# Sustainability Report 2024

Yakult

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# About the Sustainability Report 2024

Contents

03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings

10 Sustainability
10 Basic Policy on CSR
10 Yakult Ethical Principles and Code of Conduct
10 Signing the UN Global Compact
11 The Yakult Sustainability Action Plan
11 Group-wide awareness of sustainability
11 Materiality assessment
13 What the SDGs mean to Yakult
13 The Yakult Group's contributions to the SDGs
14 Raising awareness of the SDGs
15 The SDGs Yakult is contributing to through its business activities
16 Dialogue with stakeholders
17 Deepening understanding through dialogue

19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity

50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction

104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance

116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## On the terms used in this report

In this report "workers" refers to persons working for the Yakult Group, including independent contractors such as Yakult Ladies and Yakult Beauty Advisors. The term "employees" includes regular employees, full-time contract employees, contract employees and temporary staff, and excludes the independent contractors.

## How to use this PDF

This PDF contains links that direct to related pages and external sites.

**Navigating throughout the report**

Clicking on the left or right arrow ◀ ▶ at the top of each page navigates to the previous or next page.
Clicking on the return arrow ↩ at the top of each page returns you to the page viewed directly previously.

**Using the sidebar**

Clicking on an item navigates you to the relevant section.

## Yakult's corporate communications tools

- Company profile
  https://www.yakult.co.jp/english/company/index.html
- *Integrated Report* (to be released mid-December)
  https://www.yakult.co.jp/english/ir/library/integrated.html
- Sustainability website
  https://www.yakult.co.jp/english/sustainability/
- *Sustainability Report* (this report)
- *Sustainability Stories*[*1]
  https://www.yakult.co.jp/english/sustainability/download/
- IR information website (management policy, financial and stock information)
  https://www.yakult.co.jp/english/ir/
- *Annual Report*[*2]
  https://www.yakult.co.jp/english/ir/library/annualreport.html

*1 Called the *CSR Communication Book* through fiscal 2021. *2 Publication through fiscal 2023.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Editorial Policy

The *Yakult Sustainability Report 2024* was prepared based on the following key concepts from the Yakult Group's sustainability activities in fiscal 2023.

## ● Comprehensively disclosing sustainability activities

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

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

We also publish *Sustainability Stories* as a communications tool aimed at general consumers.

## ● Presenting the Yakult Sustainability Action Plan* by ESG area

Organizing our sustainability activities in line with ESG categories, we use the Yakult Sustainability Action Plan to identify and work on achieving specific annual action targets. The initiatives detailed in this report are presented under each separate ESG area: environmental, social and governance.

* Called the Yakult CSR Action Plan through fiscal 2023

## ● Greater reporting on materiality

The Yakult Group identified six material themes in March 2021. Accordingly, this report provides greater details about our environmental initiatives—climate change, plastic containers and packaging, and water—and social initiatives—innovation, value co-creation with communities and supply chain management—along with messages from the chief officers in charge of operations closely linked with these issues.

## ● Timely disclosure of sustainability activities

We update our sustainability website to provide information about Yakult Group sustainability activities in a timely manner. Relevant information is disclosed on an ongoing basis.

### Publishing date

Japanese edition: November 2024
(Previous edition: September 2023, next edition: November 2025)
English edition: November 2024
(Previous edition: November 2023, next edition: November 2025)

### Publishing format

Published online only (in both Japanese and English)

### Period covered

Fiscal 2023 (April 1, 2023, through March 31, 2024)
Note that for information considered important, this report covers periods before or after fiscal year 2023.

### Scope of data

The report covers all business sites of Yakult Honsha Co., Ltd. and the Yakult Group.
References to the "Yakult Group" contained in this report include Yakult Honsha, marketing companies, logistics companies and affiliated companies in Japan as well as business sites outside Japan.
Scope by type of data
Financial data: Yakult Honsha Co., Ltd., 71 subsidiaries and 18 affiliated companies
Environmental and social data: Scope indicated individually
Governance data: Yakult Honsha Co., Ltd.

### Guidelines referenced

- GRI Sustainability Reporting Standards (Core option)
  Note: GRI Guidelines Cross-Reference Table published on our website
- Environmental Reporting Guidelines
- Environmental Accounting Guidelines

### Third-party assurance and opinions

This report includes expert third-party opinions on ESG, which are incorporated into the PDCA cycle. To enhance the reliability of this report, the data it includes on GHG emissions and environmental and social performance has undergone third-party verification by SOCOTEC Certification Japan.

**Disclaimer**
If information provided in previous sustainability and CSR reports has been revised or restated, or if significant changes have been made, the details will be included in this report.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Overview of Yakult's Operations

## Profile of Yakult Honsha (as of March 31, 2024)

| | |
|---|---|
| Name: | Yakult Honsha Co., Ltd. |
| Address: | 1-10-30, Kaigan, Minato-ku, Tokyo, Japan |
| Founded: | April 9, 1955 |
| Businesses: | Manufacturing and marketing of food and beverages, pharmaceuticals, and cosmetics and other operations |
| Paid-in capital: | 31.118 billion yen |
| Net sales: | (April 1, 2023, to March 31, 2024)<br>184.54 billion yen (non-consolidated)<br>503.08 billion yen (consolidated) |
| Total assets (consolidated): | 833.29 billion yen |
| Net assets (consolidated): | 605.95 billion yen |
| Business sites: | 1 research institute, 5 branches, 7 plants, 8 pharmaceutical branches, 12 logistics centers, 2 pharmaceutical distribution centers |
| Number of employees: | 2,810 (including 350 seconded employees and 187* contract employees) |

* Of whom 32 are seconded

## Profile of Yakult Group (as of March 31, 2024)

### Japan

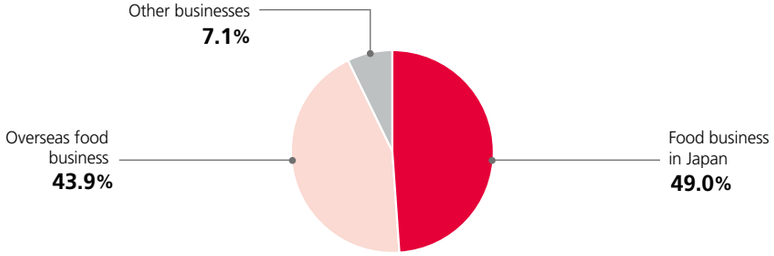
| | |
|---|---|
| Marketing companies: | 101 |
| Number of employees: | 12,846 |
| Number of Yakult Ladies: | 32,438 |
| Number of Yakult Beauty Advisors: | 3,213 |
| Bottling companies: | 6 |
| Affiliated companies, etc.: | 12 companies and 4 associations |

### Overseas

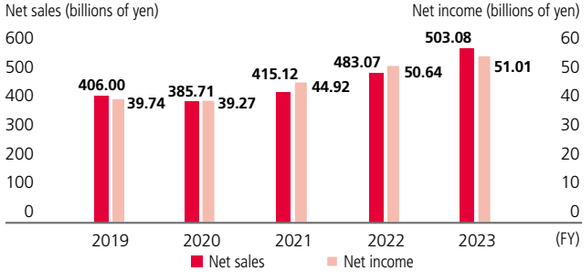
| | |
|---|---|
| Companies: | 28 |
| Number of employees: | 25,367* |
| Number of Yakult Ladies: | 50,309* |
| Marketing regions: | 39 countries and regions |

* As of December 2023

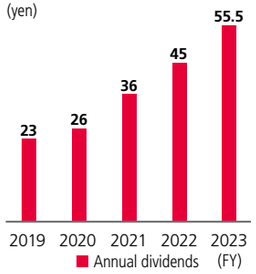
**Sales by segment (consolidated)**




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




**Annual dividends**




Note: The dividends shown have been retroactively adjusted for the impact of the two-for-one stock split of common shares carried out on October 1, 2023.

## Overseas operations (as of March 31, 2024)

Yakult is developing its global business with a local focus, based on local production and local sales. We have established sales offices and production plants with deep ties to local communities, and actively hire local employees. We also operate our original Yakult Lady home delivery sales system in 13 countries and regions around the globe.

### 28 Companies

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

### 39 countries and regions

| Asia and Oceania | Americas | Europe |
|---|---|---|
| Taiwan, Hong Kong, Thailand, South Korea, Philippines, Singapore, Brunei, Indonesia, Australia, China, Malaysia, New Zealand, Vietnam, India, United Arab Emirates, Oman, Bahrain, Qatar, Kuwait, Myanmar | Brazil, Mexico, Uruguay, United States of America, Canada, Belize | Netherlands, Belgium, France, United Kingdom, Germany, Luxembourg, Spain, Ireland, Austria, Italy, Malta, Switzerland, Denmark |

Note: As a rule, each Group company produces and sells products locally, but some sell products that are supplied by other Group companies in neighboring countries.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Yakult's Business Operations

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

## Food and Beverage Business

In 1930, Dr. Minoru Shirota, the founder of Yakult, successfully strengthened and cultured a strain of lactic acid bacteria, and in 1935, *Yakult*, a beverage containing *Lactobacillus casei* strain Shirota,* was born. In 1963, the Yakult Lady home delivery system was launched throughout Japan to disseminate the value of *Yakult*. Products in the Food and Beverage Business include *Yakult* fermented milk drinks, *Joie* and other fermented milk products, as well as other beverages.

- Fermented milk drinks
- Fermented milk products
- Other beverages

* Reclassified as *Lacticaseibacillus paracasei* strain Shirota in April 2020

## International Business

The expansion of Yakult's business to overseas countries flowed naturally from a desire to fulfill Dr. Shirota's wish to "help protect the health of people throughout the world." In 1964, Yakult Taiwan Co., Ltd. commenced operations, marking the start of Yakult's overseas business. *Yakult* is presently sold in 40 countries and regions (including Japan) spanning Asia and Oceania, the Americas and Europe.

## Life Science

Life science serves as the foundation of Yakult's business. 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.

- Prescription drugs (anticancer agents)
- Quasi-drug products
- Biochemical products, enzyme agents (as reagents and foods and for industrial use)

After founding Yakult, Dr. Shirota focused on both preventive and therapeutic medicine. In 1956, the Company began researching enzymes and developing pharmaceutical products using lactobacilli, and marketing enzymes as pharmaceutical ingredients in 1961. Currently, we are not launching the development of new anticancer agents, although we are continuing with ongoing development. We are focusing on quasi-drugs, OTC drugs, supplements and other microbiome products based on lactobacilli research, the core of our activities.

## Pharmaceutical Business

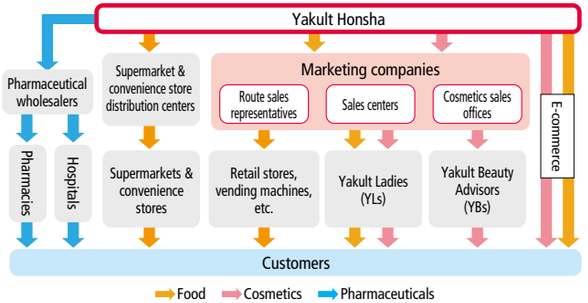
- Basic skin-care products
- Makeup products
- Hair-care products
- Toiletries

Yakult's Cosmetics Business began with the discovery of the cosmetic efficacy of a fermented lactic acid bacteria extract by Dr. Shirota. In 1955, Yakult launched a skin lotion and a moisturizing cream and introduced the Yakult Beauty Advisor delivery system in 1970. Based on the concept of preserving the health of the skin through life science, Yakult provides a variety of cosmetic products under the Yakult Beautiens brand centering on basic skin-care products.

## Cosmetics Business

## Product distribution system

Headed by Yakult Honsha, the Yakult Group consists of marketing companies that sell Yakult products, subsidiary bottling companies that turn *Yakult* concentrate into bottled products, and other related companies. There are approximately 140 Group companies in Japan (approximately 170 when including overseas companies).




### Route sales representatives

These representatives deliver products to such destinations as retail stores, vending machines and schools (to be served during meals). They carefully check the temperature and best-before dates so that customers can safely enjoy Yakult products. They also offer information for sales floors and make efforts toward service improvements.

### Yakult Ladies

Since 1963, we have operated our unique home delivery system with Yakult Ladies, who now deliver *Yakult 1000* and *Yakult 400* series products and other food and beverages, as well as cosmetic products to customers. Many Yakult Ladies are independent contractors who deliver and sell products after receiving thorough training in food hygiene and Yakult products. Sales centers are important hubs for customer support where products are stored and where Yakult Ladies can share information.

### Yakult Beauty Advisors

In addition to conducting door-to-door sales of cosmetics, Yakult Beauty Advisors (YBs) with specialized knowledge of beauty and cosmetics also offer beauty treatments among other services. Cosmetics sales offices are where products are stored and where YBs can share information. Some offices also provide beauty treatments.

### Yakult Delivery Net

Yakult has developed a web-based ordering system for home delivery in the light of the growing number of internet users and the diversification of their needs. Payment can be made either in cash to Yakult Ladies or through the website using credit cards.

### Yakult Wellness Online

An e-commerce site selling health foods, supplements and other products of the Yakult Group.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Top Commitment

## Strengthening sustainability initiatives to promote the Group's continued growth

Hiroshi Narita
President and Representative Director

### The root of our business: The ideals of Shirota-ism

The Yakult Group's desire to contribute to the health of people around the world has been handed down from Yakult founder Minoru Shirota and continues to guide our activities today. As a child, Dr. Shirota was saddened to see people suffering from infectious diseases and set his sights on becoming a researcher. He focused on microorganisms and discovered what came to be known as *Lactobacillus casei* strain Shirota,* which could reach the intestines alive and exert beneficial effects, and he developed the fermented milk drink *Yakult*. His efforts were directed toward preventive medicine, which aims to help people avoid sickness rather than treating diseases after they occur; he believed that "a healthy intestinal tract leads to a long life," as humans absorb nutrients through the intestines; and he hoped to provide *Lactobacillus casei* strain Shirota to as many people as possible at "a price anyone can afford." These ideas, known collectively as Shirota-ism, are part of a tradition at Yakult and are embraced by our overseas operations as well. Each day, 40 million of our dairy products are enjoyed by people in 40 countries and regions around the world, including Japan.

* Reclassified as *Lacticaseibacillus paracasei* strain Shirota in April 2020

### Initiatives for each material theme

The Yakult Group has always sought to address the prevalent social issues of the day. We believe that the popularity of *Yakult 1000* and *Y1000* drinks is the result of our efforts to offer solutions to modern-day health concerns like stress and sleep. The continued growth of the Group hinges on being able to provide products and services that help address social issues and working to ensure the sustainability of society. In other words, we need to not only improve business performance but also strengthen our initiatives to ensure sustainability.

To achieve this, in fiscal 2020, the Group identified six material themes. Three are environmental themes, namely, climate change, plastic containers and packaging, and water; and the remaining three are social themes, specifically, innovation, value co-creation with communities and supply chain management.

To address environmental issues, we formulated the Yakult Basic Policy on the Environment in 1997. And in 2022, we established the Yakult Group's Environmental Vision 2050, along with the medium-term Environmental Targets 2030 and the short-term Environmental Actions (2021–2024)

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

as milestones to achieving the longer-term Vision. To address climate change, we are transitioning to a decarbonized society by reducing our greenhouse gas emissions through measures like the introduction of renewable energy.

The market growth of dairy products like *Yakult 1000* inevitably leads to increased use of plastic, but we are committed to both improving business performance and reducing the environmental impact of plastic containers and packaging.

Water, meanwhile, is essential for us as a beverage manufacturer, and we are fully aware of its importance and of our responsibilities at a time of increasing global water scarcity and other issues. We thus practice sustainable water use and are addressing water risks on a region-by-region basis.

Even as we promote these initiatives, we are considering revising our current Environmental Targets 2030 in the light of the changes that have occurred since their establishment.

One of our society-related material themes is innovation. The continuity of our Group to this day is the result of timely innovations over the years. Our operations began with the discovery and commercialization of *Lactobacillus casei* strain Shirota, and we subsequently introduced a unique home delivery system and launched new, health-supporting products. Such innovations cannot be developed, of course, simply by sitting still; they are the products of a willingness to work tirelessly to achieve breakthroughs. At the same time, we must not be satisfied with past achievements and successes and become conservative in our thinking. We must be willing to review our business model, organization, supply chain and target markets, centered on food and beverage products. To meet the needs of a changing social environment, we must change at an even faster pace. Human resources who are aware of the challenges we face are the keys to promoting change and growth. The continued growth of our Group thus hinges on the innovation mindset of each management member, employee and Yakult Lady.

The continuity of the Group has been enabled by our community-based operations. Because we will need to keep working with local communities in the future, we have chosen value co-creation with communities as a second society-related material theme. Even now, we place importance on values like sincerity, harmonious human relations and kindness that were emphasized by Dr. Shirota. And we promote the health of people in the community through the delivery of products and health information and the communication efforts of Yakult Ladies. In addition to making home deliveries, we are engaged in such initiatives as community safety watch and crime prevention activities, sponsorship of events held in the community, and preserving the environment through tree-planting activities.

And because promoting sustainability requires addressing issues not only within the Group but also throughout the supply chain, we have identified supply chain management as another material theme. We endeavor to identify and rectify any environmental or human rights issues that may occur in our supply chain, and we give importance to strengthening dialogue with our suppliers to avoid becoming self-righteous.

## Organizational measures to promote sustainability

The Environmental Promotion Department, established at the head office to spearhead efforts to achieve Environmental Vision 2050, plays a central role in coordinating Group-wide efforts, including with our overseas offices, and in collaborating with affiliated organizations outside the Group and with municipal governments.

Sustainability requires addressing not only environmental but also social issues, such as human rights, and is a topic that must be discussed at length by the Board of Directors. In 2024, we established the Sustainability Advisory Committee to deliberate on sustainability-related measures and responses and to offer recommendations to the Board of Directors. Through these and other measures, we will further strengthen the Board of Directors' oversight of our sustainability initiatives.

## In conclusion

For our next medium-term management plan covering the period from fiscal 2025, we are now examining business and nonfinancial strategies that will lead to sustainable corporate management.

We will continue to communicate with all members of society, as represented by our stakeholders, and do what we can and need to do to contribute to the sustainability of our business, of society and of the planet.

November 2024

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Yakult's Beginnings

## The birth of Yakult

Yakult's founder, Minoru Shirota, a doctor of medicine, began his medical studies in 1921 at Kyoto Imperial University (now Kyoto University). Japan was still a poor country at the time, and unsanitary conditions caused large numbers of children to die of infectious diseases.

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

Dr. Shirota focused on how lactic acid bacteria were able to suppress harmful bacteria within the intestines. In 1930, he succeeded in strengthening and culturing a strain that could reach the intestines alive and exert beneficial effects. This is now known as *Lactobacillus casei* strain Shirota.

In addition to preventive medicine, Dr. Shirota also advocated the idea that "a healthy intestinal tract leads to a long life" (humans absorb nutrients through the intestines, so making them healthy leads to a long life), and looked for ways to offer products at "a price anyone can afford" (in order to make *Lactobacillus casei* strain Shirota, which protects the intestines, available to as many people as possible). These ideas became known collectively as Shirota-ism.

Together with those sharing his vision, Dr. Shirota developed an inexpensive, delicious drink so that many people could benefit from *Lactobacillus casei* strain Shirota. This is how *Yakult* 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.

## Enduring legacy

Yakult products are not just sold in stores but are also delivered door-to-door to homes and other locations. This approach of reaching out directly to users is rooted in Dr. Shirota's principles of emphasizing the dissemination of information about preventive medicine and the idea that a healthy intestinal tract leads to a long life, as well as his wish to promote sincerity, gratitude and harmonious human relations. The concepts of "sincerity," "gratitude," "harmonious human relations," "honesty and kindness," "caring enough to broaden acceptance" and "caring enough to make home deliveries" have remained constant over the years and are still touchstones for Yakult today.

## Worldwide recognition

Yakult develops its business based on the 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 is a philosophy that is based on Shirota-ism.

Our corporate philosophy is applied to everything from R&D to production, the delivery of health products to people around the world and contributions to the health of the planet and society.

Our various businesses in the Yakult Group work closely together in the spirit of Shirota-ism, infused with a desire to contribute to the health and happiness of people around the world. Yakult's guiding philosophy now reaches people in countries worldwide.

Moving forward, to fulfill the trust placed in us by customers across borders and generations, we at Yakult will continue to honor our corporate philosophy based on the ideals of Shirota-ism.

## 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.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Keeping Shirota-ism alive

To pass on and disseminate the ideals of Shirota-ism, the root of our business, we conduct Shirota-ism workshops on various occasions for all of the approximately 100,000 workers in the Yakult Group.

Particularly for Yakult Honsha employees, providing milestone-level-specific education that is aligned with each employee's position helps to both deepen understanding of Shirota-ism and foster shared values.

A Shirota-ism workshop at Yakult (Malaysia) Sdn. Bhd.

### Shirota Memorial Museum

The Shirota Memorial Museum, located within the Yakult Central Institute, is open to the public and accepts visitors. It introduces the pioneering work of our founder Minoru Shirota, from his initial efforts to advance preventive medicine to his success in strengthening and culturing a strain of lactic acid bacteria beneficial to health (later known as *Lactobacillus casei* strain Shirota), as well as the research and product development activities being undertaken in the spirit of Shirota-ism by the Yakult Central Institute. Visitors can also deepen their interest in science, learning directly from Institute researchers and observing *Lactobacillus casei* strain Shirota under a microscope.

Note: Museum visits were suspended in March 2020 to prevent the spread of COVID-19 but were resumed in April 2024.

## Yakult timeline

### 1930s

**1930**
Dr. Minoru Shirota succeeds in strengthening and culturing a strain of lactic acid bacteria beneficial to health (*Lactobacillus casei* strain Shirota)

**1935**
Start of production and sale of *Yakult*

### 1940s

**1940**
Offices of the Association for Promotion of Protective Bacteria Strain Shirota established in each region, specializing in sales, later becoming marketing companies

### 1950s

**1955**
Yakult Honsha Co., Ltd. and a research institute in Kyoto established

### 1960s

**1963**
Yakult's unique Yakult Lady home delivery system introduced

**1964**
Yakult Taiwan Co., Ltd. starts operations as the first overseas office

**1967**
Center of research is relocated to Kunitachi City, Tokyo (later renamed the Yakult Central Institute)

**1968**
Plastic bottle introduced

### 1970s

**1970**
Launch of *Joie* fermented milk

**1970s**
Yakult daycare centers established

**1971**
Start of full-scale sales of cosmetics products

**1972**
Start of Courtesy Visit Activities by Yakult Ladies

**1975**
Launch of *Biolactis Capsules* medical drug, marking Yakult's entry into the pharmaceutical business

**1978**
Launch of *Mil-Mil*

### 1980s

**1980**
Launch of *Tough-Man*

**1981**
Listed on the First Section of the Tokyo Stock Exchange

### 1990s

**1990**
Customer Support Center opened (toll-free number introduced)

**1992**
Yakult Bioscience Foundation (now a public interest incorporated foundation) established

**1994**
Anticancer chemotherapy drug irinotecan approved for pharmaceutical production and launched under the brand name *Campto*

**1998**
*Yakult* is approved for labeling as a Food for Specified Health Uses

**1999**
Launch of *Yakult 400*

### 2000s

**2005**
Yakult Honsha European Research Center for Microbiology VOF (YHER) starts operations

**2008**
Launch of *Yakult 400LT*

**2009**
Launch of *Yakult Calorie Half*

### 2010s

**2012**
Start of Yakult Space Discovery Project

*Lactobacillus casei* strain Shirota obtains GRAS Certification from the US Food and Drug Administration (FDA)

Basic Policy on CSR established

**2019**
Launch of *Yakult 1000*, the first Yakult product to be certified as a Food with Function Claims

### 2020s

**2021**
Long-term Yakult Group Global Vision 2030 established

Yakult Group Environmental Vision established

Launch of *Y1000*

**2022**
Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing established

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Sustainability

The Yakult Group Basic Policy on CSR was established based on our corporate philosophy as well as our belief that "in order for people to be healthy, everything around them must also be healthy." We will also contribute to the achievement of a sustainable society through initiatives based on material themes identified in March 2021.

## Basic Policy on CSR

We at the Yakult Group will implement corporate social responsibility (CSR) activities by generating tangible benefits in accordance with our corporate philosophy and realizing sustainable corporate growth. Specific CSR activities in accordance with this objective are articulated in our Basic Policy on CSR, which was established in April 2012.

By systemizing the CSR initiatives undertaken at Yakult Group units, we increase the clarity of Yakult's CSR management policies and undertake appropriate disclosure of information to stakeholders.

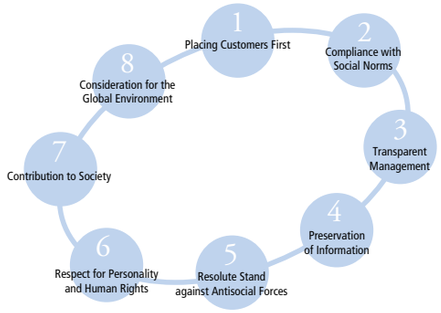
**Basic Policy on CSR** All of us in the Yakult Group will strive through corporate activities based on our corporate philosophy to earn the trust of all the Group's stakeholders and promote mutually beneficial relationships with all stakeholders.

## Yakult Ethical Principles and Code of Conduct

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

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

A pocketbook including the Yakult Ethical Principles and Code of Conduct has been distributed to employees so that they can easily refer to them at any time when they need to confirm a particular decision-making process.




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

* The Sustainable Development Goals, adopted by the United Nations in 2015, are 17 global goals aimed at achieving a better and more sustainable world for all by 2030.

## Signing the UN Global Compact

In May 2021, the Yakult Group signed the United Nations Global Compact (UNGC), the UN's international framework for sustainable growth.

The UNGC calls on companies and organizations to take part in solving global issues and provides a principle-based framework for healthy globalization and a sustainable society.

The Yakult Group's top management is committed to supporting the 10 principles of the UNGC relating to human rights, labor, the environment and anti-corruption, and we will work with the global community to apply these principles in all of our business activities as a good corporate citizen that contributes to society.

**The 10 Principles of the UN Global Compact (UNGC10)**

| | |
|---|---|
| Human Rights | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and<br>Principle 2: make sure that they are not complicit in human rights abuses. |
| Labour | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;<br>Principle 4: the elimination of all forms of forced and compulsory labour;<br>Principle 5: the effective abolition of child labour; and<br>Principle 6: the elimination of discrimination in respect of employment and occupation. |
| Environment | Principle 7: Businesses should support a precautionary approach to environmental challenges;<br>Principle 8: undertake initiatives to promote greater environmental responsibility; and<br>Principle 9: encourage the development and diffusion of environmentally friendly technologies. |
| Anti-Corruption | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. |

Related information
p. 89 Human rights
p. 89 Labor practices
p. 19 The environment
p. 113 Anti-corruption

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## The Yakult Sustainability Action Plan

The Yakult Group has formulated the Yakult Sustainability Action Plan* to take effective action based on the Basic Policy on CSR. We systemized our CSR activities by ESG area in fiscal 2022, and relevant departments have been setting concrete action targets and implementing activities in each ESG area in accordance with our material and other important themes.

* Called the Yakult CSR Action Plan through fiscal 2023

WEB Yakult CSR Action Plan (fiscal 2023 achievements)

https://www.yakult.co.jp/english/pdf/sustainability_result_2023_en.pdf

WEB Yakult Sustainability Action Plan (fiscal 2024 action targets)

https://www.yakult.co.jp/english/pdf/sustainability_target_2024_en.pdf

## Group-wide awareness of sustainability

The Yakult Group sees its business operations themselves as sustainability activities. To encourage all workers to be a promoter of such activities, we pursue sustainability-conscious conduct in all daily business operations and promote the permeation of such awareness through various approaches.

### Promoting training in sustainability

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

We also provide training in sustainability as an e-learning program to all employees.

In fiscal 2023, we provided environmental education and training for Group employees through videos and e-learning, enabling them to acquire basic knowledge about our two environmental material themes of "climate change" and "plastic containers and packaging" and thereby raising awareness and fostering understanding of sustainability. The participation rate of Yakult Honsha employees was 95.1% for "climate change" and 90.5% for "plastic containers and packaging."

### Yakult Sustainability Campaign

We have been implementing a Yakult Sustainability Campaign (called Yakult CSR Campaign through fiscal 2021) for all workers since fiscal 1994. In fiscal 2023, we carried out activities related to forest conservation under the theme of the Group-wide sustainability action pledge selected in fiscal 2022: "Let's act now for people and planet."

Each Yakult business site was asked to submit "forest conservation pledges," specific goals related to forest conservation. A total of 162 business sites participated in the campaign, with 39,359 workers achieving their goals. By providing 100 yen for each person who achieved their goal, we were able to donate 3,935,900 yen to the World Wide Fund for Nature (WWF) Japan. The donation will be used by WWF Japan for its forest conservation activities.

We also donated to OISCA's Children's Forest Program and implemented an afforestation project around Yakult plants as part of the Environmental Actions (2021–2024).

Campaign poster

Poster detailing outcomes

### Sustainable menu

The employee cafeteria of the head office held a special menu event twice during fiscal 2023 (June and January) titled "Let's Eat Together: Sustainable Menu" to raise environmental awareness among employees. During the event period, one sustainable menu item was served each day, such as soy meat, blue seafood and locally grown seasonal vegetables, which were prepared by dietitians from Yakult Management Service Co., Ltd. A donation of 17,100 yen was made to the Japan International Forestry Promotion Center (JIFPRO), a nature conservation organization, in accordance with the number of sustainable meals served.

A sustainable meal served during the event: "Comparing the taste of soy and meat hamburger steak"

## Materiality assessment

We have identified six material themes to achieve sustainability as a further step in realizing our mission of contributing to the health and happiness of people around the world based on our belief that "in order for people to be healthy, everything around them must also be healthy."

To identify these themes, we established a cross-departmental working group that mapped various issues from environmental, social, governance and operational perspectives along two axes: "Impact for the Yakult Group" and "Importance for the sustainability of the planet and society."

Contents

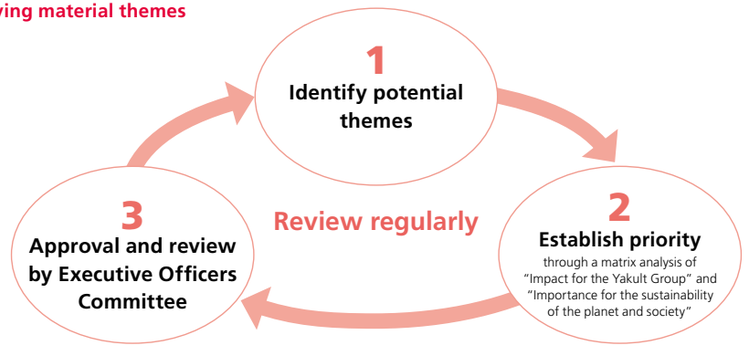
02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Additionally, matrix analysis was conducted by placing items along each axis at positions ranging from "extremely important" through "important" to "moderately important." We also referenced reports from groups like the IPCC* and World Economic Forum (WEF) and worked with NTT Data Management Consulting, Inc., to identify six themes that we believe are extremely important for the Yakult Group and for the sustainability of people and the planet.

Using these six themes, we will establish strategies and plans that work toward improving the sustainability of not only our own Group but also the planet and society to make our corporate philosophy and goal of uniting "People and Planet as One" a reality. Additionally, to respond to a changing society, we will explore periodically reviewing our materiality while soliciting opinions from stakeholders.

* IPCC: Intergovernmental Panel on Climate Change, which releases an evaluation report on climate change every five to six years. In its 2018 special report, "Global Warming of 1.5°C," it detailed the ramifications of a 2°C rise in global temperature and pointed to the importance of taking immediate action to limit this rise to below 1.5°C.

**Identifying material themes**




## Six material themes to achieve sustainability

To realize our corporate belief that "in order for people to be healthy, everything around them must also be healthy" and achieve sustainability, we identified three social themes to prioritize within the value chain: innovation, value co-creation with communities, and supply chain management. We also analyzed factors such as climate change scenarios and water risk to identify three environmental themes: climate change, plastic containers and packaging, and water.

**Six material themes**

**Innovation**

Evolve into a healthcare company, further pursue the potential of bacteria, provide new products and services, use resources effectively, and others

▶ p. 51

**Value co-creation with communities**

Connect closely with local communities, deliver information on health, provide safe and reliable health products and services, and others

▶ p. 57

**Supply chain management**

Maintain sound relationships with business partners, promote sustainable procurement, ensure stable procurement of raw materials, and others

▶ p. 64

**Climate change**

Reduce GHG emissions (decarbonize), proactively shift to renewable energy, introduce energy-saving practices, and others

▶ p. 27

**Plastic containers and packaging**

Convert to fully recyclable containers and packaging, reduce environmental impact by changing container materials, and others

▶ p. 37

**Water**

Use sustainable water resources, reduce water consumption, and others

▶ p. 42

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## What the SDGs mean to Yakult

Our passion for and approach to health can be traced back to our founder's wish to protect the health of people around the world. Yakult engages in business activities based on our 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." We see these activities as contributing to Goal 3, "Ensure healthy lives and promote well-being for all at all ages," of the Sustainable Development Goals (SDGs).

Yakult's founder, Minoru Shirota, a doctor of medicine, began his medical studies in 1921. At the time, unsanitary conditions caused large numbers of children to die of infectious diseases in Japan. Under the circumstances, Dr. Shirota set his sights on the field of preventive medicine, which aims to help people avoid sickness rather than treating diseases after they occur. After years of microorganism research, Dr. Shirota strengthened and cultured *Lactobacillus casei* strain Shirota. Together with like-minded individuals, he then developed an inexpensive, delicious drink so that many people could benefit from *Lactobacillus casei* strain Shirota. This is how *Yakult* was born.

Yakult products are not just sold in stores but, since our founding, are also delivered door-to-door to homes and other locations. This approach of reaching out directly to customers is rooted in Dr. Shirota's principles of emphasizing the dissemination of information about preventive medicine and the idea that a healthy intestinal tract leads to a long life, as well as the value he placed on sincerity, gratitude and harmonious human relations.

In order to make good on the pledge to "leave no one behind," the SDGs aim to realize a society that does not overburden the planet, and where poverty has been eliminated.

The Yakult Group's philosophy and corporate activities are aligned with the underlying concept of the SDGs, particularly Goal 3.

The SDGs were established as goals to be achieved by 2030 so that humanity can continue living on Earth. "Ending poverty in all its forms everywhere" is identified as the most important goal, and "leave no one behind" is the central promise of the SDGs.

The foundational philosophy of Yakult and our belief that "in order for people to be healthy, everything around them must also be healthy" are perfectly matched with the aims of the SDGs, so it is a matter of course for us to strive to achieve those goals. Yakult will thus continue working to create a society where humans can live in harmony with the planet, based on our goal of uniting "People and Planet as One."

## The Yakult Group's contributions to the SDGs

The Yakult Group's corporate activities are broadly related to all 17 SDGs, but based on our materiality we have identified the following eight goals as being most closely connected to our business. Moving forward, the entire Yakult Group will continue contributing to achieving the SDGs.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## How Yakult's material themes relate to the SDGs

### Innovation

In keeping with its mission to contribute to the health of people around the world, the Yakult Group will continue to use its research findings and long experience with lactic acid bacteria and other beneficial microorganisms and pursue new possibilities through collaboration with outside resources to provide products and services that lead to solutions for health and social issues.

### Value co-creation with communities

We will maintain respect for the cultures and customs in each region where we operate and contribute to the creation of safe, secure and healthy communities, engaging in dialogue with local communities about their own unique issues and proactively working toward solutions.

### Supply chain management

A sustainable supply chain is essential in creating high-quality products that are safe and reliable. We will visualize our corporate social responsibilities, taking specific actions in the supply chain in the areas of human rights, labor, the environment and anti-corruption.

### Climate change

To address the many issues caused by climate change, such as resource depletion and natural disasters, we will promote energy conservation and proactively utilize renewable energy, as well as reduce our greenhouse gas emissions throughout the supply chain.

### Plastic containers and packaging

On issues related to plastic waste and resource recycling, we will reduce the amount of plastic used in containers and packaging, transition to easily recyclable materials, and promote the reuse and recycling of plastic packaging materials used in production processes.

### Water

To tackle issues such as water inequality and water-related disasters, we will manage water risks at our production bases, strive to reduce water usage, and promote both conservation and sustainable use of water resources.

## Raising awareness of the SDGs

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

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

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

A companywide Yakult Sustainability Campaign has been held each year since 1994 to raise awareness among Group workers of issues relating to sustainability and the SDGs.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# The SDGs Yakult is contributing to through its business activities

| Business activity | Related SDGs | Specific initiatives |
|---|---|---|
| **R&D**<br>We undertake research to realize the concepts of preventive medicine and the idea that a healthy intestinal tract leads to a long life, and are applying research results in the development of food and beverages, pharmaceuticals and cosmetics, and medical biome®* products<br>* A registered trademark combining "medical" and "biome"<br> | 3 Good health and well-being<br>8 Decent work and economic growth<br>9 Industry, innovation and infrastructure<br>17 Partnerships for the goals | • Disclosure of research results<br>• Opening of the Shirota Memorial Museum to the public to improve communication with consumers<br>• Online corporate visit program for junior high and high school students<br>• Product safety evaluation at the product development and post-marketing stages<br>• Product safety assurance by analysis and testing<br>• Reliability assurance by auditing of research data<br>• Joint research with universities, hospitals and research institutes<br>• Sponsorship of academic conferences and symposiums<br>• Thorough management of chemical substances by research institute internal committee activities, etc.<br>• Strengthening of measures to prevent leakage of information by building a robust system and collaborating with external service providers |
| **Procurement**<br>We procure raw materials such as skim milk powder, sugar and packaging materials through fair trade.<br> | 6 Clean water and sanitation<br>8 Decent work and economic growth<br>12 Responsible consumption and production<br>13 Climate action<br>17 Partnerships for the goals | **Selection of sound business partners**<br>• Prior consultation and credit checks for new business partners<br>• Conclusion of contracts (including clauses regarding excluding antisocial forces)<br>• Verification of financial status of business partners<br>**Promotion of fair trade**<br>• Implementation of an evaluation system for business partners<br>**Stable procurement of raw materials**<br>• Purchasing from multiple business partners (suppliers) and appropriate stock management<br>• Promotion of business continuity planning (BCP) measures<br>**Promotion of sustainable procurement**<br>• Risk assessment using CSR procurement survey and Sedex platform, interviews with business partners<br>• Formulation of Supplier CSR Guidelines<br>• Hosting CSR procurement policy briefings for suppliers<br>• Traceability survey of key raw materials |
| **Production**<br>We use finite resources efficiently and employ environmentally conscious methods to manufacture high-quality products that are safe and offer peace of mind to customers.<br> | 6 Clean water and sanitation<br>8 Decent work and economic growth<br>12 Responsible consumption and production<br>13 Climate action<br>17 Partnerships for the goals | **Reduction in occupational accidents**<br>• Health and safety education and health and safety inspection tours<br>• Continuous capital investment to create a working environment where everyone can work in a healthy and safe manner<br>**Promotion of energy saving, waste reduction and recycling**<br>• Reduction in $CO_2$ emissions and energy consumption by introducing highly efficient facilities and equipment, improved workflows, LEDs and solar power<br>• Waste reduction and appropriate disposal<br>• Proper management of wastewater and reduced water usage<br>**Establishment of a risk management system**<br>• Establishment of a system to enable production to continue and a fast recovery in the event of a disaster<br>• Establishment and occasional review of BCP and disaster preparedness manual<br>• Installation of earthquake early warning systems to achieve fast initial response<br>**Understanding of environmental impacts and risks**<br>• Implementation of water risk surveys<br>• Implementation of biodiversity risk surveys |
| **Logistics**<br>By ensuring eco-driving (fuel-efficient driving) and choosing delivery methods that have reduced environmental impacts, we are reducing the amount of $CO_2$ emissions deriving from product shipments.<br> | 12 Responsible consumption and production<br>13 Climate action<br>17 Partnerships for the goals | **Promotion of collaboration with other companies in the same industry**<br>• Promotion of collaboration with other companies at distribution centers and in transportation to mass retailers to reduce energy consumption and costs<br>**Promotion of day-to-day efficiency**<br>• Introduction of a system to visualize vehicle load factor and achieve a higher load factor by allocating vehicles appropriately, using two-temperature-zone transportation<br>• Promotion of eco-driving by using terminals in logistics company trucks<br>• Switch to eco-friendly vehicles and reduction in empty transportation zones |
| **Sales**<br>We provide customers with not only products but also accurate product information and health tips.<br> | 3 Good health and well-being<br>5 Gender equality<br>8 Decent work and economic growth<br>12 Responsible consumption and production<br>13 Climate action<br>17 Partnerships for the goals | • Dispatch of lecturers for children<br>• Health-related lectures for customers and businesses<br>• Disclosure of information on our website<br>• Health-related campaigns<br>• Value dissemination activities at stores<br>• Assisting support facilities for persons with disabilities<br>• Development of infrastructure to enable orders 24 hours a day, 365 days a year through Yakult Delivery Net<br>• Increased customer satisfaction by introducing cashless payment<br>• Provision of learning content for a Yakult Ladies online training site<br>• Provision of health information through a website offering useful information for Yakult Ladies<br>• Provision of basic, delivery-related advice regarding such items as traffic safety, product temperature control, and personal appearance through a magazine for Yakult Ladies<br>• Introduction of heat pump vending machines |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Dialogue with stakeholders

To continually grow as a corporation and fulfill our social responsibility, we believe it is essential to actively disclose our corporate activities and engage in two-way communication with stakeholders. The Yakult Group therefore conducts regular dialogue with various stakeholders, such as customers, local communities, shareholders and investors, workers, business partners and civil society organizations. The insights we gain are then reflected in our business activities. Moving forward, we will continue deepening our relationships with stakeholders and taking action to build trust.

## Industry groups and academic societies (as of June 2024)

The Yakult Group is a member of the industry groups and academic societies listed below. We share information and cooperate with each group to promote the interests of industry as a whole, in addition to striving to implement improvements in our own corporate activities.

- Japan Dairy Industry Association
- Japanese Association of Fermented Milks and Fermented Milk Drinks (Chairman: Yakult Honsha President and Representative Director Hiroshi Narita)
- Japan Soft Drink Association
- Japan Society for Dietary Education
- Japan Food Safety Management Association (Councilor: Yakult Honsha Director Tomoyuki Masuda)
- FOSHU Fair Trade Council
- Japan Health and Nutrition Food Association
- The Beverage Industry Environment Beautification Association
- The Intestinal Microbiology Society (Director: Yakult Honsha Managing Executive Officer Masato Nagaoka)
- Japan Society for Lactic Acid Bacteria (Auditor [Public relations]: Yakult Central Institute Director of Basic Research Masaki Serata)
- The Japan Dietetic Association
- Japan Climate Initiative

## Customers

**We provide high-quality products and services based on an accurate understanding of customer needs and in consideration of the customer's point of view.**

- Number of inquiries to the Customer Support Center (received by Yakult Honsha): 23,954 (fiscal 2023)
- Issues of the *Healthist* magazine: 6 per year (in Japanese only)
- Participants in plant tours:
  In person: Around 6,600 in Japan; around 430,000 outside Japan
  Online: Around 27,000 in Japan; around 490,000 outside Japan (January–December 2023)
- Participants in tours of the Shirota Memorial Museum at the Yakult Central Institute: Tours suspended*1

▶ pp. 99–103

## Local communities

**We respect regional cultures and customs and promote corporate activities in cooperation with local communities.**

- Dispatch of lecturers*2
  In Japan: 4,360 lectures, 231,260 participants (fiscal 2023)
  Outside Japan: 55,959 lectures, 3,327,615 participants (January–December 2023)
- Health-related lectures*2
  In Japan: 69,353 lectures, 366,968 participants (fiscal 2023)
  Outside Japan: 249,526 lectures, 10,207,045 participants (January–December 2023)
- Courtesy Visit Activities: Around 30,000 older people visited (fiscal 2023)*3
- Community safety watch and crime prevention activities: 927 local governments (fiscal 2023)
- Cleanup campaigns: 91 venues (fiscal 2023, all plants and the Yakult Central Institute)
- Social activities with vending machines

▶ pp. 57–63

## Shareholders and investors

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

- General shareholders meeting
- Business results briefings: twice a year (year-end settlement, second quarter settlement)
- Conference calls: twice a year (first quarter settlement, third quarter settlement)
- Interviews (in-person, web, phone): as needed
- Conference participation, roadshows, business site tours, etc.: as needed
- Communication tools: shareholder newsletters, integrated report, company profile, sustainability report, Yakult overviews

## Workers

**We strive to create worker-friendly environments, while also recognizing and respecting each person's individuality through a variety of interactions.**

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

▶ pp. 75–88

## Business partners

**We are committed to fair, transparent and free competition and to conducting appropriate transactions with the aim of growing together with our business partners.**

- Communication through purchasing activities
- Holding of CSR procurement policy briefings for suppliers
- Global CSR procurement survey and sharing of results (152 companies surveyed)
- On-site visits and other partner consultations (with 3 partners)
- Maintenance of a fair and impartial trading environment via online purchasing system: 91 participating business partners (Yakult Central Institute)
- Health-focused workshops for workers at business partners
- Study session on logistics quality for business partners (approx. 140 logistics partners)

▶ pp. 64–74, 104–110

## Civil society organizations

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

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

▶ pp. 49, 57–63

*1 Suspended again in fiscal 2023 to prevent the spread of COVID-19.
*2 Online lectures have been developed and offered in Japan since the COVID-19 pandemic. Similar activities are being implemented in other countries and regions.
*3 We hold sessions while taking thorough measures to prevent the spread of COVID-19.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Deepening understanding through dialogue

## The Yakult Group's initiatives to ensure respect for human rights

**To build a responsible value chain where all human rights are respected, the Yakult Group promotes initiatives to ensure respect for human rights. As part of this effort, in May 2024, we invited experts to a dialogue to assess and discuss expectations for the Group's initiatives to ensure respect for human rights, including the identification of salient human rights issues for the Group.**

From left: Atsushi Kaneko, Ryusuke Tanaka, Hideaki Roy Umetsu, Hiroyuki Kawabata, Hiroshi Natsume, Chikako Hori

### Experts

**Ryusuke Tanaka**
Programme Officer
ILO Office for Japan

Completed his LL.M. at the New York University School of Law in the United States after working at a law firm and has been a program officer at the ILO Office for Japan since 2016. Collaborates with the Japanese government, workers' and employers' organizations, and civil society. Has been an external member of committees relating to business and human rights at the Ministry of Foreign Affairs and the Ministry of Economy, Trade and Industry of Japan, as well as being involved in skills training programs under various technical cooperation projects. Major publications include policy recommendations on labor-related CSR and RBC (responsible business conduct).

**Hideaki Roy Umetsu**
Managing Partner
New York Office of Mori Hamada & Matsumoto

Has extensive experience advising Japanese companies on such issues as domestic and international M&A transactions, expansion into and compliance issues in emerging countries, management of overseas subsidiaries by Japanese companies, and investigations into overseas corruption cases. Has also long been engaged in business and human rights issues, commenting widely on this topic and advising Japanese companies. Is a steering committee member of the Business and Human Rights Lawyers Network Japan.

### Yakult Honsha Co., Ltd.

**Hiroyuki Kawabata**
Director and Managing Executive Officer
Divisional General Manager
Management Support Division

**Hiroshi Natsume**
Managing Executive Officer

**Chikako Hori**
General Manager
Public Relations Department

**Atsushi Kaneko**
General Manager
CSR Promotion Section
Public Relations Department

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Gist of expert opinions

**<Positive features>**

- The initiatives regarding human rights due diligence are highly commendable, as they are being taken in line with the UN Guiding Principles on Business and Human Rights and are informed by comments from internal stakeholders in each department and business site.
- The list of potential salient human rights issues is commendable, covering a wide range of topics from forced labor to occupational health and safety.

