

## **The Yakult Group establishes Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing**

Yakult Honsha Co., Ltd. (President: Hiroshi Narita) announces the establishment of the Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing (hereafter referred to as the Commitment), which aims to eliminate deforestation from the supply chain.

We have identified raw materials at risk of deforestation in our supply chain and are committed to promoting sustainable procurement of these materials, setting out our basic policy, initiatives and targets.

We believe that only when everything on the planet is healthy, from water, soil, air, plants, animals and the societies woven together by people, can people live healthy lives.

Based on this belief, we have established the Yakult Group Environmental Vision, the Yakult Group Human Rights Policy and the Yakult Group CSR Procurement Policy to address environmental and human rights issues in our supply chain.

The planet's environment is at risk due to global warming, environmental pollution, loss of biodiversity and depletion of natural resources. Based on the Commitment, we will pursue our business activities while considering the planet's environment and the lives and human rights of the people supported by the environment, and to create a society where people and the planet can coexist forever.

A summary of the Commitment is as follows.

### **Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing**

#### **➤ Basic Policy to eliminate deforestation**

In our raw material procurement activities, we are particularly aware of the importance of protecting forest ecosystems, and deforestation\*<sup>1</sup> is closely linked to global issues related to the Yakult Group's materiality such as climate change, water and supply chain management.

For raw materials such as palm oil and soy, there is a risk of deforestation within the supply chains, as well as risks associated with deforestation such as water and soil pollution and biodiversity loss.

In addition, forests support the livelihoods of people living in and around them. We recognize that there is a risk of human rights abuses associated with deforestation for indigenous peoples and local communities, including the loss of places to live and livelihoods due to deforestation.

From this perspective, we regard deforestation as an important business risk/threat that needs to be addressed for the sustainability of the Yakult Group, which is supported by natural capital and local communities, and aim to achieve zero deforestation in the supply chain for raw materials with a high-risk of deforestation.

### ➤ Initiatives and Targets/KPIs

We identify **pulp and paper, palm oil, soy and dairy products** (e.g. skim milk powder) as raw materials with a high-risk of deforestation, set Targets and KPIs for their sustainable procurement, and promote responsible procurement in our supply chain.

\*The quantitative Targets and KPIs will be reviewed and updated as appropriate to improve ongoing efforts in the Commitment.

<b>Scope</b>	<b>All consolidated sites in Japan and overseas involved in the procurement of raw materials to produce food and beverages, pharmaceuticals and cosmetics for the Yakult Group</b>
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<b>Commodities</b>	<b>Target fiscal year</b>	<b>Quantitative targets</b>
<b>Pulp and paper</b>	<b>2025</b>	<b>100% of the paper and pulp</b> procured for paper containers and packaging to be switched to internationally certified materials such as <b>FSC<sup>®*2</sup></b> or recycled paper
<b>Palm oil</b>	<b>2025</b>	<b>100% of palm oil</b> procured to be switched to <b>RSPO<sup>*3</sup></b> -certified products (MB <sup>*4</sup> and above)
<b>Palm oil</b>	<b>2030</b>	<b>100% traceability of palm oil</b> procured as a primary raw material back to the agricultural origin of its production
<b>Soy</b>	<b>2030</b>	<b>100% traceability of soybean</b> procured as a primary raw material back to the agricultural origin of its production
<b>Dairy products</b>	<b>2030</b>	<b>100% traceability of dairy products</b> (e.g. skim milk powder) back to the source, such as the dairy farmer, in collaboration with suppliers

- ◆ Click here for the full text of the Commitment (PDF).

[https://www.yakult.co.jp/english/csr/social/supply\\_chain/pdf/deforestation\\_free\\_en.pdf](https://www.yakult.co.jp/english/csr/social/supply_chain/pdf/deforestation_free_en.pdf)

- ◆ Click here for the explainer video related to the Commitment.

[https://www.yakult.co.jp/english/csr/social/supply\\_chain/index.html](https://www.yakult.co.jp/english/csr/social/supply_chain/index.html)

Note: The explainer video will be uploaded to this website page in late April 2023.

\*1: The definition of 'deforestation' in the Commitment is as follows.

- Conversion of natural forest, HCV and HCS areas to agriculture or non-forest land uses
- Conversion of natural forest, HCV and HCS areas to plantation forests
- Loss of natural forest, HCV and HCS areas due to severe and continuous degradation

<About HCV and HCS>

- HCV : HCV stands for High Conservation Value, which means that an area is valuable and of high conservation value, taking into account biodiversity, water conservation, culture, landscape, etc. \*Details based on FSC® Principles and Criteria for Forest Stewardship Standard.
- HCS : HCS stands for High Carbon Stock, meaning that the land contains high concentrations of organic matter and stores large amounts of carbon, including carbon dioxide, a greenhouse gas

\*2: FSC® stands for Forest Stewardship Council®, an international, non-governmental organization that dedicated to promoting responsible management of the world's forests.

\*3: RSPO stands for Roundtable on Sustainable Palm Oil, a non-profit organization made up of seven stakeholders in palm oil, with an international certification system for sustainable palm oil.

\*4: MB stands for Mass Balance, a model of RSPO Certified Sustainable Palm Oil from certified sources that is mixed with ordinary palm oil throughout the supply chain.