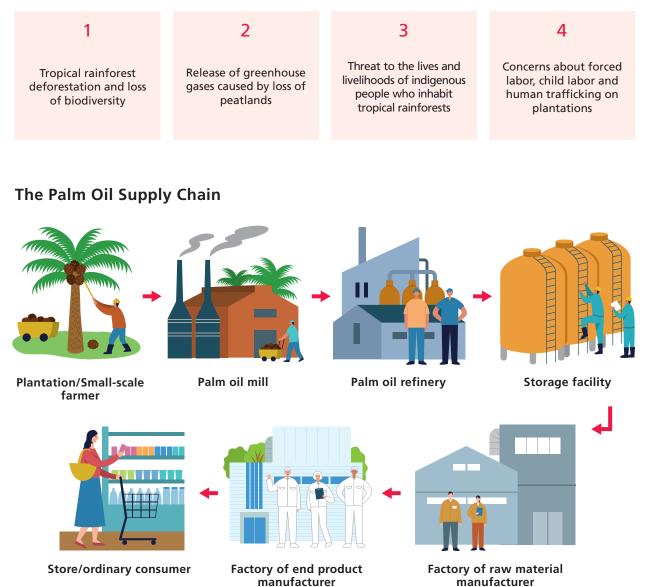


Global Volume of Palm Oil Production

Source: FAOSTAT

Palm oil has a significantly higher yield per unit area than other oils such as rapeseed oil or sunflower oil, and is cheaper to buy. So, as the world's population rises and more people consume foods high in oils and fats, the demand for palm oil grows and more land is given over to oil palm plantations. However, the expansion of oil palm plantations and improper management of such lands cause environmental problems and problems for local communities.

Major Problems



The Yakult Group also uses palm oil as an ingredient in foods and cosmetics, and is being called upon to take responsible action with regard to its supply chain. Specifically, the group is moving forward with responsible procurement, which includes establishing traceability* for the palm oil it uses, which involves tracing information back to the origin of commodity production, and switching to internationally certified products for sustainable palm oil.

* Establishing traceability will allow the company to ascertain if palm oil is being produced in areas where there are concerns about human rights abuses, environmental destruction, or other problems, and to respond quickly if such problems arise.

10 The Health of Nearby Residents Do you know the impact that the Yakult Group's business activities have on local environments? Thorough preventive measures are crucial for preventing health hazards to nearby residents.

The plants and business offices of the Yakult Group and its business partners are located across the globe. Their operations may give rise to air pollution, chemical emissions, water pollution, noise, and foul odors that could have adverse effects on the health of nearby residents. Complying with environmental regulations and other laws in each business location, as well as conducting regular maintenance of equipment to keep facilities operating properly are important ways to prevent problems from arising. Also, we aim to communicate clearly with residents in surrounding areas to keep problems at bay, as well as respond quickly if a problem does arise and offer remedies.

Besides maintaining rigorous compliance with environment-related laws, regulations, and agreements, the Yakult Group will autonomously set its own environmental standards, and strive to further improve the level of its environmental management and eliminate environmental pollution risk factors before they occur. (From the Yakult Basic Policy on the Environment)



Access to Water and Sanitation

Did you know that water and human rights are closely related?

Clean water is essential for the people in local communities to lead healthy lives. It is vital to conduct business activities responsibly, taking into account the water and sanitation conditions of the areas in which we operate.

Access to safe drinking water and sanitation for leading healthy lives is a right of community residents. If, for example, a Yakult Group plant or business site, a supplier's farm, or a business partner's factory engages in excessive water use or generates pollution through wastewater in its operations, interfering with the local water supply, this will have a significant adverse effect on the lives of community residents.

According to the 2020 edition of the United Nations World Water Development Report, almost a quarter of the world's population lives in areas that face reduced water availability, a figure that is expected to rise to 40% by 2050. The world's population will continue to rise and due to economic development and changes in consumption patterns, global water demand is expected to increase by 20–30% over current figures, threatening even more severe water shortages. With that in mind, we need to pay careful attention to our operations to ensure access to water and sanitation for community residents.

The Yakult Group has set fixed targets to reduce water consumption (per production unit) and formulated management plans to address water risks at production bases in order to promote the conservation and sustainable use of water resources.

(From the Yakult Group Environmental Vision)

11



Ethical and responsible marketing is marketing that not only makes an appeal to users regarding the value of products and services but also takes into consideration the human rights of stakeholders.

We have also established the Yakult Group Advertising Policy, which specifies key steps to be taken to promote ethical and responsible marketing.