**<Issues to be addressed>**

- It is important to promote human rights due diligence on Group-specific risks by identifying actual human rights impacts and facts in the Yakult Group.
- Greater attention should be given to "why" an issue needs to be addressed, not just "how," based on dialogue with both in-house and external stakeholders. There needs to be greater focus on remedying people's suffering due to human rights issues, rather than on steering clear of such issues, and on taking preventive and mitigating measures where human rights risks are high.
- In conducting human rights due diligence, it is important to identify negative human rights impacts that exist in the value chain in order to mitigate their negative impacts.
- Visiting all suppliers over human rights issues in the supply chain may be difficult, but effort should be made to visit at least one or two companies on a pilot basis, preferably beyond tier 1, tier 2 and tier 3 suppliers, to see the people actually working and the working environment and conditions. This would yield a firsthand sense of human rights issues in the supply chain.
- The Yakult Ladies delivery network has contributed to women's social advancement over the years, but its name should be reconsidered today as it could (even if not intended by the Company) reinforce gender stereotypes as indicating work that women should do.
- Grievance mechanisms are particularly important to encourage people to speak up so that issues can be resolved. They could be introduced on a priority basis in places where there appear to be significant adverse human rights impacts or where such impacts are difcult to identify.
- There is no end to the improvements that can be made in addressing human rights issues. The key is to continue implementing human rights due diligence and to engage in human rights issues on an ongoing basis.

## Responses to expert opinions

- We will ascertain those human rights issues that are at risk of or already occurring in the Yakult Group and promote effective measures toward their resolution.
- We recognize that disclosures of existing human rights issues should not be construed negatively and understand the importance of explaining how we have addressed and made improvements on specific human rights issues. We will henceforth consider making fuller disclosures regarding our initiatives to ensure respect for human rights.
- We will henceforth consider visiting tier 2 suppliers and beyond to gain a clearer picture of specific human rights issues in the supply chain.
- We recognize the need to address the name and operations of the Yakult Ladies system in response to changing times and will examine the issue from the perspectives of work style diversity and gender.
- We understand the importance of grievance mechanisms as a means of learning about issues in places where human rights risks are hard to ascertain, and we will consider specific approaches to their introduction.

The dialogue with experts provided a valuable opportunity to look back on the initiatives taken to date, to understand society's expectations of our Group, and to consider what actions are needed in the future. Going forward, we will focus on making improvements on human rights issues that actually exist and take what concrete steps we can to address them.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Environmental Activities Report

**Aiming for a society in which "people and the planet co-exist," we will contribute to the health of the Earth by acting with due consideration to conserving the environment in all aspects of our corporate activities.**

Contents

21 Environmental management
27 Materiality Climate change
37 Materiality Plastic containers and packaging
42 Materiality Water
46 Resource recycling
47 Biodiversity

There were no serious violations of laws or internal regulations related to the environment in fiscal 2023. Nor were any fines or penalties paid in relation to the environment.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Message from the chief officer

**Hiroyuki Kawabata**

Director and Managing Executive Officer
Divisional General Manager of Management Support Division

### ● Yakult's environmental initiatives

The Yakult Group strongly believes that "in order for people to be healthy, everything around them must also be healthy." Human health depends on the health of the water, soil, air, plants, animals and the societies that humans create—in other words, the health of the Earth itself.

Driven by this belief, we formulated the Yakult Basic Policy on the Environment in 1997 and have carried out environmentally responsible business activities ever since. In recent years, environmental issues like climate change and ocean plastic pollution have become increasingly grave, with major effects on human health and lifestyles. As a group that does business in 40 countries and regions around the world, we recognize that we have a major environmental impact as well.

We believe it is our responsibility to contribute to the realization of a sustainable society and grow our business sustainably by resolving environmental issues through business activities.

### ● Advancing the Yakult Group Environmental Vision

In 2021, we established the Yakult Group Environmental Vision with the aim of uniting people and planet as one. This document sets out Environmental Vision 2050: our ideal vision of the future, in which we achieve net zero Scope 1, 2 and 3 carbon emissions by 2050 in order to realize a value chain that has zero environmental impact. To ensure that we pursue effective initiatives based on this vision, we also used backcasting to formulate Environmental Targets 2030 and Environmental Actions (2021–2024). We are currently revising Environmental Targets 2030 and working on a new Environmental Actions document to cover fiscal 2025 and beyond as we aim to balance business development with consideration for the environment.

In order to realize our ideal vision of the future as set out in the Yakult Group Environmental Vision, we established a department in 2022 to facilitate our actions related to the environment. This department plays a central role in strengthening activities within the Group, building cooperative relationships with companies outside the Group, and collaborating with relevant government and municipal bodies.

Here I will offer some specific examples of our initiatives. Within the Group, energy for manufacturing was switched entirely to renewable energy at 13 plants in Japan, helping reduce our greenhouse gas (GHG) emissions. We also endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)* and disclose our Group's responses. Climate change has become a pressing matter for the entire world, and we will continue our sincere efforts to address it.

In order to reduce the amount of plastic we use, or increase the proportion that is recyclable, we have switched to straws incorporating biomass plastic for some products. Our resource recycling initiatives also include used plastic container collection experiments with other companies in our industry. The increasing severity of environmental pollution due to plastic is driving stronger regulations on plastic around the world, and we will continue to track regulatory movement across countries and regions and consider how to respond.

* The TCFD was established by the Financial Stability Board following a request from the G20 to develop more effective climate-related financial disclosures through their existing reporting processes. It released its final report in 2017, which recommended that companies and other organizations disclose climate-related risks and opportunities in four thematic areas: governance, strategy, risk management, and metrics and targets.

### ● For the sustainable future of Yakult and the world

In order to achieve the Yakult Group's goal of uniting people and planet as one, it is important for all of our workers to recognize their personal connection to environmental issues and take action accordingly. At the same time, we believe that coordination with external as well as internal stakeholders is essential. By raising environmental awareness among workers and continuously communicating with suppliers, we can share our vision of the world and act to resolve environmental issues across the entire value chain.

We believe that making a positive impact on the global environment and continuing to strive toward that while contributing to our customers' health through our products will lead to a sustainable future for both Yakult and the world. We will continue striving to apply our belief that "in order for people to be healthy, everything around them must also be healthy," retain the trust of our stakeholders, and remain a widely loved company.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Environmental management

## Yakult Basic Policy on the Environment

We established organizational units focused on environmental conservation measures in November 1991, and instituted the Group-wide Yakult Basic Policy on the Environment in June 1997. In accordance with our Environmental Philosophy and Action Guidelines, we are promoting environmental conservation activities throughout all our business fields. From fiscal 2001 to fiscal 2020, we established the Yakult Environmental Action Plan and conducted environmental activities with the participation of all departments, including research and development, manufacturing, marketing and office units. In fiscal 2021, we established the Yakult Group Environmental Vision, and the entire Yakult Group now works together on initiatives to reduce our burden on the environment.

### Yakult Basic Policy on the Environment

**Environmental Philosophy**

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

**Action Guidelines**

1. To realize the measures determined by the CSR Promotion Committee within Yakult Honsha, all Yakult Group business units will work concertedly, proactively, and in a sustained manner to address environmental issues associated with business activities.
2. Each business unit will build environmental management systems and systematically work with the participation of all employees to realize the objective of reducing environmental impacts and will also seek to realize sustained improvement in environmental performance by periodically checking the implementation of associated measures, auditing such measures, and reevaluating environmental activities.
3. Besides maintaining rigorous compliance with environment-related laws, regulations, and agreements, each business unit will autonomously set its own environmental standards, and strive to further improve the level of its environmental management and eliminate environmental pollution risk factors before they occur.
4. In all business activities, business units will give due consideration to the environment as well as biodiversity by promoting the reduction of environmental impacts.
5. All employees will be provided with thorough environmental education, and we will make efforts to increase environmental awareness.
6. Information related to environmental activities will be appropriately disclosed, and we will strive to communicate effectively with society at large.
7. The Group will act as an exemplary corporate citizen by proactively supporting and cooperating with activities aimed at protecting the global environment.

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

Please refer to the following URL for the full text of the Yakult Basic Policy on the Environment:

WEB https://www.yakult.co.jp/english/csr/environment/management/

## Yakult Group Environmental Vision

The world is experiencing climate change and various other environmental issues that are growing more severe with time. The Yakult Group creates products that are available in 40 countries and regions around the world, and we conduct our business on the basis of local production for local sales. We recognize that our corporate activities have not only positive but also negative impacts on local communities and environments in various locations globally.

In March 2021, the Yakult Group created the Yakult Group Environmental Vision to reduce our negative impacts and promote efforts with a positive impact on the global environment with the aim of uniting people and planet as one. We set out our ideal vision for the future in Environmental Vision 2050 and, using backcasting, established short- and medium-term milestones in order to effectively act and make progress toward this vision.

People and Planet as One
Yakult Group Environmental Vision

## Environmental management structure

The CSR Promotion Committee is responsible for monitoring and evaluating progress on Environmental Targets 2030 and Environmental Actions (2021–2024) as short- and medium-term milestones toward Environmental Vision 2050. Established in 2022 to promote initiatives aimed at achieving this vision, the Environmental Promotion Department reviews and analyzes Company environmental activity performance. These findings are reported to the CSR Promotion Committee. When they include important CSR matters, committee procedures stipulate that the Management Policy Council, the Executive Officers Committee and the Board of Directors must be consulted on said matters. In fiscal 2024, we also established a Sustainability Advisory Committee that acts as an advisory body to the Board of Directors, debating basic strategy, policies and progress related to sustainability efforts directed toward resolving environmental and social problems and reporting its conclusions.

A committee has been established at each of Yakult Honsha's plants and bottling companies, chaired by either the plant manager or bottling company president. The committees oversee environmental activities, including formulating annual plans, promoting environmental management programs based on ISO 14001 standards and other guidelines.

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

Related information p. 109 Sustainability governance

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Environmental Vision 2050

**To realize a society where people and the planet co-exist as one through a value chain that has zero environmental impact**

Our goal is to achieve Net Zero Carbon by 2050 (in Scope 1, 2 and 3).

## Environmental Targets 2030

For the three material themes related to the environment, we set and currently pursue Environmental Targets 2030 as medium-term milestones to work on achieving Environmental Vision 2050. We intend to consider updating these objectives based on analysis of the results of Environmental Actions (2021–2024) in 2025.

### Climate change

**Reduce GHG emissions (in Japan, Scope 1 and 2) by 30% compared to fiscal 2018 levels**

Initiatives
- Promote energy conservation, adopt renewable energy
- Promote carbon management

Related information p. 27 Climate change

### Plastic containers and packaging

**Reduce plastic containers and packaging (in Japan) by 30% compared to fiscal 2018 levels, or make them recyclable**

Initiatives
- Convert to easily recyclable containers and packaging
- Reduce environmental impact by changing container and packaging materials

Related information p. 37 Plastic containers and packaging

### Water

**Reduce water consumption (at dairy product plants in Japan, per production unit) by 10% compared to fiscal 2018 levels**

Initiatives
- Establish systems for sustainable use of water resources by formulating a water management plan
- Reduce water consumption by promoting water-saving measures and through other means

Related information p. 42 Water

## Environmental Actions (2021–2024)

We formulated Environmental Actions (2021–2024) as short-term milestones to work on achieving Environmental Targets 2030. In addition to the material themes, we also continue to promote our efforts to reduce waste and conserve biodiversity.

| Priority issues | Targets |
|---|---|
| **1. Achieve a zero-carbon society** Climate change | By the end of fiscal 2024, reduce GHG emissions (in Japan, Scope 1 and 2) by 10% compared to fiscal 2018 levels |
| **2. Convert to fully recyclable containers and packaging** Plastic containers and packaging | (1) By the end of fiscal 2024, reduce plastic containers and packaging (in Japan) by 5% compared to fiscal 2018 levels, or make them recyclable<br>(2) Reduce raw material consumption for containers and packaging<br>(3) Reduce environmental impact by changing container and packaging materials<br>(4) Use plant-based, environmentally responsible materials for containers and packaging |
| **3. Reduce water consumption** Water | (1) By the end of fiscal 2024, reduce water consumption (at dairy product plants in Japan, per production unit) by 3% compared to fiscal 2018 levels |
| **4. Reduce waste** | (1) By the end of fiscal 2024, reduce amount of waste generated by 20% compared to fiscal 2010 levels<br>(2) Maintain at least a 95% recycling rate for food loss and waste |
| **5. Conserve and utilize biodiversity** | (1) Support and participate in conservation activities<br>(2) Promote biodiversity education |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Environmental Vision progress status

## Climate change

GHG emissions (of Yakult Honsha and Japanese bottling companies, Scope 1 and 2) were reduced by 46.4% in fiscal 2023 compared to fiscal 2018 by introducing electricity generated from effectively renewable sources at our head office, Tokyo Distribution Center, newly operational Yakult Fuji Oyama Plant and elsewhere; increasing the amount of solar power generation equipment at the Yakult Okayama Wake Plant; implementing energy-saving activities at individual business sites; and other efforts.

## Plastic containers and packaging

We strove to reduce the amount of plastic containers and packaging used (in Japan) in fiscal 2023 by increasing our use of renewable resources through measures like switching to straws using biomass plastic for dairy products in paper containers. However, due to growing sales of *Yakult 1000* and other products, the amount of non-recyclable plastic used in fiscal 2023, increased by around 24.8% compared to fiscal 2018.

We are currently working to acquire international sustainability accreditation as a step toward further broadening our initiatives.

## Water

Water consumption (at dairy product plants in Japan, per production unit) was reduced by 16.1% in fiscal 2023 compared to fiscal 2018. This was achieved by conserving water through such water-saving efforts as reducing the use of water for raw materials by revamping production methods and reviewing automated washing times. We also promoted formulation of water management plans to effectively reduce amounts of water used.

# Roadmap for achieving Environmental Vision

The Environmental Promotion Department was established in April 2022 to realize Environmental Vision, and leads a range of efforts to achieve the targets of Environmental Actions (2021–2024), Environmental Targets 2030 and Environmental Vision 2050.

## Climate change

- Expand use of renewable energy (switching to electricity generated from renewable sources, installing renewable energy facilities, etc.)
- Promote low-carbon investment and climate change countermeasures by introducing and using an internal carbon pricing (ICP)* scheme
- Convert to energy-saving devices, promote energy-saving through deployment of more efficient new technology

* A mechanism for creating economic incentives to reduce $CO_2$ emissions by assigning an intracompany price for carbon, which is then used to theoretically convert $CO_2$ emissions into costs, thereby promoting low-carbon investment and climate change countermeasures.

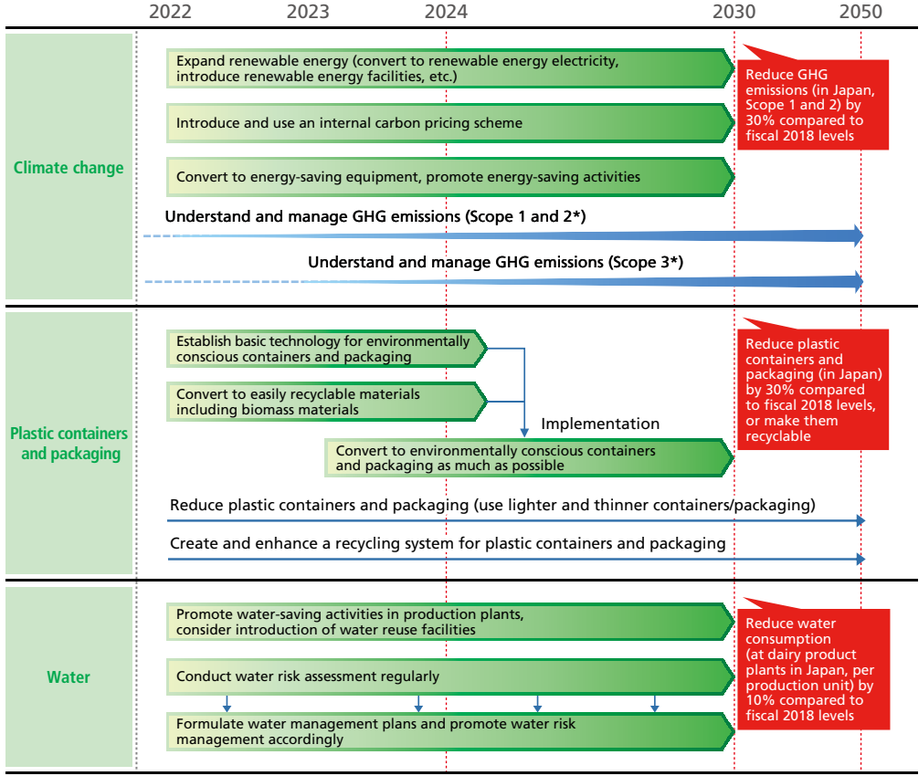
## Plastic containers and packaging

- Reduce the amount of plastic used in containers and packaging (lightness, thinness)
- Explore diversification of containers
- Begin switching to more easily recyclable materials in containers and packaging (recycled materials, biomass materials, biodegradable materials, etc.)
- Create and enhance a recycling system for plastic containers and packaging

## Water

- Promote water-saving activities, explore the possibility of introducing equipment for reusing water
- Regularly conduct water risk assessment at production sites
- Formulate a water management plan and promote water risk management based on it

### Roadmap for achieving Environmental Vision




* Scope definitions Scope 1: Direct emissions from fuel used for company's own business activities
Scope 2: Indirect emissions from generation of electricity, steam and heat purchased from outside company
Scope 3: Emissions from across supply chain related to company's business activities

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Environmental certification status

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

**Status of ISO 14001 environmental certification**

| | Certified sites | Certification rate |
|---|---|---|
| Yakult Honsha plants and bottling companies in Japan (13 sites in total) | 12 | 92.3% |
| Yakult Central Institute | 1 | 100% |
| Plants outside Japan (28 sites in total) | 6 | 22.2% |

WEB Details about certifications acquired by each company

https://www.yakult.co.jp/english/csr/social/product_safety/certification/index.html

## Compliance with environmental laws and regulations

### Energy Conservation Act

For all of Yakult Honsha's business sites, the Company submitted a periodic report for fiscal 2023 and a medium- to long-term plan for the period beginning from fiscal 2023.

The Company's total energy use during fiscal 2023 amounted to 25,190 kiloliters (crude oil equivalent), up 177 kiloliters from the previous fiscal year (100.7% compared to the previous fiscal year). The five-year year-on-year average energy use value per production unit was 97.4%, which means we achieved the Energy Conservation Act's objective of reducing the five-year average energy use per production unit by 1% or more, making us an S-class business for superior energy conservation as determined by the Agency for Natural Resources and Energy. Furthermore, the level of GHG emissions generated as a result of energy use was 45,435 tons, which was 529 tons lower than the previous fiscal year.

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

The Act for Rationalized Use and Proper Management of Fluorocarbons went into effect in April 2015. The Company conducts the appropriate management of equipment subject to this requirement at all business sites and departments based on this law. The amount of fluorocarbon leakage in fiscal 2023 was 897.279 t-$CO_2$.

In addition, each plant performs periodic inspections, in addition to daily inspections, in order to detect any abnormalities at an early stage.

### Food Recycling Act

All Yakult Honsha business sites are striving to reduce the volume of their food loss and waste and promote its recycling. In fiscal 2023, the volume of food loss and waste generated was 644.6 tons, and recycling and other measures were undertaken for 99.3% of this according to the periodic report for fiscal 2023.

**Food loss and waste recycling results** (fiscal 2023)

| Volume generated (t) | Volume recycled (t) | Recycling, etc. rate (%) | Recycling applications |
|---|---|---|---|
| 644.6 | 640.1 | 99.3 | Fertilizer, animal feeds, etc. |

Related information p. 46 Initiatives to reduce food loss and waste

### PRTR Act

Japan's Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) requires that companies measure the volume of their emissions of specified substances, transfers of such substances from their business sites, and other data. It also requires the submission of reports on the volume of specified substances that are handled in volumes of one ton or more in the course of a year. The Tokyo Metropolitan Ordinance on Environmental Preservation, which took effect in 2001, requires that reports be submitted with respect to chemical substances handled in annual volumes of 100 kilograms or more. In fiscal 2023, the scope of the Company's mandatory reporting based on that ordinance included three substances.

**Substances used by the Yakult Central Institute (Kunitachi City, Tokyo)** (fiscal 2023)

| Chemical | Amount handled (kg/year) | Amount released (kg/year) | Amount transferred (kg/year) | PRTR Act | Tokyo Metropolitan Ordinance |
|---|---|---|---|---|---|
| Chloroform | 180 | 0 | 180 | ○ | ○ |
| Methanol | 100 | 3.4 | 100 | | |
| Sulfuric acid | 190 | 0 | 0 | | |

Note: The chemicals are primarily used as reaction solvents and extraction solvents. Sulfuric acid is used to adjust pH, etc. The figures stated above were reported to the government and Tokyo officials.

### Containers and Packaging Recycling Act

According to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (Containers and Packaging Recycling Act), the Company has been obligated as a manufacturer to undertake product recycling processes, and to take additional measures regarding 3Rs (reduce, reuse and recycle) promotion and the system for making payments to the municipal governments handling sorted waste processing. The Company complies with this law, and in fiscal 2023 established the following obligatory recycling volumes for containers and packaging.

The amount of commissioned recycling fees and payments by the Company in fiscal 2023 amounted to approximately 320 million yen.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

**Container and packaging obligatory recycling volumes**

| Container and packaging type | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---|---|---|---|
| Glass bottles (t) | 266 | 240 | 212 | 197 | 190 |
| PET plastic bottles (t) | 33 | 26 | 19 | 17 | 15 |
| Plastic containers and packaging (t) | 5,894 | 5,288 | 5,046 | 5,246 | 5,697 |
| Paper containers and packaging (t) | 91 | 90 | 87 | 81 | 52 |
| **Total** | **6,284** | **5,644** | **5,364** | **5,541** | **5,954** |

## Environmental accounting

### Yakult's environmental accounting system

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

### Purpose of the system

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

### Main features of the system

Scope of data: Yakult Honsha, on a non-consolidated basis
Time period: From April 1, 2023 through March 31, 2024
Noteworthy features:
(1) Data is compiled only for activities targeting environmental conservation.
(2) Investment amounts are equal to depreciable assets recorded during the period under financial accounting standards.
(3) Depreciation expenses on depreciable assets and environmental business-related costs are not recorded.

Environmental accounting results showed an increase in investment and expenses of approximately 1,440 million yen compared to the previous fiscal year. The implementation of various environmental conservation measures is causing a rise in costs overall.

Economic benefits increased by approximately 28 million yen compared to the previous fiscal year. This is because cost reductions due to energy conservation, thinner packaging, and the overhauling and reuse of vending machines were more evident this year.

**Environmental accounting results**

(millions of yen)

| Item | | Main activities | FY2022 | | | FY2023 | | |
|---|---|---|---|---|---|---|---|---|
| | | | Investment | Expense | Total | Investment | Expense | Total |
| (1) Business area costs | 1. Pollution prevention costs | Prevention of water contamination, atmospheric pollution and soil contamination | 327.2 | 258.9 | 586.1 | 137.7 | 228.5 | 366.2 |
| | 2. Global environment conservation costs | Reduction of $CO_2$, energy conservation, solar power generation equipment | 117.1 | 66.7 | 183.9 | 53.6 | 134.1 | 187.7 |
| | 3. Resource recycling costs | Empty container collection vehicles, material and equipment development/introduction subsidy expense, waste recycling, recycled plastic product manufacturing | 53.3 | 81.6 | 134.9 | 65.9 | 79.9 | 145.8 |
| (2) Upstream/downstream costs | | Containers and Packaging Recycling Act commissioned recycling fees, vending machine overhaul | 0 | 270.0 | 270.0 | 0.0 | 270.1 | 270.1 |
| (3) Administration costs | | Plant grounds green area management, environmental management system renovation and maintenance, CSR report, environmental impacts monitoring expenses, employee environmental education program expenses | 0.0 | 245.5 | 245.5 | 0.0 | 406.9 | 406.9 |
| (4) R&D costs | | Consideration of improvements to containers and packaging | 0 | 58.3 | 58.3 | 1,329.5 | 210.9 | 1,540.4 |
| (5) Social activity costs | | Plant vicinity cleanup campaign, donations to organizations engaged in environmental protection activities | 0 | 6.4 | 6.4 | 0.0 | 7.4 | 7.4 |
| (6) Environmental remediation costs* | | Pollution load levy | 0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 |
| **Total** | | | **497.7** | **987.6** | **1,485.3** | **1,586.7** | **1,338.0** | **2,924.7** |

* Environmental remediation costs = pollution load levy
This is a special charge levied on operators of facilities that generate soot, etc., and other specified facilities as a means of gathering a portion of the funds required for the distribution of compensation based on Japan's pollution-related health damage compensation system.
Note: Because the figures are rounded off, the sum of the breakdown figures and the total may not match.

**Economic benefits associated with environmental conservation measures**

(millions of yen)

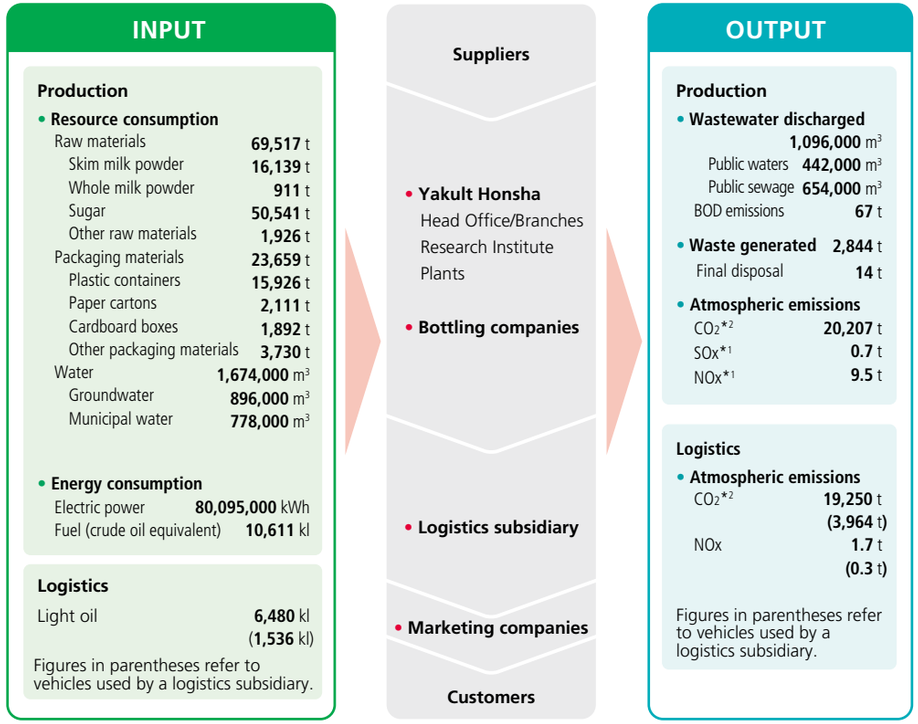
| Type of benefit | FY2022 | FY2023 |
|---|---|---|
| Reduction of waste disposal costs associated with recycling | 0.0 | 0.1 |
| Income from recycling | 2.8 | 6.7 |
| Cost reductions resulting from resource conservation | 6.7 | 5.7 |
| Cost reductions resulting from energy conservation | 40 | 48.6 |
| Cost reductions resulting from packaging weight reductions | 0.2 | 5.5 |
| Cost reductions resulting from the overhaul and reuse of vending machines | 8.6 | 19.7 |
| Gains resulting from green purchasing | 0.0 | 0.1 |
| Other | 0.0 | 0.0 |
| **Total** | **58.4** | **86.4** |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Environmental impacts of business activities

## From production through delivery (fiscal 2023)




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

*1 SOx and NOx levels were measured at the following plants, which are required to perform such measurements:
Yakult Honsha Co., Ltd. (including Fukushima Plant, Ibaraki Plant, Fuji Susono Plant and Hyogo Miki Plant), bottling companies (Yakult Iwate Plant Co., Ltd.).

*2 $CO_2$ emission levels use the adjusted emission coefficients provided by each power company.

Note 1: See the ESG Data spreadsheet file (https://www.yakult.co.jp/english/csr/download/) for data from the previous five years.

Note 2: Itemized figures are rounded up or down, so sums may not match totals.

## Identifying and reducing environmental impacts

The Yakult Group has identified its environmental impacts in the lifecycle of its products, from production, logistics, marketing to recycling, and is working to effectively reduce the impacts based on Environmental Actions (2021–2024).

### Production

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

* We are planning to obtain certification in fiscal 2025 for the Yakult Fuji Oyama Plant, which commenced production in January 2024.

### Logistics

The transport of products manufactured in plants and bottling companies is primarily handled by a logistics subsidiary. As the Company has designated shipper status in accordance with Japan's revised Act on the Rational Use of Energy (Energy Conservation Act), we are encouraged to annually reduce energy use per unit of freight by an average of 1% or more during the last five-fiscal-year period. Our logistics subsidiary has obtained and renewed its Green Management Certification, and is promoting fuel-efficient driving and introducing fuel-efficient trucks to further reduce its $CO_2$ emissions.

### Marketing

We strive to reduce the energy use of vending machines and promote the use of overhauled vending machines.

To reduce $CO_2$ emissions associated with home deliveries, we are replacing the current delivery vehicles used by Yakult Ladies with COMS super-compact electric vehicles. Our Retail Sales Division is taking various measures to promote recycling of used containers collected from our suppliers, including using route delivery trucks equipped with a dedicated space to facilitate the separated collection of waste.

### Recycling

The containers of *Yakult* series and other products delivered to customers' homes and offices are subject to Japan's Containers and Packaging Recycling Act, meaning that we are responsible for recycling them. The Company has commissioned the Japan Containers and Packaging Recycling Association, which is specified by the national government as a qualified recycling organization, to handle this recycling process and pays the association a commission for this service.

### Environmental education

We promote environmental education at each plant based on ISO 14001. Specifically, we are training internal auditors and having them share information on environmental initiatives within each department. An overview of ISO 14001 and its organizational structure is provided at new employee training sessions to foster awareness among all employees of working toward shared goals and targets. In fiscal 2023, 22 training sessions with a total of 642 participants were held at 13 plants in Japan.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Materiality

# Climate change

## Governance

The Yakult Group's CSR Promotion Committee, which is chaired by the Divisional General Manager of the Management Support Division, a member of the Board of Directors, discusses and manages progress on climate change issues. Among the deliberated topics, committee procedures stipulate that the Management Policy Council, which includes directors and Audit & Supervisory Board Members, as well as the Executive Officers Committee and the Board of Directors, must be consulted regarding important CSR matters relating to management policy. In fiscal 2024, we established a Sustainability Advisory Committee as an advisory body to the Board of Directors.

## Strategy

Rising temperatures due to climate change are an important issue with many potential impacts on our business, including production problems for the raw material agricultural products, adverse health effects and deteriorating work environments due to heat stress. We recognize this issue as one that will affect our corporate management and finances, have identified it as one of our material themes, and are taking action accordingly.

| Risks | Opportunities |
|---|---|
| **Below 2°C scenario risks**<br>• Increase in costs to the Company due to carbon tax<br>• Increase in procurement costs for plastic-alternative raw materials and investment in facilities<br>• Price increase for raw materials associated with high risk of deforestation and increase in costs when procuring certified products | **Below 2°C scenario opportunities**<br>• Increase in sales and decrease in cost through the development of new manufacturing methods and new products by promoting the efficient use of water and other resources<br>• Increase in sales from products developed using protein sources other than milk and from non-food products developed using microorganisms |
| **4°C scenario risks**<br>• Increase in fossil fuel costs<br>• Decrease in sales and increase in costs due to damage to plants and suspension of production and distribution<br>• Increase in costs due to difficulty procuring sugars<br>• Increase in skim milk powder procurement costs due to reduced milk production as a result of hot weather, decreased pasture size or decreased feed amounts | **4°C scenario opportunities**<br>• Increase in home delivery sales due to more people staying home<br>• Increase in sales due to expansion of e-commerce marketing<br>• Increase in sales of *Lactobacillus* supplements due to rising need among consumers seeking convenience, low cost and effective timing<br>• Increase in sales due to heightened health awareness |

## Risk management

The CSR Promotion Committee identifies risks and opportunities associated with climate change, evaluates the impact level and likelihood of occurrence of each using unified, companywide standards, and identifies critical issues.

## Metrics and targets

**Environmental Vision 2050**
Achieve Net Zero Carbon by 2050 (in Scope 1, 2 and 3)

**Environmental Targets 2030**
Reduce GHG emissions (in Japan, Scope 1 and 2) by 30% compared to fiscal 2018 levels

**Environmental Actions (2021–2024)**

| Target | Achievement |
|---|---|
| By the end of fiscal 2024, reduce GHG emissions (in Japan, Scope 1 and 2) by 10% compared to fiscal 2018 levels | Reduced by 46.4% (compared to fiscal 2018) |

### Challenges and solutions

The Yakult Group currently emits approximately 1.87 million tons of $CO_2$ annually, making climate change countermeasures a pressing issue. As one countermeasure, all Group production plants in Japan have switched their purchased electric power to $CO_2$-free electric power (electric power with no $CO_2$ emissions at time of generation). We are also engaged in initiatives such as installing more solar power generation equipment and the introduction of internal carbon pricing (ICP). We will evaluate relevant financial impacts based on the TCFD recommendations and continue working toward even greater information disclosure.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Recognizing and responding to climate-related risks and opportunities

## Information disclosure based on TCFD recommendations

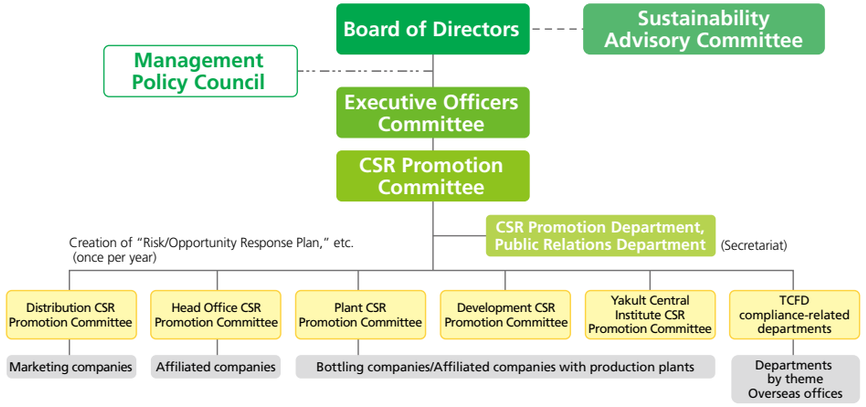
In August 2022, we announced our support for the TCFD recommendations.*1 We performed multiple climate change scenario analyses of Yakult's corporate activities using the Representative Concentration Pathway (RCP) scenarios,*2 and are considering responses to climate-related risks and opportunities while promoting specific initiatives to prepare for the future.

*1 TCFD recommendations: TCFD stands for "Task Force on Climate-related Financial Disclosures," an international organization established by the Financial Stability Board in 2015. In its final report published in 2017, the TCFD issued recommendations that companies disclose information on climate-related risks and opportunities through scenario analysis to examine risk strategies under various different conditions.

*2 RCP scenarios: Analyses were carried out using the scenario with the lowest temperature rise (RCP2.6 scenario, with around 2°C rise) and the highest temperature rise (RCP8.5 scenario, with around 4°C rise)

### Governance

The CSR Promotion Committee considers a wide range of management issues from the perspectives of the Yakult Group's corporate social responsibility and sustainability, focusing discussion on policies and action plans that address environmental and social issues, and promotes efforts to resolve them. The committee is chaired by the Divisional General Manager of the Management Support Division, a member of the Board of Directors, and is made up of executive officers from each relevant department. Among the deliberated topics, committee procedures stipulate that the Management Policy Council, which includes directors and Audit & Supervisory Board Members, as well as the Executive Officers Committee and the Board of Directors, must be consulted regarding important CSR matters relating to management policy. Considerations are presented to the Executive Officers Committee as necessary.




Note: As of May 2024

The CSR Promotion Committee discusses CSR promotion measures and policies, including climate change issues, and manages progress on these matters. In fiscal 2023, the committee met four times.

We have also established five specialized committees as subordinate organizations of the CSR Promotion Committee to carry out specific activities within each department as a way to promote sustainability/CSR initiatives throughout the Group. Furthermore, in fiscal 2024, we established a Sustainability Advisory Committee as an advisory body to the Board of Directors.

### Strategy

The Yakult Group conducts business in 40 countries and regions around the world on the basis of local production for local sales. For this reason, we recognize that climate change, which has become an urgent global issue, will affect the Group's corporate management and finances over the short, medium and long term, and have identified it as one of our material themes.

Based on this recognition, our TCFD Compliance Study Group, in which 13 related departments participate, conducted scenario analysis of both actual and potential impacts of climate-related risks and opportunities to our business, strategies and financial planning, and considered countermeasures in response to clarified risks and opportunities.

When identifying climate-related risks, we consider impact and dependencies over the short, medium and long term, with short term defined as 0 to 5 years, medium term as 5 to 10 years, and long term as 10 to 30 years.

We evaluate the impact of risks and opportunities using standards applied across the entire company. Impact is evaluated from the perspective of business profit and loss. A large impact is defined as 10 billion yen or more, a medium impact as less than 10 billion yen but equal to or more than 5 billion yen and a small impact as less than 5 billion yen.

Based on the above definitions, we quantify impact and ascertain importance for the Group.

Responding to the important issues clarified by this exercise will allow us to reduce risks and seize opportunities.

**Time axis for identifying climate-related risks/opportunities**

| | Short term | Medium term | Long term |
|---|---|---|---|
| Time frame | 0 to 5 years | 5 to 10 years | 10 to 30 years |

**Impact of climate-related risks (evaluation axis)**

| Size of risk | Definition |
|---|---|
| Large | Impact on business profit or loss of 10 billion yen or more |
| Medium | Impact on business profit or loss of less than 10 billion yen but equal to or more than 5 billion yen |
| Small | Impact on business profit or loss of less than 5 billion yen |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Scenario analysis: Below 2°C scenario

In the Below 2°C scenario, pastureland is projected to decrease, agricultural land for energy crops to increase, and agricultural land for food and feed crops to decrease. Under these circumstances, it is possible that procurement of skim milk powder, the main raw material for the fermented milk drinks that are the Yakult Group's key products, may become difficult in the future. For example, we suspect it may become necessary to use protein sources other than milk (such as soybeans) and inexpensive agricultural products, and are developing products based on various safe and secure raw materials. We are also considering the possibility of commercialization focusing on the health of animals and other non-human subjects, such as the development of products that utilize microorganisms (probiotics) to contribute to animal health.

In addition, with the anticipated tightening of regulations such as carbon taxes and emissions trading, there is a risk that our energy costs will increase and that demands from society for plastic-free options will increase. We must take measures such as reducing our energy usage further and switching our plastic containers and packaging to recycled or biomass-derived sustainable materials. In addition, the ratio of low-carbon energy is expected to increase and the cost of fuel and electricity is at risk of increasing, so we will consider all possible methods, including the development of manufacturing processes that are more energy-efficient than conventional ones and, for specific products such as cosmetics, manufacturing processes that do not use heat.

**Risks and opportunities based on climate change scenario (Below 2°C scenario)**

| Scenario | Risks and opportunities | | | | Time axis*1 | Impact*2 | Response |
|---|---|---|---|---|---|---|---|
| | Category | Subcategory | Topic | Details | | | |
| Below 2°C | Transition risks | Current regulations | Stricter regulations | Increase in costs to the Company due to carbon tax | Medium/long term | Medium | Implement GHG reduction measures like renewable energy, energy-saving<br>Reduce GHG through internal carbon pricing |
| | | New regulations | Low-carbon products | Increase in procurement costs for plastic-alternative raw materials and investment in facilities | Medium term | Medium | Develop basic technology for environmentally conscious containers and packaging<br>Convert to easily recyclable materials |
| | | Markets | | Price increase for raw materials associated with high risk of deforestation (soybeans, palm oil, paper, etc.)<br>Increase in costs when procuring certified products | Medium/long term | Small | Procure environmentally conscious raw materials, accumulate knowledge, promote the environmentally conscious raw materials used in our products |
| | Opportunities | Resource efficiency | New products/ New manufacturing methods | Increase in sales and decrease in costs through the development of new manufacturing methods and new products by promoting the efficient use of water and other resources | Medium/long term | Evaluation in progress | Explore investment and marketing strategies for developing new manufacturing methods and products that use less water and plastic<br>Develop and invest in research to reduce $CO_2$ |
| | | Products and services | | Increase in sales from products developed using protein sources other than milk | Medium/long term | Small | Explore investment and marketing strategies for developing products using protein sources other than milk |
| | | | | Increase in sales from non-food products developed using microorganisms | Medium/long term | Small | Explore investment, collaboration with external research facilities, and marketing strategies for developing non-food products using microorganisms |

*1 Short term: 0 to 5 years. Medium term: 5 to 10 years. Long term: 10 to 30 years.
*2 Impact
Large: Impact on business profit/loss of 10 billion yen or more
Medium: Impact on business profit/loss of less than 10 billion yen but equal to or more than 5 billion yen
Small: Impact on business profit/loss of less than 5 billion yen

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Scenario analysis: 4°C scenario

In the 4°C scenario, extreme temperature increases are expected to produce severe environmental impacts. As a consequence, not only will it be difficult to procure our main ingredient (skim milk powder), as seen in the Below 2°C scenario, but we also face other possible risks, including a worsening working environment for our sales staff, consumers going out less frequently, epidemics of infectious diseases, and poor animal and plant health. In response to these risks, the Yakult Group will consider developing products that use protein sources other than milk, while also considering safe and secure delivery methods that do not rely on humans and the development of useful bacteria that are effective in prevention of new pathogens.

Exposure to water risks such as floods, torrential rains and rainfall shortages is also expected to become more frequent, and plants are likely to encounter instances of flooding and being forced to suspend production, distribution and sales activities. We will explore measures such as strengthening business continuity planning (BCP) in order to respond to climate-related risks.

**Risks and opportunities based on climate change scenario (4°C scenario)**

| Scenario | Risks and opportunities | | | | Time axis*1 | Impact*2 | Response |
|---|---|---|---|---|---|---|---|
| | Category | Subcategory | Topic | Details | | | |
| 4°C | Transition risks | Markets | Resource scarcity | Increase in fossil fuel costs | Medium/long term | Small | Implement GHG reduction measures like renewable energy, energy-saving<br>Reduce GHG through internal carbon pricing |
| | Physical risks | Acute | Climate change | Decrease in sales and increase in costs due to damage to plants and suspension of production and distribution | Medium/long term | Large | Prepare and strengthen BCP (construct systems for producing individual products at multiple plants, establish/augment disaster preparation measures, establish multiple procurement routes, increase stored inventory) |
| | | Chronic | | Increase in costs due to difficulty procuring sugars | Medium/long term | Evaluation in progress | Invest in developing low-sugar products and increasing the proportion of such products in our lineup<br>Establish traceability, research/establish/etc. replacement procurement regions, strengthen supply chain BCP, research and analyze impact on prices related to sugar |
| | | | | Increase in skim milk powder procurement costs due to reduced milk production as a result of hot weather, decreased pasture size or decreased feed amounts | Medium/long term | Evaluation in progress | Establish traceability, research/establish/etc. replacement procurement regions, strengthen supply chain BCP, invest in developing products that use protein sources other than milk, explore marketing efforts, research and analyze impact on prices related to milk<br>Develop feed for livestock using microorganisms, promote bovine health, maintain and improve milk production |
| | | | | Decrease in sales due to lower sales staff activity caused by heat stress | Medium/long term | Small | Use ways to avoid heat (one-person EVs, shift in sales activity times, heat-reducing clothes), shift to online stores, in-store sales and use of robots and drones |
| | | | | Decrease in sales as customers refrain from going outside | Medium/long term | Evaluation in progress | Establish online sales systems and channels<br>Explore marketing strategies that will lead to more home delivery sales by sales staff taking anti-heat measures<br>Accelerate promotional activities using digital transformation (metaverse, etc.) |
| | | | | Decrease in sales and increase in costs associated with production stoppages due to the spread of infectious diseases | Medium/long term | Small | Explore investment and marketing strategies for developing products using protein sources other than milk<br>Strengthen BCP against infectious diseases |
| | Opportunities | Products and services | Climate change | Increase in home delivery department sales due to more people staying home | Medium/long term | Evaluation in progress | Explore marketing strategies that will lead to more home delivery sales by sales staff taking anti-heat measures<br>Accelerate promotional activities using digital transformation |
| | | | | Increase in sales due to expansion of e-commerce marketing | Medium/long term | Evaluation in progress | Establish online sales systems and channels |
| | | | New products/ New manufacturing methods | Increase in sales of lactic acid bacteria supplements due to rise in consumer needs around convenience, cost, and effectiveness | Medium/long term | Small | Promote method of obtaining lactic acid bacteria via supplements to consumers |
| | | | | Increase in sales due to heightened health awareness | Medium/long term | Large | Develop useful microorganisms effective at preventing new pathogens, explore penetration of health promotion effects and marketing strategies |

*1 Short term: 0 to 5 years. Medium term: 5 to 10 years. Long term: 10 to 30 years.
*2 Impact
Large: Impact on business profit/loss of 10 billion yen or more
Medium: Impact on business profit/loss of less than 10 billion yen but equal to or more than 5 billion yen
Small: Impact on business profit/loss of less than 5 billion yen

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Risk management

The physical impacts of rising temperatures due to climate change are undoubtedly a global social issue, and the Yakult Group recognizes the many potential impacts of this issue on our business, such as production problems for raw material agricultural products, adverse health effects due to heat stress and a deteriorating work environment. In order to address this issue, our CSR Promotion Committee identifies risks and opportunities associated with climate change, assessing each using companywide standards of impact level. Once we have identified critical issues, we consider their importance in relation to our medium- and long-term strategies before formulating and implementing response plans, and then repeat this cycle.

We also joined the Japan Climate Initiative, which tracks the constantly changing climate situation and supports activities and industry groups aiming to avoid climate change through exchange of opinions and information with other companies, local governments, NGOs and NPOs.

### Risk and opportunity identification and assessment process

With respect to the identification of risks, the CSR Promotion Committee consolidates opinions each year from each department in relation to the 19 types of risk in the companywide risk management process as well as TCFD classification.

Identifying opportunities involves the same consolidation process as that used for risks, premised on competitive and external environmental analyses, conducted with individual departments taking the lead, regarding business opportunities that the Yakult Group should address.

We then assess these risks and opportunities using companywide standards of impact level, as described above, and formulate response plans.

Risk assessment is not limited to the Yakult Group's direct operations, but rather includes a wide range of both upstream and downstream aspects of the value chain such as suppliers of raw materials and packaging materials, as well as consumers.

We assume the actual financial impact accompanying each risk assessment to include financial loss due to operations restriction or stoppage, as well as legal fees in the event that such a risk materializes. The extent of the impact depends on the details of the risk, but some are on the scale of billions of yen with respect to business expenses, or tens of billions of yen with respect to sales. The CSR Promotion Committee decides which risks exceed the Group standards for evaluating severity; which are related to compliance, reputation or human lives based on strategic evaluation criteria; and which require a response.

### Response process for identified risks and opportunities

Regarding climate change, the Board of Directors oversees matters on which it has received reports, strategies and risk management policy.

The Executive Officers Committee is involved in formulating and executing response plans. With regard to risks determined to require addressing, in order to unite the whole Group through specific activities carried out in individual departments, we have established five specialized promotion committees* under the CSR Promotion Committee to promote our climate change response and other sustainability activities.

The results of these activities are discussed by the CSR Promotion Committee based on reports from the five promotion committees and related departments. The committee also monitors the activities by conducting progress assessments approximately four times per year and setting targets for the next fiscal year at the end of the previous one.

Additionally, as a general rule, the Board of Directors receives quarterly reports on these activities and oversees our response to a range of risks, including risks due to climate change. Furthermore, the Sustainability Advisory Committee, newly established in fiscal 2024 as an advisory body to the Board of Directors, also discusses measures addressing and progress in response to climate change-related risks and opportunities, and reports to the Board of Directors.

* Distribution CSR Promotion Committee, Head Office CSR Promotion Committee, Plant CSR Promotion Committee, Development CSR Promotion Committee and Yakult Central Institute CSR Promotion Committee

## Metrics and targets

The Yakult Group created the Yakult Group Environmental Vision with the aim of uniting people and planet as one. We set out our ideal vision for the future in Environmental Vision 2050, seeking to achieve Net Zero Carbon by 2050 (in Scope 1, 2 and 3) toward a value chain that has zero environmental impact. Using backcasting, we established Environmental Targets 2030 and Environmental Actions (2021–2024) in order to effectively act and make progress based on this vision.

We also joined the Japan Dairy Industry Association and endorse its climate change objectives.

### Environmental Vision 2050

To realize a society where people and the planet co-exist as one through a value chain that has zero environmental impact
Achieve Net Zero Carbon by 2050 (in Scope 1, 2 and 3)

### Environmental Targets 2030

We set Environmental Targets 2030 as medium-term milestones on the path to achieving Environmental Vision 2050.

| Material theme | Target |
|---|---|
| Climate change | Reduce GHG emissions (in Japan, Scope 1 and 2) by 30% compared to fiscal 2018 levels |
| Plastic containers and packaging | Reduce plastic containers and packaging (in Japan) by 30% compared to fiscal 2018 levels, or make them recyclable |
| Water | Reduce water consumption (at dairy product plants in Japan, per production unit) by 10% compared to fiscal 2018 levels |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Environmental Actions (2021–2024)

Environmental Actions (2021–2024) is an action plan for achieving Environmental Targets 2030. We have set the following goals as short-term milestones to reach by fiscal 2024.

| Material theme | Priority issue | Target |
|---|---|---|
| Climate change | 1. Achieve a zero-carbon society | By the end of fiscal 2024, reduce GHG emissions (in Japan, Scope 1 and 2) by 10% compared to fiscal 2018 levels |
| Plastic containers and packaging | 2. Convert to fully recyclable containers and packaging | (1) By the end of fiscal 2024, reduce plastic containers and packaging (in Japan) by 5% compared to fiscal 2018 levels, or make them recyclable<br>(2) Reduce raw material consumption for containers and packaging<br>(3) Reduce environmental impact by changing container and packaging materials<br>(4) Use plant-based, environmentally responsible materials for containers and packaging |
| Water | 3. Reduce water consumption | (1) By the end of fiscal 2024, reduce water consumption (at dairy product plants in Japan, per production unit) by 3% compared to fiscal 2018 levels |
| | 4. Reduce waste | (1) By the end of fiscal 2024, reduce amount of waste generated by 20% compared to fiscal 2010 levels<br>(2) Maintain at least a 95% recycling rate for food loss and waste |
| | 5. Conserve and utilize biodiversity | (1) Support and participate in conservation activities<br>(2) Promote biodiversity education |

Related information p. 23 Environmental Vision progress status

Related information p. 23 Roadmap for achieving Environmental Vision

## $CO_2$ emissions in fiscal 2023

($t\text{-}CO_2$)

| | | Scope 1 | Scope 2 | Scope 3 |
|---|---|---|---|---|
| Yakult Honsha | Plants* | 16,534 | 0 | 1,490,022 |
| | Yakult Central Institute | 1,062 | 6,167 | |
| | Head office/branches | 254 | 180 | |
| | Pharmaceutical branches | 4 | 68 | |
| | Logistics department | 19,250 | 0 | |
| Consolidated subsidiaries (Japan) | Bottling companies | 3,673 | 0 | |
| | Marketing companies | 19,243 | 13,537 | |
| | Other | 8,334 | 2,946 | |
| Consolidated subsidiaries (overseas) | Plants/business sites | 161,921 | 128,381 | |
| **Total** | | **230,275** | **151,279** | **1,490,022** |
| **Total for Scope 1, 2 and 3** | | | | **1,871,577** |

Note: Numbers are shown rounded to the nearest whole figure, so actual totals may not match the sum of the numbers shown.
* Including plants that produce cosmetics and pharmaceuticals

## Scope 3 emissions by category (fiscal 2023)

| | Category | Applicable Y/N | Calculation method or reason not applicable | Calculated result (t) |
|---|---|---|---|---|
| 1 | Purchased goods and services | Y | Calculated using cost of purchased packaging materials and raw ingredients for Yakult dairy products, pharmaceuticals and cosmetics; purchase price of soft drink, pharmaceutical and cosmetic products; and volume of municipal water use. | 1,029,180 |
| 2 | Capital goods | Y | Calculated using increase in fixed assets for the year from the annual securities report. | 99,366 |
| 3 | Fuel- and energy-related activities not included in Scope 1 or 2 | Y | Calculated using electricity and energy use volume also used in Scope 1 and 2 calculations. | 63,237 |
| 4 | Upstream transportation and distribution | Y | Calculated from transportation scenarios of logistics subsidiaries not included in Scope 1 and 2 and the cost of transporting products to Group companies outside Japan. | 273 |
| 5 | Waste generated in operations | Y | Calculated using weight of waste and volume of wastewater discharged at each business site. | 1,364 |
| 6 | Business travel | Y | Calculated using number of employees. | 9,780 |
| 7 | Employee commuting | Y | Calculated using number of employees at each business site. | 34,575 |
| 8 | Upstream leased assets | N | Volumes of energy use by upstream leased assets are all included in Scope 1 and 2, and we therefore have nothing to calculate in this category. | — |
| 9 | Downstream transportation and distribution | Y | Calculated from scenarios for transportation from customer distribution centers to individual stores. | 13,883 |
| 10 | Processing of sold products | N | Our goods are mainly finished food (dairy products, soft drinks), pharmaceutical and cosmetic products that are all consumed, and we have no partially finished products that are later processed. We therefore have no processing-related emissions. | — |
| 11 | Use of sold products | N | Our goods are mainly finished food (dairy products, soft drinks), pharmaceutical and cosmetic products that are all consumed, and we therefore have no use-related emissions. | — |
| 12 | End-of-life treatment of sold products | Y | Calculated using the weight of packaging materials for food (dairy products, soft drinks), pharmaceutical and cosmetic products. | 49,745 |
| 13 | Downstream leased assets | Y | Calculated using vending machine energy consumption. | 15,963 |
| 14 | Franchises | Y | Calculated from number of dairy products for marketing companies in Japan in which we have no holdings. | 36,127 |
| 15 | Investments | Y | Calculated from issued share ratio of shareholdings. | 136,529 |
| | **Total** | | | **1,490,022** |

Note 1: All Yakult Group consolidated companies
Note 2: Numbers are shown rounded to the nearest whole figure, so actual totals may not match the sum of the numbers shown.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Initiatives to reduce $CO_2$ emissions at Yakult Honsha plants and bottling companies

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

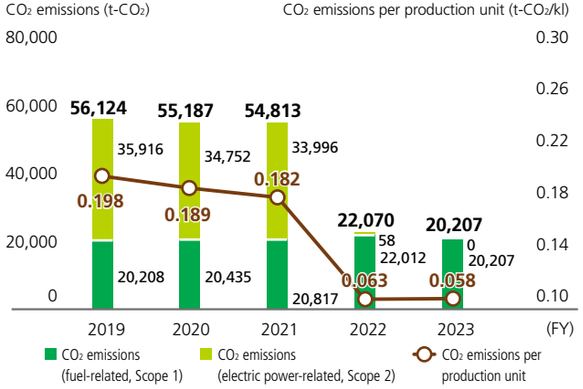
In fiscal 2023, four electric molding machines used to produce *Yakult* and other containers were upgraded to energy-saving machines at the Yakult Fukuoka Plant, as a way to reduce energy consumption.

Furthermore, to reduce $CO_2$ emissions at plants throughout Japan, we ran various initiatives focused on ISO 14001 goals and targets, installing LED lighting and determining efficient ways to use production equipment to reduce operating times and energy consumption.

Additionally, regarding the Yakult Fuji Oyama Plant, which commenced operations in January 2024, we switched to electricity derived entirely from renewable energy sources provided by power companies with which we have contracts. We also increased the energy capacity of the solar power generation equipment at the Yakult Okayama Wake Plant from 310 kilowatts to 1,018 kilowatts, an increase of 708 kilowatts that brings the plant's solar power generation equipment into the megawatt class.

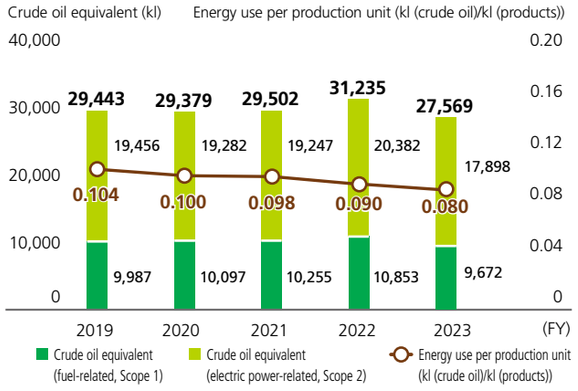
As a result, $CO_2$ emissions at Yakult Honsha plants and bottling companies have decreased by 65.6% compared to fiscal 2018 levels.

### $CO_2$ emissions and $CO_2$ emissions per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2)




Note 1: $CO_2$ emissions per production unit are calculated based solely on energy consumption at the five Yakult Honsha plants, excluding plants that produce cosmetics and pharmaceuticals.
Note 2: Emission factors are the adjusted emission factors of each electric power company for each year.
Note 3: Yakult has no $CO_2$ emissions from biological sources.

### Energy use and energy use per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2)




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

## Initiatives to reduce $CO_2$ emissions at the Yakult Central Institute

Since its full-scale renovation in 2016, the Yakult Central Institute has been constantly engaged in initiatives to conserve energy, including installing new equipment, improving the thermal insulation of steam pipes, changing HVAC systems operations and lowering the temperature of air-conditioning systems. This led to a 4.3% annual improvement in energy intensity on average over five fiscal years from fiscal 2017.

In recognition of these initiatives, the Yakult Central Institute received the Kanto Bureau of Economy, Trade and Industry Director-General's Award in Energy Management Excellence for Businesses (Ministry of Economy, Trade and Industry, METI) in fiscal 2020.

Certificate from Kanto Bureau of Economy, Trade and Industry Director-General

### ● Basic agreement on carbon-neutral city gas supply with Tokyo Gas

Since April 2021, we have adopted carbon-neutral city gas as part of our environmental actions that contribute to efforts toward achieving a sustainable society.

This supply agreement is the first of its kind from Tokyo Gas Co., Ltd. to the beverage industry. Switching the total supply of the Yakult Central Institute to carbon-neutral city gas for five years from April 2021 to the end of March 2026 will help reduce $CO_2$ emissions by approximately 11,500 tons.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Membership in the Carbon Neutral LNG Buyers Alliance

In March 2021, we established the Carbon Neutral LNG (CNL)* Buyers Alliance with Tokyo Gas Co., Ltd. and 13 other companies.

The Alliance was established through the concerted efforts of Tokyo Gas Co., Ltd., which procures and supplies CNL, and companies that purchase CNL, with the aim of spreading the use of CNL and increasing its utility value. Choosing environmentally responsible energy helps in the efforts toward achieving a sustainable society, and directly contributes to climate change action, the SDGs and ESG corporate management.

At a social event with Dharsono Hartono, CEO of RMU, which operates the Katingan Mentaya Project, and Shell PLC, a supplier

In October 2023, our employees attended a social event with Shell PLC, a supplier, at which a speech was given by Dharsono Hartono, CEO of PT Rimba Makmar Utama (RMU), operator of the Katingan Mentaya Project in Indonesia, one of the projects generating the carbon credits used for CNL. This deepened employees' personal understanding of the fact that buying credits for $CO_2$ reduction at environmental conservation projects around the world not only contributes to reducing GHG emissions on a global scale, it also has a highly positive impact on the lifestyles and environments of the people who live in those locations.

* Carbon-neutral LNG (CNL): Liquefied natural gas (LNG) that is deemed to have net zero carbon emissions by offsetting GHGs generated in the process, from extraction to combustion of natural gas, through purchasing carbon credits that support reforestation and other projects

## Introducing an internal carbon pricing (ICP) scheme

In October 2022, we introduced an internal carbon pricing (ICP) scheme as part of our efforts to promote specific initiatives aimed at reducing GHG emissions and to raise awareness among all Group employees regarding decarbonization. By setting our carbon price at ¥37,000/t-$CO_2$ and using the ICP system as one of the criteria for new equipment when making capital investments, we are promoting low-carbon investment and climate change countermeasures. In fiscal 2023, this system reduced our emissions by around 13.7 t-$CO_2$.

## Received the Agency for Natural Resources and Energy Director-General's Prize in the Energy Conservation Best Practices at Workplaces category of the Energy Conservation Grand Prize Award 2022

The Yakult Central Institute received the Agency for Natural Resources and Energy Director-General's Prize as part of the Energy Conservation Grand Prize Award 2022 (sponsored by the Ministry of Economy, Trade and Industry). This award recognizes the efforts the Institute has made toward achieving Environmental Vision 2050 set out by Yakult Honsha. The Yakult Central Institute accounts for approximately 20% of our total energy consumption, and its efforts include adopting groundbreaking external initiatives that enhance the Institute's energy conservation activities, support from external energy experts, and using products that have received the Energy Conservation Grand Prize Award.

In particular, we have thoroughly prevented heat loss by reinforcing the insulation materials for the steam pipe system, adjusted air-conditioning operations and temperature settings to make them more energy-conscious, and introduced highly efficient and cutting-edge technologies such as converting lighting to LED fixtures. The award recognized our efforts to reduce energy use by approximately 20% compared to 2016.

表彰状

株式会社ヤクルト本社
中央研究所 殿

令和六年二月一日
経済産業省
資源エネルギー庁
保坂 伸

Energy Conservation Grand Prize Award 2022 (Energy Conservation Best Practices at Workplaces category) commendation certificate and award emblem

## LCA of *Yakult* series

In considering the environmental impacts of our products, it is important to look at the entire product lifecycle to identify those impacts in all phases, from raw material procurement to product consumption and disposal, in addition to the impacts produced at our own plants. With this in mind, the Company made preliminary calculations based on a lifecycle assessment (LCA) for $CO_2$ emissions, fossil fuel consumption and water use. This allowed us to understand the environmental impact at each stage of a product's lifecycle and use the results for internal education and to gain supplier understanding and cooperation as we promote efforts toward reducing environmental impacts. We also use the results for future product development as we seek to develop products that fully embody our belief that "in order for people to be healthy, everything around them must also be healthy."

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Utilization of renewable energy (solar power energy)

We have installed solar power generation equipment with an overall power generation capacity of approximately 2,641 kilowatts at a total of 10 business sites (six Yakult Honsha plants and four bottling companies). By using solar power as part of the electricity supply at our business sites, we were able to reduce $CO_2$ emissions by approximately 1,027 tons in fiscal 2023 compared to having made electricity purchases from power utilities.

At the Yakult Central Institute, installation of solar power generators with a capacity of approximately 110 kilowatts reduced $CO_2$ emissions by approximately 50 tons in fiscal 2023.

## Initiatives to reduce $CO_2$ emissions outside Japan

### ● Introduction of solar power generation

As part of our efforts to reduce $CO_2$ emissions, we are promoting the introduction of solar power generation in our offices outside Japan.

Yakult Taiwan Co., Ltd. has installed a 22.32 kWh solar power generation system that supplied a total of 13,320 kWh in 2023. This reduced annual $CO_2$ emissions by 6.78 tons.

Yakult (Malaysia) Sdn. Bhd. installed rooftop solar power generation systems at its Seremban Plant and head office building in 2023. The annual power generated was 686,000 kWh at the plant and 267,000 kWh at the office, which had the effect of reducing $CO_2$ emissions by around 20%.

Yakult Vietnam Co., Ltd. began generating solar power in January 2024. It expects to generate 641,000 kWh of power per year.

Yakult Danone India Pvt. Ltd. has been generating solar power at its plant since December 2020, and expects to generate 882,000 kWh of power annually.

The Yakult China Group's Wuxi Plant installed a rooftop solar power generation system and began generating power in March 2023. In 2023 it generated a total of 1,048,201 kWh.

**Key initiatives in solar power generation in each country and region**

| Initiative status | Country/region |
|---|---|
| Implemented | Taiwan, Hong Kong, Malaysia, Vietnam, India, China (Wuxi, Tianjin)<br>Note: Implemented at Tianjin Plant in May 2024 |
| Preparing to implement | Indonesia |

### ● Introduction of electric trucks: Guangzhou Yakult Co., Ltd.

Guangzhou Yakult Co., Ltd. is promoting the introduction of electric trucks to comply with China's diesel truck regulations. The company has reduced its diesel fuel consumption by 45,000 liters per year by switching from leasing to purchasing and putting 15 electric trucks on the road by the end of 2023. This has also brought greater flexibility around vehicle choice and maintenance.

Electric truck in Guangzhou

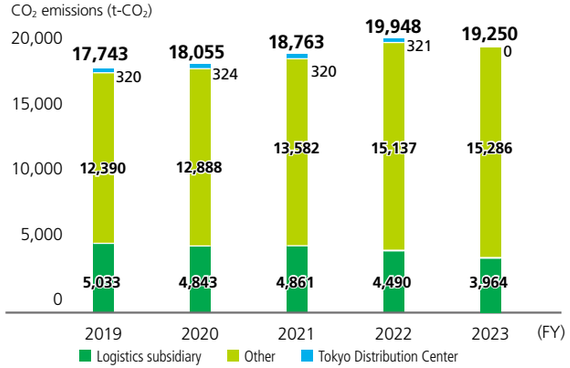
### ● Switching to electric molding machines: Yakult (Thailand) Co., Ltd.

At our Bangkok Plant, we are switching from hydraulic molding machines to electric molding machines. In 2022, we installed 2 new machines, so that 7 of the 14 machines we use for production are now electric. Each electric molding machine saves around 91,000 kWh of electricity per year, reducing annual $CO_2$ emissions by approximately 55 tons.

## Logistics initiatives

The Yakult Group's shipping of dairy and other food products, as well as cosmetics, in Japan is primarily handled by a logistics subsidiary. Our logistics subsidiary has obtained Green Management Certification* for each of its marketing offices, and is striving to continuously reduce the environmental impacts of its operations. In fiscal 2023 we again achieved a 1.0% average annual energy reduction over the preceding five-year period, the target set forth in Japan's revised Energy Conservation Act.

**$CO_2$ emissions from logistics (Scope 1 + Scope 2)**




グリーン経営認証 エコモ財団

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

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Eco-Rail Mark and Eco-Ship Mark certification

We are promoting a modal shift to rail and ocean freight transport as one of our efforts to reduce environmental impacts. In 2015, we received companywide and product-based certification under the Eco-Rail Mark system, and were certified under the Eco-Ship Mark system in 2016.

$CO_2$ emissions from the use of rail freight transport are one-tenth the levels of emissions from transportation by truck, and those from ocean freight are one-fifth those from trucks. We will continue to deliver products to our customers while utilizing these more energy-efficient modes.

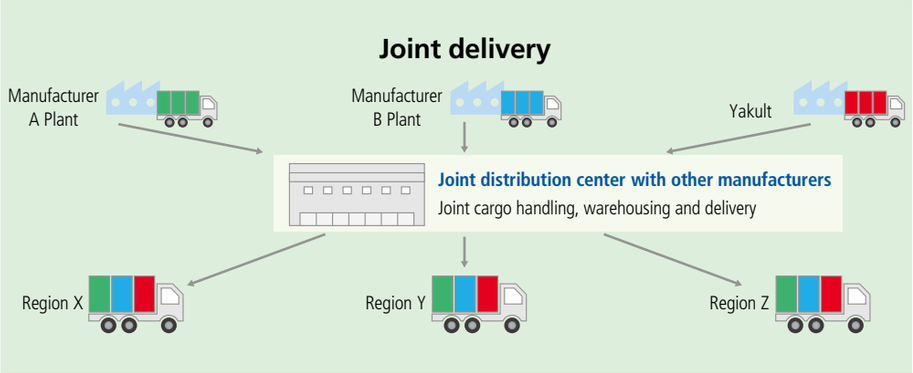
Note: Each certification is valid for two years, and is thus renewed every two years.

エコレールマーク

エコシップマーク

## Joint delivery with other manufacturers

Yakult promotes joint delivery with other manufacturers (through joint cargo handling, warehousing and delivery) to reduce $CO_2$ emissions and make logistics more efficient.




## Initiatives at sales

We introduced electric vehicles (COMS) in our home delivery service by Yakult Ladies to reduce $CO_2$ emissions. As of March 2024, 2,733 vehicles have been introduced in total. In our pharmaceutical business, marketing representatives use fuel-efficient hybrid vehicles (excluding certain areas). Gasoline fuel usage in fiscal 2023 totaled 67,197 liters.

**Introduction of environment-friendly sales equipment**

| Item | Number introduced | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Route delivery trucks with internal container collection spaces | 79 | 72 | 72 | 50 | 48 |
| Route delivery trucks with roof-mounted container collection kits | 3 | 2 | 2 | 4 | 11 |
| Empty container collection boxes for vending machines | 303 | 311 | 456 | 210 | 158 |
| Heat-pump-type vending machines (incl. hybrid heat-pump-type ones) | 962 | 846 | 954 | 577 | 451 |
| Overhauled vending machines | 89 | 34 | 52 | 17 | 36 |
| Electric vehicles (COMS)* | 47 | 87 | 151 | 414 | 472 |

* Cumulative total number introduced: 2,733 (as of March 2024)

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Materiality

# Plastic containers and packaging

## Governance

The Yakult Group's CSR Promotion Committee, which is chaired by the Divisional General Manager of the Management Support Division, a member of the Board of Directors, discusses and manages progress on plastic containers and packaging in the context of material themes and TCFD compliance. A Committee to Address Plastic Containers, chaired by the Divisional General Manager of the Research & Development Division, a member of the Board of Directors, has also been established to share information and discuss trends in plastic regulations and relevant government policies around the world, along with the status of initiatives and discussions within individual departments. Among the deliberated topics, committee procedures stipulate that the Management Policy Council, which includes directors and Audit & Supervisory Board Members, must be consulted regarding important matters relating to management policy. In fiscal 2024, we also established a Sustainability Advisory Committee as an advisory body to the Board of Directors.

## Strategy

As environmental pollution and impact on ecosystems due to plastic waste rise, global movement toward regulating the production and use of plastic products is increasing. Recognizing this as a key challenge that could affect the Yakult Group's business and impact our corporate management and finances, we are addressing it as a material theme.

| Risks | Opportunities |
|---|---|
| ● Increase in procurement costs for plastic-alternative raw materials and capital investments<br>● Loss of sales opportunities due to increased preference for plastic-free options among business partners and consumers<br>● Procurement risks due to shrinking plastics market and concentrated demand for environmentally responsible materials | ● Improving corporate value as a result of switching to environmentally responsible materials for containers and packaging<br>● Generating innovation by promoting joint research<br>● Creating new customers through the introduction of environmentally responsible products |

## Risk management

The CSR Promotion Committee identifies risks and opportunities associated with climate change from the perspective of plastic containers and packaging.

## Metrics and targets

**Environmental Targets 2030**

Reduce plastic containers and packaging (in Japan) by 30% compared to fiscal 2018 levels, or make them recyclable

**Environmental Actions (2021–2024)**

| Targets | Achievements |
|---|---|
| ● By the end of fiscal 2024, reduce plastic containers and packaging (in Japan) by 5% compared to fiscal 2018 levels, or make the corresponding proportion recyclable<br>● Reduce material consumption in containers and packaging<br>● Minimize environmental impact by substituting materials used in containers and packaging<br>● Utilize environmentally responsible plant-derived materials for containers and packaging | ● Use of non-recyclable plastic containers and packaging increased by 24.8% compared to fiscal 2018 levels<br>● Adoption of biomass plastics for straws supplied with dairy products in paper containers<br>● Use of bio-based ink, recycled PET labels and thinner OPS labels for some soft drink PET container shrink labels<br>● Use of lightweight caps for some soft drink PET container caps<br>● Introduced recycled PET material for some cosmetic products |

### ● Challenges and solutions

The Yakult Group uses approximately 18,000 tons of plastic containers and packaging annually. Reducing plastic waste and replacing our containers and packaging with easily recyclable materials are pressing issues. With the goal of achieving both environmental conservation and business growth, we are currently addressing these issues, focusing especially on the introduction of sustainable materials, diversification of container development and recycling polystyrene containers. As global movement toward regulating the production and use of plastic products increases, we will examine the regulations in each country and region closely and consider specific strategies to maintain compliance.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Declaration of Action on Plastic Recycling

As part of our efforts to design containers and packaging with low levels of environmental impact, in 1995 we instituted guidelines for more concrete initiatives with the fundamental goals of ensuring the safety of containers and packaging, reducing the amount of packaging used, optimizing processing/disposal processes and promoting resource recycling. We announced our Declaration of Action on Plastic Recycling in January 2019 to focus attention on issues such as plastic pollution in oceans, global warming and natural resource depletion, and to show our commitment to recycling our plastic containers and packaging.

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

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

**— 2025 target —**

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

**— 2030 target —**

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

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

## Plastic recycling promotion framework

### ● Committee to Address Plastic Containers

We have established a Committee to Address Plastic Containers composed of directors who head the departments concerned with plastic containers and packaging and chaired by the Divisional General Manager of the Research & Development Division, a member of the Board of Directors.

In fiscal 2023, committee meetings were held in April, July, September, December and February. The purpose of these meetings is to share information and discuss the trends in plastic regulations and relevant government policies around the world, as well as the status of initiatives and discussions at each department.

Major agenda items for the Committee to Address Plastic Containers (fiscal 2023)

- Our current plastic usage and future initiatives to address this
- Our progress on our basic strategy in Japan
- Environmental response at offices outside Japan
- Progress on polystyrene container recycling in Japan

Important matters concerning management policy that come up during these meetings are referred to the Management Policy Council for deliberation.

In fiscal 2024, in order to conduct even more companywide information-sharing and discussion and accelerate our response to plastic container-related challenges across the entire Yakult Group, we began expanding the committee's membership to include directors from all divisions, not only directors who head the departments concerned with plastic containers and packaging. Initiatives to reduce environmental impact, including solutions related to plastics, must be pursued by all related departments together, and so the Yakult Group is exploring and discussing specific actions from the perspective of environmental investment and uniting to pursue initiatives together.

## Basic strategy toward a shift to recyclable containers and packaging

In order to pursue a multifaceted shift toward recyclable containers and packaging amid differences between regions and countries in the external environment related to plastic resource recycling, as well as diversifying consumer values, we have formulated a basic strategy with three main focuses: introducing sustainable materials, diversifying container development and achieving polystyrene container recycling.

| | |
|---|---|
| Introducing sustainable materials | Eliminating reliance on oil, which is essential for reducing the environmental impact of our operations to zero<br>(Introducing biomass materials, renewable materials, etc.) |
| Diversifying container development | Responding to diversifying consumer values and environmental awareness<br>(Introducing container materials for which advanced recycling systems exist, etc.) |
| Achieving polystyrene container recycling | Implementing initiatives to recycle and reuse current *Yakult* containers as materials<br>(Creating systems for bottle-to-bottle horizontal recycling through coordination with various stakeholders, etc.) |

## Introducing sustainable materials

### ● Increased use of biomass materials

We have been working to increase our use of bio-based ink, and have already adopted it in the shrink labels for seven products sold in PET containers, including *Milouge*. Additionally, after exploring the possibility of using biomass materials in straws for dairy products, in March 2024 we introduced these straws for our dairy products in paper containers (the *Mil-Mil* series, *Pretio* and *BF-1*).

Products using bioplastic and bio-based ink are certified by the Japan Organics Recycling Association or the Japan BioPlastics Association as using plant-derived resources (biomass) and conforming to all relevant laws, regulations and standards for quality and safety, and bear the "Biomass Mark" or the "Biomass Plastic Mark."

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Increased use of recycled PET labels

We have increased our use of recycled PET labels, which use reclaimed PET containers in 25% of the raw materials, on two products sold in PET containers, including *Milouge* (280 ml).

Products using recycled PET labels are certified by the Council for PET Bottle Recycling, and bear the "Recycled PET Mark."

**Biomass Mark**
This mark certifies that a product uses plant-derived resources (biomass) and conforms to all relevant laws, regulations and standards for quality and safety.

**Recycled PET Mark**
This mark is shown on products that use recycled PET bottles.

## ISCC PLUS commitment

ISCC* PLUS is an international certification system that contributes to the bioeconomy and circular economy by certifying sustainable materials and products using renewable resources like biomass and renewable goods. Currently, in order to strengthen our initiatives around environmentally conscious plastic materials in *Yakult* containers, labels and other items, we are working to obtain ISCC PLUS certification. After we obtain certification, we will increase the proportion of environmentally conscious plastic materials we use, and continue reducing environmental impact.

* ISCC: International Sustainability and Carbon Certification

# Achieving polystyrene container recycling

## Equity participation in and cooperative activities with R Plus Japan

Our equity participation in the joint venture R Plus Japan lets us contribute to the resolution of various plastic-related social issues. R Plus Japan promotes technological developments and advancements in the practical application of efficient recycling of used plastics with reduced environmental impact.

We take an active role in R Plus Japan's plastic resource recycling efforts. For example, in March 2024, we joined three other equity participants in R Plus Japan to begin a cross-industry self-directed collection test for plastic resources in Kunitachi City, Tokyo.

## Collaborating with municipal government to create a recycling system

We are a member of the Ichihara City Polystyrene Chemical Recycling System Promotion Committee, created by Ichihara City in Chiba Prefecture in May 2023. The committee, which seeks to experimentally verify methods for chemically recycling polystyrene products, is designed to bring together citizens, local government and private enterprise in cooperation.

We are also participating alongside Kobe City, Hyogo Prefecture, as well as other corporations, in a project to collect and reuse polystyrene containers for fermented milk drinks as part of the Japan Clean Ocean Material Alliance's working group activities.

In September 2023, we began collection at two "Kobe City Resource Collection Stations," taking measures to improve the quality and volume of collected containers and revitalize the collection stations, and working on technological verification of material recycling processes and product creation.

We will continue our cooperation with these and other municipalities and polystyrene resin manufacturers, aiming ultimately for horizontal recycling in which chemical recycling technology* recycles used polystyrene containers into new ones.

* Technology that uses chemical recycling to allow materials to be recycled any number of times with no degradation, eliminating all color and smell and producing recycled polystyrene with the same sanitary qualities as polystyrene made from oil, which can be used for food containers and packaging

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

**Employee comment**

**Yasuhito Sawanobori**
Manager
Plastic Sustainability Section
Environmental Promotion Department

I am involved in constructing schemes to recycle empty *Yakult* containers. The hurdle we face is how to collect and transport containers after customers finish drinking from them.

To recycle empty containers not as "trash" but as "resources," it is important to build collaborative relationships with municipalities. Aiming to beautify the urban space and recycle containers, in September 2023 we signed an agreement with Kobe City, Hyogo Prefecture, and now collect empty containers at two Resource Collection Stations in Kobe City, which serve as local community centers, and are constructing a recycling scheme.

Going forward, we will continue to support people's health through our products and the health of the planet through recycling as we strive to help build a sustainable society.

## Reducing specified plastic-containing products*

The Yakult Group has worked to reduce single-use plastics through strategies such as partially replacing the plastic spoons it provides to customers with paper ones.

In accordance with the April 2022 Act on Promotion of Resource Circulation for Plastics, we have been implementing the following ongoing measures since fiscal 2022 to further reduce our use of plastic spoons and straws:

(1) As a general rule, Yakult Ladies will no longer provide spoons and straws when selling products (excluding straws affixed to the product as part of its design)
(2) Using paper spoons wherever possible
(3) Using plant-derived plastic in straws

* Specified plastic-containing products: As stipulated within the Act on Promotion of Resource Circulation for Plastics, these are "plastic-containing products provided to consumers free of charge along with sales of goods and provision of services." Twelve kinds of products fall under this definition: forks, spoons, knives, muddlers, straws, hair brushes, combs, razors, shower caps, toothbrushes, hangers and garment covers.

**Amount of specified plastic-containing products distributed**

| FY | 2020 | 2021 | 2022 | 2023 | 2024* |
|---|---|---|---|---|---|
| Amount distributed (tons) (excluding biomass plastics) | 60.5 | 52.8 | 21.8 | 18.4 | 18.0 |
| | — | 52.7 | 21.0 | 17.5 | 17.1 |
| Compared to previous year (%) (excluding biomass plastics) | 75.5 | 87.3 | 41.3 | 84.4 | 97.8 |
| | — | 87.1 | 39.8 | 83.3 | 97.7 |
| Amount reduced (tons) (excluding biomass plastics) | 19.6 | 7.7 | 31.0 | 3.4 | 0.4 |
| | — | 7.8 | 31.7 | 3.5 | 0.4 |

* Fiscal 2024 figures are targets.

## Disclosing information about industrial waste and byproducts from plastic-using products

In light of the Act on Promotion of Resource Circulation for Plastics coming into effect in April 2022, in fiscal 2022 we began tracking the amount of industrial waste and byproducts from plastic-using products with the goal of reducing waste and recycling as much waste as possible.

Because the Act requires that industrial waste from plastic-using products be addressed, including the waste generated by Group companies, we will track the amount of waste generated across the Group as a whole and engage in initiatives to disclose information and reduce waste.

- We will explore the possibility of switching to more easily recyclable materials for product packaging and other applications.
- We will strive to separate waste at the business site level, and reduce industrial waste and byproducts from plastic-using products.

**Industrial waste and byproducts from plastic-using products**

| | Industrial waste and byproducts from plastic-using products | Compared to previous year | Amount reduced / Recycling rate |
|---|---|---|---|
| FY2021 | 8,660 tons | — | — |
| | Amount of which recycled internally: 322 tons | — | 3.7% |
| FY2022 | 8,304 tons | 95.9% | 356 tons |
| | Amount of which recycled internally: 533 tons | 165.5% | 6.4% |
| FY2023 | 9,055 tons | 109.0% | –751 tons |
| | Amount of which recycled internally: 521 tons | 97.7% | 5.8% |

Note 1: Plans call for targets to be set from fiscal 2024 based on data collected up to fiscal 2023.
Note 2: Scope: Yakult Honsha, all bottling companies, all marketing companies and seven affiliated companies

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Reducing plastic usage

### Thinner shrink labels

We have begun reducing the thickness of our shrink labels from 50 µm to 45 µm, and have already adopted the new, thinner labels on four products sold in PET containers, including *Milouge* (500 ml).

For dairy products, we have begun reducing the thickness of our shrink labels from 27 µm to 20 µm, and have already adopted the new, thinner labels on six *Yakult* series products, including the *New Yakult* series since 2016 and the *Yakult 400* series since 2023.

### Thinner shrink wrap

We have begun reducing the thickness of the shrink wrap holding multi-packs together from 30 µm to 25 µm, and have already adopted the new, thinner shrink wrap on four *Yakult* series products as of 2023, including *Yakult 400*.

### Removing pre-attached plastic straws

In Japan, 5-bottle packs of the *New Yakult* series previously came with pre-attached straws while 10-bottle packs did not, allowing customers to choose whether they wanted straws by purchasing packs of different sizes. However, in line with our efforts to achieve the goals of the Yakult Group Environmental Vision formulated in March 2021, we stopped affixing straws to *New Yakult* and *New Yakult Calorie Half* 5-bottle packs as part of a strategy to reduce the plastic used in containers and packaging and transition to easily recyclable materials.

Additionally, plastic straws have not been included with products by Yakult (Malaysia) Sdn. Bhd. since 2018, or by Yakult (Singapore) Pte. Ltd. or Yakult Australia Pty. Ltd. since 2019, and in 2022 Yakult S/A Ind. E Com. (Brazil) switched from plastic straws to paper straws.

**Notice at the upper left corner of *New Yakult* 5-bottle pack**

Before

After

## Initiatives in each country and region

### From plastic to carton packaging: Yakult Europe B.V.

Yakult Europe B.V. has been switching its multi-pack packaging for *Yakult* series and external packaging for shipping from plastic film to cartons. In April 2023, the company completed the changeover from multi-shrink packaging machines to carton packaging machines, so that all primary packaging material is now cardboard. As a result, its usage of polypropylene film, which was around 23 tons in 2022, has dropped to zero.

Expanded use of carton packaging

### Plastic waste collection

In accordance with the Indonesian government's plan to reduce waste from manufacturers, which sets the goal of a 30% overall reduction in plastic and other waste by 2029, PT. Yakult Indonesia Persada launched a plastic waste collection initiative in July 2021.

In 2023, collection of *Yakult* 50-bottle pack shrink wrap and *Yakult* containers was expanded from Java and Bali to Sumatra as well. The company is also working to reduce the use of plastic bags in deliveries by Yakult Ladies. In 2023, the amount of plastic waste collected or reduced totaled 377,855 kilograms (126.6% of the previous year's figure).

Yakult Ladies performing home delivery services for Yakult Philippines, Inc. collect empty containers and multi-shrink packs. The Retail Sales Division also collects multi-shrink packs, and some sales agents collect plastic containers, melt them down and recycle them into chairs and pen stands.

Yakult Danone India Pvt. Ltd. has practiced extended producer responsibility (EPR) since 2020, collecting and recycling as much plastic by volume as it uses in containers and packaging. Yakult (Thailand) Co., Ltd. and Yakult S.A. de C.V. (Mexico) also collect plastic waste.

A Yakult Lady collecting empty containers in Indonesia

**Key initiatives in plastic use volume reduction by country/region**

| Country/region | Initiatives |
|---|---|
| Taiwan | Planning to change sleeve label of *Joie* series to PET materials |
| South Korea | Working to reduce the weight of containers and eliminate plastic caps from product packaging |
| China (Guangzhou) | Changed thickness of *Yakult* 50-bottle pack shrink wrap from 45 µm to 40 µm, reducing film waste by 3,200 kg per year |
| Brazil | Switched from glass to PET bottles for *Tough-Man* products in October 2023, reducing the volume of tertiary packaging used in transit |
| Mexico | Introduced bags using biodegradable plastic for product deliveries by Yakult Ladies |
| Europe | Changed all primary packaging materials to cardboard and switched to stretch film for packaging pallets of products, reducing plastic use by 50% while preserving the same toughness |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Materiality

# Water

## Governance

The Yakult Group's CSR Promotion Committee, which is chaired by the Divisional General Manager of the Management Support Division, a member of the Board of Directors, discusses and manages progress on water-related issues in the context of material themes and TCFD compliance. Among the deliberated topics, committee procedures stipulate that the Management Policy Council, which includes directors and Audit & Supervisory Board Members, must be consulted regarding important matters relating to management policy. In fiscal 2024, we also established a Sustainability Advisory Committee as an advisory body to the Board of Directors.

## Strategy

The gap between water supply and demand, water-related disasters, and other problems concerning water are becoming global in scale. These are critical issues for our business operations, which involve products that use water as a principal raw material. Recognizing sustainable water use as a key challenge that could affect the Yakult Group's business and impact our corporate management and finances, we have identified it as a material theme and are taking action accordingly.

| Risks | Opportunities |
|---|---|
| ● Operational suspensions due to flooding<br>● Production interruptions due to water shortages<br>● Water contamination due to industrial wastewater discharge<br>● Land subsidence due to excessive groundwater pumping | ● Increase in sales and decrease in costs through the development of new manufacturing methods and new products by promoting the efficient use of water and other resources |

## Risk management

We believe that we are required to recognize our water risks, including water supply and demand outlook in the river basins where our plants are located, the possibility of water-related disasters, and impacts on public health and ecosystems. We thus engage an external organization to perform water risk evaluation and use WRI Aqueduct* and other tools to evaluate water risks in order to constantly monitor the water risk situation and explore possible responses.

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

## Metrics and targets

**Environmental Targets 2030**

Reduce water consumption (at dairy product plants in Japan, per production unit) by 10% compared to fiscal 2018 levels

**Environmental Actions (2021–2024)**

| Target | Achievement |
|---|---|
| ● Reduce water consumption per production unit at dairy product plants in Japan by at least 3% compared to the level in fiscal 2018 by the end of fiscal 2024 | ● Reduced by approximately 16.1% |

### ● Challenges and solutions

The Yakult Group uses around 5.91 million m³ of water annually at its plants around the world, making sustainable water use a key challenge. To address this challenge, not only are we working to conserve water by reviewing water use and recycling, we also use a range of tools to comprehensively assess the water risks at the river basins where each business site is located, and conduct more detailed water risk surveys and prioritize the formulation of water management plans for sites evaluated to be high-risk. Through these and other efforts, we will continue to establish systems for sustainable water use.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Assessing water risks

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

Since 2020, we have used WRI Aqueduct and other tools to evaluate water risks and identify which Yakult Group production bases are located in regions with high water stress levels.

Results showed that 35% of our production bases are located in areas of high water stress,* with water withdrawal in these areas totaling 2,913,791 m³ in fiscal 2023, or 49.3% of our total water withdrawal that year.

Since fiscal 2023, we have been conducting in-depth on-site assessments on two plants selected based on water risk assessment results, business scale, market growth potential and other factors: our Mojokerto Plant in Indonesia and our Ixtapaluca Plant in Mexico.

No currently evident risks were identified at either plant, but to reduce future water risks, we determined that, along with water usage reductions and additional policies ensuring adherence to waste standards, further efforts to inform local stakeholders about the initiatives underway at each site were needed to address reputational risks.

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

**Countries with high water risks (Aqueduct Water Risk Atlas)**

1 Bahrain 2 Cyprus 3 Kuwait 4 Lebanon 5 Oman 6 Qatar 7 United Arab Emirates 8 Saudi Arabia 9 Israel 10 Egypt 11 Libya 12 Yemen 13 Botswana 14 Iran 15 Jordan 16 Chile 17 San Marino 18 Belgium 19 Greece 20 Tunisia 21 Namibia 22 South Africa 23 Iraq 24 India 25 Syria (in descending order of risk)

●: Countries where Yakult conducts sales ■: Countries where Yakult conducts production and sales

**Assessment of water risk using WRI Aqueduct in areas with production bases**

| Risk | Current*1 | | Future (2080)*2 | |
|---|---|---|---|---|
| | Bases in Japan | Bases outside Japan | Bases in Japan | Bases outside Japan |
| Extremely high (4–5) | 0 | 7 | 0 | 7 |
| High (3–4) | 0 | 7 | 0 | 4 |
| Medium to high (2–3) | 4 | 5 | 6 | 4 |
| Low to medium (1–2) | 8 | 7 | 4 | 8 |
| Low (0–1) | 0 | 1 | 2 | 6 |
| **Total** | **12** | **27** | **12** | **29** |

*1 Baseline Water Stress (Total, overall water risk)
*2 Future Projection Water Stress (2080, pessimistic)

**Water risk assessment in areas with supplier bases (WRI Aqueduct: Future Projections/2040/Pessimistic)**

| Risk | Supplier bases |
|---|---|
| Extremely high (4–5) | 35 |
| High (3–4) | 77 |
| Medium to high (2–3) | 141 |
| Low to medium (1–2) | 69 |
| Low (0–1) | 35 |
| **Total** | **357** |

Note: Water risk assessment in areas with supplier bases conducted in fiscal 2020

**Water risk survey cost**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Cost (millions of yen) | 1.2 | 0 | 0 | 6.4 | 17 |

## Formulating a water management plan

Since fiscal 2022, as an initiative aiming to reduce water consumption (at dairy product plants in Japan, per production unit) by 10% compared to fiscal 2018 levels, which is one of the objectives stated in Environmental Actions (2021–2024), we have been formulating a water management plan that facilitates the sustainable use of water resources. In fiscal 2023, we selected our Fuji Susono Plant as representative of this initiatives based on its performance on production volume and water usage, and began formulating a water management plan accordingly.

Drawing on the results of existing water risk assessments performed using the WRI Aqueduct data and other tools, and combining these with in-depth assessments of and consultation with the plant's representatives, we ascertained the amount of water used by each process and established the necessary reduction plan to meet the objectives of Environmental Actions (2021–2024). We will continue to monitor the plant's performance.

The Fuji Susono Plant performed a new assessment of water risk and biodiversity impacts in the surrounding area, including the plant itself, and is now exploring ideas for reviewing measures already underway and establishing new measures.

In fiscal 2024, as well as reviewing and implementing the draft water management plan formulated for the Fuji Susono Plant, which includes exploration of measures to reduce water consumption, we will pursue the formulation of water management plans at other dairy product plants.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Effective use of water resources

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

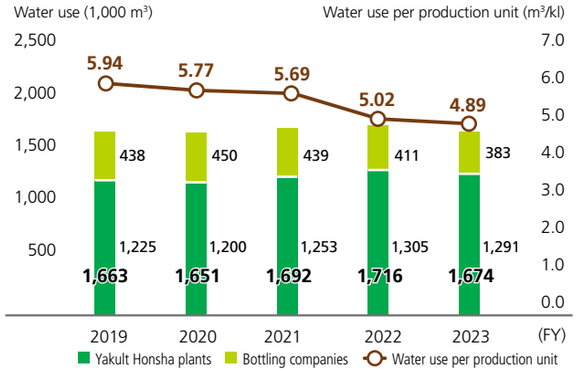
In fiscal 2023, Yakult Honsha plants and bottling companies used approximately 1.67 million m³ of water in total (Yakult Honsha plants: approx. 1.29 million m³, bottling companies: approx. 0.38 million m³). Reducing total water usage per production unit is one objective of Environmental Actions (2021–2024), and water conservation initiatives at plants have reduced total water usage per production unit by 16.1% compared to fiscal 2018.

The primary initiative at plants in fiscal 2023 was conserving water by altering automated washing times and improving equipment operation, in line with ISO 14001 activities at each plant.

In addition, water use at the building occupied by the head office and affiliated companies was 5,347 m³.

To make more effective use of limited water resources, the Yakult Group will continue to pursue water conservation through ISO 14001-compliant operation and by introducing technologies such as those for water reuse and recycling.

**Water use at Yakult Honsha plants and bottling companies (total and per production unit)**




Note: Water use per production unit is calculated using data from bottling companies and five Yakult Honsha plants, excluding plants that produce cosmetics and pharmaceuticals.

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

Products at the Fukushima Plant are manufactured using tap and purified water. Purified water is created by removing impurities from tap water using special-purpose equipment. A large amount of water with concentrated impurities is generated in the process, and this water used to be treated at the wastewater treatment facility within the plant and discharged to the sewers.

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

### Reducing water use in automated equipment cleaning

Production equipment at plants, including pipes, tanks and sterilizers, is automatically cleaned with detergent after production ends. The process includes pre-rinsing prior to cleaning and post-rinsing to eliminate detergent residues after cleaning. While these steps are very important to maintain product quality, they account for a large proportion of the water used in production. Our initiatives to reduce the amount of water plants use for pre- and post-rinsing, with full verification and strict quality control, have enabled us to reduce annual water use by approximately 8,700 m³.

WEB Water data at production bases outside Japan (ESG Data)
https://www.yakult.co.jp/english/sustainability/download/

WEB Water data at production bases in Japan (ESG Data)
https://www.yakult.co.jp/english/sustainability/download/

## Preventing water pollution and conserving biodiversity

At Yakult Honsha dairy product plants and bottling companies, wastewater such as cleaning water generated during production processes is properly treated at plant wastewater treatment facilities to ensure that it does not exceed the region's wastewater standards before being discharged into sewers or rivers. Regarding wastewater standards, we confirm biochemical oxygen demand (BOD), pH and other items as representative indicators of suspended matter. Knowing the impact our plants can have on the natural environment of surrounding waterways, at least once per year each plant runs educational training on dealing with emergencies—such as unforeseen situations in the wastewater treatment facility, or oil leaking from a transport vehicle on plant premises—to improve awareness among workers and strengthen our systems for preventing water pollution.

When a plant's capabilities or produced items change, we not only explore possible production equipment, but also consider environmental impact and explore wastewater treatment capabilities. For example, we recently invested in equipment to bolster wastewater treatment capabilities at our Ibaraki Plant in response to an expansion in production capacity that increased the burden on the plant's existing wastewater treatment equipment.

Additionally, along with general wastewater treatment knowledge, we compile knowledge and experience from staff at plants across the country into technical reference materials and use these for upskilling employees involved in wastewater treatment and transmitting and teaching wastewater management skills.

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

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

Related information p. 48 Assessment of biodiversity risks for existing operations

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Initiatives in each country and region

### Installing production wastewater purification facilities: Yakult China Group

At our Wuxi Plant, we have installed production wastewater treatment facilities that meet China's Class 1A wastewater standards. Class 1A wastewater is considered of sufficient quality for reuse as industrial water, and the wastewater at our Wuxi Plant is used both to water plants on the Wuxi Plant premises and by plants belonging to other companies after passing through the final water treatment location. In fiscal 2023, 185,570 tons of wastewater was reused. We have also installed domestic wastewater purification facilities and ensure that wastewater meets the standards for external discharge before it is discharged.