For responsible advertising activities (from the Yakult Group Advertising Policy)

Compliance and	The group shall comply with all laws and regulations involving our business activities in respective countries and regions, along with international standards and the Yakult Ethical Principles and Code of Conduct.
Ethical Conduct	The group shall not use defamatory or discriminatory expressions. We shall avoid accepting or encouraging excessive consumption, misleading customers, or using confusing indications.
Providing Correct	Our PR efforts on the safety of products and their nutritional and health benefits shall be based on scientific evidence.
Information Based on Scientific Evidence	The group shall also accurately indicate material characteristics such as taste, size, safety of the contents, and nutritional and health benefits.
Consideration for	From the perspective of respecting and promoting children's rights*, the group shall not take advantage of the lack of knowledge or experience of children or their curiosity, imagination, or developmental characteristics.
Children's Rights	To promote and realize a healthy and regular diet and lifestyle among children, the group shall not use expressions that go against related public guidelines.
Checking in Advance and Audits	The group shall check in advance and carry out internal audits of the contents of information to be disseminated in advertising and communications.

* On respecting and promoting children's rights

Because children are still developing physically and mentally, they are easily manipulated by advertising and marketing, and they are in a vulnerable position, susceptible to being left behind in society. Enterprises must prevent harm to children and proactively safeguard their interests. Children's Rights and Business Principles (see p. 10)





Ensuring the health and safety of our customers is one of our most important obligations as a manufacturer of food products, pharmaceuticals, and cosmetics. It is vital to develop products that are never a detriment to the mental or physical health or safety of our customers. We shall maintain thorough quality control at every stage, including the procurement of raw materials, manufacturing, and distribution. We shall also communicate how to take or use our products safely through product labeling and information provided on our website to ensure that no harm comes to the health of consumers who use our products.

The Yakult Group contributes to the health and happiness of people around the world by offering safe and secure products and services with sincerity. The Yakult Group works as one to ensure quality control and offers safe, secure, quality products and reliable, satisfying services at all levels of research, development, procurement, production, logistics, public relations, advertising, and sales.

In addition to compliance with laws, regulations, etc., of the countries and regions where it conducts business, the Yakult Group shall strive to respect cultures and customs and ensure high quality and safety. The group has established a quality management system complying with global standards in production. It shall adhere to international norms regarding quality and safety and carry out responsible business activities. (From the Yakult Group Basic Quality Policy)





14 Privacy Rights

Are you violating anyone's privacy without realizing it?

It is vital to take precautions to ensure that information is not leaked or used for other purposes.

The right to privacy refers to the rights such as the right to not have one's personal information or other information that you do not want others to know collected without your consent or disclosed to a third party. The right of portrait—the right to refuse to have one's photo or likeness used without permission—is also a privacy right. The Yakult Group handles personal information belonging to employees, customers, and others. For example, we may collect customer information through marketing activities, clinical trials for new drugs, or other activities, but we manage that information carefully to ensure that it is not used for any other purpose or leaked externally. Our privacy policy is also displayed on our website, explicitly stating our rules for handling personal information.

An Outside Stakeholder's Expectations of the Yakult Group

Ms. Akiko Sato

United Nations Development Programme (UNDP) Business and Human Rights Liaison Officer/Lawyer

Ms. Sato works on promotion and raising awareness of business and human rights through supporting formulation of human rights policy, human rights due diligence, coordinating stakeholder engagement, and policy recommendations.



Sustainability is becoming an ever more important concept and approach as the public is feeling a greater sense of urgency about the fact that today's world and environment is not sustainable. The UN Guiding Principles on Business and Human Rights call for business enterprises to act responsibly toward people in society and the environment.

Many things might be taken for granted throughout our daily lives, much as the air we breathe, but are in fact important human rights—being able to eat nutritious food, getting a school education, transportation by bus or train, leading a healthy, safe life, or getting treated at a hospital, for example. The Yakult Group's corporate slogan, "In order for people to be healthy, everything around them must also be healthy," is no less than a statement about the pursuit of human rights. Although every human being is born equally entitled to those rights, the unfortunate reality is that not everyone is able to enjoy those rights equally. The Sustainable Development Goals (SDGs) set forth by the United Nations aim to create a world in which the dignity of every single person is protected and mutually respected.

Each person working as a member of the Yakult Group has enormous power to shape the world and make it a better place that is easy to live for everyone—not only regarding human rights in the workplace but also extending to the ability to bring about change by guaranteeing local residents access to water and improving their sanitation—local issues that are closely related to business. Tackling human rights issues such as proactively eliminating discrimination in the advertising of products can also have an impact on society as a whole over time.

I expect that the Yakult Group will discuss the importance of human rights in daily life, and make good use of the human rights policy guidelines to work in unison to realize a responsible value chain.

Final Note

In these guidelines, we have introduced fundamental concepts, basic knowledge, and specific measures with respect to human rights taken by the Yakult Group for the purpose of helping everyone to gain a deeper understanding of the Yakult Group Human Rights Policy.

Do you now have a better understanding of human rights issues in the international community and the key human rights issues closely related to the Yakult Group?

In order to realize a responsible value chain in which all human rights are respected, it is necessary to acquire proper knowledge, value your own human rights, and act with consideration for the position of the other person. Similarly, it is important to give consideration to human rights throughout the value chain—not only within the group.

Let's work together in unison with the Yakult Group, deepening our understanding of human rights and contribute to the health and happiness of people around the world.

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