### Reducing water usage at plants: Guangzhou Yakult Co., Ltd.

At the three plants operated by Guangzhou Yakult Co., Ltd., we reviewed how frequently we performed acid cleaning when performing clean-in-place (CIP) cleaning at each of the three stages of dissolution, cultivation and blending. This let us reduce our water usage when rinsing after acid cleaning. In fiscal 2023, the total expected reduction in water usage for the three plants as a result of these efforts is around 4,668 tons per year.

**Key initiatives in effective use of water by country/region**

| Country/region | Initiatives |
|---|---|
| Taiwan | Installing a rainwater recycling system and reusing this water in toilets, plant watering, etc. |
| Thailand | When manufacturing tanks were updated, eight old tanks were used to store wastewater, which was then reused for cleaning vehicles and other purposes. Achieved zero wastewater discharge to rivers in 2021 as a result. |
| South Korea | Reusing wastewater from the automatic cleaning of production facilities to reduce water consumption. |
| Philippines | Reusing water used for cooling during production, along with rainwater, in plant watering, toilets and elsewhere at Calamba Plant and El Salvador Plant. |
| Indonesia | Installing water purification facilities for production wastewater at Sukabumi Plant. In 2023, 93,040 tons of wastewater was processed annually. Water quality in plant checked daily and audited monthly by external organizations. |
| Malaysia | Old culture tanks were repurposed to reuse processed wastewater to water the plants on the premises and for other purposes. |
| Vietnam | Switched to processed wastewater for watering the plants on the premises, saving around 400 tons during the dry season. |
| India | Using processed wastewater from the plant to water the plants on the premises. In 2023, a monthly average of 1,083.3 tons and a yearly total of 13,000 tons of water was reused. |
| China (Tianjin) | Continuously using recycled water as toilet water. |
| Brazil | Treating processed wastewater at Lorena Plant with UV disinfection equipment and reusing it as toilet water and to water plants at a third production facility. In fiscal 2023, around 1.4 tons of water was reused. |
| Mexico | Using processed wastewater at Ixtapaluca Plant to water the plants on the premises. In 2023, a monthly average of 916 tons and a yearly total of 10,992 tons of water was reused. |
| United States of America | Installing a rainwater reuse system on the head office and plant grounds and reusing rainwater to water plants. |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Resource recycling

## Reducing waste

### ● Initiatives at Yakult Honsha plants and bottling companies

As required by the Waste Management and Public Cleansing Law, waste from Yakult Honsha plants and bottling companies is sent to certified specialist contractors for processing as appropriate and managed using a manifest system.

At the same time, through measures to curb waste generation and promote recycling, we are aiming to reach zero waste generation.*

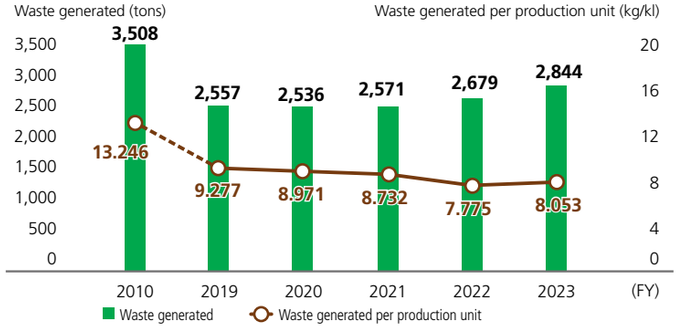
Eco station at Fukushima Plant

Waste generated by Yakult Honsha plants and bottling companies in fiscal 2023 totaled approximately 2,844 tons (approx. 1,939 tons by Yakult Honsha plants and approx. 906 tons by bottling companies). As a result of diverse efforts made to reduce waste, we successfully reduced waste generation by 18.9% compared to that of fiscal 2010, an action target of Environmental Actions (2021–2024).

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

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

**Waste generated at Yakult Honsha plants and bottling companies**




Note 1: The amount of waste generated per production unit is calculated using data from bottling companies and five Yakult Honsha plants, excluding plants that produce cosmetics and pharmaceuticals.
Note 2: Includes specially controlled industrial waste (hazardous waste).

### ● Initiatives at the building occupied by the head office

We have introduced wastepaper recycling boxes on each floor along with waste sorting bins, and are working to properly separate each kind of waste. In fiscal 2023, the recycling rate for waste generated at the head office was 79.4%.

To raise employees' awareness of these efforts, we engage in awareness raising activities on an ongoing basis. These include posting our performance on waste disposal and recycling rates on our intranet.

### ● Initiatives at the Yakult Central Institute

Waste generated at the Institute is separated and collected properly, and disposal is conducted by licensed waste disposal contractors. The fiscal 2023 recycling rate for waste generated at the Institute was 100%.

## Initiatives to reduce food loss and waste

Yakult's dairy products are made to order and produced through a lean production system. We strive to reduce our food loss and waste by limiting excess inventory and other measures.

Production volumes for soft drinks and noodle products are decided based on sales projections, allowing us to maintain appropriate inventory and avoid overstocking. As a further initiative to reduce food waste, since fiscal 2021 we have made donations to food banks through Food Bank All Japan.

Yakult Danone India Pvt. Ltd. ran training for employees to manage food waste in the plant cafeteria. It also graphs monthly food loss and waste data and shares it during internal meetings and on the cafeteria notice board as part of its efforts to reduce food loss.

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

| | Waste amount (t) | Recycled amount (t) | Disposal amount (t) | Recycling rate (%) |
|---|---|---|---|---|
| Industrial waste | 2,846 | 2,832 | 14 | 99.5% |
| Specially controlled industrial waste (hazardous waste) | 5.24 | 5.12 | 0.12 | 97.7% |
| **Total** | **2,851** | **2,837** | **14** | **99.5%** |

Note: For figures by waste type, figures for the Yakult Central Institute and information about waste disposal, see ESG Data (https://www.yakult.co.jp/english/csr/download/).

Contents

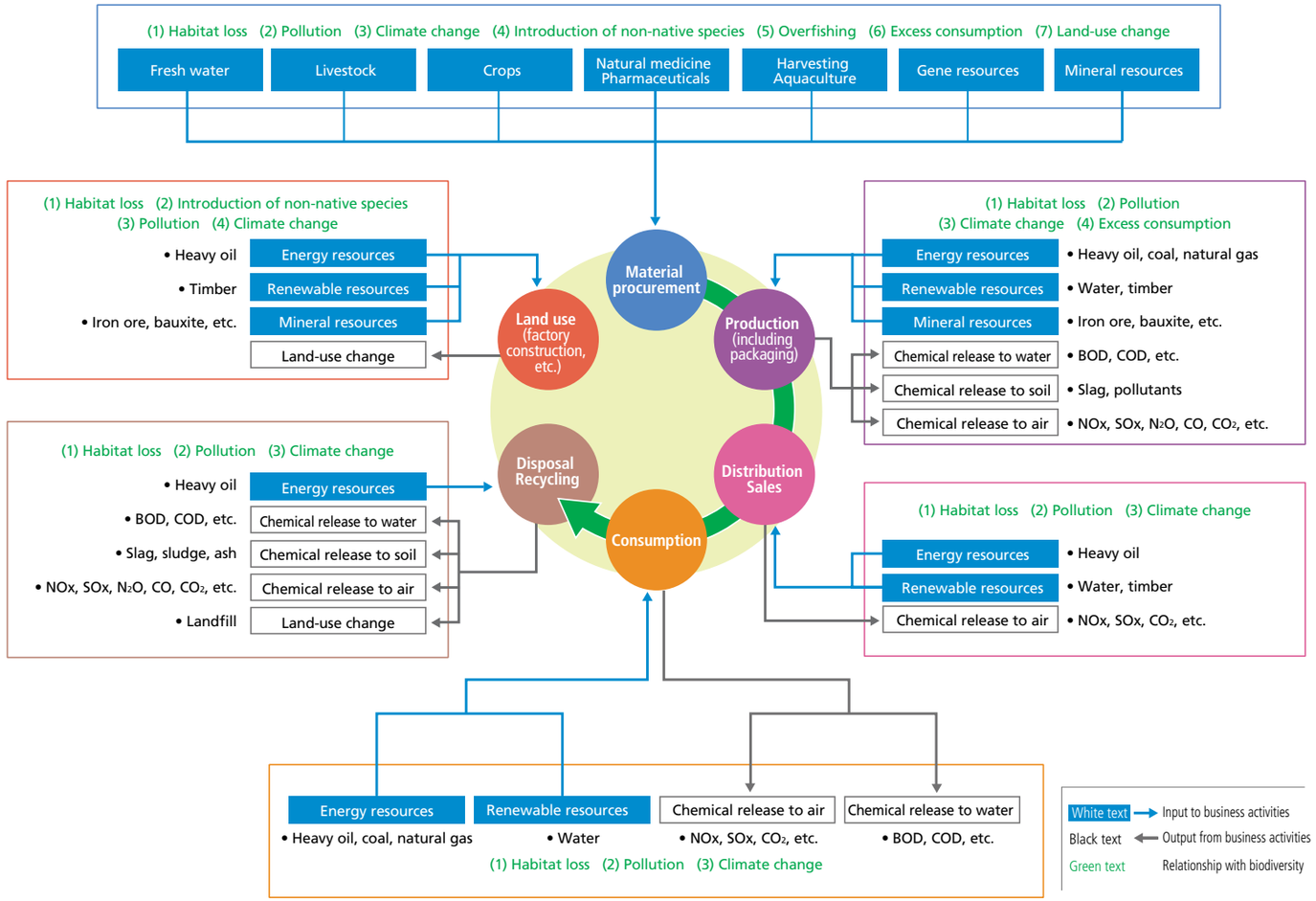
02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Biodiversity

## Our business and biodiversity

Yakult clearly stipulates in one of the Action Directives in the Yakult Basic Policy on the Environment that "In all business activities, business units will give due consideration to the environment as well as biodiversity by promoting the reduction of environmental impacts." We believe it is essential to give consideration to the global environment and biodiversity in our corporate activities that aim to benefit the health of our customers. We will strive to conserve biodiversity going forward by making good use of the technology we have built up in research and development over the years. At each step of our business activities, from material procurement to disposal and recycling, we review our dependency and our impact on the environment, and then clarify the relationship between business activities and biodiversity as shown on the right:

### Map of relationship between business activities and biodiversity



Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Assessment of biodiversity risks for existing operations

In order to better understand the impact our existing operations have on biodiversity conservation, we conduct assessments of how each plant affects the natural ecosystems in the river basins where they are located. We use IBAT to determine the presence of nature conservation areas (World Natural Heritage sites, International Union for Conservation of Nature (IUCN) Category I, II, III, IV and V areas, Ramsar Convention wetlands) and habitats of IUCN-designated endangered species within 10 km of each plant.

**Assessment of biodiversity around production bases**

| Plant | River basin | Fiscal 2023 total water withdrawal ($m^3$) | Fiscal 2023 total water discharge ($m^3$) | Assessment using IBAT | | Notes on biodiversity (ecological risk) |
|---|---|---|---|---|---|---|
| | | | | No. of aquatic species | No. of endangered species (IUCN-designated) | |
| Fukushima Plant | Entire Abukuma River basin including Surikami River | 180,314 | 144,228 | 62 | 0* | Plant wastewater discharges into the Abukuma River, which has been designated as a Key Biodiversity Area (KBA) and Important Bird and Biodiversity Area (IBA) as a landing zone for the **northern pintail** (a duck on the IUCN Red List). |
| Hyogo Miki Plant | Kako River basin, Muko River basin, Yodo River basin, around Kobe City | 271,443 | 228,549 | 66 | 0 | Within 10 km downstream of the plant, there are no areas of special importance for biodiversity, and no habitats of IUCN-designated endangered species have been identified in the small bodies of water around the plant. |
| Ibaraki Plant | Tone River system | 195,320 | 136,673 | 60 | 0 | Within 10 km downstream of the plant, there are no areas of special importance for biodiversity, and no habitats of IUCN-designated endangered species have been identified in the small bodies of water around the plant. |
| Fuji Susono Plant, Fuji Susono Pharmaceutical Plant | Kano River basin | 426,954 | 216,007 | 63 | 0 | Within 10 km downstream of the plant, there is a wildlife sanctuary classified as IUCN Category IV. No habitats of IUCN-designated endangered species have been identified in the small bodies of water around the plant. |
| Saga Plant | Chikugo River system | 200,820 | 152,124 | 61 | 0 | Within 10 km downstream of the plant, there are no areas of special importance for biodiversity, and no habitats of IUCN-designated endangered species have been identified in the small bodies of water around the plant. |
| Yakult Iwate Plant | Kitakami River system | 83,230 | 46,233 | 58 | 0 | Areas surrounding water sources have been designated as IUCN protected areas, including Category Ib: forest ecosystem conservation area at the source of the Kakkonda and Tama Rivers, and Wagadake plant community and forest reserve, and Category II: Towada-Hachimantai National Park and Hayachine Quasi-National Park. |
| Yakult Chiba Plant | Tone River basin | 73,879 | 22,898 | 63 | 1 | This water source area has a number of conservation areas classified as IUCN Categories II and IV, such as Joshinetsu-Kogen. Within 10 km downstream of the plant, there is a Category IV protected area (wildlife sanctuary). It has also been identified as a habitat for the **Reeves' turtle**, classified as endangered by IUCN. |
| Yakult Aichi Plant | Kiso River, Yahagi River, Shonai River basins | 63,842 | 29,921 | 66 | 1 | The streams and rivers of the Nobi Plain are habitats for the **Madara-naniwa-tombo dragonfly**, classified as endangered (Ib by Japan's Ministry of the Environment Red List), and have been designated as a KBA. |
| Yakult Okayama Wake Plant | Yoshii River basin | 102,771 | 64,120 | 65 | 2 | There are a number of IUCN Category IV areas within the Yoshii River basin. There are also Category IV and V protected areas within 10 km downstream of the plant. These have been identified by IUCN as habitats for the endangered **Reeves' turtle** and the vulnerable (DD by Japan's Ministry of the Environment Red List) **Chinese softshell turtle**. |
| Yakult Fukuoka Plant | Chikugo River basin | 51,421 | 32,506 | 92 | 2 | Within 10 km downstream of the plant, there is an IUCN Category IV area (wildlife sanctuary). Also, the **Japanese grenadier anchovy**, classified by IUCN as endangered (Ib by Japan's Ministry of the Environment Red List), and the **Ariake stripe spined loach**, classified as vulnerable (Ib by the Ministry of the Environment Red List), may possibly inhabit small bodies of water around the plant. |
| Shonan Cosmetics Plant | Sagami River and Hikiji River basins | 15,995 | 15,808 | 106 | 1 | Within 10 km downstream of the plant, there is an IUCN Category IV protected area (wildlife sanctuary). Also, the **genuine bitterling**, classified by IUCN as vulnerable (Ib by Japan's Ministry of the Environment Red List), may possibly inhabit the small bodies of water around the plant. |

* The northern pintail duck is not an aquatic species and thus not included in the total.
Note: The Yakult Fuji Oyama Plant, which commenced production in 2024, is currently being surveyed.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Conserving biodiversity through afforestation

### ● Environmental Actions (2021–2024) Tree Planting: Japan

In 2023, as one of the Environmental Actions (2021–2024) initiatives conducted for our Sustainability Campaign, we planted trees at 14 locations throughout Japan on May 22, the International Day for Biological Diversity, and on other occasions.

### ● Million Tree Project: Yakult China Group

In 2015, the Yakult China Group began participating in the Million Tree Project run by the NGO Shanghai Roots & Shoots. The group has donated 2,000 seedlings every year since, most recently in 2023. With a total of 18,000 trees planted at the Yakult public welfare forest (approximately 18 hectares) and an average conservation rate of approximately 70% (NGO data), this initiative has been steadily contributing to the afforestation of the area.

### ● Working with Treedom: Yakult Europe B.V.

Yakult Europe B.V. had a three-year partnership with Treedom, an online platform that facilitates tree-planting around the world, to plant 10,000 trees by purchasing planted seedlings and donating them to all employees. In 2023 we expanded participation from internal Yakult colleagues to external stakeholders, and during the holiday season we sent Christmas cards with Treedom codes and shared videos about the environmental and social benefits of the activity.

**Tree-planting activities in various countries and regions**

| Country/region | Initiatives |
|---|---|
| Taiwan | Planted grass around the factory parking lot to add more greenery and planted six cherry blossom trees |
| China (Guangzhou) | Worked with regional residents and local government officials to promote greening of the city |
| Brazil | Planted trees on factory grounds and a total of 50 seedlings at employees' homes |
| Mexico | Donated 150 lemon trees in 2023 in cooperation with tree-planting activities organized by the city of Ixtapaluca |

## Biodiversity conservation in partnership with stakeholders

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

### ● Joining UN and Ministry of the Environment initiatives

The Yakult Group has implemented the Yakult Sustainability Campaign (formerly known as the Yakult CSR Campaign) for all workers since fiscal 1994.

In fiscal 2017, we joined the My Action Declaration program of the Japan Committee for the United Nations Decade on Biodiversity (UNDB-J), which aims to encourage biodiversity engagement in daily life, and 15,706 Yakult workers participated by selecting and declaring their commitment to any number of five actions to protect biodiversity. This initiative was highly rated and featured in the UNDB-J's collection of My Action Declaration initiatives.

WEB UNDB-J My Action Declaration Initiatives
https://undb.jp/wp/wp-content/uploads/2019/06/action_jirei.pdf (Japanese only)

### ● Partnering with international NGO OISCA

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

Yakult has worked with OISCA around the world to make social contributions since 1979.

**• Supporting Children's Forest Program**

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

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

## Use of internationally certified paper in products (participating in biodiversity-related certification programs)

We have identified pulp and paper as among the raw materials in our supply chain associated with the risk of deforestation, so we have established a basic policy, along with initiatives and targets, to pursue sustainable procurement.

We use environmentally responsible FSC®*1- and PEFC*2-certified papers, both of which programs are known as forest certification programs, in some of our paper containers for soft drinks.

We believe that the use of paper with forest certification contributes to climate action, biodiversity conservation, and appropriate forest and wood management across the supply chain. To these ends, we will switch to using FSC®- and PEFC-certified papers for our main paper containers and packaging.

*1 The FSC® (Forest Stewardship Council®) is an international NPO established with the goal of promoting responsible forest management more widely.
*2 The PEFC (Programme for the Endorsement of Forest Certification) is an international NGO that promotes the mutual recognition of forest certification programs established and operated in different countries based on standards set by the PEFC, and promotes sustainable forest management.

Related information p. 72 Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Social Activities Report

**At the Yakult Group, our mission is to contribute to the health and happiness of people around the world. We are actively working on communicating with all our stakeholders, including customers, local communities, business partners and workers, to raise social sustainability through health.**

Contents

51 Materiality Innovation
57 Materiality Value co-creation with communities
64 Materiality Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction

## Fiscal 2023 legal compliance

There were no business activities resulting in a negative impact on local environments or lives, or violations of laws or internal regulations, in fiscal 2023. Nor were there any major violations of laws or internal regulations in relation to human rights or labor, product incidents leading to voluntary recalls, or major violations of laws relating to quality or safety.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Materiality

# Innovation

## Governance

Within the Yakult Group, the Research & Development Technology Committee, which is chaired by the Divisional General Manager of the Research & Development Division, a member of the Board of Directors, deliberates on research and development, while the Marketing Committee, which is chaired by the Divisional General Manager of the Food and Beverages Division, a member of the Board of Directors, deliberates on new products. Among the deliberated topics, committee procedures stipulate that the Management Policy Council, which includes directors and Audit & Supervisory Board Members, along with the Executive Officers Committee and the Board of Directors, must be consulted regarding important matters relating to management policy.

## Strategy

We recognize that in order for the Yakult Group to continue growing sustainably, we need to not only further promote product development through the pursuit of excellence in life science but also create services that provide new value. *Yakult 1000* (launched in 2019) and *Y1000* (launched in 2021) are drinks that help resolve stress-related issues in contemporary society and have become hit products. While bearing in mind the views of our stakeholders, we will continue to further develop our organizations and create frameworks to generate innovations that will help resolve social issues and bring about our evolution toward a healthcare company.

| Risks | Opportunities |
|---|---|
| ● Insufficient response to diversifying consumer needs could affect business performance<br>● Infringement of intellectual property, leakage of research data, new infectious diseases or natural disasters could delay development | ● Development of highly safe products could lead to greater competitiveness<br>● Development of products responding to growing health consciousness could lead to greater competitiveness<br>● Promotion of joint research could lead to innovations |

## Risk management

In order for the Yakult Group to grow sustainably, we need to not only further promote product development based on the expertise we have cultivated in the life sciences, but also create services that provide new value. Recognizing this as a key challenge that could affect the Yakult Group's business and impact our corporate management and finances, we have identified innovation as a material theme.

## Metrics and targets

| Target | Achievements |
|---|---|
| ● Continuing research that helps resolve social issues | ● Launch of products with functional benefits in response to customer needs, such as a rerelease of *Yakult 400W* (Food with Function Claims/original release 2020)<br>● Entry into companion animal (pet) market and release of supplements for dogs, such as *MediSuppli Galactooligosaccharide* and the *MediSuppli+* series |

### ● Challenges and solutions

Changes in social conditions have a great impact on people's ideas about and attitudes toward health and can create new social issues. As a company advocating good health, we recognize that it is both our mission and challenge to continue to respond to these changes and contribute to solving new issues.

In response to the recent growth of the health domain, we are expanding our business into the healthcare field, centered on the probiotics research in which we have developed expertise over the years. By making an investment of approximately 100 billion yen between fiscal years 2021 and 2024 to expand our business fields in order to generate innovation, we aim to create new value by evolving into a healthcare company that provides products and services that meet the needs of people around the world.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Message from the chief officer

**Koichi Hirano**

Director and Senior Managing Executive Officer
Divisional General Manager of Research & Development Division

### Founded on innovation

Yakult's history was built on innovation. In the time of Yakult's founder, Minoru Shirota, unsanitary conditions in Japan caused large numbers of children to die of infectious diseases. Concerned about these conditions, Shirota set his sights on the field of preventive medicine, which aims to help people avoid sickness rather than treating diseases after they occur, and started down the path of microorganism research. This resulted in the creation of *Lactobacillus casei* strain Shirota,* commercialized as a fermented milk drink called *Yakult*. At a time when little attention was paid to preventive medicine and habitual ingestion of lactic acid bacteria was unheard of, this brought significant change to society. *Yakult* was thus born of innovative research and technology, making it a product that truly embodies innovation.

* Reclassified as *Lacticaseibacillus paracasei* strain Shirota in April 2020

### Innovation in response to consumer needs

Some 90 years have passed since the birth of *Yakult*. Consumer lifestyles and values have changed with the times, and Yakult's expansion into new countries and regions has resulted in a diversification of customer needs. People depend on us to recognize those needs and deliver value that only we can. To create this unique value, innovation is essential. For example, increasing the density of *Lactobacillus casei* strain Shirota in products like our *Yakult 1000* and *Y1000* drinks let us provide new value by addressing issues involving stress and sleep, which have recently emerged as serious health concerns. As another example, in 2023, we recognized a rising trend toward viewing pets as family members and formed a capital and business alliance with Japan Pet Communications Co., Ltd. to launch supplements for dogs as jointly created products using unique materials that only Yakult can provide. Constant pursuit of new ideas and technologies and delivery of next-generation products and services like these are essential if we are to adapt to constantly changing market conditions and grow sustainably. We are confident that endeavors like this are what will permit us to continue responding to customer needs and resolving issues.

Nor does innovation end with product and service development. Our delivery system, with its widely recognized teams of "Yakult Ladies," was an innovative sales approach conceived at a time when women's participation in the workforce was not as advanced as today. That sales system has continued to evolve with the times, resulting in recent developments like Yakult Delivery Net, which allows people to order items over the internet for delivery by Yakult Ladies, and Yakult Family Delivery Net, which allows customers to order product deliveries to family members living far away.

### Cultivating an innovation-friendly corporate culture

To achieve even greater global development, innovation is essential. We believe that this innovation will arise from creative thinking by each and every individual employee. Accordingly, in fiscal 2023 we launched a new Innovative Thinking Skills Acquisition Training course to foster human resources capable of innovative thought that creates new value. The program encourages employees from divisions across the Company to exchange opinions freely, helping participants to break free from the fixed ideas they adhere to both as individuals and as members of their division and consider the interests of the Company as a whole. We will continue offering these opportunities to large numbers of employees and using the ideas they freely produce as the driving force of our innovation.

Yakult also looks outside its company boundaries with initiatives addressing a range of social issues. Here, too, we proactively coordinate with external stakeholders and perform research in relationships of mutual support with external research organizations. By collaborating with partners who have differing viewpoints and specialist knowledge, we will spark innovation and create new business models that also resolve social issues.

### Creating value by building affinity

The Yakult Group believes that "in order for people to be healthy, everything around them must also be healthy," and innovation is an important method for realizing this vision. We will continue to build consumer affinity, understand the needs and challenges people face as individuals and offer solutions accordingly in order to contribute to healthier, happier lifestyles for people around the world.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Spawning innovation

### Using innovation to build our future

The Yakult Group aims to evolve into a healthcare company that continues contributing to the health of people around the world by generating innovations that will help resolve social issues through the pursuit of excellence in life science.

### R&D initiatives

The Yakult Group is daily engaged in research and development to generate products and services that contribute to the health of people around the world. Such activities are not limited to the field of probiotics (such as *Lactobacillus casei* strain Shirota and *Bifidobacterium breve* strain Yakult) but also extend to the healthcare field, contributing to preventive medicine and promoting the idea that a healthy intestinal tract leads to a long life. The fruits of our R&D activities are applied to our food, cosmetic and medical biome®* products.

We are also actively engaged in advancing R&D with external partners to promote preventive medicine and the idea that a healthy intestinal tract leads to a long life, conducting joint research with various medical institutions and undertaking a research grant program with Nature Portfolio.

* A registered trademark combining "medical" and "biome"

## Organizations that generate innovation

### Yakult Central Institute

The Yakult Central Institute is engaged in a variety of research activities based on Shirota-ism, and the results of this research have been applied to products that have preventive medicine properties and that contribute to the maintenance and promotion of good health. In April 2016, the Yakult Central Institute was renovated featuring the latest facilities, organization and environment to enable wide-ranging research activities and to generate original, leading-edge results. We will further deploy core technologies related to intestinal microbiota and probiotics in various fields with the aim of enhancing the health of people around the world.

**Yakult Central Institute**

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

**Key research subjects and fields**

The Institute works on the development of ingredients for food, beverages, cosmetics and medical biome® products that aid in the maintenance and improvement of health, and research into their applications. The fields of microbiology, nutritional science, physiological science, immunology, biochemistry, bioengineering, fermentation engineering, pharmaceutical science, analytical chemistry, epidemiology and information science all form a part of the research.

**Online corporate visit program for students**

We conduct an online corporate visit program to promote career education for junior high and high school students. The program provides opportunities to deepen understanding of researchers and their profession, and cultivate interest among students in contributing to society through work. In fiscal 2023, 877 students from 11 schools participated, with over 90% of the students responding to a survey that they were "very satisfied" or "satisfied" with the program.

### Yakult Honsha European Research Center for Microbiology VOF

Yakult Honsha established the Yakult Honsha European Research Center for Microbiology VOF (YHER) in Ghent, Belgium, in 2005. YHER has so far conducted clinical trials in Europe using locally produced fermented milk drinks, which confirmed that *Lactobacillus casei* strain Shirota reaches the intestines alive and improves fecal properties. Other basic research by the Center has also revealed that intestinal bifidobacteria are passed on from mothers to newborns, and that certain bifidobacteria stay in the intestines for a long period of time from infancy to early childhood.

## Research on bacteriology

### Research on the intestinal microbiota

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

Research into the intestinal microbiota from the standpoint of preventive medicine is a major pillar of activities at the Yakult Central Institute. We use the latest genetic analysis technology, intestinal bacteria isolation technology and a range of other techniques to analyze the types and composition of intestinal bacteria to ascertain their relationship with diseases and their impact on the health of the host.

### Probiotics research

The Yakult Central Institute has a long list of research achievements involving strains such as *Lactobacillus casei* strain Shirota, discovered by Minoru Shirota, and *Bifidobacterium breve* strain Yakult.

Collection of microorganisms such as lactic acid bacteria and bifidobacteria

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Evolving into a healthcare company (Product development in response to increased health consciousness)

With the rise of lifestyle-related diseases and obesity, an increasing number of countries outside Japan have recently sought to protect people's health by levying a "sugar tax" on foods containing more than a certain amount of sugar. Mexico now requires a warning label on foods with sugar content exceeding specified standards, while in Malaysia and Singapore, the Healthier Choice Symbol (HCS) appearing on foods containing less than the specified levels of sugar is required for their sale at schools and in advertising. Similar requirements in product development and labeling are expected to increase in the future as more consumers become health conscious and concerned about their sugar intake. The Yakult Group is therefore developing and introducing low-sugar products to clear food standards and meet consumer demand in different countries and regions.

Mental healthcare is also becoming increasingly important as many people today suffer from stress. In the face of this social problem, in October 2019 we launched *Yakult 1000*, our first Food with Function Claims developed through broader research into the intestinal microbiota and probiotics to provide new health value based on its effects on stress and sleep. And in October 2021, *Y1000* was launched with the same functions as *Yakult 1000*, primarily for the retail store channel.

### Efforts in Japan

With an increasing percentage of sales from products with lower sugar content and fewer calories (*Yakult 400LT, New Yakult Calorie Half*), we reduced the calories per milliliter of *Yakult 1000*, *Y1000* and *Yakult 400W* compared to *Yakult 400*. Anticipating that people's interest in reducing sugar intake will grow in the future, we will apply the technologies we developed to comply with sugar regulations in other countries to develop products in Japan.

As people's health consciousness and their preferred health solutions become more diversified, we are considering new products that provide value tailored to each individual, such as by combining the proprietary functions of our existing products with plant materials that have a healthy image, as well as by developing new categories of products that can be used in medical treatment.

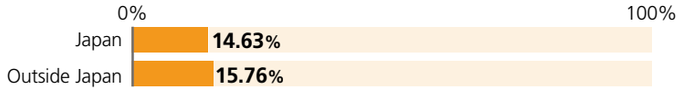
### Sales of low-sugar, reduced-calorie products

With the increasing health awareness of people throughout the world, we have been selling various low-sugar, reduced-calorie products that meet our customers' needs.

Outside Japan, we sell low-sugar, reduced-calorie products in 27 of the 39 countries and regions where we operate in order to respond to our customers' health needs while giving consideration to solving their health issues.

Going forward, we will continue contributing to the health and happiness of people around the world through development and sales of products that benefit the health of our customers.

Low-sugar, reduced-calorie products: Percentage of total dairy sales (fiscal 2023)




## Effective use of resources

In the design and development of containers and packaging, we are continually studying the possibilities of adopting environmentally responsible materials and saving (reducing) resources in existing products, such as by developing technologies for transitioning to materials that are easy to recycle.

At plants, we have been continuing with our efforts to save energy and resources, such as reviewing work methods that lead to reductions in electricity and water in the manufacturing and production processes, and adopting high-efficiency equipment when upgrading installed equipment.

Related information p. 37 Plastic containers and packaging | p. 42 Water | p. 46 Resource recycling

## Joint research and corporate collaboration

### Expanding joint research

To encourage innovation that addresses social issues, we have been engaging in joint research with outside research institutions to achieve our goals through partnerships.

#### • Joint research with JAXA

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

#### • Joint research with the National Center for Geriatrics and Gerontology

We participate in the "Higashiura study," a long-term epidemiological research project launched in 2023 by the National Center for Geriatrics and Gerontology, engaging in collaborative research to clarify what role lactic acid bacteria consumption plays in neurological and physical health in older people. This collaborative research is expected to run until the end of fiscal 2027, and the information obtained during this period will be used to clarify the physiological value of lactic acid bacteria consumption from the standpoint of preventive medicine.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### • Research grant program with Nature Portfolio

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

## Product development through corporate collaboration

### • Toward the use of plant-based materials

Yakult Honsha has an established business alliance with Pokka Sapporo Food & Beverage Ltd. (Pokka Sapporo), which uses plant-based ingredients such as lemons and soymilk as resources, and has been working collaboratively with Pokka Sapporo on product development. Results of this collaboration include *Sofúl Lemon* (released January 2023), which combines Pokka Sapporo's lemon ingredients with our fermentation technology, and *Hakkou Kajitsu: Mikan & Lemon* from Pokka Sapporo (released June 2023).

### • Developing products for companion animals (pets)

Based on our belief that "in order for people to be healthy, everything around them must also be healthy," we see it as important to support the health not only of humans but also of animals, plants and the environment. Resolving to enter the market for products for companion animals (pets) and help improve health maintenance for animals, we formed a capital business alliance with Japan Pet Communications Co., Ltd. and collaboratively developed *MediSuppli Galactooligosaccharide* and the *MediSuppli*+ series of products, both of which contain galactooligosaccharides developed independently by Yakult and were released in September 2023.

# Ethical compliance

The Yakult Central Institute has departments that specialize in research and assurance related to product safety and reliability. The departments collect highly reliable research data following Yakult's strict proprietary standards and criteria. The Safety Research Department evaluates the safety of materials and products according to government standards. Independent from other organizations, the Quality Assurance Unit audits research data and activities from a third-party perspective. We also actively run research ethics training (information security, legal compliance, etc.) for our researchers.

When tests on animals are required during our research and development, we follow the law and the policies of relevant institutions, and perform the tests in line with our internal regulations on animal welfare. We also accept regular on-site inspections from international third-party evaluation organizations and stay up-to-date on our certifications.

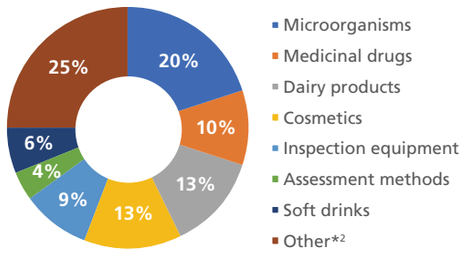
Except where there are legal requirements or guidelines from the relevant authorities in each country, our food and cosmetics research does not involve testing on animals.

# Investment in and utilization of intellectual property and intangible assets

## Acquisition and utilization of intellectual property rights

The Yakult Group works actively to acquire intellectual property rights (patents, designs, trademarks, etc.) in and outside Japan on new products and technologies created through research and development. This enables us to not only protect our proprietary technologies from infringements by other companies but also maintain and improve our brand value through the appropriate use of these rights. Our patents range from probiotics to pharmaceuticals and cosmetic products (number of patents held in and out of Japan as of the end of March 2024: about 1,000).

Share of patent rights held by field (Japan)*1




*1 Calculated based on applications with rights continuing or under examination as of May 2024
*2 "Other" includes packaging, containers, jigs, inspection equipment, biotechnology (cell culture, protein synthesis, genes, etc.) and educational materials.

## Optimizing our intellectual property strategy

Yakult Honsha centrally manages the intellectual property rights in all countries and regions where the Yakult Group conducts business, thereby creating an optimal intellectual property strategy for the entire Group. The Intellectual Property Section of the Development Department plays a central role in developing and formulating this strategy and promotes its implementation in cooperation with the business divisions.

Under the unified management of Yakult Honsha, we have acquired rights to the *Yakult* and related trademarks in countries and regions around the world to maintain and enhance the value of the Company's brand. We have also acquired a three-dimensional trademark in Japan, the United States and other countries for the distinctive shape of *Yakult* containers. These rights have been useful in protecting against the rapid increase of imitation products overseas. In addition, we have been building up our monitoring system in collaboration with outside experts particularly for imitation products.

Japanese trademark registration number 5384525 (left), US trademark registration number 3467768 (right) The shape of the *Yakult* container is registered as a three-dimensional trademark (container shape only).

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

**Number of countries where we have acquired rights to the *Yakult* and related trademarks and examples of such trademarks**

**120 countries and regions around the world**

Yakult　Yakult　益力多　養楽多　YAKULT

### Communicating and building trust with customers through Yakult Ladies and Yakult Beauty Advisors

Yakult Ladies and Yakult Beauty Advisors form the core of the Yakult Group's unique home delivery system, which not only delivers food and cosmetic products but also provides health information, enabling us to communicate with customers and earn their trust. This approach to communication with customers through the home delivery system is utilized in 13 countries and regions around the world, including Japan, and the trust built as a result of this system is an important asset for the Yakult Group.

## Innovative training

Our long-term vision, as elucidated in the Yakult Group Global Vision 2030, is to "Evolve into a healthcare company that continues contributing to people's health around the world." We aim to further promote product development through the pursuit of excellence in life science and create services that provide new value.

In order to foster human resources capable of innovative thought that creates new value, in fiscal 2023 we launched a new Innovative Thinking Skills Acquisition Training course. The course, attended by 112 employees in its first year, aimed to help attendees acquire the abilities and knowledge needed for innovation. Its content included not only lectures but also group work designed to help individual attendees break free of fixed preconceptions in seeking solutions to customer needs. In the last of five sessions (taking five days in all), each group made a presentation about their results, based on the shared theme "Proposing a product or service that Yakult should offer society in response to changing times." We are confident that continuing to cultivate our human resources through this course will lead to the acquisition of innovative thinking skills and the creation of even more new value.

**Employee comment**

**Yusuke Komagata**
Associate Manager
Human Resources Development Center

I planned and ran this new training course, which inspired each individual attendee to think about not only how to achieve the course's goals but also what kind of innovation our company needs. As I watched attendees engage in group work and present their results, I sensed the wealth of ideas within them, ready to become the seeds of new innovation.

Acquiring and embodying innovative thinking is something we need all of our employees to do, not only this year's course attendees. To support the sustainable growth of our company, we will continue to offer and build on this training course in order to foster a corporate culture of embracing new challenges and cultivate an innovative mindset throughout our workforce.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Materiality

# Value co-creation with communities

## Governance

The Yakult Group's CSR Promotion Committee, chaired by the Divisional General Manager of the Management Support Division, a member of the Board of Directors, discusses and manages progress on value co-creation with communities—one of our material themes. Committee procedures stipulate that the Management Policy Council, which includes directors and Audit & Supervisory Board Members, as well as the Executive Officers Committee and the Board of Directors, must be consulted for initiatives regarding value co-creation with communities that are important from the viewpoint of management policy.

## Our approach

Based on our belief that "in order for people to be healthy, everything around them must also be healthy," the Yakult Group recognizes the importance of co-creating value with communities and continuing our business activities in harmony with the environment. We also actively participate in building safer communities and contribute to local development for a sustainable society, including through our unique network of over 80,000 Yakult Ladies worldwide, who hand-deliver products to customers.

| Risks | Opportunities |
|---|---|
| ● Product-related safety/health issues could cause an interruption in business<br>● Insufficient disclosure of product information could lead to less trust in the Group<br>● Labor shortages or working environments with insufficient safety levels could cause an interruption in business<br>● Stricter environmental regulations, air pollution, destruction of biodiversity could cause an interruption in business | ● Providing safe, healthy products could lead to greater competitiveness<br>● Providing full product information could lead to improved trust in the Group<br>● Promoting diversity and creating a rewarding working environment could lead to a stable workforce<br>● Introducing eco-friendly vehicles and vending machines could lead to increased environmental friendliness |

## Risk management

It is essential for our continued sustainable growth that we become a member of local communities, respect local cultures and customs, and contribute to the resolution of community issues with local stakeholders. We recognize this to be an important issue in the Yakult Group's operations that can affect corporate management and finances, and we have identified it as a material theme.

## Metrics and targets

| Targets | Achievements |
|---|---|
| ● Promote dispatch of lecturers and health-related lectures*1 | ● Lecturers dispatched for 60,319 lectures to 3,558,875 participants (total for Japan and overseas)<br>● Health-related lectures given 336,277 times to 11,499,264 participants (total for Japan and overseas) |
| ● Promote Courtesy Visit Activities, community safety watch and crime prevention activities | ● Courtesy Visit Activities conducted by 50 marketing companies visiting 30,343 older people*2<br>● Community safety watch and crime prevention activities carried out by 95*3 marketing companies in cooperation with 927 local governments and other groups |
| ● Further sports promotion | ● Some activities voluntarily suspended to prevent the spread of COVID-19 |
| ● Implement cooperative activities with local governments and other groups | ● Concluded an agreement with Kunitachi City to provide water in the event of a disaster<br>● Took part in the breakfast for kids project, a public-interest initiative to provide children from impoverished families in mountainous areas with breakfasts |
| ● Deepen exchanges with local communities through plant festivals | ● Activities voluntarily suspended to prevent the spread of COVID-19 |

*1 Some marketing companies in Japan and companies in some countries and regions overseas are holding events online.
*2 Activities were held taking thorough protective measures to prevent the spread of COVID-19.
*3 Including marketing companies under holding companies.

### Challenges and solutions

Yakult Ladies, who give the Yakult Group its distinctive sales style, hand-deliver products with care and convey health information to customers. By making the most of engagement with customers, they help people lead healthier lives and contribute to communities' safety and peace of mind.

Social conditions and lifestyles are in constant flux. More often today, there is no one at home during the day due to the rising number of households where both spouses work and to extensions of the retirement age. The pandemic also forced many changes. We recognize the need to adapt to these changes to continue the task of value co-creation with communities. In recent years, we have improved our online ordering service and deliveries that do not require face-to-face contact, and we are also communicating health-promoting information on the Yakult BASE website and elsewhere. We will continue striving to contribute to the health of people in the community as we respond to changing social circumstances and lifestyles.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Message from the chief officers

**Masatoshi Nagira**

Director and Senior Managing Executive Officer
Divisional General Manager of Food and Beverages Division
Divisional General Manager of Cosmetics Business Division

### ● Yakult's focus on nurturing close ties with the community

We conduct community-based business activities through our 101 marketing companies across Japan. In addition to delivering our products, we demonstrate our desire to contribute to the health of regional communities by explaining in detail how our products assist intestinal health so that customers understand and benefit from them. This desire remains unchanged today, even after more than 60 years since the launch of the Yakult Lady home delivery system in 1963. This system of hand-delivering products is a symbol of our mission to provide products and helpful information and to contribute to people's health and happiness by nurturing close ties with the community and building affinity with people.

### ● Realizing a community-based society

A major challenge confronting modern society is the weakening of interpersonal ties in recent years due to structural changes in society and people's shifting lifestyles. Attention is being given to the importance of building a community-based society to address this issue. A community-based society is marked by close ties that individuals have with others and with society as a whole, where people feel they have a purpose in life and a role in society and rely on one another in their daily lives.

In addition to delivering products and helpful information, the Yakult Group implements various initiatives to realize a community-based society. For example, we dispatch lecturers to elementary schools to communicate the importance of intestinal health and how we can stay fit by following good lifestyle habits. We also organize health-related lectures and classes for people in the community. In Japan, we are actively involved in initiatives to build safer communities, such as through community safety watch and crime prevention activities conducted in conjunction with local governments and police departments, as well as through Courtesy Visit Activities, where visits are made to older people living alone to confirm their safety.

The impetus for these initiatives—undertaken largely by our community-based marketing companies and Yakult Ladies—comes from our desire to contribute to the community. We will continue to leverage the Group's unique Yakult Lady home delivery system to undertake activities aimed at realizing a community-based society.

### ● Growing together with the local community

The trust and bonds that the Yakult Group has built with customers and members of the community are irreplaceable assets that will henceforth propel our efforts to evolve into a healthcare company that contributes to people's health around the world.

We will contribute to the realization of a sustainable society by continuing to grow as a member of the local community that respects local culture and customs and that promotes business activities in harmony with the local community.

**Junichi Shimada**

Director and Managing Executive Officer
Divisional General Manager of International Business Division

### ● Contributing to people's health around the world

We wish to contribute to the health and happiness of people around the world, and this has remained unchanged since the founding of our Company. To realize this aim, we launched our overseas operations in 1964 with the establishment of Yakult Taiwan Co., Ltd., and we have since expanded our operations in Asia and Oceania, the Americas and Europe. We now deliver *Yakult* to people in 39 countries and regions around the world outside of Japan. Our business outside Japan encompasses more than 75,000 Yakult workers, including some 50,000 Yakult Ladies, working with a shared sense of mission.

### ● Nurturing close ties with overseas communities

When expanding overseas, we give importance to localization, basing our operations on local production and local sales. Our commitment to the local hiring of employees and Yakult Ladies helps to firmly establish our mission of contributing to the health of our customers and local communities and of providing health information along with our products. We believe that it can also contribute to the provision of opportunities for employment and women's social advancement in each country and region.

Along with localization, we also value the nurturing of close ties with the community. We publish health-related magazines and organize symposiums tailored to local lifestyles and dietary customs. We also conduct health-related lectures for people in the community, at work and in schools in countries around the world. In addition, social contribution activities, such as support for the Pink Ribbon campaign and environmental preservation through tree-planting activities, are implemented in keeping with local needs and conditions.

### ● In hopes of contributing to the health of people we cannot yet reach

We wish to contribute to people's health and happiness around the world. However, people in many parts of the world are unable to enjoy good health for various reasons. We must continue our efforts to communicate the health benefits of probiotics and the concepts of preventive medicine and to deliver our products to as many people as quickly as possible and thereby contribute to their good health.

To this end, we will search for additional ways to make our products available to more people. In hopes of contributing to the health of people we cannot yet reach, we will seek to expand our global presence by continuing to pursue localization and the nurturing of close ties with the community and by building affinity with people and communities around the world.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

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

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

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

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

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

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

Established: March 20, 2018

## Community investment

In accordance with our Policy on Community Development Activities, we proactively engage in activities that contribute to community development. In fiscal 2023, we invested approximately 200 million yen in activities run in partnership with local communities.

**Community investment (social contribution activities)**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Amount invested (million yen) | 620 | 450 | 188 | 195 | 200 |

## Furthering the concepts of preventive medicine and a healthy intestinal tract leads to a long life

We at Yakult seek to contribute to the health and happiness of people around the world by not only delivering products that contribute to intestinal health but also by explaining their features in detail so that customers can understand and benefit from them.

Yakult Ladies contribute to the health of our customers by providing health-related information along with our products. For customers that we cannot reach directly, simple explanations are given on the importance of preventive medicine and a healthy intestinal tract in collaboration with the local community and other companies.

### Providing information on health

We not only provide information on health through Yakult Ladies but also hold forums on health-related topics led by experts. We also publish the *Healthist* magazine dealing with health and science themes and use various other types of materials to proactively deepen health awareness of people in local communities.

Related information p. 101 *Healthist* magazine

### Dispatching lecturers

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

These lectures are also conducted in many countries and regions outside Japan. In fiscal 2023, we conducted 4,360 such lectures in Japan for 231,260 participants, while outside of Japan there were a total of 55,959 lectures given to 3,227,615 participants.

An online version of the lecturer dispatch program on keeping our intestines healthy was developed in fiscal 2022. Conditions are now in place to meet the needs for online lectures.

### Health-related classes

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

In fiscal 2023, there were 69,353 health-related classes conducted in Japan for 366,968 participants. In some countries and regions outside Japan classes were held both on and offline, with 249,526 classes held for about 10.2 million participants.

Note: Some marketing companies in Japan are conducting classes online. Outside of Japan, online lectures are being held in Hong Kong, the Philippines, Singapore, Indonesia, Australia, India, China, Brazil, Mexico, the UK, Germany and the Netherlands.

A health-related class organized by PT. Yakult Indonesia Persada

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Providing information about bowel cancer

As a social contribution activity in the pharmaceutical business, we provided opportunities in fiscal 2023 to deepen knowledge of bowel cancer through pamphlets and a website offering simple explanations of the disease and treatment for people suffering from bowel cancer and their families.

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

In fiscal 2023, the website published content relating to how bowel cancer patients can prepare for natural disasters and ways to raise awareness of screenings for bowel cancer. Since going online in March 2012, the website has been accessed by a total of over 18 million people.

### Beauty workshops

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

We thus run regular beauty workshops where customers, local community residents, and companies can receive beauty-related information and have skin consultations with marketing company employees and Yakult Beauty Advisors.

A beauty workshop

## Initiatives in each country and region

### Raising awareness of early detection and treatment of breast cancer

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

Yakult (Singapore) Pte. Ltd. continues to work with the Singapore Breast Cancer Foundation (BCF) to raise people's awareness of the disease. In 2023, it cooperated by having Yakult Ladies distribute a leaflet promoting understanding of breast cancer published by the BCF. It also supported a marathon sponsored by the Singapore Cancer Society (SCS) and a public forum organized by the National Foundation for Digestive Diseases (NFDD).

The Yakult China Group conducted awareness-raising activities for the early detection and treatment of breast cancer as part of the BePink project, organized by the Shanghai-based foundation of China's Yicai Media Group, to promote social independence for women. In addition to supporting breast cancer screenings for 1,000 people in four Chinese cities, the Yakult China Group held information-sharing sessions in five cities on the prevention, screening and treatment of breast cancer. These activities were introduced through the media to broadly communicate the need for breast cancer prevention and screenings to consumers.

A Yakult Lady distributes a leaflet published by the BCF (Singapore)

Yakult Middle East FZCO participated in an event sponsored by a hospital aimed at raising awareness of breast cancer and promoting healthy lifestyles. In addition to explaining the importance of *Yakult* and other probiotic products, the company's communications team distributed pamphlets about *Lactobacillus casei* strain Shirota, conducted taste samplings, and distributed pink wristbands.

### Sampling activities in collaboration with JICA: Yakult Danone India Pvt. Ltd.

Yakult Danone India Pvt. Ltd. is collaborating with JICA India's Achhi Aadat (Good Habit) campaign to raise awareness of child hygiene to prevent the spread of COVID-19 and other infectious diseases. In April 2023, Yakult Ladies distributed 40,000 leaflets explaining the importance of hand washing and gut health, prepared in conjunction with JICA India. Sampling activities and health-related lectures were also conducted at events jointly organized by FC Nono—a nonprofit operating mainly in the state of Bihar—and JICA India.

In addition, Yakult Danone India Pvt. Ltd. sponsors marathons, cricket matches, and local and corporate events throughout the year, with participant numbers reaching 190,000 in total. In 2023, it conducted 438 samplings and distributed 160,000 bottles of Yakult products.

Collaborating with JICA India's Achhi Aadat campaign (India)

### Providing health information to diabetes patients: Yakult Philippines, Inc.

Yakult Philippines, Inc. provides yearlong support for the activities of the Diabetes Club of Parañaque (DCOP), based just outside the city of Manila, aimed at raising awareness about diabetes and helping patients manage their disease. The company provides samples and holds lectures on nutrition and health.

### Support for children's medical care: Distribuidora Yakult Guadalajara S.A. de C.V.

The company supports children suffering from pediatric cancer with donations based on sales of *Yakult*. In March and April 2023, the company donated approximately 260,000 pesos to two pediatric health organizations, which was used to cover the costs of medical supplies, testing and surgery for about 30 children. One cent was donated for every bottle of *Yakult* sold, and employees also provided additional donations.

A donation to the Civil Hospital of Guadalajara

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Community health awareness program: Yakult (Malaysia) Sdn. Bhd.

Yakult (Malaysia) Sdn. Bhd. implements a community health awareness program to promote understanding of the importance of gut health. Through educational presentations and outreach activities, the program aims to communicate the importance of gut health and foster a culture of preventive medicine, thereby contributing to healthier communities. In 2023, 1,768 people took part in the program held at 10 locations in Peninsular Malaysia.

Community health awareness program (Malaysia)

## Supporting the safety and peace of mind of communities

### Courtesy Visit Activities

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

The activities were pursued in fiscal 2023 as well, and as of March 2024, about 2,300 Yakult Ladies are paying regular visits to about 30,000 older people in response to requests from 115 local governments in Japan.

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

### Community safety watch and crime prevention activities

Being well positioned to observe every corner of their sales areas during their daily deliveries, Yakult Ladies contribute to communities' safety and peace of mind by participating in crime watch and other activities undertaken in cooperation with 927 local governments and police units around Japan. As a result of these activities, there have been cases where Yakult Ladies have felt something was not normal at a customer's residence and reported it to the police, who have found and rescued the person. As of March 2024, 95 marketing companies* throughout Japan have created organizations to help support communities' safety and peace of mind.

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

* Including marketing companies under holding companies

### Backing support facilities for persons with disabilities

In cooperation with prefectural pachinko and pachislot cooperative associations, we provide work opportunities to persons with disabilities staying at or visiting welfare facilities to support their participation in society. We ask them to attach stickers that include New Year and summer greetings to our products distributed to customers at pachinko and pachislot parlors. In fiscal 2023, we had the stickers attached to a total of around 550,000 bottles at 65 facilities in 22 prefectures.

### Implementing social activities with vending machines

As of the end of March 2024, the Yakult Group has installed about 40,000 vending machines throughout Japan. Some of these vending machines have special social contribution functions that can offer important assistance to people in local communities.

For example, we are installing universal design models that are easy to use for everyone, disaster-relief models that will distribute their merchandise free of charge following major earthquakes and other disasters, and crime-prevention models that incorporate security cameras that can play useful roles in crime prevention.

In cooperation with Kirin Beverage Company, Limited, we are moving ahead with the installation of Pink Ribbon vending machines that contribute a portion of their proceeds to the Japan Cancer Society. As of the end of March 2024, 284 Pink Ribbon vending machines were operating throughout Japan.

Pink Ribbon vending machine

### Support during disasters

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

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

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

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

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Welfare check of older people: Yakult China Group

The Double Ninth Festival is China's traditional day for older people, celebrated each year on the ninth day of the ninth month of the Chinese calendar. In the spirit of protecting the health of older people, Yakult Ladies continued to make sympathy visits to assisted-living facilities and older people living alone in their communities. In 2023, visits were made to 10 locations in seven Chinese cities, with the cities of Nanchang and Hengyang being added to the list of destinations. Yakult Ladies in various cities visited 463 older people, presenting them with flowers and *Yakult* gift packs. On visits to nursing homes, they interacted with residents by explaining the importance gut health, singing songs, playing games and doing finger exercises.

Guangzhou Yakult Co., Ltd., meanwhile, partnered with a local broadcasting station to visit the homes of 62 older residents and donate a total of 670 bottles of *Yakult*.

Making sympathy visit to an older resident

## Promoting health through sports

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

### Baseball clinics

Yakult holds baseball clinics throughout Japan that are led by currently active professional players from the Tokyo Yakult Swallows during the off-season. The NPO Tsubame Sports Promotion Association was established in 2005 and holds baseball clinics by retired players from the Tokyo Yakult Swallows.

In fiscal 2023, baseball clinics were held by active Swallows players at 10 venues throughout Japan and by retired players at 3 venues.

### Ball-throwing clinics

In recent years the physical fitness of elementary school students has deteriorated, and there has been a particularly notable decline in throwing ability. At the request mainly of kindergartens and elementary schools, the Tokyo Yakult Swallows baseball team runs ball-throwing clinics. The emphasis of these clinics is on encouraging children to try harder. In fiscal 2023, 95 clinics involving 9,820 participants were held, which were the highest figures on record. Clinics were held in all 23 wards of Tokyo.

Ball-throwing clinic

### Track and field club and rugby club

The track and field club, founded in 1972, participates in different sporting events such as *ekiden* (road relay) and marathon races. Yakult running clinics have been staged annually since 1988 as a place for athletes and local citizens to come together.

The Yakult Levins rugby club was founded in 1980 and is participating in Japan Rugby League One Division 3 from 2024. It also helps spread the game of rugby and improve children's health through the Toda Rugby Festival in Saitama Prefecture, a tag rugby clinic at elementary schools in Tokyo and Chiba Prefecture, and the Levins Rugby Festival.

## Environmental conservation

### Cleanup activities

Each plant independently runs activities to improve the surrounding environment including at local rivers, parks and shrines. In fiscal 2023 activities were held 82 times with 822 participants. Plants also actively participate in cleanup and other activities run by local communities.

The Yakult Central Institute conducts staff-run cleanup activities on the second Thursday of every month. Cleanup activities were held nine times with 188 participants in fiscal 2023. We also actively participate in initiatives that foster the next generation, like the Tama River Expedition for children where they can experience the joy of being in nature.

### Recycling fair

A recycling fair is held annually at the head office building and some other business sites as part of our social contribution activities. All donations made by employees and profits from the sale of books are given to OISCA's Children's Forest Program. In fiscal 2023, donations from the recycling fair reached 84,517 yen. The Company donated the same amount as a matching gift.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Support for disadvantaged people

Yakult's corporate philosophy of contributing to the health and happiness of people around the world links our business activities themselves with helping achieve each of the SDGs. The goal of tackling poverty is thus also an important issue for our Group.

We contribute toward promoting healthy lifestyles to leave no one behind by supporting those who are disadvantaged through product donations and initiatives.

### Donations to orphanages: PT. Yakult Indonesia Persada

PT. Yakult Indonesia Persada began donating *Yakult* to children living in orphanages in 2022. In 2023, it provided a total of 856 bottles to three institutions. Explanations of the products are given when delivering the drinks, along with guidance on personal health and hygiene, such as teeth-brushing tips.

### Supporting impoverished families: Guangzhou Yakult Co., Ltd.

In May 2023, Guangzhou Yakult Co., Ltd. partnered with labor unions and volunteer groups in the Sanshui district of the city of Foshan to hold a free movie screening that children from impoverished families were able to attend. The company also donated 1,000 bottles of *Yakult* to children from impoverished families in the district.

### Sponsorship of school meal programs: Yakult Philippines, Inc.

Yakult Philippines, Inc. supports school meal programs for children from impoverished families in two locations in the country. Participants in the program in 2023 included 200 children, their parents and community residents. In addition to product sampling, health-related lectures were held on ways to reduce nutritional deficiencies and encourage healthy eating habits.

### Support for socially vulnerable people in Europe

Yakult Group companies in Europe conduct support activities for socially vulnerable people in their respective countries and regions.

Yakult UK Ltd. partnered with the Royal Voluntary Service (RVS) to help older adults stay safe and healthy through the colder months, providing nutritional advice content and intestinal health advice from Yakult's Science team for a booklet distributed throughout Britain (over 78,000 printed copies and 340,000 digital copies). Employees of Yakult UK Ltd. are also volunteering their time for such activities as providing food to local food banks. In addition, around 380,000 bottles of *Yakult* were donated to local assisted-living facilities for elderly people, hospitals and food banks.

Yakult Italia S.R.L. made donations to organizations supporting poor and homeless people, including Opera San Francesco, Pane Quotidiano and City Angels Italia, and also provided free products.

Since February 2020, Yakult Deutschland GmbH has supported Herzwerk, a regional social project that cares for older people struggling with poverty in Dusseldorf. In 2023, *Yakult* was provided to 20 participants every two weeks. And since June 2022, the company has continued to provide financial support for a Healthy Dinner program that not only covers the cost of meals but also provides know-how.

Yakult Oesterreich GmbH has been supporting Red Cross cooling centers in July and August each year since 2020. The centers provide a cool resting place for those who do not have access to air conditioning. In 2023, the company provided free Yakult products and goodies to the centers.

### Support for the breakfast for kids project: Yakult China Group

The Yakult China Group takes part in a public-interest initiative organized by Yicai Media Group to provide children from impoverished families in mountainous areas with breakfasts. Participating companies donate funding to pay for breakfasts on certain days of the year. For 11 consecutive years since 2013, the Yakult China Group has been providing 10,000 yuan every year on May 29—World Digestive Health Day. In 2023, representatives from the China Yakult Group visited an elementary school in Yunnan Province, provided products to children, and held health-related lectures to explain the importance of gut health and the function of lactic acid bacteria.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Materiality

# Supply chain management

## Governance

The Yakult Group's CSR Promotion Committee, which is chaired by the Divisional General Manager of the Management Support Division, a member of the Board of Directors, discusses and manages progress on supply chain management issues in the context of material themes response. Among the deliberated topics, committee procedure stipulates that the Management Policy Council, which includes directors and Audit & Supervisory Board Members, as well as the Executive Officers Committee and the Board of Directors, must be consulted regarding important CSR matters relating to management policy.

## Strategy

In all of our business activities we must fulfill our social responsibilities as a corporate citizen by complying with laws, respecting human rights, considering the global environment and managing information securely.

To support the stable production and sale of products beneficial for health and activities toward a sustainable society, we view sustainable procurement as a key theme for our activities related to sustainability. We select our suppliers according to procurement cost criteria, raw material criteria and qualitative criteria, and promote risk management at these suppliers.

As sustainable procurement requires collective action with our business partners, we will communicate proactively and work together with partners, mitigating risks and considering social and environmental impact throughout the supply chain and improving the sustainability of society.

| Risks | Opportunities |
|---|---|
| ● Human rights violations (e.g., forced labor, child labor) at business partners (suppliers) could lead to less trust in the Group<br>● Unfair discrimination against business partners or corruption with business partners could lead to less trust in the Group<br>● Inadequate BCP could cause an interruption in business<br>● Stricter environmental regulations, depletion of water resources and destruction of biodiversity could cause an interruption in business | ● Promotion of sustainable procurement could lead to improved social trust in the Group<br>● Cooperation with business partners (suppliers) could lead to stable supply and improved productivity<br>● Safe and pleasant working environments could lead to increased productivity<br>● Saving energy, using water more efficiently and reducing waste could lead to improved cost competitiveness |

## Risk management

The Yakult Group uses the Sedex platform and a unique self-evaluation survey to understand the current situation of and engage in dialogue with suppliers. We also strive to track risks and respond to issues based on more in-depth dialogue during interviews and on-site visits with suppliers.

## Metrics and targets

| Target | Achievements |
|---|---|
| ● Implement sustainable procurement | ● Conducted a CSR procurement survey of our suppliers<br>● Carried out supplier risk management on Sedex<br>● Created an explanatory video related to sustainable procurement for suppliers and consumers<br>● Held a briefing for suppliers on CSR Procurement Policy |

### ● Challenges and solutions

Today's companies are called upon to fulfill their social responsibilities throughout their supply chains to address environmental, social and other global issues relating to climate change, water, biodiversity and human rights.

The Yakult Group sees supply chain management as a material issue and is promoting sustainable procurement, in addition to establishing a Human Rights Policy and advancing human rights due diligence initiatives. However, in order to meet the demands of society, it is necessary to enhance understanding among Group workers and increase the speed of our efforts. We are committed to fulfilling our responsibilities by strengthening our sustainable procurement promotion system as well as raising awareness and educating Group workers.

In fiscal 2022, we also formulated our Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing. It is important that the entire Yakult Group is aligned in its pursuit of responsible procurement of forest risk commodities. As part of our work toward achieving a deforestation and conversion-free supply chain, we are switching to products with third-party certification and bolstering traceability as we strive to reduce the environmental impact of our procurement activities.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Message from the chief officer

**Yasuyuki Suzuki**

Director and Managing Executive Officer
Divisional General Manager of Production Division

### ● Accurately grasping global trends and taking responsible action as a company

At the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) in December 2023, the participants assessed progress on measures to combat global climate change and called on the countries of the world to promote efforts to bring about a decarbonized society.

However, ongoing instability and confusion in the international situation continue to drive procurement costs up and create a wide variety of other impacts and limitations that affect how companies procure their raw materials. Discussions on how to address the problems tied to supply chain sustainability, including important themes like climate change, deforestation, biodiversity and human rights, are gaining momentum worldwide. As society pays closer attention to the issues at hand, expectations for progress are growing—and so is the need for corporate responsibility.

At the Yakult Group, which upholds supply chain management as one of its material themes, we know that we will need to stay abreast of global trends and work together with our suppliers as we take further action to increase environmental and social sustainability.

### ● Striving for sustainable raw material procurement

The Yakult Group aims to eliminate deforestation, a serious environmental issue for the supply chain, from its raw material procurement activities. In fiscal 2022, we formulated our Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing to help guide sustainable procurement.

One of the specific goals of this commitment is establishing traceability that allows us to identify risks by detailing the production of raw materials all the way to their source and to implement approaches to resolving any issues. To help do so, we conducted a traceability survey in fiscal 2023 on five key raw materials. We are now drawing on the results of the survey and other resources to get a clearer picture of the Group's current situation and explore approaches to solutions.

We are also taking steps in relation to palm oil, which is associated with considerable sustainable procurement risks. In fiscal 2023, we joined the Roundtable on Sustainable Palm Oil (RSPO) as well as the Japan Sustainable Palm Oil Network (JaSPON), which engages in activities to promote sustainable procurement and consumption of palm oil in the Japanese market, in hopes of accelerating our sustainable procurement efforts. Going forward, we will disclose information about our use of palm oil and promote appropriate palm oil procurement.

### ● Providing information in compliance with global frameworks

The Yakult Group is committed to not only promoting sustainable procurement activities but also appropriately disclosing information on the progress of those efforts to its stakeholders. As part of that commitment, we operate global information-disclosure systems for environmental topics such as climate change, water and forests. We also disclose information to CDP, an international NGO that continues to garner significant attention among investors and ranking agencies.

### ● Working together with suppliers

Because the process of developing solutions to environmental and social issues on the supply chain hinges on collaboration with suppliers, we conduct supplier briefings on sustainable procurement, meetings with suppliers, and other engagement activities. We will leverage these efforts into concrete action for solving issues by continuing to dialogue with our suppliers, communicating our views and goals and sharing information on relevant measures.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Sound relationships with business partners

Sound organizational management and fair business practices are extremely important for making our corporate philosophy a lasting reality throughout the Group.

To achieve this, premised on the Yakult Group's compliance with national and local laws, guidelines and regulations related to anti-corruption, we have established an anti-corruption policy based on the Yakult Ethical Principles and Code of Conduct, which serves as the standard for compliance within the Group.

The Yakult Ethical Principles and Code of Conduct stipulates our ban on gifts and entertainment. It prohibits receiving gifts and entertainment from business partners and stakeholders, as well as giving gifts and providing entertainment to business partners, stakeholders and customers that go beyond the scope of common practice or social norms, directly or indirectly, in and outside Japan. At overseas business sites, we established anti-bribery guidelines and regulations, and comply with them in the course of our business operations.

We are determined to avoid illegal actions and the use of improper methods to pursue profits as well as placing an undue burden on suppliers. We are also committed to ensuring fair, transparent and free competition and conducting appropriate transactions.

### Mutual prosperity with marketing companies

The Yakult Group has 101 marketing companies, and they play a key role as our point of contact with customers. After confirming and mutually agreeing on the roles and responsibilities to be fulfilled by Yakult Honsha and the marketing companies, we execute business activities based on a contract.

We at the Yakult Group work together toward realizing both a healthy society and mutual prosperity: Yakult Honsha provides highly functional products for health improvement and handles public relations and advertising, while marketing companies engage in activities that are useful in resolving the health issues of customers and local communities, as well as sell Yakult products.

### Compliance with the Subcontract Act

Aiming for even stricter compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act), we created a Subcontract Act Compliance Manual in 1997 for operational personnel in departments that deal with subcontractors (revised in 2023), and in 2023 carried out training for Yakult Group operational personnel about the Subcontract Act. We also create and make available awareness-raising videos about the Act as necessary.

Related information p. 113 Compliance ▸ Anti-corruption

## Promoting sustainable procurement

While globalization and economic development have brought convenience to the world, companies now also have a greater impact on the global environment and societies. The Yakult Group's supply chain begins with primary suppliers and extends to secondary and tertiary suppliers before finally arriving at producers such as dairy and other farmers. Even beyond this, as a company supported by the global environment and its ecosystem services in its efforts to expand its business globally, we believe that the Group's efforts toward sustainable procurement have great social significance. Based on this awareness, the Group has identified supply chain management as a material theme and is promoting sustainable procurement.

The Yakult Group will work together with suppliers to reduce environmental impact and eliminate the risk of human rights violations such as child labor and forced labor. We will establish sustainability as one of Yakult's quality criteria while contributing to the creation of a sustainable society, thus leading to the sustainable development of the Group.

### CSR Procurement Policy

The Yakult Group recognizes the importance of sustainable procurement that takes into consideration issues such as human rights, labor, the environment and anti-corruption, and promotes sustainable procurement throughout the supply chain in collaboration with our business partners according to the Yakult Group CSR Procurement Policy formulated in March 2018. We have also identified supply chain management as a material theme, and designated promoting sustainable procurement as a key theme of the Yakult CSR Action Plan,* with the aim of contributing to the responsible production and sale of products that improve health and the creation of a sustainable society.

* Name changed to Sustainability Action Plan in fiscal 2024.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Yakult Group's vision for sustainable procurement

| Corporate Slogan | Corporate Philosophy | Material theme |
|---|---|---|
| In order for people to be healthy, everything around them must also be healthy. | 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. | Supply chain management |

**Basic policy on sustainable procurement** — **Yakult Group CSR Procurement Policy** (established in March 2018)

Recognizing the importance of sustainable procurement that takes into consideration issues such as human rights, labor, the environment, and anti-corruption, the Yakult Group will promote sustainable procurement throughout the supply chain, in cooperation with our business partners.

**1 Respect regulatory compliance and international codes of conduct**
We will comply with national and local laws and regulations, respect international codes of conduct, and promote fair and equitable procurement activities.

**2 Consider human rights, labor, safety and health**
We will prohibit the use of child labor and forced labor, respect fundamental human rights, and promote procurement activities that take into consideration the work environment, safety and health.

**3 Ensure safety and quality**
We will promote procurement activities, giving attention to cost and stable supplies, and aim to ensure high quality and safety.

**4 Consider the global environment**
We will promote procurement activities that comply with the Yakult Basic Policy on the Environment and take into consideration the global environment.

**5 Maintain information security**
We will strictly control confidential information on procurement transactions and use it only for legitimate purposes.

**6 Coexist with society**
We will promote procurement activities that take into consideration social contributions towards coexistence with society.

**Request to our suppliers** — **Yakult Group Supplier CSR Guidelines**

We will increase social sustainability throughout the supply chain by taking the impacts on the environment and society into consideration and reducing the risks.

## Supplier CSR Guidelines

Based on the CSR Procurement Policy, the Yakult Group Supplier CSR Guidelines were formulated in July 2020 in order to effectively promote sustainable procurement within the Group and help create a sustainable society. The guidelines are a collection of requirements regarding responsible procurement activities for all our business partners in Japan and overseas, including new business partners.

In order to ensure adherence to these guidelines, we hold a briefing for suppliers on our CSR Procurement Policy during which we explain the contents of the guidelines. In addition, for each requirement in the guidelines, we check the status of supplier efforts through surveys and audits, and if any problems are found, we take action aimed at improvement.

Together with using these guidelines, the entire Yakult Group will continue striving to promote sustainable procurement.

WEB Yakult Group Supplier CSR Guidelines
https://www.yakult.co.jp/english/csr/policy/pdf/supplier_csr_guidelines.pdf

**Requests to our business partners (summary)**

1. Comply with national and local laws and regulations, respect international codes of conduct, and promote fair and equitable procurement activities. Establish systems for this purpose.
2. Uphold international human rights principles, including the Universal Declaration of Human Rights, and establish fair and appropriate working environments that consider safety and health.
3. Build a framework to ensure high quality and safety.
4. Build a management framework to reduce environmental impacts, take action on climate change, preserve biodiversity, prevent pollution, appropriately manage waste and effectively use resources.
5. Strictly manage confidential information.
6. Promote activities to coexist with society and to create a sustainable society.

## Using Sedex and a CSR procurement survey to strengthen supply chain management

In 2022, we became a buyer member of Sedex, a membership organization that provides an international data sharing platform aimed at responsible procurement.

Sedex provides a digital platform for members to share information on responsible business practices. Members can use a globally shared Self-Assessment Questionnaire (SAQ) and audit scheme and share the results on the platform.

Since fiscal 2022, we have requested that suppliers join Sedex and share their SAQ responses and other information. In July 2023, we confirmed that 101 suppliers had joined Sedex. We have begun using suppliers' SAQ responses to assess potential supply chain risks in a variety of areas, particularly the human rights issues of child labor and forced labor, occupational health and safety, business ethics and environmental themes. We will continue to use risk assessment based on SAQ results to prioritize initiatives and set improvement targets to promote risk reduction.

If suppliers have not yet joined Sedex, we use a CSR procurement survey to assess risks. Based on the survey results, since fiscal 2022 we have begun engaging with suppliers via interviews in order to promote risk reduction measures.
In fiscal 2023, we conducted interviews, including site visits, with three suppliers.

Sedex Member

## Evaluation of business partners and collaboration

Based on our CSR Procurement Policy, we carry out supplier risk assessments using Sedex and a CSR procurement survey in order to identify high-risk suppliers on issues such as the environment, human rights, occupational health and safety and anti-corruption. The fiscal 2023 survey was carried out for 94 business partners in Japan according to the selection criteria below, accounting for the top 90% of our suppliers ranked by total procurement cost related to manufacturing.

Additionally, in fiscal 2022, we began performing supplier risk assessments for our overseas offices using the same selection criteria as in Japan. In fiscal 2023, we carried out our CSR procurement survey on 58 companies.

Of the suppliers to our overseas offices, those we do business with through Yakult Honsha are included in the list of suppliers for whom risks within Japan need to be identified.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

**Supplier selection criteria for implementation of CSR procurement survey**

| | |
|---|---|
| Procurement cost criteria | Business partners in the top 90% of Yakult Honsha's manufacturing procurement costs (incl. all partners meeting this criteria the previous year) |
| Raw materials criteria | • Suppliers of key raw materials (dairy products, sugar) and high-risk raw materials (palm oil, soybeans, pulp and paper) |
| Qualitative selection criteria (suppliers whose risks need to be identified via a survey, while consulting the criteria listed on the right) | • Suppliers that are considered to have high sustainability risks in the supply chain<br>• Suppliers expected to be used for ongoing transactions<br>• Suppliers for items for which there are no alternative suppliers (suppliers on which we are highly dependent) |

Conducting this survey enabled us to assess the status of our suppliers' sustainable procurement initiatives and to ask our business partners for their understanding and cooperation on the Yakult Group CSR Procurement Policy and Supplier CSR Guidelines.

We sent feedback about the survey results to the companies that responded to raise awareness of sustainability and encourage improvements in their sustainable procurement initiatives.

Furthermore, for companies with confirmed issues such as violations of laws and regulations, we created a supplier management log and verified their response through individual hearings. We then made requests for improvement and have been receiving reports of their corrective actions.

Going forward, we will continue working to improve sustainability across the entire supply chain by carrying out risk assessments of the supply chain, and are also considering such measures as conducting supplier audits through field visits.

**Suppliers by risk management tool**

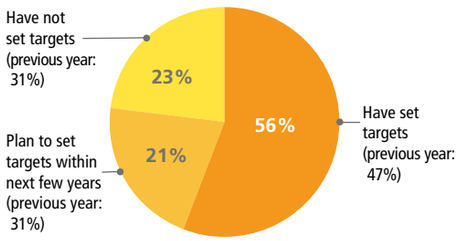
| | CSR procurement survey | Sedex platform | Total |
|---|---|---|---|
| Japan | 94 | 51 | 145 |
| Outside Japan* | 58 | 50 | 108 |
| **Total** | **152** | **101** | **253** |

* Of the suppliers to our overseas offices, those we do business with through Yakult Honsha are included in the list of suppliers for whom risks within Japan need to be identified.

## Supplier initiatives related to climate change and biodiversity

In response to the international situation as well as dialogue with institutional investors and NGOs, since fiscal 2021 we have been monitoring whether our suppliers have set long-term reduction targets for greenhouse gas emissions in line with the Paris Agreement on climate change (i.e., net zero targets). Additionally, in the case of suppliers that handle materials with significant impact on deforestation, such as palm oil, soybeans, beef and leather products, timber, and pulp and paper, we also check whether they have set policies and guidelines that consider the issue of deforestation.

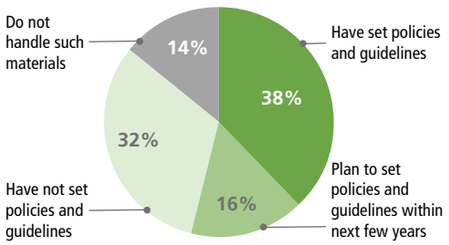
**Percentage of suppliers with long-term GHG emissions reduction targets**




We expect suppliers to actively explore setting long-term targets toward achieving a decarbonized society

**Percentage of suppliers* with deforestation-related policies and guidelines**

* Suppliers handling raw materials with a significant impact on deforestation, including palm oil, soybeans, beef and leather products, timber, and pulp and paper




We expect suppliers to explore proactive initiatives to prevent deforestation in the supply chain

## Supplier engagement through interviews based on CSR Procurement Policy

In order to reduce sustainability risks among our suppliers, in fiscal 2023 we used the results of the CSR procurement survey to identify suppliers with high sustainability risks and other key suppliers. After identifying issues for each supplier and considering actions to take in response, we engaged with these suppliers through visits to their operations.

Of the 94 companies in Japan that completed the fiscal 2023 CSR procurement survey, we interviewed three, requesting their understanding and cooperation regarding our policies and also improvement in areas with low scores.

Through cooperation based on active communication, we will continue to consider social and environmental impact in our whole supply chain, reduce these risks and enhance the sustainability of society.

Engagement with suppliers during on-site visits

**Examples of requests to suppliers**

- Improvement in areas of the CSR procurement survey with low scores
- Setting of net zero targets in line with the Paris Agreement
- Formulation of human rights policies according to the United Nations Guiding Principles on Business and Human Rights and the promotion of human rights due diligence
- Setting of policies and quantitative targets to prevent deforestation

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### • Asking suppliers to comply with code of conduct: Yakult China Group, Guangzhou Yakult Co., Ltd.

The three plants of the Yakult China Group (Shanghai Plant, Tianjin Plant and Wuxi Plant) requested all of their suppliers to sign a pledge in order to prevent bribery and other illegal activities, in accordance with Yakult China Group regulations. All of the suppliers complied with this request, and efforts will continue to be made to prevent corruption in the future. Guangzhou Yakult Co., Ltd. also had all suppliers to its three plants sign a similar pledge. We also ask new suppliers to sign the same pledge.

### • Auditing suppliers: Guangzhou Yakult Co., Ltd., Yakult U.S.A. Inc.

Guangzhou Yakult Co., Ltd. audited the factory of a manufacturer of polyethylene film used for repackaging in fiscal 2023. The company checked on-site sanitary conditions and offered advice on preventing contamination by foreign matter in order to improve the quality of locally procured items.

Yakult U.S.A. Inc. conducts regular manufacturing process audits of raw materials suppliers from a food safety perspective.

**CSR procurement survey results (fiscal 2023)**

Target: Primary business partners of Yakult Honsha's dairy products, soft drinks, cosmetics and pharmaceutical divisions/Number of responses: 94 companies (99% response rate)

| Item | Number of questions | Main questions (examples) | Average score (%)* | Percentage of responses (%) | | | |
|---|---|---|---|---|---|---|---|
| | | | | Level 3 Responded with "action being taken" | Level 2 Responded with "action being planned" | Level 1 Responded with "no action being taken" | N/A |
| 1. Corporate governance related to CSR | 6 | Have you established a vision, long-term goals, key areas, etc. for CSR in general? | 91.5 | 78.1 | 17.6 | 4.3 | 0.0 |
| 2. Human rights | 4 | Have you had any human rights issues in the last year, such as harassment, discrimination or labor issues with foreign technical trainees? | 95.5 | 88.7 | 8.6 | 2.7 | 0.0 |
| 3. Labor practices | 11 | Are you taking action for fair application of working hours, holidays, paid leave, etc.? | 97.5 | 94.4 | 3.7 | 1.9 | 0.0 |
| 4. Environment | 11 | Are you taking action to reduce $CO_2$ and other greenhouse gas emissions, or to use energy efficiently? | 92.1 | 80.0 | 9.9 | 6.5 | 3.7 |
| 5. Fair business | 11 | Are there regulations or initiatives to build proper relationships with local authorities and government officials in Japan and overseas in carrying out business activities (e.g., prohibition of bribery)? | 95.5 | 87.0 | 7.1 | 3.1 | 2.7 |
| 6. Quality and safety | 6 | Do you have your own company policy and implementation system in line with our policies and guidelines on quality and safety of products and services? | 97.8 | 84.9 | 1.6 | 2.0 | 11.5 |
| 7. Information security | 6 | Do you have a mechanism or initiatives related to personal data and privacy protection? | 98.2 | 96.1 | 2.5 | 1.4 | 0.0 |
| 8. Supply chain | 4 | Are you taking action to promote CSR activities in the supply chain, such as by conducting field surveys of business partners? | 92.1 | 80.6 | 15.1 | 4.3 | 0.0 |
| 9. Coexisting with the local community | 2 | Are you taking action to reduce the social and environmental burden of the production process or products and services? | 93.4 | 83.3 | 14.0 | 2.7 | 0.0 |
| **Total** | **61** | | **95.1** | **86.5** | **7.9** | **3.4** | **2.3** |

**Number of business partners by average score (Japan)**

| Average score | Number of companies |
|---|---|
| 90% or higher | 77 |
| 80%–below 90% | 14 |
| 70%–below 80% | 1 |
| Below 70% | 1 |
| Absent or incomplete response | 1 |
| **Total** | **94** |

* Score for each item calculated based on a score of 3 points for Level 3, 2 points for Level 2 and 1 point for Level 1

Note: Additional questions also asked to confirm details, depending on the content of the response.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Target: Primary business partners of Yakult Group's overseas offices/Number of responses: 58 companies 81% response rate)

| Item | Number of questions | Main questions (examples) | Average score (%)* | Percentage of responses (%) | | | |
|---|---|---|---|---|---|---|---|
| | | | | Level 3 Responded with "action being taken" | Level 2 Responded with "action being planned" | Level 1 Responded with "no action being taken" | N/A |
| 1. Corporate governance related to CSR | 6 | Have you established a vision, long-term goals, key areas, etc. for CSR in general? | 80.7 | 65.6 | 16.3 | 18.0 | 0.0 |
| 2. Human rights | 4 | Have you had any human rights issues in the last year, such as harassment, discrimination or labor issues with foreign technical trainees? | 93.4 | 84.7 | 10.7 | 4.6 | 0.0 |
| 3. Labor practices | 11 | Are you taking action for fair application of working hours, holidays, paid leave, etc.? | 94.7 | 87.8 | 8.7 | 3.5 | 0.0 |
| 4. Environment | 11 | Are you taking action to reduce $CO_2$ and other greenhouse gas emissions, or to use energy efficiently? | 84.8 | 67.3 | 12.0 | 15.7 | 5.0 |
| 5. Fair business | 11 | Are there regulations or initiatives to build proper relationships with local authorities and government officials in Japan and overseas in carrying out business activities (e.g., prohibition of bribery)? | 86.6 | 73.1 | 12.1 | 13.9 | 0.9 |
| 6. Quality and safety | 6 | Do you have your own company policy and implementation system in line with our policies and guidelines on quality and safety of products and services? | 93.0 | 80.3 | 5.8 | 6.8 | 7.1 |
| 7. Information security | 6 | Do you have a mechanism or initiatives related to personal data and privacy protection? | 95.4 | 88.8 | 8.5 | 2.7 | 0.0 |
| 8. Supply chain | 4 | Are you taking action to promote CSR activities in the supply chain, such as by conducting field surveys of business partners? | 88.0 | 76.0 | 12.0 | 12.0 | 0.0 |
| 9. Coexisting with the local community | 2 | Are you taking action to reduce the social and environmental burden of the production process or products and services? | 84.7 | 73.5 | 7.1 | 19.4 | 0.0 |
| **Total** | **61** | | **89.2** | **77.2** | **10.6** | **10.4** | **1.8** |

**Number of business partners by average score (overseas)**

| Average score | Number of companies |
|---|---|
| 90% or higher | 29 |
| 80%–below 90% | 9 |
| 70%–below 80% | 5 |
| Below 70% | 4 |
| Absent or incomplete response | 11 |
| **Total** | **58** |

* Score for each item calculated based on a score of 3 points for Level 3, 2 points for Level 2 and 1 point for Level 1
Note: Additional questions also asked to confirm details, depending on the content of the response.

## Supplier communication (holding briefings for business partners)

We recognize that our sustainable procurement initiative contributes significantly to the business activities of our business partners. Through active communication and collaboration with suppliers, the Yakult Group aims to improve the sustainability of wider society by taking the impacts on the environment and society into consideration and reducing risks throughout the entire supply chain.

For our major business partners, such as raw material suppliers and manufacturing subcontractors, we explained the Yakult Group CSR Procurement Policy and conducted a survey in order to promote understanding and implement the policy.

Since fiscal 2021, we have regularly held CSR Procurement Policy briefings for suppliers to promote understanding of our CSR Procurement Policy and related activities. In these briefings, we offer support with the aim of improving CSR capabilities, such as sharing information on social issues such as climate change, natural resources, and human rights as well as supply chain management, and making suppliers aware of the need for sustainability initiatives.

The fiscal 2023 briefing was held online and attended by approximately 400 people from 160 companies, including suppliers and sellers of raw materials to Yakult. In addition, around 100 people from related departments within Yakult participated.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Many participants commented on the briefing, saying things like, "I now understand what Yakult aims to be," "My understanding of sustainability has deepened" and "The briefing included examples of initiatives at other companies and will be useful in our future efforts."

The briefing sessions were recorded and made available for viewing for a certain time.

Yakult aims to work together with suppliers through such briefing sessions to promote effective sustainable procurement activities by arriving at a shared understanding of issues related to sustainable procurement.

**Main issues covered in briefings**

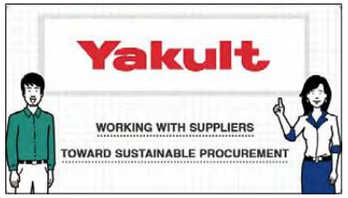
| | |
|---|---|
| FY2021 | **Expert seminar**<br>Speaker: Hiro Motoki, President and Representative Director, E-Square Inc.<br>Theme: Achieving sustainable procurement throughout the supply chain |
| | **Briefings and requests from Yakult**<br>• Yakult's sustainable procurement initiatives to date<br>• Complying with Yakult's CSR Procurement Policy and Supplier CSR Guidelines<br>• The Yakult Group's material themes, Environmental Vision and various policies including its Human Rights Policy<br>• The Yakult Group's sustainable procurement activities<br>• Results from the CSR procurement survey, issues and countermeasures |
| FY2022 | **Expert seminar**<br>Speaker: Chiaki Furusawa, WWF Japan<br>Theme: Deforestation risk and commodities—toward building sustainable supply chains that do not contribute to deforestation |
| | **Briefings and requests from Yakult**<br>• The Yakult Group's sustainable procurement activities<br>• Complying with Yakult's CSR Procurement Policy and Supplier CSR Guidelines<br>• Results from the CSR procurement survey, issues and countermeasures<br>• Joining Sedex, an international data sharing platform aimed at responsible procurement<br>• Responsible procurement of raw materials with high deforestation risk |
| FY2023 | **Expert seminar**<br>Speaker: Kenzo Taniuchi, Senior Ethical Trade Advisor, Sedex<br>Theme: Building a sustainable value chain through dialogue and support |
| | **Briefings and requests from Yakult**<br>• The Yakult Group's sustainable procurement activities<br>• Complying with Yakult's CSR Procurement Policy and Supplier CSR Guidelines<br>• Results from the CSR procurement survey, issues and countermeasures<br>• Providing information about sustainable procurement<br>• Joining Sedex, an international data sharing platform aimed at responsible procurement |

## Sustainable Procurement Practical Manual

To effectively promote sustainable procurement, we believe it is important for related departments and plants to have a shared understanding of the matter as they take the relevant measures. In fiscal 2023, to standardize our operations in this area, we created a Sustainable Procurement Practical Manual. Going forward, we will use this manual to promote understanding of sustainable procurement within related departments and reduce operational friction.

## Explanatory video on sustainable procurement

In fiscal 2022, we formulated our Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing, internally and publicly committing to responsible procurement of raw materials identified as being associated with deforestation risk. To promote understanding of this Commitment among both internal and external stakeholders, we also created and released a video explaining it. Meanwhile, to promote sustainable procurement in a concrete way, initiatives like switching to products with third-party certification and establishing traceability are required, as is rendering supply chain information visible using international platforms. Understanding and cooperation from suppliers are essential for this. Also important are the construction of a sustainable society and the promotion of socially responsible consumption based on understanding of sustainable procurement by consumers. Accordingly, in order to promote understanding of our sustainable procurement policies and initiatives among external stakeholders like suppliers and consumers, we created an explanatory video on sustainable procurement at Yakult in 10 languages.




WEB "Working with suppliers toward sustainable procurement" explanatory video

https://www.youtube.com/watch?v=iMtHUkeUVSo&t=2s

## Education and raising awareness about sustainable procurement

We provide information and training to employees involved in raw material procurement and manufacturing consignment regarding the objectives of the CSR Procurement Policy and responsible procurement activities for creating a sustainable society.

Seminar on deforestation-free commitment in business activities (fiscal 2022)

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

**Education and raising awareness about sustainable procurement**

| Fiscal year | Activity and participants |
|---|---|
| 2018 | Study sessions promoting sustainable procurement (held 7 times)<br>Participants: Heads of procurement-related departments and managers in charge (35 persons in total) |
| 2019 | Briefing for those involved in sustainable procurement promotion<br>Participants: Personnel involved from procurement-related departments (18 persons in total) |
| 2020 | Sustainable procurement workshops (held 2 times)<br>Participants: Personnel involved in development and procurement (105 persons in total) |
| 2021 | Sustainable procurement workshop<br>Participants: Overseas business offices and directors and employees of departments in charge of overseas offices at Yakult Honsha (72 persons in total) |
| 2022 | Seminar on deforestation-free commitment in business activities<br>Participants: Heads of and relevant managers in procurement-related departments and personnel involved in procurement (47 persons in total) |

## Green procurement

The Yakult Basic Policy on Green Procurement covers raw materials, packaging materials and equipment, facilities and indirect materials related to our business. All business sites carry out procurement activities in a manner that promotes the protection of the global environment, the reduction of environmental impact, the creation of a circular economy and other environmental objectives in cooperation with business partners based on this Basic Policy.

**Green procurement ratio**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Green procurement ratio (%) | 79.4 | 81.3 | 65.0 | 71.5 | 77.7 |

### Yakult Basic Policy on Green Procurement

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

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

**Basic policies**

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

Established: March 5, 2001

Please refer to the following URL for the full text of the Yakult Basic Policy on Green Procurement:

WEB https://www.yakult.co.jp/english/csr/download/pdf/2022_green_policy.pdf

Related information p. 49 Use of internationally certified paper in products (participating in biodiversity-related certification programs)

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

In light of its social responsibility around environmental and social issues and its discussions with NGOs and institutional investors, the Yakult Group has established a Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing, which aims to eliminate deforestation from the supply chain.

We have identified raw materials associated with the risk of deforestation in our supply chain and promote sustainable procurement of these materials in accordance with the basic policy, initiatives and targets we have set out.

In fiscal 2023, as well as promoting a switch to certified raw materials, we also carried out traceability monitoring.

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

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Basic policy to eliminate deforestation

In our raw material procurement activities, we are particularly aware of the importance of protecting forest ecosystems, and deforestation*1 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 soybeans, 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, soybeans 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.

Note: The quantitative targets and KPIs will be reviewed and updated as appropriate to improve ongoing efforts in the Commitment.

**Scope** 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

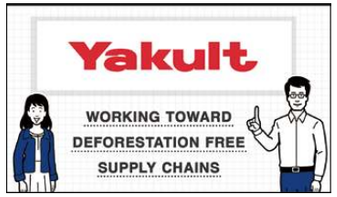
| Commodities | Target fiscal year | Quantitative targets |
|---|---|---|
| Pulp and paper | 2025 | 100% of the pulp and paper procured for paper containers and packaging to be switched to internationally certified materials such as FSC®*2 or recycled paper |
| Palm oil | 2025 | 100% of palm oil procured to be switched to RSPO*3 -certified products (MB*4 and above) |
| | 2030 | 100% traceability of palm oil procured as a primary raw material back to the agricultural origin of its production |
| Soybeans | 2030 | 100% traceability of soybeans procured as a primary raw material back to the agricultural origin of its production |
| Dairy products | 2030 | 100% traceability of dairy products (e.g., skim milk powder) back to the source, such as the dairy farmer, in collaboration with suppliers |

*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 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.

Click here for the full text of the Commitment.

WEB https://www.yakult.co.jp/english/csr/social/supply_chain/pdf/deforestation_free_en.pdf

WEB Explanatory video related to the Commitment
https://www.youtube.com/watch?v=ShNosLj5ISo&t=3s




**Progress report on the DCF Commitment to Responsible Sourcing (excluding dairy products*)**

| Commodities | Percentage verified as deforestation and conversion free (%) | Explanations |
|---|---|---|
| Pulp and paper 9,645.7 tons | 74.2% | The majority of paper containers and packaging used in products manufactured and sold by the Group have already been switched to FSC®/PEFC-certified paper or recycled paper. 60.1% was for certified products and 14.1% was for recycled paper of the scope of the Commitment. This percentage is the proportion of the quantity verified to be deforestation and conversion free. (License No.: FSC®N003728) |
| Palm oil 191.2 tons | 0.0% | In October 2023, the Yakult Group became a member of the Roundtable on Sustainable Palm Oil (RSPO), an international initiative regarding the sustainable use of palm oil. As of the end of March 2024, no third-party certified palm oil is used, but the Company plans to switch to third-party certified palm oil in the years ahead and verify whether the use of palm oil causes deforestation and land conversion. |
| Soybeans 1,787.7 tons | 42.4% | We use soybeans as a primary raw material of processed soymilk, soymilk beverages and dairy products manufactured and sold by the Group. Among the soybeans we use in our processed soymilk, soymilk beverages and dairy products, 42.4% are from Japan, where the risk of deforestation and land conversion is low, and we regard this percentage as no deforestation or land conversion associated with the use of soybeans. |

Note: Progress on dairy products is currently in the stage of information gathering.

## Joining RSPO and JaSPON

Under our Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing, established in fiscal 2022, we are taking measures to ensure sustainable procurement of palm oil, a raw material associated with a high risk of deforestation, which include switching to products with third-party certification and monitoring traceability.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

In fiscal 2023, to further our progress on sustainable procurement of palm oil, we joined the Roundtable on Sustainable Palm Oil (RSPO), an international initiative focused on the sustainable use of palm oil. Going forward, we will disclose information about our use of palm oil and promote appropriate palm oil procurement.

Additionally, in fiscal 2023, we joined the Japan Sustainable Palm Oil Network (JaSPON), which engages in activities to promote sustainable procurement and consumption of palm oil in the Japanese market. Information gathered through networking with experts and other companies in the same industry will help us stay current with the latest trends and monitor effective measures as we work toward fulfilling our DCF Commitment to Responsible Sourcing.

## Stable procurement of raw materials

### • Stable procurement for food products (dairy products, soft drinks)

To ensure the stable procurement of raw materials used in our dairy products, we distribute risk by purchasing primary materials from multiple companies, and maintain appropriate reserve stores of each by considering factors such as sales trends and material procurement lead times for each product. We also contract with business partners to secure an annual volume of some raw materials.

Using these methods ensures that we can stably procure raw materials even in times of disaster.

### • Stable procurement for pharmaceuticals

To ensure a stable supply of final products, we aim to mitigate risk by considering using multiple plants according to the circumstances of each formulation, along with managing stock based on appropriate estimates of demand. In addition, when concluding quality agreements for active pharmaceutical ingredients, we strive to ensure a stable supply of ingredients with the required quality by ensuring those agreements do not cause problems in ensuring a stable supply. For example, we include obligations to promptly provide information in the event of quality problems and to ensure prior consultation when changing manufacturing methods or sites.

### • Stable procurement for cosmetics

In procuring both raw materials specific to certain cosmetics and those used in multiple types of products, we diversify our sources and seek alternative routes to be prepared for unforeseen circumstances. Additionally, we maintain stocks of raw materials to a certain level with appropriate inventory control. We also always strive for smooth communication with business partners, engage in honest procurement and build relationships of trust to preemptively prevent problems and eliminate supply insecurities.

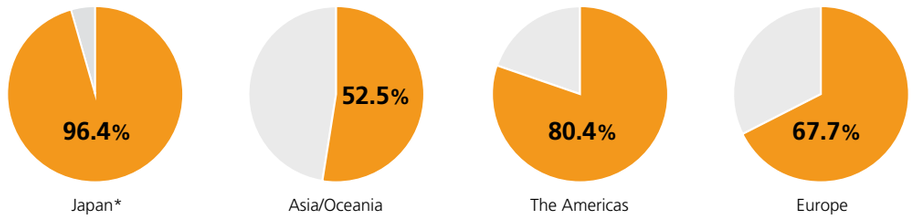
## Our commitment to local employment and sourcing

To contribute to the sustainable development of the countries and regions where we operate, Yakult agrees with the importance of local employment and local sourcing, as endorsed by ISO 26000, and is developing its global business with a local focus, based on local production and local sales. For raw ingredients, we select suppliers that have cleared our quality and safety standards, and that can provide a stable supply.

Yakult currently operates in 40 countries and regions including Japan with 28 overseas companies. We have established sales offices and production plants with deep ties to local communities, and actively hire local employees. Going forward, we will continue to undertake business with a local focus, working to benefit the local economy and local communities, with the aim of contributing to the healthy lives of local people and communities.

Related information p. 76 Local hiring for senior management positions: Yakult Europe B.V. and Guangzhou Yakult Co., Ltd.

Locally procured raw materials (fiscal 2023)




* Results for dairy product raw materials
Note: Raw materials that are imported and undergo final processing in Japan are calculated as local Japanese materials.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Human capital
## Human resources management

### Our approach to human capital

The people working at Yakult, including Yakult Ladies and Yakult Group employees, represent the core strength of our business operations and are indispensable assets.

We believe that enabling our diverse human resources to give expression to their broad range of skills is vital to achieving the goals of our management strategy.

### Personnel system that motivates employees

Based on the conviction that we must be a company that rewards hard work, we seek to operate a personnel system that is fair, impartial and satisfactory to all, with the aim of maximizing employees' enthusiasm and motivation. Specifically, the Company classifies employees into different role groups (job levels) and career tracks (job types), according to how large a role they are expected to play and the nature of their work. Thus, we match the right person with the right job, helping employees to assume responsibilities according to their abilities and offering them a clear career vision. In addition, we are encouraging a greater sense of competition and willingness to take on new challenges through a more flexible system of personnel evaluation, bonuses, salary increases and other forms of compensation.

### Message from the chief officer

**Hideaki Hoshiko**

Director and Senior Managing Executive Officer
Divisional General Manager of Administrative Division

#### ● Human capital management enabling both individual and organizational growth

Yakult Ladies and our other human resources represent the core strength of the Yakult Group's operations and are instrumental to making our business model work.

Yakult's founder, Minoru Shirota, placed great value on sincerity and harmonious human relations, and our corporate philosophy states, "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." We regard people as important assets who create value and actively invest in human capital as part of our human resources strategy.

In developing this strategy, we seek to maintain consistency with our management strategy. Given the diversification of people's values, our efforts to create worker-friendly environments will include systems to accommodate diverse work styles.

Also integral to our corporate management is the promotion of diversity and inclusion, and we take various measures to enable each and every employee to make the most of his or her personal traits and skills.

We are evolving our human resources development policies to maximize organizational strength by offering training aligned with the respective careers of individuals. Specifically, our focus includes developing human resources to strengthen our global operations, training to energize the workplace and enhance organizational strength, and job-level-specific training to enable employees to acquire skills in accordance with their roles.

In addition, we recognize that realizing our corporate philosophy requires the creation of workplace environments where employees can remain motivated and in good health, and we believe in the importance of promoting health-focused management. Thus, a unit was established within the Human Resources Department dedicated to proactively implementing health literacy improvement and other measures. As a result, we were included in the KENKO Investment for Health Stock Selection for the first time as a company carrying out efforts to promote employee health from a management perspective, as chosen by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange. We also received METI's "White 500" certification as an organization with outstanding health and productivity management for the seventh year in a row.

#### ● Striving for sustained growth of corporate value

In 2021, we restructured our basic human resources strategy to achieve the long-term goals of Yakult Group Global Vision 2030. The new strategy calls for structural changes to enable each individual to grow and play an active role, and it is being implemented through the creation of workplace environments that enhance worker motivation.

We will continue to actively invest in human resources as we strive for the sustained growth of our corporate value with a view to developing human resources not only to contribute to the growth of our core business operations but also to build a corporate culture where individuals and the organization can grow together and thereby create new value.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

**Major personnel systems: Yakult Honsha**

| Personnel system | Details |
|---|---|
| Self-reporting system | Employees state their views and wishes concerning job details, skills development, placement and transfers once a year, with the aim of increasing each employee's job satisfaction. |
| In-house "free agency" system | Employees can announce their desire to shift to a new position. This system helps employees move to new workplaces where they can make the most of their capabilities with greater motivation. |
| Career track switch system | Employees can use this system to switch to the track they desire, such as from the specialist track to the management track. This enhances the level of employees' enthusiasm and motivation by allowing them to pursue their career goals after joining the Company, leading to dynamic workplaces. Since the system was introduced in 2005, about 20 employees every year change their career track of their own volition and take on new career challenges. |
| Job rotation system | This system is designed to help assess employees' aptitude and facilitate long-term career development. Employees hired for mainly the management track are transferred to new positions every three to four years, enabling them to work in three units over a decade. By working in marketing, administrative and such other departments as overseas offices, employees gain work experience in a balanced manner, broaden their horizons, and gain an understanding of their own aptitude, which enable them to build their careers. |
| System of temporary leave to accompany a relocated spouse | This system allows employees to take up to five years' leave to accompany a spouse who is relocated in Japan or overseas. |

## Providing an enjoyable working environment

### Inclusive working environment for diverse employees

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

### Respect for basic labor rights

We do not currently have an in-house labor union, but we work with representatives of the majority of employees at each workplace to ensure that employees' voices are heard. Before bringing in any changes that will significantly affect our employees, we hold briefing sessions for all employees and try to build consensus.

**Comparison of starting salaries and minimum wage (fiscal 2023)**

| Fiscal year | Starting monthly salary (yen) | Comparison with minimum wage (%) |
|---|---|---|
| Graduate school graduate | 240,500 | 141 |
| University graduate (career track) | 232,500 | 136 |
| University graduate (general track) | 206,500 | 121 |
| Junior college graduate | 197,500 | 116 |
| Vocational school graduate | 197,500 | 116 |

Note: Minimum wage calculated using the minimum wage for Tokyo (1,113 yen per hour) working 20.42 days per month, 7.5 hours per day. Our salary system is based on the level of each employee, and there is no difference between male and female employees in the same level or role.

### Local hiring for senior management positions: Yakult Europe B.V. and Guangzhou Yakult Co., Ltd.

Yakult Europe B.V. and other companies of the Yakult Group in Europe actively recruit locally for senior management positions to achieve sustained growth as members of regional communities. Managing directors of Yakult Group companies in Europe have also been recruited locally. At Yakult Europe B.V., six of the seven directors were local appointments as of the end of 2023, and approximately 80% of managerial staff have been hired locally.

Guangzhou Yakult Co., Ltd. established a headquarters hiring system for locally hired employees in 2021. This is enabling the creation of a personnel system where motivated employees can seek higher management positions, such as area manager, plant manager and branch manager.

Related information p. 74 Our commitment to local employment and sourcing

### Workplace engagement efforts: Guangzhou Yakult Co., Ltd. and Yakult Europe B.V.

In 2022, Guangzhou Yakult Co., Ltd. partnered with a human resources consultant to conduct a survey of all employees on their attitudes toward the company, the results of which are being used to make future improvements.

Similar surveys are conducted at Yakult Europe B.V. The second such survey was conducted at the end of 2022, and the results are being compared with those from the first survey to analyze areas requiring attention. Workplace engagement is also being advanced by hosting a Yakult Europe strategy session each year to achieve shared thinking among members of management and then explaining the strategy and implementation status to employees in each department.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Human resources data (Yakult Honsha)

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Regular employees | 2,701 | 2,679 | 2,632 | 2,576 | 2,623 |
| Male | 2,012 | 1,968 | 1,921 | 1,874 | 1,915 |
| Female | 689 | 711 | 711 | 702 | 708 |
| Full-time contract employees | 181 | 195 | 204 | 189 | 187 |
| Male | 141 | 152 | 159 | 143 | 142 |
| Female | 40 | 43 | 45 | 46 | 45 |
| Female employee ratio (%) | 25.3 | 26.2 | 26.7 | 27.1 | 26.8 |
| Ratio of non-regular employees (%) | 11.6 | 12.3 | 12.6 | 12.7 | 12.8 |
| Average age (years) | 42.1 | 42.4 | 42.6 | 42.5 | 42.4 |
| Male | 43.3 | 43.3 | 43.5 | 43.4 | 43.2 |
| Female | 38.8 | 39.1 | 39.1 | 40.1 | 40.3 |
| Average length of service (years) | 18.3 | 18.4 | 18.7 | 18.7 | 18.3 |
| Male | 19.5 | 19.6 | 19.9 | 19.8 | 19.3 |
| Female | 14.5 | 14.9 | 15.7 | 15.8 | 16.0 |
| Average wage for 30-year-olds (yen/month) | 359,200 | 359,200 | 359,200 | 364,200 | 373,200 |
| Number of newly hired | 105 | 83 | 65 | 62 | 88 |
| Male | 61 | 48 | 45 | 38 | 60 |
| Female | 44 | 35 | 20 | 24 | 28 |
| Mid-career recruitment ratio (%) | 10.4 | 8.7 | 4.4 | 37.4 | 43.6 |
| New graduates' retention rate after three years (%) | 95.7 | 96.2 | 88.2 | 93.6 | 90.8 |
| Overall turnover rate (%) | 2.0 | 1.2 | 2.2 | 3.9 | 2.3 |
| Male | 1.9 | 1.1 | 1.6 | 4.1 | 2.0 |
| Female | 2.5 | 1.4 | 0.6 | 3.5 | 3.3 |
| Turnover rate for personal reasons (%) | 1.7 | 1.1 | 1.7 | 2.4 | 2.2 |
| Total working hours | 1,828.7 | 1,819.9 | 1,830.8 | 1,847.5 | 1,840.6 |

Note: As of the end of fiscal 2023. Data based on actual numbers.

### Fixed-term employees

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Fixed-term employees (number) | 181 | 195 | 204 | 189 | 187 |
| Male | 141 | 152 | 159 | 143 | 142 |
| Female | 40 | 43 | 45 | 46 | 45 |
| Employees with nonguaranteed working hours (number) | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 0 | 0 | 0 | 0 |
| Female | 0 | 0 | 0 | 0 | 0 |
| Full-time employees (number) | 166 | 184 | 189 | 186 | 184 |
| Male | 127 | 142 | 146 | 141 | 140 |
| Female | 39 | 42 | 43 | 45 | 44 |
| Part-time employees (number) | 146 | 137 | 147 | 145 | 157 |
| Male | 31 | 25 | 37 | 29 | 33 |
| Female | 115 | 112 | 110 | 116 | 124 |

Note: As of the end of fiscal 2023. Data based on actual numbers.

### Nonemployee workers

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Nonemployee workers (number) | 10 | 8 | 6 | 8 | 6 |
| Male | 10 | 8 | 6 | 8 | 5 |
| Female | 0 | 0 | 0 | 0 | 1 |

Note 1: As of the end of fiscal 2023. Data based on actual numbers.
Note 2: All nonemployee workers are workers seconded from consolidated companies (engaged in manufacturing tasks, etc.)

## Yakult Group companies outside Japan

| | Total | Male | Female | Management staff* | Female management staff* | Japanese officers | Non-Japanese officers | Japanese management staff* | Non-Japanese management staff* | Ratio of non-regular employees (%) | Turnover rate for regular employees – total (%) | Turnover rate for regular employees – male (%) | Turnover rate for regular employees – female (%) | Turnover rate for regular employees for personal reasons (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Asia/Oceania | **20,202** | 14,144 | 6,058 | 811 | 236 | 8 | 49 | 16 | 796 | 7.9 | 14.9 | 15.9 | 12.7 | 10.8 |
| The Americas | **6,260** | 3,970 | 2,290 | 187 | 79 | 4 | 7 | 1 | 186 | 2.4 | 9.8 | 8.8 | 11.8 | 7.5 |
| Europe | **207** | 113 | 94 | 38 | 19 | 1 | 8 | 0 | 38 | 10.6 | 15.4 | 15.1 | 15.6 | 2.7 |
| **Total** | **26,669** | 18,227 | 8,442 | 1,036 | 334 | 13 | 64 | 17 | 1,020 | 6.7 | 13.7 | 14.2 | 12.5 | 9.9 |

* Management staff are those at manager level and above
Note: As of December 31, 2023

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Human capital

# Human resources development

## Fundamental philosophy about human resources management

Human resources development at Yakult is premised on designing the future through a thirst for learning—a process emphasizing discovery, rather than instruction. We aim to create ideal workplaces where employees take on challenges, recognize their own issues, and acquire the knowledge and skills to overcome them. Our training programs are evolving from the transmission of information to opportunities to gain new insights by taking action.

### Human Resources Management Policy

- Individuals shall recognize their own challenges, and improve their knowledge and skills
- We unite diverse individuals and the organization to improve ability to take action
- We create motivating workplaces for each individual to facilitate the above

**Increase productivity through alignment of growth vectors**

Achieve growth together

Advance career by raising skills and increasing areas of expertise

Improve workplace and deepen engagement

Become a platform for diverse human resources to play an active role

Match organizational goals with career vision

Employee

Organization

The three pillars of human resources development strategy

- Foster personnel to establish a growth driver
- Foster personnel in a way that supports the growth of diverse individuals
- Foster personnel capable of embodying shared values

## Using the personnel evaluation system for human resources development

Every year we implement training in personnel evaluation as part of a thorough effort to ensure the operation of a fair, impartial and highly reasonable personnel evaluation system. We revised this system in April 2022 in an effort to enhance the appropriateness of the evaluations, and in fiscal 2023, we continued to promote a deeper understanding of evaluation rules, such as through training not just for evaluators but also for those subject to evaluation.

Emphasis during training is particularly given to improving the skills of evaluators, in goal setting at the beginning of the year, observation of behavior during the year, and feedback interviews at the end of the year so that personnel evaluation can be used to promote staff development.

## Training opportunities for employees

We provide all employees with training opportunities allowing them to take up and put into practice Yakult's founding spirit, Shirota-ism, thereby contributing to the continual dynamism of the Company and its improved performance. Specific examples include global human resources development, workplace training, job-level-specific training, and training on specific management issues.

**Hours of training time and cost (Yakult Honsha)**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Training time (total hours) | 40,304.90 | 16,217.16 | 23,235.50 | 36,250.00 | 56,380.75 |
| Training time (hours) per person | 13.99 | 5.64 | 8.19 | 13.11 | 20.06 |
| Training cost (yen) per person | 21,274 | 12,900 | 18,756 | 41,144 | 75,478 |

Note: Figures for 2020 are lower than previous years due to the COVID-19 pandemic.

**Shirota-ism workshops: Numbers of workshops and participants (Yakult Honsha)**

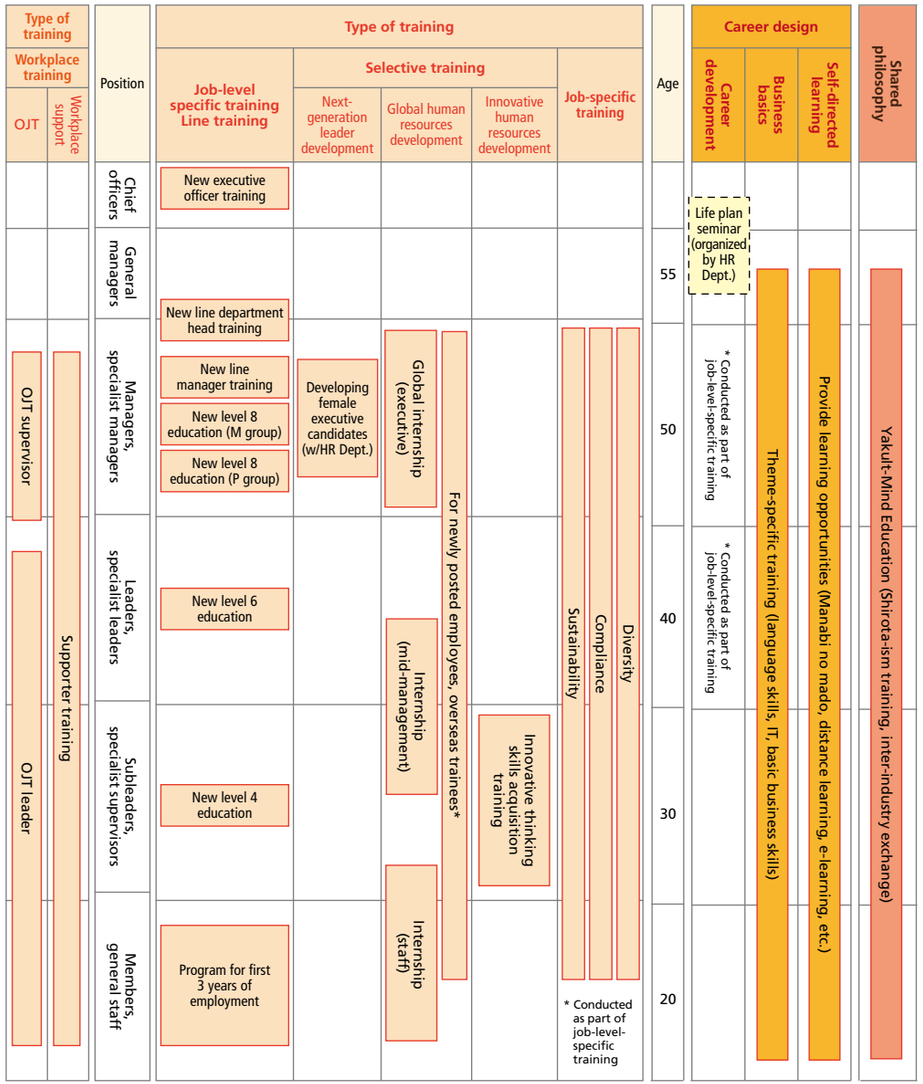
| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Number of workshops | 18 | 11 | 22 | 15 | 19 |
| Participants | 470 | 269 | 451 | 427 | 587 |

Note: Figures for 2020 are lower than previous years because training schedules were reduced due to the COVID-19 pandemic.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Training programs overview chart (Yakult Honsha, fiscal 2023)




* Different overseas trainee development program planned for fiscal 2024

## Fostering global human resources

Fostering personnel who can excel in our growing international business and other global capacities is one of our priority issues. Our global internship system is aimed at providing work experience at overseas offices to help employees deepen their understanding of the Group's international business and to foster a global corporate culture. Until now, we implemented this system once a year, but in fiscal 2024, we are conducting it twice—once for younger employees and, separately, for mid-career employees and above.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Human capital

# Health-focused management

## Statement on Health

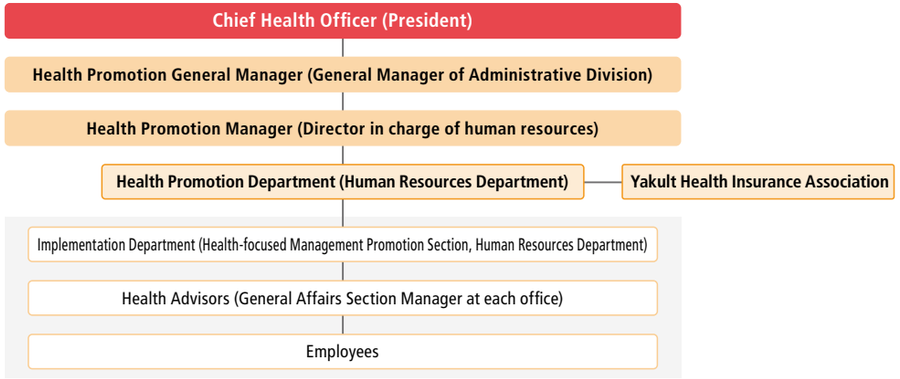
### Initiatives based on our Statement on Health

The Yakult Group sees employee health maintenance and improvement as an investment that can enhance profitability in the long run. Viewing these concerns as a management issue, we promote strategic health-focused management and published in September 2017 our Statement on Health. To actively promote health-focused management, we established a dedicated Health Management Promotion Section of the Human Resources Department in fiscal 2020. While encouraging employees to manage their own health, the Group is also proactively engaged in the health maintenance and improvement of its employees. By further boosting everyone's awareness and keeping them in good health, we aim for continuous and stable business development.

**Statement on Health**

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

**Health-focused management promotion system**

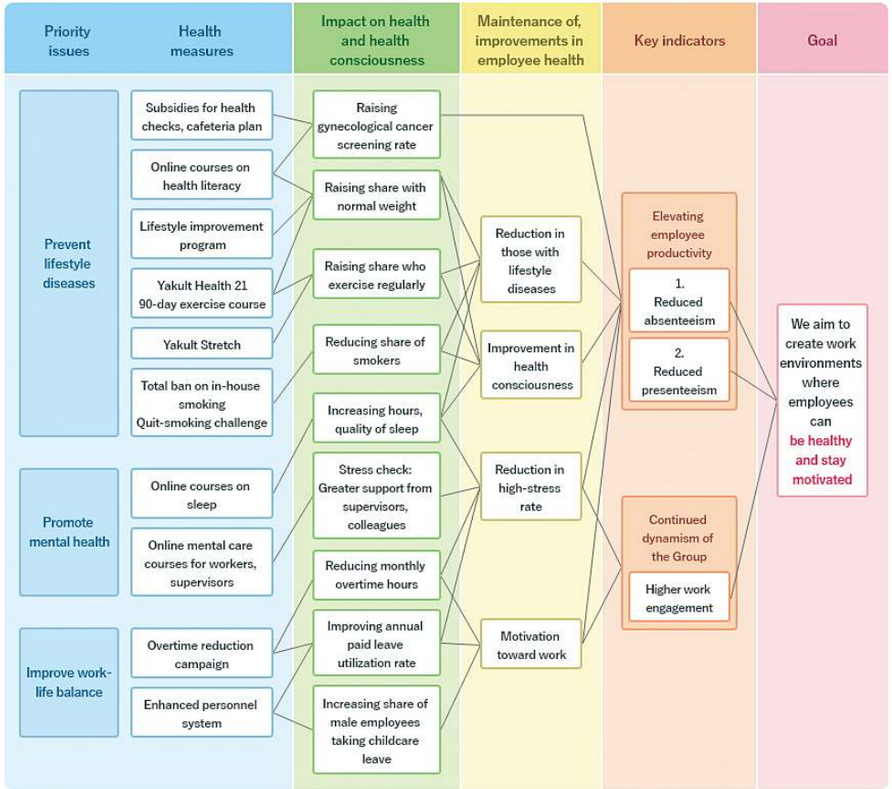



## Strategic roadmap for health-focused management

We regard elevating employee productivity and the continued dynamism of the Group as the most important themes in health-focused management, which we are promoting in accordance with the following strategic roadmap.

1 Prevent lifestyle diseases
2 Promote mental health
3 Improve work-life balance

→ We aim to create work environments where employees can be healthy and stay motivated



Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## "White 500" certification for seven consecutive years

In March 2024, we were included in the KENKO Investment for Health Stock Selection for the first time as a company carrying out efforts to promote employee health from a management perspective, as chosen by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. We also received "White 500" certification for the seventh year in a row.

The above selection and certification acknowledge our initiatives to improve employee health based on the formulation of our Statement on Health. We engage in such efforts in accordance with the recognition that the maintenance and improvement of employee health are essential to realizing the Yakult philosophy of "contributing 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."

## Yakult Health 21

Yakult Health 21 is a health-improvement activity promoted by the Yakult Health Insurance Association. Every year, we set a priority period to promote healthy meals, exercise and other lifestyle improvements.

## Helping employees to quit smoking

As well as implementing a total ban on smoking during working hours, we work with the Yakult Health Insurance Association to encourage smokers to quit and support their efforts to kick the habit, such as by fully subsidizing the cost of cessation treatment.

## Health management for employees posted overseas

We monitor the results of regular health checks carried out locally, assess occupational health based on the same criteria as those used in Japan, and provide online consultations by occupational health physicians as necessary.

We also hold online health seminars to encourage improved health literacy.

## Initiatives in Japan

### Cancer screenings for women

At some business sites we offer mobile cancer screenings for women during working hours, aimed at health promotion and early-stage detection and treatment of breast and uterine cancer.

In fiscal 2023, we partnered with medical facilities in the vicinity of each business site and partly subsidized consultation fees to make it easier for women to get screenings. We are aiming for over 90% of female employees to be screened for breast cancer and over 80% for cervical cancer by fiscal 2030.

### Periodic health consultations and sharing issues in the workplace

We offer periodic consultations with community health nurses, and for employees who have exceeded a specified amount of overtime, we provide consultations with occupational health physicians. Issues in the workplace are also regularly shared, and views are exchanged on ways to make improvements.

### Yakult Stretch workplace exercise

We introduced Yakult Stretch at the head office in November 2020 with the aim of improving work productivity through a stretch routine. This has led to a reduction in stiff shoulders, backache and eye strain, which were found to be the most common health issues in a survey of employees. We made the stretch routine easy to do in a confined office space or when working from home to increase the uptake rate.

## Overseas initiatives

### Breast cancer screening: Yakult (Singapore) Pte. Ltd.

Since 2022, Yakult (Singapore) Pte. Ltd. has carried out mammographic breast cancer screening for female employees and Yakult Ladies. In 2023, the screening was held in August.

Breast cancer screening vehicle (Singapore)

### Health-related lectures for employees: Yakult S.A. de C.V. (Mexico)

Yakult S.A. de C.V. (Mexico) conducts online health-related lectures for employees and their families. The lectures offer advice on healthy eating habits by nutritionists in the Science & PR Department, along with an exercise program in which viewers can participate remotely. In 2023, 15 lectures were held with 900 participants.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Lifestyle improvement program

Since fiscal 2022, Yakult Honsha has been implementing a lifestyle improvement program for employees who, based on the results of regular checkups, were at risk of lifestyle diseases. Through a total of four visits from external instructors for guidance on goal-setting, healthy meals and exercise, the program encourages greater motivation and behavioral change, and aims to reduce the risk of lifestyle disease for participants.

Employees participating in the lifestyle improvement program

## Mental health measures

We keep employees motivated by reducing stress that comes from workload pressures and workplace relationships and also endeavor to create cheerful and welcoming work environments through various measures and training sessions.

### Consultation desk

Mental health consultation desks are set up both within and outside the Company. The in-house desk provides health consultations and counseling through resident health nurses and designated occupational health physicians. The external service can be used by not only employees but also family members to seek private and anonymous advice on mental health issues, including personal matters.

### Health advisors

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

### Stress checks and organizational analysis

We conduct stress checks using legally prescribed methods and compile the results by workplace to provide feedback to supervisors. This has proven useful in improving workplace environments.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Human capital

# Diversity and inclusion

## Fundamental philosophy about diversity

We recognize that promoting diversity is an integral component of corporate management today, not only to respond to a constantly changing external environment but also to understand and innovate to meet the needs of a diversifying customer base. The Yakult Group has long been working to foster a corporate culture where diverse human resources can thrive. We strive to maximize their individuality and capabilities in all aspects of such activities as hiring, job placement, staff reassignment and employee training.

## Empowerment of female employees

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

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

Additionally, employee evaluations and the treatment of employees are both fair and impartial, and there is no gap in basic pay or bonuses for employees due to gender.

### Fundamental philosophy

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

### Numerical targets

1. Over 20% of management positions to be filled by females by fiscal 2030.
2. All eligible male employees to take parental leave, with an average of 45 or more days off, by fiscal 2030.
3. Over 90% and 80% of female employees to receive breast cancer screenings and cervical cancer screenings, respectively, by fiscal 2030.

**Number and ratio of female managers (Yakult Honsha, overseas offices)**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Japan: Number of female managers | 52 | 57 | 60 | 53 | 80 |
| Japan: Ratio of female managers (%) | 6.7 | 7.2 | 7.5 | 7.4 | 10.6 |
| Overseas: Ratio of female managers (%) | 24.7 | 27.1 | 28.4 | 39.3 | 32.2 |

### Program to develop female candidates for executive positions

We have been broadening opportunities for women to secure managerial positions by conducting training programs for career-minded female employees, reforms to our personnel system, and other measures. To adapt more quickly to changes in the social environment moving forward, we will cultivate female candidates for executive positions with decision-making powers with the aim of incorporating diverse viewpoints and values into our organizational management.

As part of that effort, we established the Program to Develop Female Candidates for Executive Positions (Yakult Women's College) in fiscal 2023. The new program includes training sessions, on-the-job practical application, and self-learning over a period of roughly six months. It is aimed at helping participants discover their personal leadership ideals, learn the business skills and mindset required for decision-making, and cultivate their confidence and readiness to exert greater influence within the organization.

### "Eruboshi" (level 3) certification

We have received "Eruboshi" (level 3) certification from the Minister of Health, Labour and Welfare. The certification is awarded to companies that have formulated and submitted Action Plans for Business Owners under the Act on Promotion of Women's Participation and Advancement in the Workplace and that are effectively implementing initiatives to promote the empowerment of women.

### Empowerment of women outside Japan

Various systems have been introduced by our Group companies outside Japan to empower and create good working environments for women.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

**Main overseas initiatives**

| Country and region | Details |
|---|---|
| Taiwan | • Rooms for nursing mothers to express milk are available in the head office building and in the plant |
| Hong Kong | • Maternity leave system |
| Philippines | • Maternity leave system |
| Singapore | • Maternity leave system, parental leave system, paternity leave system |
| Indonesia | • Maternity leave system • A childcare room is available in the head office building |
| Australia | • The company provides 4 weeks of paid parental leave on top of the 22 weeks paid by the state, making a total of 26 weeks |
| Vietnam | • Female employees can take up to three 30-minute breaks during their menstrual period<br>• Female employees with children under 12 months can take an hour-long break every day |
| China | • Shorter working hours (by one hour per day for one year) for women following childbirth (used by all eligible female employees)<br>• Half-day leave for employees with children under 14 on Children's Day, June 1 |
| Guangzhou | • Maternity leave system, shorter working hours • Parental leave for male and female employees |
| Brazil | • Subsidies for daycare center fees for six months after childbirth |
| Mexico | • Dedicated rooms for nursing mothers to express milk (Ixtapaluca Plant and Guadalajara Plant)<br>• Maternity leave (male employees are permitted 5 days of leave upon the birth of a biological child) |
| Europe | • Maternity leave system, parental leave system |
| Middle East | • Maternity leave system and reduced working hours for mothers |

## Appointing women, non-Japanese and mid-career hires to managerial positions

Yakult operates on the basic principle of "optimal personnel assignment based on abilities, aspirations, and aptitude, and regardless of age, gender, nationality, or educational background." We aim to create an environment in which all employees can work without worry over the long term. We also believe that creating an organization that makes the most of a diverse workforce can encourage innovation and enhance productivity. We are actively assigning women, non-Japanese and mid-career hires to managerial positions.

Our home delivery system, which forms the foundation of our business, is supported by the work of women, and we are especially committed to promoting the appointment of women to management positions.

We achieved a 10.6% ratio of female managers in fiscal 2023 by revising our personnel system in April 2022 to increase the number of opportunities for female employees to be promoted to managerial positions, in addition to hiring people with fresh knowledge and experience from outside the Company.

As our goal of achieving at least a 10% ratio of female managers by fiscal 2025 has been met ahead of schedule, we have established a new goal of achieving at least a 20% ratio by fiscal 2030.

## Employment of persons with disabilities

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

**Rate of employees with disabilities (Yakult Honsha, overseas offices)**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Japan: Rate of employees with disabilities (%) | 2.22 | 2.27 | 2.59 | 2.54 | 2.48 |
| Japan: Statutory target employment rate (%) | 2.2 | | 2.3 | | |
| Overseas: Rate of employees with disabilities (%)* | 0.60 | 0.60 | 0.60 | 0.55 | 0.53 |

* Disability is defined according to the criteria applied in each country and region

## Empowerment of older people

In line with the Act on Stabilization of Employment of Elderly Persons, we operate a system for the re-employment of all those who desire to continue working after the retirement age of 60. We are working to create an environment allowing employees to demonstrate the abilities they have cultivated and feel motivated in their work, even after reaching retirement age. Around 80% of employees who reach retirement age each year utilize this system. In addition, we are working to enhance motivation through such steps as offering a Life Plan Seminar for senior workers and implementing three-day and four-day workweek systems.

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

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Number of persons at mandatory retirement age | 83 | 73 | 55 | 51 | 41 |
| Number of persons in continuous employment at Yakult Honsha | 60 | 47 | 35 | 33 | 36 |
| Number of continuous workers who transfer to another company | 7 | 13 | 7 | 5 | 2 |
| Number of persons who choose to retire | 16 | 13 | 13 | 13 | 3 |
| Rate of continuous employment* (%) | 80.7 | 82.2 | 76.4 | 74.5 | 92.7 |

* Including those persons who have transferred to another company

## LGBTQ initiatives

In the Yakult Group Human Rights Policy and Yakult Ethical Principles and Code of Conduct, we expressly prohibit discrimination based on gender identity, sexual orientation or similar factors. We have also established a basic policy on sexual minorities (LGBTQ). Based on these policies, we conduct a variety of training programs to improve worker literacy in these issues.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Human capital

# Work-life balance

## Fundamental philosophy about work-life balance

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

## Initiatives for work style reform

We operate a system that accommodates diverse work styles. We have schemes for working from home and staggering work hours, in addition to allowing employees to temporarily leave the office during working hours.

Furthermore, to promote employees' use of their annual allotment of paid holidays, Yakult Honsha encourages the use of paid holidays for birthdays, anniversaries and volunteer activities, as well as allowing annual leave to be taken in hourly increments. We will push ahead with creating work environments that make it easier for employees to take paid holidays.

We have also introduced "no overtime days" to reduce long working hours. We will continue to strive to change employees' attitudes toward overtime and working more efficiently. As well as encouraging their teams to leave the workplace as soon as work is over, managers themselves are reminded not to work excessive hours.

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

**Percentage of annual paid leave taken and average overtime hours per month (per person) (Yakult Honsha)**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Percentage of annual paid leave taken (%) | 76.9 | 71.1 | 76.5 | 81.6 | 88.1 |
| Average overtime hours (per month) | 10.7 | 8.1 | 9.0 | 10.3 | 11.0 |

### Initiatives to achieve 100% take-up of annual paid leave: Yakult (China) Corporation, Yakult Taiwan Co., Ltd., Yakult S/A Ind. E Com. (Brazil)

To ensure that 100% of annual paid leave is taken by employees, Yakult (China) Corporation's HR system tracks annual paid leave take-up rates and sends regular notifications about them. To ensure that employees do not work more than the maximum 36 hours of overtime per month permitted by labor law, the HR system also tracks overtime and ensures legal compliance.

Yakult Taiwan Co., Ltd. is not only striving to eliminate labor outside work hours, it also grants employees special leave annually according to regulations, and encourages them to take it all.

Yakult S/A Ind. E Com. (Brazil) complies with the Brazilian labor law, which stipulates that working hours should not exceed 44 hours per week. In addition, it has instituted company regulations and implementation rules to achieve a 100% paid leave utilization rate.

### Initiatives to improve efficiency and reduce overtime: Guangzhou Yakult Co., Ltd.

Guangzhou Yakult Co., Ltd. is carrying out initiatives to improve efficiency and reduce overtime.

Three initiatives were advanced in 2023. (1) Leaders of each section spearheaded efforts to identify and implement measures to improve efficiency and reduce overtime; (2) work scheduled for Sunday was rescheduled to a weekday where possible; and (3) the rules of employment and company rules regarding break times and other matters were clarified to make sure workers took their allotted breaks.

As a result of these initiatives, average overtime taken per month was reduced from approximately 50 hours in 2020 to approximately 11 hours in 2023, which is well within the 36-hour maximum permitted by law.

## Balancing work and childcare/nursing care

### Platinum Kurumin certification

Yakult Honsha has been awarded Platinum Kurumin certification by Japan's Ministry of Health, Labour and Welfare in recognition of its efforts to support employees with children.

Under the Act on Advancement of Measures to Support Raising Next-Generation Children, "Platinum Kurumin" is a system to certify companies that have already obtained Kurumin certification and are carrying out initiatives at an even higher level.

### Parental leave for fathers

Yakult Honsha has established a saved leave system in which employees can save the unused paid leave exceeding the carry-over limit and use it for other purposes, such as parental leave or nursing care leave. Male employees now consider it a matter of course to take parental leave, as we have been encouraging them—even before the enforcement of the revised Child Care and Family Care Leave Law on April 1, 2022—to take parental leave as soon as we learn that their spouse has given birth. Our fiscal 2030 target is for all eligible male employees to take parental leave and for them to take an average of 45 days or more. In fiscal 2023, the utilization rate for this leave was 95%, with an average of 28 days of leave taken.

Additionally, 100% of both female and male employees return to work from parental leave.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

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

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Male employees (number of people/utilization rate*) | 18/19% | 10/15% | 83/86% | 67/95% | 63/95% |
| Female employees (number of people/utilization rate) | 37/100% | 26/100% | 35/100% | 30/100% | 30/100% |

*Rate of male employees taking parental leave: Number of male employees taking parental leave during the fiscal year in question divided by the number of male employees whose spouse has given birth during that fiscal year
Note: Disclosed rates rounded down to whole numbers.

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

As part of its efforts to provide pleasant workplace environments, Yakult Honsha organizes roundtable meetings for employees who are returning to work after taking parental leave so that they can go back to work with confidence and subsequently maintain a good balance between work and childcare. The meetings serve as a platform for the Human Resources Department to provide information and to exchange ideas with employees who are already successfully balancing work and childcare. Encouraging a smooth return to work for participants enables the optimum use of their limited time and contributes to a dynamic work environment.

Further, because ensuring the understanding and cooperation of coworkers is essential for providing a supportive environment for those returning to work, related training sessions have been conducted for supervisors of returning employees.

### Nursing care support system

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

## Promoting career management

We have introduced a career management system allowing employees to take on side jobs to facilitate their acquisition of knowledge and skills for a second career and to accommodate flexible work styles according to their life situations and self-fulfillment needs. In addition, for employees at the age of 55, we offer a Life Plan Seminar that provides an opportunity to consider work styles and motivations in life, while also promoting understanding of the continuous employment system, to help them enjoy a fulfilling life after retirement age.

Human capital

# Occupational health and safety

## Occupational health and safety systems

The Occupational Health and Safety Committee spearheads our effort to undertake thorough safety management and to create safe and comfortable work environments so that employees can work with peace of mind. As a result of these efforts, the number of accidents at work is extremely low, with commuting incidents accounting for the majority of cases.

Based on the Labor Standard Act, Fire Service Act and Industrial Safety and Health Act, we have formulated Health and Safety Management Regulations that aim to prevent accidents by employees and protect their lives and health, establish a work environment where they can perform their daily tasks with peace of mind, and improve labor efficiency.

Based on these regulations, the Occupational Health and Safety Committee, which meets monthly and is made up of our General Health and Safety Manager, occupational health physicians and employee representatives, strives to maintain and improve employees' physical and mental health, perform health and safety visits and address any issues rapidly, and improve working conditions. As a result, the rate of accidents at work has remained at an extremely low level. In the past 10 years, there have been no fatal accidents involving regular employees or contract employees.

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

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 | Whole industry average*4 |
|---|---|---|---|---|---|---|
| Work accident frequency rate*1 | 1.39 | 0.20 | 0.40 | 0.60 | 1.65 | 2.14 |
| Work accident severity rate*2 | 0.0137 | 0.0020 | 0.0006 | 0.0018 | 0.0107 | 0.09 |
| Per-employee work accident rate*3 | 0.009 | 0.004 | 0.005 | 0.009 | 0.007 | — |

*1 Work accident frequency rate: Injuries and deaths caused by work accidents÷Total work hours x 1,000,000
*2 Work accident severity rate: Number of work days lost÷Total work hours x 1,000
*3 Per-employee work accident rate: Number of accidents÷Number of employees
*4 Whole industry average: Partial extract from the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents (2022)

### Occupational health and safety inspection tours and environmental improvement measures at plants

We regularly conduct health and safety inspection tours at each of our plants in Japan and actively respond to any findings for improvement. As examples of improvements to address problems identified by these tours, we have recently replaced ladders with stairs to alleviate the physical strain of older workers during equipment inspections, repaired dangerous areas that were posing a risk on site, installed measures to stop shelving from tipping over in case of an earthquake, and installed conveyors to reduce lower back strain on operators.

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

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Occupational health and safety training at plants

We conduct occupational health and safety training at each plant in Japan, using risk assessments to reduce workplace accidents. We also utilize external resources and internal and external trainers to provide safety training required for specific roles, including working with hydrogen sulfide and oxygen deficiency risk, handling of hazardous materials, and the use of safety harnesses for working at heights.

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

Additionally, as many employees commute by car to our plants, we hold courses on traffic safety to raise awareness of safe driving.

## Equipment to reduce workload and prevent workplace injury

In Japan, plant equipment is washed automatically at the end of production, but to prepare for this, detergent previously needed to be transported and inserted by workers. Out of concern that workers may fall or chemicals may spill, resulting in workplace injuries, we introduced an automatic detergent dispensing system.

In fiscal 2023, we enhanced safety measures, such as by further reinforcing safety sensors and guardrails at robot facilities and deploying nationwide safety measures for production facilities that have proven effective. We will continue to further improve the safety of daily inspections and maintenance work, as well as reducing workloads.

## Occupational Safety and Health Committee: Yakult Philippines, Inc. and PT. Yakult Indonesia Persada

Yakult Philippines, Inc. has established the Yakult Occupational Safety and Health Committee, which discusses safety in the workplace and works with local community groups to ensure thorough awareness within the company of disaster and fire safety measures.

In accordance with Indonesia's Work Safety Act, PT. Yakult Indonesia Persada established an Occupational Safety and Health Committee, which meets regularly to create a safe working environment. To regularly conduct safety inspection tours and safety training, the Safety, Health and Environment (SHE) Department was established at the Sukabumi Plant in January 2020, and it was also set up at the Mojokerto Plant in January 2022.

## Industrial safety training and internal inspections: Yakult China Group

The three plants of the Yakult China Group (Shanghai Plant, Tianjin Plant and Wuxi Plant) plan and execute industrial safety training sessions to improve safety awareness among plant employees. In response to the 2022 revisions to laws regarding fire-fighting equipment, 11 environment, health and safety representatives from the three plants remotely participated in a meeting in 2023 to share details about the revisions.

The Yakult China Group is also carrying out internal inspections to eliminate risks of accidents and industrial disease latent within its plants and create a safe working environment. In 2022, the inspections discovered 36 latent risks in the Shanghai Plant, 40 in the Tianjin Plant and 27 in the Wuxi Plant, and all were addressed. The inspections are next scheduled to be conducted in 2024.

## Sales-related measures

To raise awareness of safe driving, we periodically conduct in-house information sessions and training at driving schools for medical representatives who use corporate vehicles. We also strive to prevent drink driving by checking for alcohol on breath using alcohol detectors before and after driving.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Social Activities Report

# Initiatives for Yakult Ladies

## Improving the working environment for Yakult Ladies

We are developing and introducing systems and equipment to improve the working environment for Yakult Ladies. Specific measures include the introduction of portable terminals to make keeping track of customer information more efficient and an online payment system allowing collected fees to be processed at each sales center, without the need to go to a bank. We have also introduced COMS electric vehicles to both reduce $CO_2$ emissions and make deliveries more efficient.

We will actively promote the introduction of electric vehicles as a step toward decarbonization and in an effort to make the working environment more pleasant.

COMS electric vehicle

## Supporting Yakult Ladies as employees

In response to Yakult Ladies seeking employment stability, we are offering Yakult Ladies the option of becoming employees of the Company. This will help us to secure human resources who will continue working over the long term. Currently, more than 10% of Yakult Ladies have become employees.

## Retention of Yakult Ladies

We have introduced a support program enabling Yakult Ladies to receive various lifestyle and leisure services at preferential prices. Among such services are a financial planning consultation desk and money-related seminars that Yakult Ladies can use to privately receive advice or learn about money matters from financial planners. We will continue to promote comfortable working environments for Yakult Ladies at every stage of their lives.

## Yakult daycare centers for children

The Yakult Group has been running its own in-house daycare centers since the 1970s and now operates 811 centers in Japan (as of March 2024). We promote the operation of safe and secure daycare centers that meet national standards and offer quality childcare by training care providers throughout the country and distributing our original childcare magazine.

In recent years, we have been participating in the Japanese government's Comprehensive Support System for Children and Child-rearing, established in response to the severe shortage of daycare centers. As of April 2024, 61 Yakult Group daycare centers have received certification through this system and are providing care in modern and well-equipped facilities. With the certification, we are able to offer improved services like daily meals and to accept children from age zero, leading to a higher level of parent satisfaction, as well as to contribute to local communities by accepting children from the neighborhood.

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

Safe and secure childcare centers

Pick up!

## Yakult Ladies in Indonesia

Yakult Ladies are active not just in Japan but in countries around the world. In Indonesia, where our sales are steadily growing, the number of Yakult Ladies has reached approximately 12,000, growing 2.3-fold over the past 10 years. Particularly in rural areas, it can be difficult for women to engage in jobs outside the home. To help Yakult Ladies balance work and family life, we assign them to areas that are in the immediate vicinity of their homes, and female employees are posted full time at offices and home delivery centers so they can answer questions or concerns about sales and to attend to any domestic worries.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Human rights

## Human Rights Policy

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

We recognize that our actions may have a direct or indirect impact on human rights during the course of conducting business, or through our value chain. In order to ensure that the human rights of all people involved in our business are respected, in April 2021 we established the Yakult Group Human Rights Policy after deliberation and approval by the Board of Directors. The Policy clearly states that we shall promote human rights based on the framework of the United Nations Guiding Principles on Business and Human Rights (referred to below as the "Guiding Principles"), which is the global standard for human rights. Using that framework, we will continue to develop and implement mechanisms for human rights due diligence.

## Yakult Group Human Rights Policy Guidelines

In order for the Yakult Group to effectively promote human rights due diligence, workers and business partners, including suppliers, must understand human rights policies and global standards regarding human rights and take such rights into consideration in their activities. In fiscal 2022, we created the Yakult Group Human Rights Policy Guidelines, which provide easy-to-understand explanations of the technical terminology used in human rights policy and international standards and norms. We circulate these guidelines within the Group and share them with major suppliers to facilitate understanding and raise awareness of our Human Rights Policy.

**Yakult Group Human Rights Policy Guidelines (Excerpt)**

| Chapter 1: Internationally Recognized Human Rights | Chapter 2: The Yakult Group and Human Rights |
|---|---|
| • What Are Human Rights? | • The Yakult Group's Value Chain and Human Rights |
| • International Principles Supported and Respected by the Yakult Group | • Main Points of the Yakult Group Human Rights Policy |
| • The Framework for Respecting Human Rights Employed by the Yakult Group | • Key Human Rights Issues for the Yakult Group |
| —The United Nations' Guiding Principles on Business and Human Rights— | An Outside Stakeholder's Expectations |

WEB Yakult Group Human Rights Policy Guidelines

https://www.yakult.co.jp/english/pdf/human_rights_guideline_en.pdf

### 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 Organization 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.

The Yakult Group Human Rights Policy contains provisions on the following.

**1. Scope**
**2. Responsibility for respecting human rights**
**3. Establishment of promotion structure**
**4. Human rights due diligence**
**5. Remedy**
**6. Information disclosure**
**7. Dialogue and talks with stakeholders**
**8. Education and training**
**9. Human rights issues related to business activities**

The Policy has been approved by the Board of Directors of Yakult Honsha Co., Ltd. and signed by the President and Representative Director.

Established: April 27, 2021

Hiroshi Narita
President and Representative Director

Please refer to the following URL for the full text of the Yakult Group Human Rights Policy:

WEB https://www.yakult.co.jp/english/sustainability/social/human_rights/

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Human rights promotion structure

Chief responsibility for promoting human rights activities based on the Policy and conducting regular oversight of compliance with the Policy lies with the Yakult Honsha director who holds the position of Divisional General Manager of the Management Support Division. In addition, the content of concrete initiatives is 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 important matters concerning human rights are referred to the Sustainability Advisory Committee and Board of Directors.

Related information p. 109 Sustainability governance

### Human Rights Due Diligence Promotion Council

In fiscal 2021, we established a human rights due diligence review meeting attended by members of relevant departments. We then gathered and shared information relating to human rights due diligence and identified human rights issues within the Yakult Group. Looking carefully at the issues that emerged, we explored possible countermeasures and approaches to formulating concrete action plans and then formulated medium- to long-term roadmaps and yearly action plans.

We changed the name of the body in fiscal 2022 to the Human Rights Due Diligence Promotion Council to clarify its role as a cross-organizational structure for promoting human rights due diligence. Through this promotion system, we are considering and formulating action plans in promoting human rights due diligence across the Yakult Group.

In fiscal 2023, we held four meetings of the Human Rights Due Diligence Promotion Council to consider such themes as monitoring progress on action plans, understanding human rights risks in business activities and formulating countermeasures, considering approaches to identifying salient human rights issues for the Group, and considering grievance mechanisms.

**Human Rights Due Diligence Promotion Council details**

| | Timing | Details |
|---|---|---|
| 1st mtg. | June 2023 | • Confirm human rights due diligence action plan |
| 2nd mtg. | September 2023 | • Report on Sedex analysis results<br>• Identify salient human rights issues (discuss human rights risk map) Part 1 |
| 3rd mtg. | December 2023 | • Identify salient human rights issues (discuss human rights risk map) Part 2 |
| 4th mtg. | March 2024 | • Report on the human rights due diligence action plan results and update the plan for the following fiscal year |

**Human Rights Due Diligence Promotion Council**

| Secretariats of various CSR Promotion Committees* | Compliance Promotion Team | International Business Department (department responsible for overseas offices) |
|---|---|---|

* At the Yakult Central Institute and for development, plants, distribution and the Head Office

## Promoting human rights due diligence

The Yakult Group will develop and implement mechanisms for human rights due diligence as a framework for putting the United Nations Guiding Principles into practice in hopes of building a responsible supply chain where preventive approaches ensure that all human rights are respected. Through its human rights due diligence, the Group will identify, prevent and mitigate any potential negative human rights–related impacts on society.

To help drive concrete initiatives, we outlined the key human rights issues for the Yakult Group as follows.

**14 key human rights issues for the Yakult Group**

| | Key human rights issue | Stakeholders |
|---|---|---|
| 1 | Forced labor, human trafficking | Employees (Yakult) |
| 2 | Child labor | Employees (Yakult) |
| 3 | Discrimination | Employees (Yakult) |
| 4 | Inhumane treatment | Employees (Yakult) |
| 5 | Freedom of association, collective bargaining rights | Employees (Yakult) |
| 6 | Working hours | Employees (Yakult) |
| 7 | Wages | Employees (Yakult) |
| 8 | Occupational health and safety | Employees (Yakult) |
| 9 | Human rights issues on the supply chain | Employees (supply chain) |
| 10 | Health of local residents | Local communities |
| 11 | Water access, hygiene | Local communities |
| 12 | Ethical, responsible marketing | Consumers |
| 13 | Health and safety | Consumers |
| 14 | Rights to privacy | Employees, local communities, clinical trial participants, etc. |

Note: "Human rights issues on the supply chain" includes human rights issues concerning forced labor/human trafficking, child labor, discrimination, inhumane treatment, freedom of association/collective bargaining rights, working hours, wages, and occupational health and safety on the supply chain of the Group.

### Working to identify salient human rights issues

In fiscal 2021, the Human Rights Due Diligence Promotion Council outlined the key human rights issues for the Yakult Group. We then took the following steps in fiscal 2023 to help us identify salient human rights issues, meaning issues relating to human rights that pose a risk of causing the most severe negative impacts through the Yakult Group's activities and business relationships and that therefore are considered priorities for action. Moving forward, we will continue to follow these steps as we hold discussions in working to identify salient human rights issues.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Steps for identifying salient human rights issues

**(1) Outline human rights issues**

**(2) Assess human rights risks and create human rights risk map**

- After assessing the severity and likelihood of human rights issues, create a human rights map
- Using a draft of the risk map for reference, consult with internal stakeholders (Yakult Honsha employees, marketing companies, overseas offices, etc.) and reflect the results of the discussions in the risk map

**(3) Dialogue with external stakeholders**

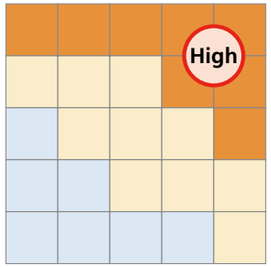
Hold dialogues with outside experts to help ensure that the Yakult Group's human rights due diligence is a functional initiative that reflects social expectations and needs

**(4) Identify salient human rights issues**

Identify human rights issues in the "high" area of the risk map as salient human rights issues for the Yakult Group

**(5) Disclose information**

### Risk map (mock-up)




## Formulating roadmap and action plans for human rights due diligence

The cross-organizational Human Rights Due Diligence Promotion Council formulates medium- to long-term roadmaps and yearly action plans in its pursuit of promoting concrete measures that enhance human rights due diligence. The body is also responsible for implementing the corresponding initiatives, monitoring results, and formulating plans for the subsequent fiscal year.

**Human rights due diligence initiatives implemented in fiscal 2023 (excerpt from action plan)**

- Performed Sedex SAQ analysis (for domestic plants and overseas offices) on Company website
- Analyzed CSR procurement survey (for domestic and overseas suppliers)
- Held face-to-face interviews with business partners (three companies)
- Took measures to assess implementation of and improve compliance survey for Group employees
- Implemented educational programs (on inappropriate questions, etc.) for employees who conduct hiring interviews for Yakult Honsha
- Performed audit of human rights-related items (working hours, occupational health and safety, etc.) and reported results to Executive Officers Committee
- Established clear understanding of personal information leaks at the Yakult Group and took countermeasures accordingly
- Pursued other initiatives

### The Yakult Group's roadmap for human rights due diligence (HRDD)

**Goal**

**Realizing a responsible value chain in which all human rights are respected**

**2024**

- Explore ways to identify and address salient human rights issues for the Group
- Consider establishment of grievance mechanisms accessible within the Group as well as to business partners

**2025**

- Implement measures to address salient human rights issues for the Group
- Establish grievance mechanisms accessible within the Group as well as to business partners

**From 2026 onward**

- Continue measures to address salient human rights issues for the Group
- Review establishment and use of human rights due diligence systems
- Expand grievance mechanisms accessible within the Group as well as to business partners

**Assess actual human rights risks within the Group**

**Improve and strengthen stakeholder dialogue**

**Strengthen information disclosure**

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Human rights due diligence action plan (based on the UN Guiding Principles)

| Items to be implemented | | 2024 | 2025 | 2026 onward |
|---|---|---|---|---|
| 1. Implementation system | Establishment and operation of implementation system | Explore ways to identify and address salient human rights issues for the Group | Implement measures to address salient human rights issues for the Group | Review establishment and use of human rights due diligence systems |
| | | | Establish and publish improvement plans and KPI targets to address salient human rights issues for the Group | |
| | | Have HRDD personnel monitor progress in each department and report to HRDD Promotion Council, and have council report to the Board of Directors | | |
| | | Implement audit of items relating to human rights items; coordinate with and report to the HRDD Promotion Council | Conduct theme audits | |
| | | | Evaluate establishment of human rights due diligence systems | |
| 2. Human resources development and training | Dissemination and penetration of the human rights policy | Conduct training on the human rights policy in and outside Japan | | |
| | Other types of training | Disclose information on how to enhance understanding of human rights policy in training, etc., goals and participation rates | | |
| | | Conduct training on business and human rights for top management | | |
| 3. Identification, assessment, prevention, mitigation and remedy of human rights risks | Stakeholder dialogue | Conduct dialogue with internal stakeholders | | |
| | | Conduct dialogue with NGOs, international organizations and experts | | |
| | Assess human rights risks and improve responses of each Group company | Explore ways to address to major human rights risks and formulate improvement plans | Enact improvement plans around major human rights risks | Monitor and follow up high-risk business and areas |
| | | | | Expand scope of assessment as needed |
| | | | | Review possible integration into audit process |
| | | Review HRDD systems of subsidiaries | | Implement HRDD systems of subsidiaries |
| | The Group's action to key human rights issues | Implement measures to address 14 key human rights issues for the Group (begin once salient human rights issues are identified) | | |
| | Information disclosure | Disclose initiatives on the website and in various reports | | |
| | Mandatory HRDD | Gather information on mandatory HRDD and take appropriate responses | | |
| 4. Establish grievance mechanisms accessible within the Group as well as to business partners | Inside the Group | Monitor, evaluate and improve operation of Compliance Hotline (internal reporting systems) at domestic companies to improve usability and credibility | | |
| | | Consider methods for establishment of an internal reporting system in overseas offices without the system | | |
| | | Consider ways to establish internal reporting mechanisms for overseas offices without coverage | Construct and partially deploy internal reporting mechanisms for overseas offices without coverage | Expand internal reporting systems at overseas offices Improve understanding and accessibility for users |
| | Outside the Group | Consider establishment of a reporting system accessible to business partners | Establish a reporting system accessible to business partners | Develop a reporting system accessible to business partners Promote understanding and improve accessibility of the reporting system |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Upholding human rights in advertising

We have established the Yakult Group Advertising Policy for ethical, responsible advertising. With this Policy as our overarching concept, we are committed to upholding human rights, including the rights of children.

We have also established internal guidelines titled "Points to Note When Creating PR, Advertising or Sales Support Material," and carry out training for those responsible for creating such material, ensuring that the guidelines are known and followed. These internal guidelines provide useful information on implementing efforts in line with the Yakult Group Advertising Policy, raising important points like "Legal Compliance and Ethical Behavior," "Accurate, Evidence-Based Communication," "Children's Rights" and "Pre-Release Proofreading and Review" and discussing how to give proper consideration to human rights in these contexts.

### • Avoiding discriminatory language and protecting copyrights and portrait rights

In our advertising, we consciously avoid slanderous or discriminatory language pertaining to race, ethnicity, nationality, origin, language, gender, age, occupation, educational background, physical characteristics, health, or beliefs. We always obtain the relevant approval to ensure we do not infringe on copyrights, portrait rights, and other rights held by third parties.

### • Children and advertising

From the perspective of respecting and promoting the rights of children, we never engage in inappropriate advertising or communication that could have a negative impact on children, or that exploits children's curiosity, imagination, developmental characteristics, or lack of knowledge/experience.

To encourage and realize healthy, balanced diets and lifestyles for children, we also take care to avoid any language that goes against relevant public guidelines.

In addition, when filming or producing advertisements featuring children, we always put the children's safety and health first, taking care not to violate their human rights.

Related information p. 102 Customer satisfaction ▸ Honest and responsible advertising

WEB Yakult Group Advertising Policy

https://www.yakult.co.jp/english/csr/download/pdf/2022_advertising_policy.pdf

## Protecting workers' human rights and raising awareness

### • Training on human rights

Training on human rights is given as needed, such as when a new recruit joins the Company, and job-level-specific training programs also serve to foster understanding of the Company's commitment to respecting human rights. The training includes a lecture on basic knowledge concerning human rights and harassment, and seeks to deepen understanding of the risks involved in inadvertently violating a person's human rights, which includes discrimination and prejudice arising from common assumptions. We pay particular attention to ensure that individuals become neither a perpetrator nor a victim.

**Human rights awareness training**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Human rights awareness training (Training for new employees) | 1 session 117 participants | 1 session 90 participants | 1 session 72 participants | 1 session 68 participants | 1 session 89 participants |
| Level-specific training | — | — | — | 7 sessions 200 participants | 10 sessions 227 participants |
| Human rights awareness training (Diversity training for newly appointed managers) | 3 sessions 70 participants | 1 session 30 participants | 1 session 34* participants | — | — |

* Carried out during new line manager training in fiscal 2021

### • Implementing Business and Human Rights Awareness month

The Yakult Group operates globally in 40 countries and regions around the world, including Japan. We respect the human rights of all people throughout the value chain and believe in the importance of building a society where everybody can pursue happiness. In order to continue promoting initiatives concerning respect for human rights throughout the Group, we must promote the understanding of each and every worker.

For this reason, we designated December, the month of Human Rights Day (December 10), as Business and Human Rights Awareness month and conducted awareness exercises for all Yakult Group employees.

In fiscal 2023, in order to improve our employees' understanding of the need for human rights initiatives and cultivate a sensitivity to human rights as they go about their duties, we had them watch a video and respond to a questionnaire. For each person responding to the questionnaire, the Company donated 100 yen to the Japan Committee for UNICEF. We received 18,802 responses and made a donation of 1,880,200 yen.

**Participant comments**

**Dyah Ariningsih**
HRD, GA&Legal Supervisor
PT. Yakult Indonesia Persada

To foster a better understanding of our Human Rights Policy Guidelines during Human Rights Awareness month, we encouraged employees to watch a training video in Indonesian and then complete a survey. At PT. Yakult Indonesia Persada, we have around 6,500 employees working at 112 locations nationwide, so we knew that we needed to provide information and instructions to all employees as smoothly as possible. The Human Resources Department sent messages through each department's manager to site supervisors, who relayed the information to employees at morning meetings and asked them to participate. As a result, a total of 4,138 employees took part. It is very gratifying to know that our efforts made a positive difference.

The training video featured specific examples of how human rights play into different departmental operations, making the content easy to grasp. I also realized that sensitivity to human rights represents what Yakult Indonesia seeks to embody through its slogan "Heart Work Company" (a company that acts with others always in mind). I will continue to pursue this "Heart Work" ideal as I strive to help people in the community live healthier lives.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Preventing harassment

The Yakult Ethical Principles and Code of Conduct state zero tolerance for any form of harassment, including power harassment and sexual harassment.

Harassment can directly affect the victim's physical and mental health, as well as reducing workers' motivation, disturbing order in the workplace, and worsening the working environment. There is also a risk of direct or indirect damage from lawsuits and damage to our corporate image, so we are doing all we can to prevent harassment.

### • Compliance training

We run level-specific compliance training according to employees' roles and responsibilities, to prevent harassment and bullying in the workplace. Particularly for managers, we run training sessions that incorporate case studies and encourage them to take appropriate action.

Related information p. 114 Compliance training

### • Compliance newsletter

Our compliance newsletter regularly covers topics like power harassment and sexual harassment to raise awareness of these issues.

Related information p. 114 Compliance newsletter

### • Action in cases of harassment

We have designated compliance personnel within each department, business site and Group company to act as points of contact for matters relating to non-compliance, including harassment.

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

### • Action for suppliers

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

Related information p. 66 Supply chain management ▸ Promoting sustainable procurement

### • Establishing internal harassment prevention committees: Yakult Danone India Pvt. Ltd. and Yakult S.A. de C.V. (Mexico)

Yakult Danone India Pvt. Ltd. has established a seven-member sexual harassment committee comprising senior staff from the company and outside legal experts in accordance with an Indian legal mandate. In 2023, the committee held four regular meetings and promoted improvements in the working environment. The company also established a Grievances & Harassment Redressal Committee (GHRC). This council functions as a deterrent primarily by providing a forum to investigate instances of harassment, including power harassment.

Furthermore, Yakult S.A. de C.V. (Mexico) holds monthly internal regulation committee meetings where conditions regarding power harassment and sexual harassment are regularly examined.

## Respecting human rights and cultural diversity around the world

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

### • Initiatives in Japan

A proper understanding of human rights is an essential part of being a member of society. Both our training for new recruits and our job-level-specific training cover the need to accept different values due to differences in race, gender, age and nationality, and emphasize the importance of harnessing this diversity in our business.

### • Halal certification: Outside Japan

Eight of our plants outside Japan have obtained Halal certification, and products are labeled with the Halal certification symbol so that Muslim customers can drink Yakult products with confidence.

Halal certification symbol

## Upholding human rights in the hiring process

The Yakult Group currently operates in 40 countries and regions including Japan and we hire locally, without discriminating between employees on the grounds of nationality or place of origin. We hire employees on the principle of "optimal personnel assignment based on abilities, aspirations, and aptitude, and regardless of age, gender, nationality, or educational background."

### • Initiatives outside Japan: Yakult U.S.A. Inc.

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

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

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

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

**• Initiatives in Japan**

In Japan, just like in the US, employees who will be responsible for conducting job interviews are briefed about human rights so they avoid asking questions about religion or beliefs during interviews.

### Efforts to prevent child labor: Yakult Taiwan Co., Ltd, Yakult Danone India Pvt. Ltd. and Yakult Myanmar Co., Ltd.

The Yakult Group adheres to the laws in each country and region of our operations, and promotes efforts to prevent child labor.

The Taiwanese Labor Standards Act prohibits employing workers less than 16 years of age, which Yakult Taiwan Co., Ltd. also adheres to in its own company regulations.

Yakult Danone India Pvt. Ltd. performs age verification and does not employ anyone under the age of 18 in accordance with India's labor laws.

Similarly, Yakult Myanmar Co., Ltd. also verifies the age of potential workers using the Myanmar National Registration Card and does not employ anyone under the age of 18 in accordance with Myanmar law.

### Response to local human rights due diligence legislation

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

Yakult UK Ltd. publishes statements on its adherence to the country's Modern Slavery Act, which was enacted in 2015. The company continues to check that its business partners (such as logistics companies) have produced statements in line with the Modern Slavery Act, and requires signed statements from them.

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

Australia's Modern Slavery Act was enacted in January 2019. Companies with an annual turnover of over 100 million Australian dollars must report annually on measures to prevent forced labor in their operations and supply chains. Yakult Australia Pty. Ltd. is currently not subject to this Act but agrees with its intentions, and it published a third-party report in November 2022 to identify modern slavery risks and to assess the status quo. It is working proactively to promote the protection of human rights in the entire supply chain, including suppliers and business partners.

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

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

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

## Access to remedy

### Internal contact points

**• Internal reporting system**

The Yakult Compliance Hotline is an internal reporting system allowing us to quickly discover and correct any violations of laws and internal rules during business operations. Through this system, we accept reports, consultations and other feedback from directors and employees (including those who have stepped down or retired within the past year) at Yakult Honsha, Group companies and associations. Additionally, since fiscal 2022 we have expanded the scope of this system so that it can also be used by marketing companies other than Group companies.

In operating the system, we work to ensure the protection of whistleblowers through Internal Reporting Regulations that assure the confidentiality of reported information and prohibit the adverse treatment of whistleblowers. Some overseas offices accept reports from business partners as well as internal parties.

Related information p. 114 Internal reporting system

**• Employee consultation desk**

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

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

Related information p. 82 Mental health measures ▸ Consultation desk

### External contact points

The Yakult Group strives to build a responsible value chain in which all human rights are respected. To achieve that goal, we must ensure that not only employees within the Group but also suppliers and other outside parties are able to come forward with human rights–related grievances. Recognizing that need, we are currently holding discussions with the aim of establishing external contact points for that purpose.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Product safety

## Basic policy on product quality

In order to embody our corporate philosophy, the whole Yakult Group is working to ensure quality assurance based on the Yakult Group Basic Quality Policy, which specifies the fundamental policies and promotion system related to quality and safety.

### Yakult Group Basic Quality Policy

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 Basic Quality Policy covers the following.

1. Scope
2. Compliance with laws, regulations and international norms
3. Promotion structure
4. Dialogue with stakeholders

Established: March 30, 2021

Please refer to the following URL for the full text of the Yakult Group Basic Quality Policy:

WEB https://www.yakult.co.jp/english/csr/social/product_safety/

## Product quality certifications

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

The Foshan Plant of Guangzhou Yakult Co., Ltd. acquired HACCP certification in February 2021 and ISO 9001 certification in March 2021.

**Certifications acquired for product quality** (Number of certified locations: as of October 2024)

| | HACCP | ISO 9001 | ISO 22000 | FSSC 22000 | GMP | Halal | ISO 45001 | SQF |
|---|---|---|---|---|---|---|---|---|
| Yakult Honsha plants, bottling companies in Japan (11 dairy product plants) | | | 11*1 | | | | | |
| Marketing companies in Japan (101 in total) | | | 1 | | | | | |
| Plants outside Japan (28 locations in total) | 17 | 9 | 8 | 3 | 8 | 8 | 2*2 | 2 |

*1 In Japan, food hygiene control based on HACCP principles was instituted through the Act on the Partial Amendment of the Food Sanitation Act in 2018. In line with this, we acquired ISO 22000 certification at Yakult Honsha dairy product plants, all 11 plants of bottling companies, and the Production Division, including the Production Control Department.
*2 Acquisition rate at plants both in and outside Japan: 5.1%

- HACCP: A system for assuring safety by implementing thorough hygiene management across the entire manufacturing process
- ISO 9001: An international standard for quality management systems
- ISO 22000: An international standard for food safety management systems based on HACCP hygiene management methods
- FSSC 22000: An international standard for food safety management systems based on ISO 22000 that incorporates food defense and other matters
- GMP (Good Manufacturing Practice): An international standard for pharmaceuticals and food manufacturing management and quality control
  Note: In Taiwan, the plant obtained TQF (Taiwan Quality Food) certification, which is equivalent to GMP
- Halal: A standard for food quality management systems based on Islamic Law
- ISO 45001: An international standard for occupational health and safety management systems
- SQF: An international standard for management systems that ensure the safety and quality of food products

WEB Details about certification acquired by each company
https://www.yakult.co.jp/english/csr/social/product_safety/certification/index.html

## Quality management systems

### Raw material management

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

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

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

### Production

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

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

With the amendment of the Food Sanitation Act and the legislation of food hygiene control based on HACCP principles, we reviewed our internal quality control system that integrated conventional ISO 9001-certified quality management systems with HACCP systems and food defense programs, and now maintain a high standard of quality management through a proprietary system that integrates ISO 22000 with customer satisfaction and quality assurance principles. As each employee's awareness, knowledge and technical skills with regard to product quality are essential in achieving this, we have defined the abilities required in production and quality control at Yakult Honsha dairy product plants and bottling companies, and carry out education, training and assessment in a systematic manner, and routinely review this system. In Japan we have also developed and installed a variety of inspection equipment that has made a 100% inspection level possible with continuous quality monitoring.

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

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

Furthermore, we have developed systems that allow us to, if product-related incidents occur, establish a task force to handle the incident based on our Risk Management Rules and carry out a prompt product recall.

## Logistics

Yakult Logistics Co., Ltd. makes logistics quality the foundation of its mission to deliver fresh products at their peak of quality.

The company runs annual study sessions on logistics quality for contractors. In fiscal 2023, as part of continuing COVID-19 safety measures, staff members visited partner companies to hold study sessions. Fourteen sessions were held, with 222 participants from 23 companies. Staff at those companies received a direct explanation of how to load and handle Yakult products according to their special characteristics, and gained a deeper understanding of product handling.

## Marketing

We have also established quality control systems at marketing companies and, in order to comply with the Food Sanitation Act incorporating HACCP principles into hygiene management, work is performed and recorded following a hygiene management plan that focuses on product temperature and date control, as well as equipment and material hygiene control. Marketing companies perform their own internal audits to confirm that these measures are being conducted appropriately. Furthermore, teams composed mainly of employees with quality management experience at production plants perform food quality audits and conduct quality control education and training at marketing companies.

## Initiatives in cosmetic and pharmaceutical production

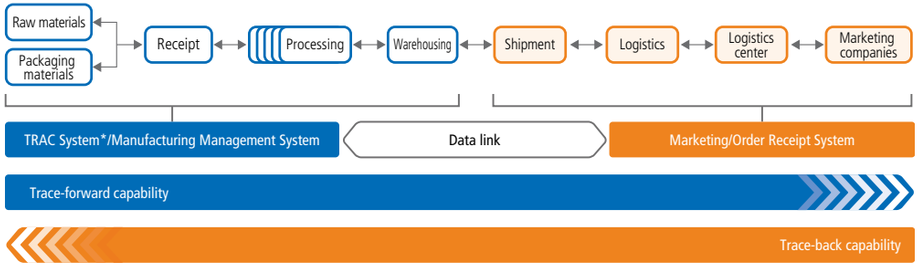
To maintain safe and standardized product quality during all processes at our pharmaceutical plant, from receipt of raw materials to product manufacturing, quality testing and storage, we follow the pharmaceutical Good Manufacturing Practice.

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

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

## Traceability system

Yakult's original TRAC traceability system enables tracing according to production lot from the arrival of raw ingredients to the shipment of products, so products can be traced both back and forward through the manufacturing process.




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

**Product print example:**
***New Yakult***

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Independent food safety audits: Yakult China Group

In order to provide consumers with safe, secure and delicious products, regular independent food safety audits are carried out at the three plants of the Yakult China Group (Shanghai Plant, Tianjin Plant and Wuxi Plant) based on the Food Safety Law. On-site audits at the plants and online audits are each conducted once a year.

An independent food safety audit

### Remote monitoring of product temperatures: Yakult Philippines, Inc.

In October 2022, Yakult Philippines, Inc. installed temperature-monitoring devices in 30 retail sales vehicles operating in Metro Manila and in the main refrigerators of 30 local distributors. This will enable remote monitoring to ensure that products are being stored at appropriate temperatures.

## Active disclosure of product information

### Universal design fonts for product labeling

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

### Easy-to-understand allergen information

We display the allergens contained in our food and beverage products on the ingredients list as stipulated by law. To make it easier for customers to get the information they need, we also separately provide the names of allergens included or not included for 28 types of allergens: 7 specified ingredients that are mandatory for labeling and 21 others that are recommended for labeling. Our website also lists the allergens (out of 28 different allergens) contained in our food and beverage products.

WEB Product Information ▸ Food Ingredients and Allergens

https://www.yakult.co.jp/products/component.html (Japanese only)

An example list of allergens

## Access to better nutrition

Lifestyles changes have made obesity, diabetes and metabolic syndrome more prevalent in industrialized and emerging economies, prompting calls for measures to prevent lifestyle diseases from a young age. Also, the shift to super-aged societies in developed countries is increasing the need for highly nutritious foods to address smaller meals and increasing frailty*1 among older people with a view to extending their healthy life expectancy. On the other hand, developing countries are facing hunger and malnutrition issues due to poverty.

In order to contribute to the health and happiness of people around the world, we will continue to help provide access to higher nutritional value by developing food and beverage products based on the three concepts advocated by Minoru Shirota, the founder of Yakult: "preventive medicine," "a healthy intestinal tract leads to a long life" and "a price anyone can afford."

In recent years, a close relationship has been found between the intestinal microbiota and human health. In addition to its intestinal regulation and immunoregulation functions, *Lactobacillus casei* strain Shirota has been shown to have an impact on the nervous system (relieving stress and improving sleep quality), which is vital for maintaining human health. We have been delivering probiotic products that use *Lactobacillus casei* strain Shirota to people around the world since our founding and are contributing to the health of people globally.

Furthermore, in response to the inadequate intake of vitamins and minerals, as revealed by guidelines such as the Dietary Reference Intakes for Japanese, we are also developing highly nutritious food and beverages that are fortified with the necessary vitamins and minerals for target gender and age groups.

For example, in Japan, we launched such products as *Yakult 1000* and *Y1000*, which contain *Lactobacillus casei* strain Shirota that can not only improve the intestinal environment but also relieve stress and improve sleep quality; *Yakult Five*, which is fortified with five different popular nutrients; *Joie*, a supplement containing a full daily*2 supply of vitamins and minerals; and *Kininaruyasai Ichinichibunno Multivitamin Red Grape & Tomato*, which provides a meal's worth*3 of six water-soluble vitamins (niacin, vitamins $B_1$, $B_2$, $B_6$ and C, and folic acid) that are often deficient in the diet in one easy and delicious serving. We also provide nutrient-enriched products that meet global health needs.

*1 Frailty: Physical and mental decline (motor and cognitive functions, etc.) associated with age
*2 Based on the reference daily values for nutrients, etc.
*3 Equivalent to one-third of the reference daily values for nutrients, etc.

Related information p. 54 Innovation ▸ Evolving into a healthcare company (Product development in response to increased health consciousness)

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Customer satisfaction

## Role and systems of the Customer Support Center

Day-to-day consultations with customers are vitally important activities that facilitate our efforts to ensure we can provide products and services that benefit our customers. We accept inquiries from customers by phone and email and do our best to respond promptly, accurately and sincerely. One of the important roles of the Customer Support Center is to accurately grasp the meaning of customers' inquiries, relay the comments to related organizational units and top management, and promote concrete measures to improve products and services. The Center strives to answer inquiries in a respectful, easy-to-understand manner in order to enhance customer satisfaction. For consultations that require direct customer visits, the Center works in coordination with marketing companies throughout Japan.

### Customer feedback

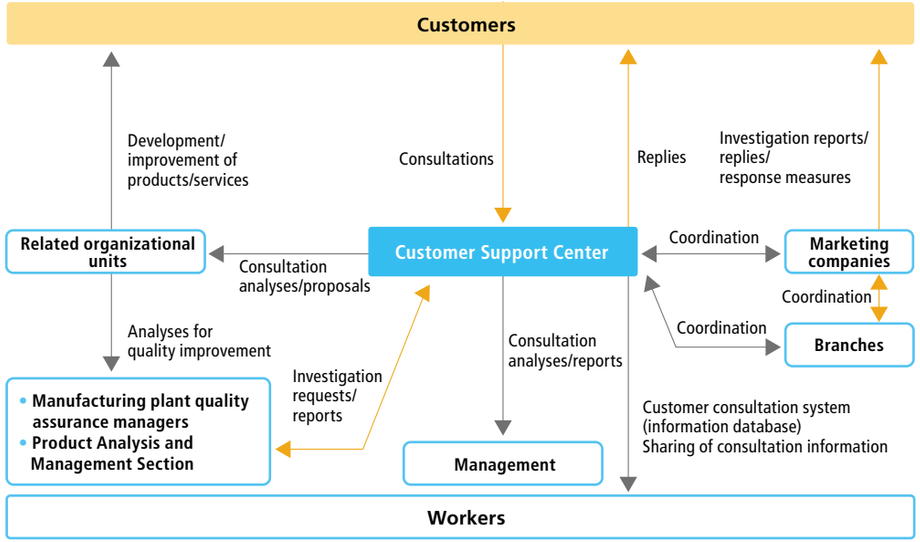
We categorize our customer consultations into inquiries, applications, complaints, discontinuations/suspensions, changes and others.

In fiscal 2023, the Center received 23,954 consultations.

**Customer consultation in fiscal 2023**

| Type | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Inquiries | 27,886 | 24,930 | 24,533 | 27,677 | 18,058 |
| Applications | 2,215 | 2,184 | 1,957 | 2,858 | 1,021 |
| Complaints | 4,107 | 3,776 | 3,339 | 4,700 | 2,754 |
| Discontinuations/ suspensions | 1,112 | 858 | 734 | 622 | 395 |
| Changes | 294 | 263 | 250 | 155 | 77 |
| Others | 1,871 | 1,935 | 1,825 | 1,772 | 1,199 |
| **Total** | **37,485** | **33,946** | **32,638** | **37,784** | **23,954** |

Customer response flow




Customer Support Center Toll-Free: **0120-11-8960** (In Japan only) (10:00 to 16:00, except Saturdays, Sundays, holidays, summer holidays, year-end and New Year holidays, and so on.)

Helpline: **0570-00-8960** (In Japan only) (not a free call)

### Customer communication through social media: Overseas

Yakult's overseas Group companies also use social media to inform and communicate with their customers.

In Brazil, an official TikTok account was launched in April 2022. Together with the existing Facebook, Instagram and YouTube accounts, these channels ensure that we not only share information with our customers but can also respond to inquiries quickly and regularly post health promotion information on the themes of nutrition, healthy eating and exercise. As of the end of May 2024, we have 46,943 followers on Facebook, 88,453 on Instagram, 10,185 on YouTube and 85,580 on TikTok.

Facebook and other social media platforms are also used in such other countries and regions as Taiwan, Hong Kong, Thailand, the Philippines, Singapore, Indonesia, Malaysia, Vietnam, India, the Middle East, Guangzhou, Mexico, the Netherlands, the United Kingdom, Germany and Italy to provide information and handle inquiries.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Using customer feedback in products

### Improving clarity of instructions for removing straws and separating waste (Japan)

After receiving comments from customers who found the instructions for removing straws from their bags difficult to understand and were not sure how to classify straw covers as waste, we reviewed the information on straw bags and the main product packaging.

The instructions on bags were made clearer by using "Push" arrows and simple text reading only "Do not put sharp end in mouth."

Additionally, because we saw many cases where the bag is detached before the straw is removed, we changed the text on the main package to "Remove straw bag for disposal," making it clearer that this text is meant to encourage proper waste separation of straw bags.

## Expanding Yakult Delivery Net online ordering service

With a view to improving convenience as the e-commerce market continues to grow, Yakult launched the Yakult Delivery Net online ordering service in fiscal 2017 and expanded the service nationwide in September 2018. This service offers options for credit card payment and product delivery in a cold storage box, making it possible to deliver products in keeping with diverse consumer lifestyles.

The service has allowed us to broaden our customer base and to deepen contact with existing users. As of March 2024, the number of registered users was approximately 235,000.

Note: The registration of new users has been suspended due to the shortage of some products (as of August 2024).

### Customer satisfaction improvement in Mexico

To improve customer satisfaction, we have built an organizational structure that can respond quickly to inquiries and complaints received via our website and social media. We also send follow-up emails to customers who have placed orders using the Pedido en linea online ordering service to gauge their level of satisfaction. This information is then shared with the marketing department to help improve customer satisfaction.

## Communicating with customers and providing health information

### Plant and institute tours

For a deeper understanding of our products and the Group's commitment to the environment and producing safe products that offer peace of mind, we proactively offer tours of our plants. The tours are not just for members of the general public of all ages but are also popular as destinations for elementary school field trips and environmental programs and as sources of information for opinion leaders and people with a particularly strong interest in health issues.

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

Physical visits to our plants in Japan had been suspended since early March 2020 to prevent the spread of COVID-19. Some plants resumed visits following the May 8, 2023, reclassification of COVID under the Infectious Diseases Control Law as a category 5 disease (same as seasonal influenza). Visits to all plants were resumed in April 2024.

Also suspended since fiscal 2020 due to COVID-19 have been annual festivals at our plants organized with the aim of deepening friendly relations with local communities.

The Shirota Memorial Museum ▶p.9 at the Yakult Central Institute, which had been closed from fiscal 2020 to 2023 to prevent the spread of COVID-19, reopened for tours in April 2024.

### Use of online tools

#### • Shonan Cosmetics Plant

The online plant tours we held for workers in response to the COVID-19 pandemic were very well received, so they were continued in fiscal 2023. Because we only have one cosmetics plant in Japan, we will continue to coordinate with sales companies across the country to offer online plant tours to customers in distant locations, such as through a program that includes live footage from the production line and hands-on product experiences.

#### • Dairy plants in Japan

Since May 2021, as a response to COVID-19, we have offered online plant tours. Sales companies serve as the point of contact for online plant tours, which are offered chiefly to elementary students and older adults. As a result, we are now able to show the *Yakult* production process and the hygiene control measures in place to many more customers, including those living far away and those with limited mobility.

There were 22,020 participants in our online tours in fiscal 2023.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Online plant tours: Yakult (Malaysia) Sdn. Bhd.

Plant tours were canceled due to the impact of COVID-19, but online plant tours were started in October 2020, allowing those unable to visit the plant physically to experience a plant tour. In fiscal 2023, regular plant tours were restarted and 27,733 people attended, while 13,627 people took part in an online tour.

Connecting schools online in Malaysia

In addition to Malaysia, online or virtual plant tours continue to be offered in Hong Kong, South Korea, the Philippines, Singapore, Indonesia, Australia, Vietnam, India, China, Brazil, Mexico and the Netherlands.

### Multilingual website development: Yakult Australia Pty. Ltd.

In light of the diversity of ethnicities residing in Australia, Yakult Australia Pty. Ltd. sought to expand its communications with customers across linguistic barriers by making its website available in three languages: English, Chinese and Vietnamese. The website was also renovated to accommodate the increase in access from mobile devices and further facilitate the gathering of customer feedback.

### *Healthist*

*Healthist* is a health and science information magazine first published in 1976 that provides easy-to-understand information to the general public, from the newest discoveries in life science, cutting-edge research and other areas to health-related topics and useful information for daily life. Some 50,000 copies of the bimonthly, Japanese-language magazine are published each year. In fiscal 2020, we launched an online version to make the magazine more widely available.

WEB https://healthist.net/en/

*Healthist*

## Understanding and complying with marketing rules

### Training for Yakult Ladies

Aiming to standardize the service quality our customers receive, we provide training for Yakult Ladies on topics such as product temperature control, personal appearance and basic manners.

To facilitate continuous training and information-sharing, we publish a magazine for Yakult Ladies four times per year alongside other forms of communication. "Mind your manners" campaigns were held three times during fiscal 2023. Participants went over key points in manners—including greetings, word choice and personal grooming—and ways to build trust with customers and colleagues. In addition, we used the Safety and Security Clinic, a website where Yakult Ladies can independently acquire information on safety and security and conduct home delivery self-checks, to raise awareness of these issues.

We provide center managers with manuals to help them conduct cosmetics training.

Newly recruited Yakult Ladies are given a subsidy to buy basic skin-care products so that they have a firsthand understanding of the products.

A study session on delivery quality (Kanazawa South Service Center, Yakult Hokuriku Co., Ltd.)

### Training for route sales representatives

To ensure safe and secure product delivery operations, we conduct training on driving and accident prevention during deliveries as well as product temperature control and best-by dates.

We also conduct training for route sales representatives to improve their product knowledge and communication skills so that our customers are given accurate information about our products.

In addition, we provide a suite of personal study tools to be used as required, including an e-learning platform covering subjects such as business manners and maintenance of vending machines, and manuals and DVDs on maintaining the freshness of our products and other topics.

Training session for route sales representatives (Yakult Mito Co., Ltd.)

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Honest and responsible advertising

### Establishing an advertising policy

To put into practice our company philosophy of contributing to the health and happiness of people around the world, we established an advertising policy in March 2021 emphasizing response to the changing media environment, highly appealing advertising expressions, and communication activities in compliance with laws and regulations.

#### Yakult Group Advertising Policy

The Yakult Group operates its business globally 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."

To realize this philosophy, the Group shall increase the engagement of its corporate and product brands with consumers through highly appealing communication policies developed for the changing media environment.

1. Response to the changing media environment
2. Improvement of brand recognition and favorability through highly appealing advertising expressions
3. Promotion of communication activities which comply with laws and regulations and also consider the SDGs

Established: March 30, 2021

In addition, the Yakult Group Advertising Policy includes a section entitled "For Responsible Advertising Activities," which lists examples of international standards that must be observed and provides details on ensuring compliance.

Please refer to the following URL for the full text of the Yakult Group Advertising Policy:

WEB https://www.yakult.co.jp/english/csr/download/pdf/2022_advertising_policy.pdf

### Considerations in the production of advertisements

We have put in place internal rules to ensure appropriate and effective advertising and promotional activities. When producing advertisements, we follow the Yakult Ethical Principles and Code of Conduct and comply with relevant laws and regulations such as the Act against Unjustifiable Premiums and Misleading Representations, Health Promotion Act, Food Labeling Act, and the Act on Securing Quality, Efficacy and Safety of Products including Pharmaceuticals and Medical Devices to prevent the use of advertisements that mislead or confuse our customers. In addition, all our advertising and promotions undergo external review by various media outlets. We also hold regular workshops for internal staff responsible for advertising to share the latest information and raise awareness to enable the implementation of responsible advertising and promotional activities.

### Guidelines and internal review for ethical and responsible advertising and marketing

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

To carry out ethical and responsible marketing, we have established internal guidelines titled "Points to Note When Creating PR, Advertising or Sales Support Material," and carry out training for those responsible for creating such material, ensuring that the guidelines are known and followed. These guidelines incorporate relevant laws and regulations, social changes and international human rights regulations, highlighting issues to be aware of and points where mistakes are easily made while creating such materials. They are revised at least once a year.

Additionally, to ensure ethical and responsible marketing, we subject the content of all our media communications, such as via TV, radio, newspapers, magazines, the website, social media sites, transit advertising, leaflets and point-of-purchase advertising, to preliminary screening and internal review by our Public Relations Department.

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

In fiscal 2023, we carried out 1,051 screenings and reviews, constantly making sure to prevent issues from arising.

* Industry-led standards
Code of fair competition for food for specified health uses
http://www.jhnfa.org/tokuho-kyougikai/kiyaku-1.pdf (Japanese only)
Code of fair advertising practices: Foods with Function Claims
https://jaohfa.com/wp/wp-content/uploads/news/「機能性表示食品」適正広告自主基準第2版新旧比較表230605.pdf (Japanese only)
Code of fair competition for the labeling of fermented milk and lactic acid beverages
https://www.nyusankin.or.jp/know/display2/ (Japanese only)

## Protecting customers' personal information

### Basic Policy for Protection and Management of Personal Information/ Personal Information Protection and Use Manual

We established a Basic Policy for Protection and Management of Personal Information following the full enforcement of the Act on the Protection of Personal Information in April 2005. We revised the basic policy when the act was amended in April 2022, stipulating the items that employees must observe to protect personal information.

We are further promoting efforts to protect personal information by revising our Privacy Policy to include items in response to the legal amendments (such as the publication of additional safety control and other measures and the electronic disclosure of retained personal data), as well as specific provisions on the purpose of use to enable more rigorous management of such information.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Yakult Group's Privacy Policy

The Yakult Group observes relevant laws and regulations, guidelines and other standards and appropriately handles information of customers whereby a specific individual can be identified, such as name, date of birth, address, telephone number, email address and information like driver's license number containing an individual identification code (hereinafter referred to as "personal information").

The Yakult Group's Privacy Policy covers the following items:

1. Basic policy and definitions
2. Name, address, corporate representative name of the business operator
3. Personal information collection method
4. Purpose of use
5. Joint use
6. Outsourcing of personal information processing
7. Providing personal information to third parties
8. Pseudonymized personal information
9. Request for disclosure, correction, addition, utilization cease or deletion
10. Outline of the security control action of personal information
11. Inquiries

Revised April 2022

Please refer to the following URL for the full text the Yakult Group's Privacy Policy:

WEB https://www.yakult.co.jp/english/privacypolicy/

## Training for Yakult Ladies

Yakult Ladies often have the opportunity to handle customer personal information in their line of work, and we enforce rules for the handling of this information through training and handbooks. We remind them that utmost care must be taken never to leak or lose any information received while on duty.

## GDPR compliance

In 2023, Yakult Europe B.V. conducted a comprehensive review of websites in each country from the viewpoint of compliance with the General Data Protection Regulation (GDPR)* of the European Union. As part of this effort, it completed the transfer of data from the United States to Europe.

The European Commission adopted an adequacy decision in 2023 on personal data protection for data flowing from the EU to the United States. However, Yakult Europe decided to transfer its CRM data to the EU to take advantage of the added value that comes from geographical proximity and improved efficiency.

* GDPR: A regulation in EU law governing the protection of personal data in the EU

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Governance Report

**We devote thorough efforts to steady business development centered on core business operations, and promote highly transparent management functions. We undertake management that emphasizes enhanced internal control functions beginning with the optimization of management organizations and decision-making, in order to put our corporate philosophy into practice.**

Contents

104 Corporate governance
111 Risk management
113 Compliance

In fiscal 2023, there were no violations of laws, regulations or voluntary rules relating to anti-monopoly, unfair competition or bribery. There were also no cases of corruption coming to light nor any cases incurring fines or penalties. Furthermore, there were no major violations of laws, regulations or voluntary rules concerning governance.

### Policies/Guidelines/Targets

- Yakult Ethical Principles and Code of Conduct (2. Compliance with Social Norms, 3. Transparent Management, 5. Resolute Stand against Antisocial Forces)
- Anti-Corruption Policy
- Tax Policy
- Risk Management Rules
- Production Division Business Continuity Plan
- Raw Material Procurement Risk Management Manual
- Information Security Rules

# Corporate governance

## Efforts to enhance corporate governance

In 2007, the Company reduced the term of office for directors to one year in order to clarify their management responsibilities. In 2011, we introduced an executive officer system as a way to further invigorate the activities of the Board of Directors. We have also reduced the overall number of directors. In addition to these efforts, we are accelerating decision-making through the establishment of various committee structures, including the Management Policy Council and the Executive Officers Committee. As advisory bodies to the Board of Directors, we have also established a Nomination & Remuneration Committee to deliberate on director nomination and compensation, and a Sustainability Advisory Committee to deliberate on basic sustainability strategy, measures and responses in the context of our efforts to resolve environmental and social problems.

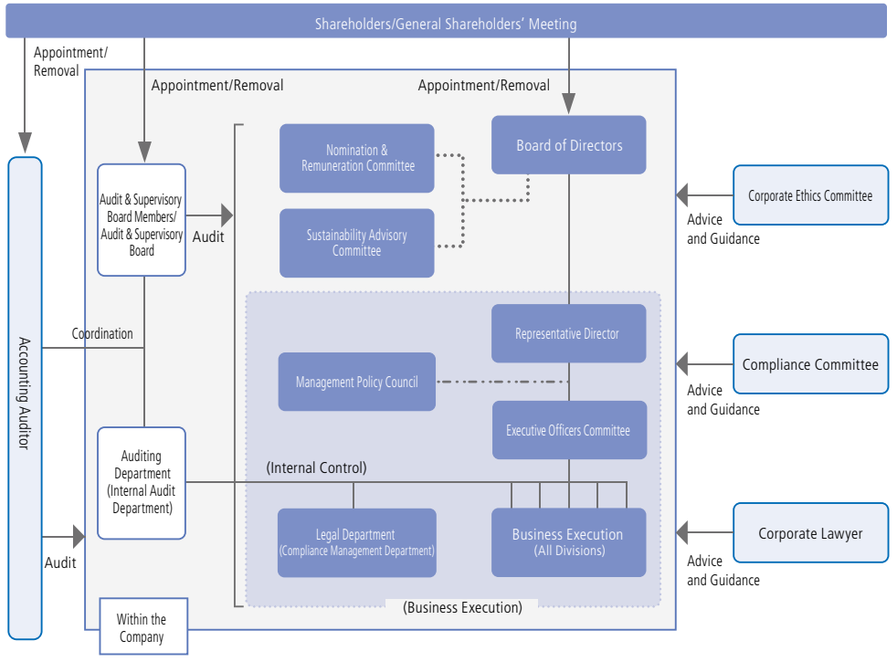
## Governance structure

Since its introduction on June 22, 2011, our executive officer system has aimed 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 the Representative Director, Divisional General Managers and Audit & Supervisory Board Members, and the Executive Officers Committee, which includes executive officers and Audit & Supervisory Board Members.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Corporate governance framework




## Governance organization

| Fiscal year | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Type of organization | Company with Audit & Supervisory Board | Company with Audit & Supervisory Board | Company with Audit & Supervisory Board | Company with Audit & Supervisory Board | Company with Audit & Supervisory Board |
| Directors | 15 | 15 | 15 | 15 | 15 |
| Including: Outside Directors | 5 | 6 | 5 | 6 | 6 |
| Including: Independent Directors | 3 | 5 | 5 | 6 | 6 |
| Including: Female Directors | 1 | 2 | 2 | 2 | 2 |
| Directors' term of office (years) | 1 | 1 | 1 | 1 | 1 |
| Chair of Board of Directors | President | President | President | President | President |
| Auditors | 5 | 5 | 5 | 5 | 5 |
| Including: Outside Auditors | 3 | 3 | 3 | 3 | 3 |
| Including: Independent Auditors | 2 | 2 | 2 | 2 | 3 |
| Including: Female Auditors | 1 | 1 | 1 | 1 | 2 |
| Auditors' term of office (years) | 4 | 4 | 4 | 4 | 4 |

Note: As of the end of June 2024.

## Frequency of meetings

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Board of Directors | 7 | 8 | 8 | 9 | 10 |
| Internal Directors' attendance rate at Board of Directors meetings (%) | 100 | 98 | 100 | 100 | 100 |
| Outside Directors' attendance rate at Board of Directors meetings (%) | 97 | 100 | 98 | 98*2 | 98*4 |
| Audit & Supervisory Board | 7 | 8 | 8 | 9 | 10 |
| Audit & Supervisory Board Members' attendance rate at Audit & Supervisory Board meetings (%) | 100 | 100 | 100 | 94*3 | 100 |
| Outside Auditors' attendance rate at Audit & Supervisory Board meetings (%) | 100 | 100 | 100 | 100 | 97*5 |
| Compliance Committee | 2 | 2 | 2 | 2 | 2 |
| Corporate Ethics Committee | 1 | 1 | 1 | 1 | 2 |
| CSR Promotion Committee | 2 | 2 | 3 | 3 | 4 |
| Committee to Address Plastic Containers*1 | 2 | 2 | 2 | 2 | 5 |

*1 Known as Plastic Recycling Promotion Committee until fiscal 2022.
*2 For unavoidable reasons, one Outside Director was absent from one Board of Directors meeting.
*3 For unavoidable reasons, one Audit & Supervisory Board Member was absent from one Audit & Supervisory Board meeting.
*4 For unavoidable reasons, one Outside Director was absent from one Board of Directors meeting.
*5 For unavoidable reasons, one Outside Auditor was absent from one Audit & Supervisory Board meeting.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Board of Directors

The Board of Directors is composed of 15 directors (including six Outside Directors, two of whom are women), and the Audit & Supervisory Board is composed of five members (including three Outside Auditors, two of whom are women).*

The Board of Directors makes decisions or receives reports on matters set out in laws and regulations as well as our own Rules of the Board of Directors; it also oversees the conduct of the directors and executive officers in the performance of their duties. We have also put systems into place allowing active and full discussions within the Board of Directors by providing information on specific topics and opportunities for discussion, particularly for Outside Directors.

*As of June 2024

### Board of Directors agenda items

In fiscal 2023, the Board of Directors deliberated on the execution status and earnings forecast of each business, plans to increase domestic dairy product production, initiatives addressing sustainability-related issues and strategic shareholding status. The Board also deliberated on appointments for director candidates and executive officers, as well as revisions to the officer remuneration system in response to findings reported by the Nomination & Remuneration Committee, which is an advisory body to the Board of Directors.

## Audit approach

### Audit & Supervisory Board Member audits

The Audit & Supervisory Board is made up of five Audit & Supervisory Board Members. The Board decides matters of audit policy, planning and division of labor, and the Audit & Supervisory Board Members take action accordingly by attending meetings of the Board of Directors and other important meetings, receiving reports on work done by directors and executive officers, and examining important documents related to decision-making and other matters. The Board works closely with the accounting auditor, receiving auditing status reports on a quarterly basis, exchanging opinions and conferencing ad hoc as necessary. We have also secured a system for supporting Audit & Supervisory Board Member audits by deploying two full-time auditors possessing thorough knowledge of company operations and who can appropriately assist the work of the auditors.

### Internal audits

The Auditing Department is an organization reporting directly to the President. Currently, a 12-person staff system under the department general manager uses the COSO* framework and other references to perform risk-based internal audits (accounting audits, operational audits and internal control system audits) covering the entire operations of each internal department and each affiliated company, and provides specific advice and assistance for improving operations.

Regarding overseas offices, every fiscal year we select companies and perform on-site internal audits as in Japan.

The results of internal audits conducted by the Auditing Department are regularly reported to the Board of Directors, Audit & Supervisory Board Members and the Audit & Supervisory Board.

* Committee of Sponsoring Organizations of the Treadway Commission

### External audits

We have appointed Deloitte Touche Tohmatsu to serve as the auditor for accounting and other audits as required by law.

**Number of audit reports**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Audit & Supervisory Board Member audits | 7 | 8 | 8 | 9 | 10 |
| Internal audits | 7 | 8 | 8 | 9 | 10 |
| Accounting audits | 4 | 4 | 4 | 4 | 4 |

## Reasoning behind director appointments

Our baseline requirements for a potential director are position-appropriate ability, personality and insight along with abundant knowledge and experience and a thorough knowledge of Group management. We also seek a Board of Directors of diverse structure conducive to open-minded discussion. To this end, we promote not only from within the Company, but also from among top-level managers of Yakult Group marketing companies and experts in various fields, always seeking to place the right person in the right role.

Matters concerning director nomination and compensation are addressed by the Board of Directors in consultation with the Nomination & Remuneration Committee. More than half of the members in this advisory committee are independent Outside Directors whose findings form the basis of decisions made by the Board.

**Skill matrix**

| | Director expertise and experience | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Corporate management/ Business operations | ESG/ Sustainability | Financial accounting | Legal/Risk management | Marketing/Sales | Overseas business | Research & development/ Quality assurance | Human resources/ Human resource development |
| Hiroshi Narita | ● | ● | | | ● | ● | ● | ● |
| Koichi Hirano | ● | | | | ● | | ● | |
| Masatoshi Nagira | ● | ● | | | ● | | | |
| Hideaki Hoshiko | ● | | | ● | | | | ● |
| Junichi Shimada | ● | | | | ● | ● | | |
| Naoko Tobe | | ● | | ● | | | | |
| Katsuyoshi Shinbo | | ● | | ● | | | | |
| Yumiko Nagasawa | ● | ● | ● | | | | | |
| Satoshi Akutsu | | | | | ● | ● | | |
| Matthew Digby | | ● | | ● | | ● | | |
| Manabu Naito | ● | | | | ● | | | |
| Yasuyuki Suzuki | ● | | | | | | ● | |
| Shuichi Watanabe | ● | | ● | | | | | |
| Hiroyuki Kawabata | ● | ● | | ● | | | | |
| Toshihiko Fukuzawa | ● | | ● | | | | | |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Outside Director and Audit & Supervisory Board Member support

### 1. Outside Director support system

The General Affairs Department functions as the secretariat for the Board of Directors, and serves as an information contact point for all directors, including Outside Directors. Board meeting materials are also distributed in advance to Outside Directors to facilitate communication with other directors.

### 2. Outside Auditor support system

Two full-time staff members function as the secretariat for the Audit & Supervisory Board. The Audit & Supervisory Board convenes prior to meetings by the Board of Directors and other important assemblies, and relevant department heads share information at these meetings by providing materials and explanations. The system for communicating information to each Outside Auditor involves Audit & Supervisory Board Members making business reports as appropriate, while also providing important materials related to decision-making and auditing along with other audit-related materials.

## Management Policy Council

The Management Policy Council was established to expedite decision-making. As a general rule, the council meets once per week, and its members consist of the President and Representative Director, seven Divisional General Managers and one Audit & Supervisory Board Member. In addition to receiving reports, the Management Policy Council deliberates on management policies and action items, along with operations-related business matters.

## Evaluating the effectiveness of the Board of Directors

Directors and Audit & Supervisory Board Members are asked to answer a questionnaire with questions on the makeup and operational methods of the Board of Directors (tabled items, frequency of meeting, etc.), provision of information to Outside Directors, and external disclosure, along with a section allowing comments of any kind. Answers are analyzed and evaluated, with the results reported in full to the Board of Directors. In fiscal 2023 as in previous years, this evaluation concluded that the Board functions properly and is generally effective.

Additionally, based on the results of this analysis and evaluation of the Board of Directors, as well as other discussions, further revitalization of the Board of Directors was identified as a challenge, and we have strived to further increase the effectiveness of the Board of Directors through means such as increasing the frequency of its meetings and providing information to Outside Directors.

We will continue striving to improve the effectiveness of the Board of Directors.

## Remuneration of officers

The Company's remuneration system is constructed not only to realize Shirota-ism, the foundation of our business, but also to make management more responsible for business results and promote increased value-sharing with shareholders. This is accomplished in the following ways.

**Fixed remuneration, performance-based remuneration (short-term cash incentives), stock remuneration (long-term stock incentives)**

1. Eligibility

(1) Fixed remuneration
All directors

(2) Performance-based remuneration
Officers who are still in a director role at the end of the relevant fiscal year (excluding Outside and Part-Time Directors)

(3) Stock remuneration
Officers who are still in a director role at the time of payment (excluding Outside and Part-Time Directors)

2. Policy determining calculation methods for each kind of remuneration

(1) Fixed remuneration
Within applicable monetary limits, our standard policy is to make decisions based on comprehensive consideration of internal and external environmental factors such as director responsibilities, business performance during the relevant fiscal year, standard worker salary and social conditions.

(2) Performance-based remuneration
Alongside consolidated operating income, the most suitable indicator of business performance for the purposes of performance-based remuneration, performance-based remuneration calculations use the consolidated number of dairy product bottles sold as a barometer for the degree of Shirota-ism realized, this being the foundation of our business. We set the performance component to fluctuate between 0% and 150%.

Specifically, we set a remuneration coefficient according to the difference in each of the two abovementioned indicators as compared to the previous year, and then calculate performance-based remuneration using this coefficient and the performance-based standard amount determined according to individual director responsibilities.

Additionally, performance-based remuneration is not paid if consolidated operating income has fallen below 70% of the previous year's total.

(3) Stock remuneration
With the aim of providing incentive to sustainably increase corporate value and promoting additional shared value with our shareholders, eligible directors will be granted remuneration for restricted stock according to their job responsibilities and other factors.

In principle, in each fiscal year eligible directors present to the Company all monetary remuneration claims to be paid as in-kind contributions based on a resolution by the Board of

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

Directors, and receive issuance or disposal of common company stock. The transfer restriction period begins on the delivery date of the restricted stock and ends on the day the person in question steps down from their position as director. The amount to be paid per share of issued or disposed common company stock as restricted stock remuneration is based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the Board of Directors resolution. If no trading occurred on that day, the most recent trading day prior to that determines the closing price. Based on this information, and to the extent that it is not particularly advantageous for the eligible director, the Board of Directors will make their determination.

During the transfer restriction period, the Company may naturally acquire from the eligible director to whom the restricted stock is allotted all or part of the relevant stock without compensation in the event of legal violations or for any other reason specified by the Company's Board of Directors.

3. Percentage of remuneration by type

To ensure that remuneration functions as an appropriate incentive, the proportion of each type of remuneration is as follows:

(1) Fixed remuneration : (2) Performance-based remuneration : (3) Stock remuneration = 70 : 15 : 15 (%)

Note: Outside Directors and Part-Time Directors only receive fixed remuneration.

4. Policy regarding determination of timing or conditions for remuneration

(1) Fixed remuneration
Paid monthly

(2) Performance-based remuneration
As a remuneration incentive for the preceding year's business performance, performance-based remuneration is calculated and paid after the end of the fiscal year as a lump sum.

(3) Stock remuneration
As a remuneration incentive for the future improvement of corporate value, an amount corresponding to the director's term is paid after the director's election at the General Meeting of Shareholders.

Note 1: Fixed remuneration and performance-based remuneration monetary limits were set at 1 billion yen per year at the 56th Ordinary General Meeting of Shareholders held on June 25, 2008.

Note 2: Stock remuneration monetary limits and share limits were set at 300 million yen and 150,000 shares per year at the 71st Ordinary General Meeting of Shareholders held on June 21, 2023. (On October 1, 2023, we performed a two-for-one stock split of common company stock. The share limit numbers above apply to post-split stock.)

These policies, remuneration calculation methods, remuneration amounts for each individual and other matters are discussed by the Nomination & Remuneration Committee, composed of a majority of independent Outside Directors, after which the final decision is made by the Board of Directors. The Nomination & Remuneration Committee is charged by the Board of Directors with determining the amounts of fixed remuneration and performance-based remuneration to be received by each individual.

**Remuneration (amount)**

| Fiscal year | 2019*1 | 2020*2 | 2021*3 | 2022*4 | 2023*5 |
|---|---|---|---|---|---|
| Remuneration of directors | 614 million yen to 17 directors (Including 50 million yen to 5 Outside Directors) | 603 million yen to 15 directors (Including 55 million yen to 5 Outside Directors) | 642 million yen to 18 directors (Including 66 million yen to 7 Outside Directors) | 806 million yen to 17 directors (Including 69 million yen to 7 Outside Directors) | 765 million yen to 19 directors (Including 79 million yen to 6 Outside Directors) |
| Remuneration of auditors | 118 million yen to 7 auditors (Including 36 million yen to 5 Outside Auditors) | 105 million yen to 9 auditors (Including 33 million yen to 6 Outside Auditors) | 107 million yen to 5 auditors (Including 35 million yen to 3 Outside Auditors) | 114 million yen to 5 auditors (Including 38 million yen to 3 Outside Auditors) | 121 million yen to 5 auditors (Including 42 million yen to 3 Outside Auditors) |

*1 Amount of remuneration of directors and auditors in the 68th business report
*2 Amount of remuneration of directors and auditors in the 69th business report
*3 Amount of remuneration of directors and auditors in the 70th business report
*4 Total amount of remuneration of directors and auditors in the 71st business report
*5 Total amount of remuneration of directors and auditors in the 72nd business report

## Strategic shareholding

The Company's strategic shareholding policy seeks to strengthen the cooperative relationship between current and future business partners and allies in order to benefit from and expand the synergy between our business and the operations of these companies. We comprehensively consider the potential of future business partners and allies in order to verify the appropriateness of any shareholdings, and reduce strategic shareholdings which are not profitable to the Company. In addition, the Board of Directors verifies the appropriateness of each strategic shareholding based on whether or not it makes sense given capital costs and shareholding purpose. The Company exercises voting rights arising from strategic shareholding through a decision-making process after considering whether voting yea or nay will contribute to improving corporate value.

## Group governance initiatives

In principle, we dispatch our executives and employees to subsidiary companies to serve as officers and ensure that business operations are carried out in a proper, efficient manner. Our Affiliated Company Management Rules and Overseas Office Management Rules stipulate matters such as requests for advanced approval and reporting from subsidiary and affiliated companies. These companies are also audited by the Company's Internal Audit Department (Auditing Department). Our medium-term management plan secures appropriate operations across the entire Group by setting out Group-wide targets and management strategies, creating a support system through the establishment of a subsidiary management department within the Company, and implementing training courses for subsidiary companies. In addition to these measures, our Risk Management Rules stipulate how the entire Group should respond to a sudden crisis.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

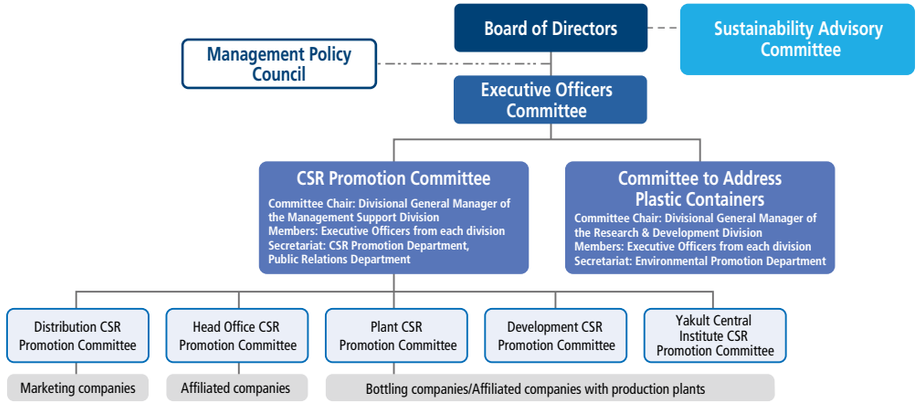
## Sustainability governance

Our CSR Promotion Committee considers a wide range of management issues from the perspectives of the Yakult Group's corporate social responsibility and sustainability. The Committee focuses discussion on policies and action plans that address environmental and social issues. Meeting results are reported to the President for appropriate guidance. Among the deliberated topics, committee procedures stipulate that the Management Policy Council, the Executive Officers Committee and the Board of Directors must be informed and consulted regarding important CSR matters relating to management policy.

Additionally, our Committee to Address Plastic Containers shares information on and discusses global trends and policies around plastic regulation as well as initiatives in individual departments and the current status of their exploratory work. The Committee to Address Plastic Containers is chaired by the Divisional General Manager of the Research & Development Division and made up of executive officers from each relevant department.

In fiscal 2024, we also established a Sustainability Advisory Committee as an advisory body to the Board of Directors. The committee deliberates on basic sustainability strategy, measures and responses in the context of our efforts to resolve environmental and social problems, and reports its findings to the Board of Directors.

### Sustainability governance structure




### CSR Promotion Committee

The CSR Promotion Committee holds meetings approximately four times per year to discuss various sustainability-related measures and policies, including climate change issues, and to manage progress. In fiscal 2023, the committee discussed the process of identifying salient human rights issues, which is relevant to the promotion of human rights due diligence, and what to disclose based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It also considered the progress and results of the CSR Action Plan and deliberated on how to approach CSR Procurement Policy briefings for suppliers in the context of sustainable procurement promotion.

The head of the CSR Promotion Committee, a director and senior managing executive officer, also approves the items covered in our sustainability report.

We have also established five specialized committees as subordinate organizations to carry out specific activities within each department as a way to promote sustainability initiatives throughout the Group.

**CSR Promotion Committee agenda items**

| Event | Agenda item |
|---|---|
| June 7 (1st mtg.) | (1) Yakult Sustainability Report 2023 contents<br>1. Yakult Sustainability Report 2023<br>2. Fiscal 2022 CSR Action Plan results (excluding environment)<br>3. Fiscal 2022 Environmental Actions (2021–2024) results<br>(2) Human rights due diligence progress update<br>1. Updating human rights due diligence action plan/roadmap<br>(3) Fiscal 2023 CSR procurement promotion<br>1. Interviews with business partners<br>2. Reply to CDP Forest<br>-Other report items<br>(1) GHG emissions calculation status and waste reduction initiatives |
| Sept. 5 (2nd mtg.) | (1) Promotion of human rights due diligence<br>1. Process of identifying salient human rights issues<br>2. Future steps<br>(2) CSR procurement promotion<br>1. Carrying out CSR Procurement Policy briefings for suppliers<br>(3) Responding to TCFD recommendations<br>1. Status of our explorations regarding TCFD response<br>2. TCFD disclosure proposal<br>-Other report items<br>(1) Corporate Sustainability Reporting Directive (CSRD) in Europe<br>(2) Calculation status of GHG emissions |
| Oct. 18 (3rd mtg.) | (1) Responding to TCFD recommendations<br>1. TCFD disclosure proposal<br>2. Future schedule<br>-Other report items<br>(1) Promotion of human rights due diligence<br>1. Status of salient human rights issue risk map (proposal)<br>2. Future schedule |
| Jan. 31 (4th mtg.) | Agenda<br>(1) Fiscal 2024 CSR action target proposals<br>1. Fiscal 2023 CSR Action Plan predicted achievements (excluding environment)<br>2. Fiscal 2024 CSR Action Plan target proposals (excluding environment)<br>3. Environmental Actions (2021–2024) Fiscal 2023 progress<br>(2) Human rights due diligence promotion<br>1. Salient human rights issue risk map (proposal)<br>2. Future schedule<br>-Other report items<br>(1) Calculation results of Yakult Group Scope 3 emissions<br>(2) Internal carbon pricing implementation status<br>(3) Fiscal 2024 CSR Promotion Committee schedule |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Sustainability training for management

We have run CSR management seminars for directors, executive officers and other managers since fiscal 2002. Seminar attendees obtain the latest ESG information from outside experts, which brings an informed sustainability perspective to the management level.

In fiscal 2023 we invited Keisuke Takegahara of the Development Bank of Japan to give a lecture on responding to sustainability risks. This lecture was attended by 81 people, including executives and department heads. Takegahara discussed what is expected of corporations on a range of environmental and social issues and offered concrete advice on how human capital can be used to drive financial performance. This provided an invaluable learning opportunity in the context of our ongoing response to sustainability risks and opportunities.

### Topics of CSR management seminars

| Fiscal year | Topic |
|---|---|
| 2016 | CSR trends in Asia and important points for Japanese companies |
| 2017 | CSR, from the basics to the newest trends |
| 2018 | Latest trends in ESG (especially climate change) |
| 2019 | ESG and corporate management strategies |
| 2020 | Corporate ESG strategy from the viewpoint of responsible investment |
| 2021 | Business and human rights |
| 2022 | Specific initiatives based on the TCFD recommendations |
| 2023 | Responding to sustainability risks |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Risk management

## Risk management system

### Risk Management Committee

Along with cross-organizational risk auditing, we have established a Risk Management Committee chaired by the most relevant director given the details of the risk currently being addressed. Other Risk Management Committee members are Executive Directors, and the committee works to prevent risk occurrence.

### Risk identification

The management level takes control of risk identification, discusses the various risks as necessary at each meeting (with important matters brought to the Board of Directors and the Management Policy Council, formed of directors and auditors) and deals with them accordingly. We then disclose information to shareholders and other stakeholders in our annual securities report.

Currently, we have identified 19 risks related to environmental issue response, disasters, brand defamation, intellectual property rights, lawsuits, compliance, mergers and acquisitions, financial exchange, information systems, management strategy impact, infectious disease outbreak, ocean plastic waste, reliance on *Yakult* series and the competitive environment, among other issues.

### Scope of risks

The scope of risk evaluation goes beyond direct operation of Yakult to include raw materials, suppliers and consumers that form both our upstream and downstream value chain. Cross-organizational risk auditing and Group response are handled mainly by the General Affairs Department, while each department handles risk management related to its own operations. To further promote compliance in each department, business site and Group company, we hold an annual meeting with compliance personnel to provide and share important information on compliance activities.

### Pre-screening new suppliers

Since 2003, we have operated a system for pre-screening prospective new suppliers for relationships with organized crime groups and compliance issues before we begin doing business with them. The system's operational status and findings are reported to the Corporate Ethics Committee and evaluations and feedback are received from individual committee members. In fiscal 2024, we intend to perform compliance checks after transactions begin. This will help ensure even stricter adherence to corporate ethics.

## Risk Management Rules

Our top priority is to ensure safety and respect for human life, and we have established Risk Management Rules accordingly. We have also created individual risk management manuals in case of events such as an earthquake, virus outbreak or product recall. These manuals are updated as necessary to reflect changes or expansions in business, or office moves.

### Safety confirmation system

We have introduced a safety confirmation system to efficiently check the safety of our employees when a disaster occurs. Drills are held annually for all employees to master the system's operation and improve awareness.

**BCP drill participation rate**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Participation in BCP safety confirmation system drills (response to email) (%) | 98.7% | 98.9% | 99.1% | 99.1% | 99.8% |

### Response during major earthquakes

In preparation for a major earthquake, all employees receive personal disaster supplies, and three days' worth of emergency food rations and drinking water are available. At Yakult Honsha dairy product plants and bottling companies, we have set up an earthquake early warning system* enabling employees to prepare and respond quickly in case of an earthquake.

* Compared to unspecified warnings sent to large numbers of people (via TV, radio, mobile phones, etc.), this system receives forecast information issued for a specific area, providing information more quickly and accurately.

## Business continuity planning (BCP)

### Preserving probiotic strains

At the Yakult Central Institute, while our top priority in case of emergency is the lives and safety of our workers, we have also constructed emergency power systems and distributed storage schemes inside Japan and around the world to ensure the preservation of the probiotic strains that are key to our dairy products.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

### Procurement

We have developed a Raw Material Procurement Risk Management Manual that details appropriate immediate actions to take during emergencies to secure the raw materials for our dairy products.

Based on this manual, we regularly review and update our emergency call tree of clients and suppliers, the register of suppliers' factories and material transport route maps, and have prepared risk management action plans for disasters caused by storms/floods and earthquakes.

We respond to major incidents as appropriate based on this manual. To disperse material procurement risks and ensure stable supplies, we have moved our material warehouses located in tsunami-risk areas to flood-safe areas, and established new third-party warehouse capacities.

### Production

Our Production Division has established and follows its own BCP. In accordance with the Cabinet Office's Business Continuity Guidelines, it sets forth policies, precautions, and emergency coordination and response to continue production of our core dairy products in the case of a natural disaster or critical event that would have a direct and sudden adverse effect on our business operations, as well as our policies on support for communities in an emergency.

### Stable pharmaceutical supply

For our pharmaceutical business, in addition to securing at least two months' stock of our products, we have two pharmaceutical distribution centers, one in Eastern Japan and one in Western Japan, to provide a stable supply and diversify risk.

### Logistics

Our logistics department has prepared for eventualities such as power outages by equipping all distribution centers with emergency lighting to allow work inside the space and installing emergency batteries to maintain office functions.

We have also transferred some of our information assets such as order (received/placed), inventory and shipment data to cloud data centers. This reduces the risk of system downtime in case of a disaster and minimizes the time required to rectify hardware failures.

In addition, we are working to balance consolidation and dispersal of our distribution centers to diversify risk and ensure stability of supply.

### Information security

To protect information assets from information security threats, we have clarified our countermeasures policy in our Information Security Rules. Specifically, we use dedicated devices, software and technology to enforce access restrictions, detect unauthorized access to all systems and prevent information leaks. Additionally, as well as reinforcing our countermeasures in the unlikely event of a breach targeting our information assets, we have established systems permitting a swift response from our Cyber Security Incident Response Team (CSIRT) in consultation with relevant departments.

## Initiatives in each country and region

### Use of backup services outside Japan

In Guangzhou, we use a third-party contractor to provide backup services for our core systems (office automation, human resources and sales) to ensure uninterrupted operations if a disaster should strike. Some backup servers were located inside Plant 1 and Plant 2, but given the potential risk of a disaster hitting this region, in fiscal 2022 we moved these servers to the cloud.

In the Middle East, to prevent information leaks and ensure data is kept appropriately, we have added firewall functions to protect our systems against access from outside. We have also installed a backup server to maintain internal server operations, and an inverter in case of unforeseen disruptions such as blackouts.

In Indonesia and the Yakult Group in Europe, we use external cloud backup services to ensure the continuation of business in the event of a disaster or other emergency.

### Cyber security training: Yakult Philippines, Inc.

Yakult Philippines, Inc. carried out cyber security training for department heads in August 2023. Participants learned how to recognize the warning signs of cyber incidents, which are becoming more frequent, and what actions they can take to prevent harm.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Compliance

## Compliance promotion system

### Compliance Committee

Our Compliance Committee, established in 2000, is composed of independent outside experts. This committee regularly meets with directors of Yakult Honsha to discuss such themes as the compliance promotion situation of each department. Members provide wide-ranging opinions and recommendations related to overall corporate activities from the perspective of compliance, as well as practical advice regarding the theme of each meeting.

In fiscal 2023, the committee met in September to discuss the status of accounts and finances as well as our progress toward the quantitative goals of our medium-term management plan, and again in February to discuss the status of our compliance promotion initiatives.

### Corporate Ethics Committee

Our Corporate Ethics Committee, established in 2002, is primarily composed of independent outside experts. This committee convenes regularly for checking on the implementation status of our corporate ethics activities (such as refusing to engage with organized crime groups). Through oversight by committee members, we work on ensuring sound management. In fiscal 2023, this committee met in May and December.

### Compliance Promotion Team and compliance personnel

As a contact point for compliance-related initiatives, we created the Compliance Promotion Team, which is made up of personnel from four departments (the Legal, General Affairs, Human Resources and Auditing Departments). We have also designated compliance personnel within each department, business site and Group company and given them responsibility for checking to ensure that business operations and actions are compliant with regulations and internal standards. When specific concerns arise, compliance personnel respond as necessary while communicating with the relevant department or business site.

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

## Anti-corruption

Promoting sound organizational management and fair business practices is extremely important in order to make our corporate philosophy a lasting reality throughout the Group.

The Yakult Group operates in full compliance with the anti-corruption laws, regulations, guidelines and guidance applicable in the countries and regions in which we operate and has put in place our anti-corruption policy based on the Yakult Ethical Principles and Code of Conduct, a Group-wide set of guidelines for compliance. We comply with all internal rules relating to this policy and the Yakult Ethical Principles and Code of Conduct.

### Yakult Group Anti-Corruption Policy

The Yakult Group observes the Yakult Group Anti-Corruption Policy, the basic policy stipulated based on the Yakult Ethical Principles and Code of Conduct, the Group's compliance rules, and related internal regulations on the premise of compliance with laws, regulations and guidelines regarding the prevention of corruption in the countries and regions where it conducts its business activities.
The Yakult Group Anti-Corruption Policy contains the following sections:

1. Purpose
2. Prohibition of corrupt practices
3. Record management
4. Establishment of corruption prevention mechanism
5. Response to violation

Established: March 30, 2021

Please refer to the following URL for the full text of the Yakult Group Anti-Corruption Policy:
WEB https://www.yakult.co.jp/english/csr/download/pdf/2022_anti-corruption_policy.pdf

## Anti-bribery rules

We prohibit, under the Yakult Ethical Principles and Code of Conduct, the offering or receiving of gifts or entertainment directly or indirectly to or from business partners or stakeholders in and outside Japan beyond the boundaries of common sense or social norms. In addition, individual companies both in and outside Japan have their own internal anti-bribery rules and comply with them in the course of business operations.

These anti-bribery rules prohibit employees from offering benefits to public officials or other personnel for the purpose of obtaining illicit gains from operations. Furthermore, the rules clearly set out the requirement that internal approval procedures are followed when offering benefits to public officials to the extent it is legal, and that any breach of these rules would be strictly punished in accordance with the rules of employment.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Internal reporting system

In Japan, we set up the Yakult Compliance Hotline in 2006 as an internal reporting system for quickly discovering and correcting any violations of laws and internal rules during the execution of business.

Through this system, we accept reports, consultations and other feedback from directors and employees (including those who have stepped down or retired within the past year) at Yakult Honsha, Group companies and associations. Additionally, since fiscal 2022 we have expanded the scope of this system so that it can also be used by marketing companies other than Group companies.

We have established internal and external (consulting law office) contacts to operate this hotline, and have ensured the protection of whistleblowers through Internal Reporting Regulations that assure the confidentiality of reported information and prohibit the adverse treatment of whistleblowers.

We conduct periodic compliance surveys every three years to verify the level of awareness of this internal reporting system within the Group. According to the results of our most recent survey in fiscal 2023, awareness is at 90.6%.

Employees are informed about this system during training for new employees and level-specific training, as well as regularly via groupware. We also gather feedback from employees via the aforementioned compliance surveys.

In addition, we are striving to ensure this system's effectiveness by raising awareness of the system among management and eligible persons at the Company and Group companies that have implemented it and educating people about how to use it.

Structurally speaking, the internal reporting system has an internal and an external contact point. Whenever a report is received, the Compliance Promotion Team investigates the facts while protecting the identity of the reporter in accordance with laws and company regulations. If the team determines that there is an issue, it guides and monitors a full response, including issuing a request for correction and measures to prevent reoccurrence via the representative or person responsible at the organization in question. This response and its results are reported not only to the President of the Company and the relevant director but also to the Compliance Committee, which offers evaluations and guidance.

In Group companies outside Japan, we have established internal reporting systems at 14 business sites.

**Number of reports made via internal reporting system in the last five years (includes consultations, questions, etc.) (Yakult Compliance Hotline)**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Number of reports | 9 | 9 | 16 | 14 | 24 |

### ● Internal and external reporting systems: Yakult S.A. de C.V. (Mexico), Yakult S/A Ind. E Com. (Brazil)

At Yakult S.A. de C.V. (Mexico), reports are accepted from both inside and outside the company, including from customers and suppliers, and can be filed via a website. Depending on the content of the report, the reporter may be contacted by the Auditing Department for discussion or to confirm details, after which the matter is reported to the Internal Control Committee and swift action is taken.

At Yakult S/A Ind. E Com. (Brazil), too, in April 2023, a reporting system was introduced, allowing not only employees but also external parties like customers and contractors to lodge complaints while preserving their anonymity. When reports are received, the Ethics Committee considers them before taking action accordingly.

## Compliance awareness activities

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

**Compliance awareness activities**

| | |
|---|---|
| Compliance training | We regularly organize level-specific compliance training programs for groups of employees from directors and managers to newly hired employees, such as legal workshops for directors (including the President).<br>In fiscal 2023, we held a total of 33 compliance training sessions throughout the Group. |
| Compliance education materials | We distribute the Compliance Guidebook, an educational resource which covers compliance fundamentals, throughout the Group.<br>In fiscal 2023, we provided content that can be used to promote compliance, such as group work materials and training slides, to compliance personnel within each department, business site and Group company.<br>In addition, through educational materials on internal regulations, unpaid overtime and similar themes in our quarterly compliance newsletter, we work to boost and deepen awareness of issues related to compliance throughout the year.<br>Furthermore, we have created and made public anti-harassment animations for workers in order to ensure acquisition of correct knowledge about harassment.<br>Additionally, in order to deepen understanding of related laws and regulations, we ran training for Company employees about the Act against Unjustifiable Premiums and Misleading Representations, and for Company and Group employees about the Subcontract Act. We also distribute educational materials to raise awareness across the Group on refusing to engage with organized crime groups. |
| Compliance Month | In fiscal 2023, we designated February 2024 as Compliance Month and conducted various activities to raise compliance awareness among Group employees. Specifically, each worker within the Group announced behavioral objectives as a way to deepen their understanding of harassment, learn appropriate language and behavior, and create a harassment-free workplace. With these objectives in mind, we then intensively promoted implementation activities over the course of the month. |
| Compliance surveys | We implement a compliance survey once every three years. In the latest survey in June 2023 we received about 18,000 responses from directors and employees (including contract employees, temporary staff and part-time workers) of 125 Yakult Group companies across Japan.<br>The results of this survey were analyzed for trends at individual companies, departments and business sites and then reported to the directors including the President, the heads of individual departments and business sites, representatives of Group companies, and workers. We are now working on improvement activities. We have also analyzed the survey results and are using them in planning our compliance program. |

**Compliance training and information security training**

| Fiscal year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Compliance training events | 32 | 24 | 26 | 18 | 33 |
| Information security training events (e-learning recipients) | 1 (2,221) | 1 (2,610) | 1 (2,512) | 1 (2,447) | 1 (2,725) |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

## Ensuring compliance within the pharmaceutical business

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

Following the implementation of the Guidelines for Activities Providing Sales Information on Prescription Drugs established by the Ministry of Health, Labour and Welfare, we established a Sales Information Activities Supervisory Division in 2019 to check the appropriateness of promotional activities and prevent improper ones. We also set up a review and supervisory committee that includes outside experts to check on the status of activities and provide concrete advice for promoting compliance, with the aim of ensuring that the Sales Information Activities Supervisory Division carries out its tasks properly. In fiscal 2023, the committee met in June and December.

For employees involved in promotional activities, we regularly provided group training sessions, email newsletters and e-learning to promote compliance with relevant laws, legal notices, fair competition codes and other regulations during promotional activities.

WEB Initiatives for transparency in our business activities and relationships with medical institutions
https://www.yakult.co.jp/company/about/transparency/ (Japanese only)

## Ensuring compliance within the cosmetics business

Employees who sell products to customers at their homes sit the Examination for Direct Selling Instructor to obtain the Certification of Training and Registration for the Direct Salesperson to prevent inappropriate activities.

At Yakult Honsha, we also comply with the Guidelines for Cosmetic Advertisements issued by the Japan Cosmetic Industry Association. We take part in workshops, which are held twice a year, and provide editorial oversight on materials produced by our marketing companies to ensure that no inappropriate advertisements are released.

## Prohibition of illegal political contributions

When making political contributions as part of our corporate activities, we comply with the relevant laws and regulations such as the Political Funds Control Act, and undergo the proper approval process before contributing. Our expenditure on political contributions in fiscal 2023 was 3 million yen.

## Transparency in taxation

### Compliance with tax laws and fairness

The Yakult Group operates globally in accordance with our philosophy of contributing to the health and happiness of people around the world. To achieve this aim, it is important to run our organization on a sound footing and ensure that our business practice is fair and just.

In order to ensure full compliance with the taxation laws and regulations of the countries and regions in which we operate, international rules and the Yakult Ethical Principles and Code of Conduct, the Yakult Group has established the Yakult Group Tax Policy and complies with its tax obligations accordingly.

#### Yakult Group Tax Policy

The Yakult Group Tax Policy sets out the Group's policy on tax obligations in order to ensure compliance with taxation-related laws and regulations in the countries and regions where it conducts business activities, as well as with international rules and the Yakult Ethical Principles and Code of Conduct.
The Yakult Group Tax Policy contains the following sections:

1. Compliance
2. International frameworks
3. Transfer price
4. Minimizing taxation risk
5. Taxation plan and tax havens
6. Response to tax authorities

Established: March 30, 2021

Please refer to the following URL for the full text of the Yakult Group Tax Policy:
WEB https://www.yakult.co.jp/english/csr/download/pdf/2022_tax_policy.pdf

### Tax payment report to the Board of Directors

The Yakult Group's tax payments are periodically reported to the Board of Directors by the principal accounting officer. In addition, we have established a system that enables the principal accounting officer to report, and then receive instructions on significant tax payments from the Board of Directors.

In fiscal 2023, our corporate taxes were 22.5 billion yen against the Group's net sales of 503 billion yen.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Third-party opinion

**Keisuke Takegahara**
Professor
National Graduate Institute for Policy Studies

Yakult Honsha has multiple outlets for the disclosure of information to accommodate the diversity of target readers. This *Sustainability Report* serves as a supporting dataset for the integrated report, which is aimed at investors and ESG evaluation agencies. To fulfill its function of complementing the integrated report, focused on linking a long-term, value-creation strategy with financial performance and addressing specific issues, this report needs to be both comprehensive—covering a broad range of topics without lapses—and strategically relevant. The *Sustainability Report* maintains the structure of the CSR reports of the past, but rather than simply presenting a list of activities and accomplishments, it has come up with various creative ways to achieve the difficult task of promoting understanding of the Company's strategy among its readers.

One example is the use of key concepts to tie together initiatives that otherwise might appear unrelated. Among the most important of these concepts is "innovation," which, as suggested by its choice as a material theme, is a main source of the Company's value. One might say that innovation permeates the entire report. Yakult's business operations were, from the very start, viewed as a means of filling a social need using the tools of preventive medicine. And it is this unique approach to innovation, called Shirota-ism, that functions as a basso continuo in giving harmonic structure to a full range of business activities, including the launch of *Yakult 1000* to address modern health issues like stress and sleep, as well as Yakult's vision to evolve into a healthcare company.

A second key concept is "people," which was emphasized in the Top Commitment section of the report as a factor that drives change and growth. This year's Social Activities Report elevated "human capital" to a higher-level category, under which is subsumed such specific themes as health-focused management and diversity and inclusion. The prominence given to human capital alongside innovation is quite fitting for the Company, which relies on human capital to convey the value of innovation to consumers—as symbolized by the Yakult Ladies, who, in the words of the integrated report, perform the role of community-based communicators.

One highlight of this year's report is the addition of "human rights" as a key factor alongside the above two prevailing concepts. The decision to take up respect for human rights in the dialogue with experts was a timely one. The in-depth nature of the discussions can be gleaned from specific references to such topics as the need to become more engaged in ascertaining and addressing human rights issues and to reconsider the status of Yakult Ladies so as not to reinforce gender stereotypes. The participation of a member of the Board of Directors in the dialogue was a plus from a messaging viewpoint, and the added focus on human rights should strengthen the cohesiveness of the report.

These efforts to prevent the considerable volume of information from becoming just a list of facts are commendable, and they create expectations for additional initiatives in the future. For example, more can be done to enhance connectivity among the key concepts. The reference to innovation training is a good first step in linking innovation with human capital. Similarly, rather than treating the newly added concept of human rights as an isolated issue, it might be framed as an attempt to manage risks associated with the use of human capital. This would add depth to the reporting of sustainability initiatives and could eventually prompt a review of Yakult's material themes.

Another point to consider, given the report's role as a supporting dataset for the integrated report, is to clarify the link between specific initiatives and management strategy—such as the long-term Environmental Vision 2050, the medium-term Environmental Targets 2030 and the short-term milestones called Environmental Actions (2021–2024). A more detailed explanation may be helpful in how the Company intends to achieve net zero Scope 1, 2 and 3 carbon emissions by 2050 as a long-term target, for instance, after reducing GHG emissions (in Japan, Scope 1 and 2) by 30% compared to fiscal 2018 levels, as set out in the medium-term plan. There is also a need to establish long-term goals for recycling plastic containers and packaging, which have a significant role in the Company's business. And rather than citing water conservation goals on a plant-by-plant basis, a better approach might be to discuss the use of freshwater resources in terms of the framework for risks and opportunities in natural capital dependence, as provided by the Taskforce on Nature-related Financial Disclosures.

There were positive developments even in these areas for potential improvement, such as the establishment of the Sustainability Advisory Committee as an advisory body to the Board of Directors. This was as significant as the participation of a board director in the dialogue with experts on human rights. Such closer engagement by management in a supervisory capacity will augment the executive work of the CSR Promotion Committee and should lead to a fuller discussion of Yakult's sustainability strategy. I look forward to seeing further progress in the years ahead.

## Response to third-party opinion

**Hiroyuki Kawabata**
Director and Managing Executive Officer
Divisional General Manager of Management Support Division

We sincerely thank you for your evaluation of *Sustainability Report 2024* and for providing us with valuable advice for improvement.

We are very pleased to learn of your positive assessment of the report's efforts to promote a better understanding of our management strategy while maintaining comprehensiveness.

As for your comments regarding establishing stronger links between the report's key concepts and clarifying their relevance to our strategy, we, too, recognize them to be issues we need to address. In the process of formulating our next medium-term management plan, we intend to clarify the core components of our thinking, a process that could lead to a future reexamination of our material themes. Now that we are in the final year of Environmental Actions (2021–2024), we will be conducting internal discussions on the pathways to achieving our long-term Environmental Vision. And we will make further efforts to disclose our ideas in ways that we hope readers will find easy to understand.

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# External evaluation

## ESG investment indices

Yakult Honsha Co., Ltd. has been selected for inclusion in the global ESG investment indices FTSE4Good Index Series, FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, S&P/JPX Carbon Efficient Index.

FTSE4Good

FTSE Blossom

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

## Evaluation from external organizations

2024 健康経営銘柄

2024 健康経営優良法人 Health and productivity ホワイト500

女性が活躍しています！

プラチナくるみん 子育てサポートしています

食育推進企業・団体 (一社)日本食育学会 認定 私たちは食育活動を推進しています

SPORTS YELL COMPANY 2024+

Japan. Committed to the SDGs

日本サービス大賞 NIHON SERVICE AWARD 第2回 日本サービス大賞 経済産業大臣賞

## External awards and recognition

| Date | Award | Details |
|---|---|---|
| October 2023 | Received Gender Equality Certificate | Yakult Italia S.R.L. received the Gender Equality Certificate released by the Winning Women Institute (WWI). The company was recognized for its pay equity and growth opportunities for women, as well as high standards in a wide range of areas, including protection of gender diversity and parenting support. |
| December 15, 2023 | Yicai's award for contributions to social innovation | Yakult China Group received an award for contributions to social innovation at the award ceremony for the Corporate Social Responsibility Ranking 2023 by Yicai, a major media company in China. In fiscal 2023, the Yakult China Group participated in awareness-raising activities for the detection and treatment of breast cancer as part of the BePink project from the Shanghai-based foundation of China's Yicai Media Group, supporting breast cancer screenings for people in four Chinese cities, including Shanghai and Beijing. The group also held information-sharing sessions for residents of five cities on the results of research on *Lactobacillus casei* strain Shirota and breast cancer prevention. These activities were praised for urging society to direct more attention to women's health. |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# ESG Data

WEB https://www.yakult.co.jp/english/sustainability/download/

## Environmental

| | |
|---|---|
| Status of ISO 14001 environmental certification | p. 24 |
| Food loss and waste recycling results | p. 24 |
| Substances used by the Yakult Central Institute | p. 24 |
| Container and packaging obligatory recycling volumes | p. 25 |
| Economic accounting results/Economic benefits associated with environmental conservation measures | p. 25 |
| Environmental impacts of business activities (from production through delivery) | p. 26 |
| $CO_2$ emissions in fiscal 2023 | p. 32 |
| Scope 3 emissions by category (fiscal 2023) | p. 32 |
| $CO_2$ emissions and $CO_2$ emissions per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2) | p. 33 |
| Energy use and energy use per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2) | p. 33 |
| $CO_2$ emissions from logistics | p. 35 |
| Logistics diesel fuel use and NOx emissions | WEB |
| Introduction of environment-friendly sales equipment | p. 36 |
| Amount of specified plastic-containing products distributed | p. 40 |
| Assessment of water risk using WRI Aqueduct in areas with production bases | p. 43 |
| Water risk assessment in areas with supplier bases | p. 43 |
| Water risk survey cost | p. 43 |
| Water used at Yakult Honsha plants and bottling companies and use per production unit | p. 44 |
| Waste generated at Yakult Honsha plants and bottling companies | p. 46 |
| Waste generated and recycling rates at Yakult Honsha plants and bottling companies | p. 46 |
| Waste generated and recycling rates by waste type | WEB |
| Assessment of biodiversity around production bases | p. 48 |
| Water data at production bases outside Japan | WEB |
| Water data at production bases in Japan | WEB |
| Business site reports for each region | WEB |
| Japan business site reports | WEB |

Note: For data not included in this report, see the ESG data (in Excel format) available at our website.

## Social

| | |
|---|---|
| Low-sugar, reduced-calorie products: Percentage of total dairy sales (fiscal 2023) | p. 54 |
| Community investment (social contribution activities) | p. 59 |
| CSR procurement survey/Number of business partners by average score (fiscal 2023) | p. 69 |
| Green procurement ratio | p. 72 |
| Locally procured raw materials (fiscal 2023) | p. 74 |
| Comparison of starting salaries and minimum wage (fiscal 2023) | p. 76 |
| Human resources data (Yakult Honsha) | p. 77 |
| Yakult Group companies outside Japan (as of December 2023) | p. 77 |
| Hours of training time and cost (Yakult Honsha) | p. 78 |
| Shirota-ism Workshops: Numbers of workshops and participants (Yakult Honsha) | p. 78 |
| Number and ratio of female managers (Yakult Honsha, overseas offices) | p. 83 |
| Rate of employees with disabilities (Yakult Honsha, overseas offices) | p. 84 |
| Rate of continuous employment at retirement age (Yakult Honsha) | p. 84 |
| Percentage of annual paid leave taken and average overtime hours per month (per person) (Yakult Honsha) | p. 85 |
| Number of employees taking parental leave (Yakult Honsha) | p. 86 |
| Work accident frequency rate and severity rate (Yakult Honsha) | p. 86 |
| Human rights awareness training | p. 93 |
| Certifications acquired for product quality (as of October 2024) | p. 96 |
| Customer consultation (Customer Support Center) | p. 99 |

## Governance

| | |
|---|---|
| Governance organization | p. 105 |
| Frequency of meetings | p. 105 |
| Number of audit reports | p. 106 |
| Remuneration (amount) | p. 108 |
| BCP drill participation rate | p. 111 |
| Number of reports made via internal reporting system in the last five years (includes cousultations, questions, etc.) (Yakult Compliance Hotline) | p. 114 |
| Compliance training and information security training | p. 114 |

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

# Independent Assurance Report

CERTIFICATION INTERNATIONAL SOCOTEC

## Independent Assurance Report

**Mr. Hiroshi Narita**
**President and Representative Director**
**Yakult Honsha Co., Ltd.**

We, SOCOTEC Certification Japan (hereafter "SOCOTEC"), have performed a limited assurance engagement, in response to the entrustment from Yakult Honsha Co., Ltd. (hereafter the "Company") in order to provide an opinion as to whether the subject matter information ("FY2023 Environmental and Social Data Report" (period: 1 April 2023 to 31 March 2024)) of the Company meets the criteria in all material respects.

**1 Subject Matter Information and Criteria**

The subject matter information for our assurance is "a report on GHG Emissions, Environmental and Social Performance Data (shown in the Appendix)" covering the operations and activities of the Company and its consolidated group companies in Japan and overseas (43 domestic business locations, 29 overseas business locations and 1 institute) described in "FY2023 Environmental and Social Data Report" (period: 1 April 2023 to 31 March 2024).

The criteria for preparing subject matter information are the "GHG Emissions (S1・2・3) Calculation Procedure (7th edition) (Revised 6 September 2024)", "Environmental Performance Data Calculation Rule (7th edition) (Revised 7 August 2024)" and "Social Performance Data Calculation Rule (Revised 1 April 2023)".

**2 Management Responsibility**

The "FY2023 Environmental and Social Data Report" (period: 1 April 2023 to 31 March 2024) was prepared by the management of the Company, who is responsible for the integrity of the assertions, statements, and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of all data and information in the report, and applied criteria, analysis and publication.

The management of the Company is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that the "FY2023 Environmental and Social Data Report" (period: 1 April 2023 to 31 March 2024) is free from material misstatement whether intentional or negligent.

**3 Assurance Practitioner's Responsibility**

The responsibility of SOCOTEC is to express a limited assurance conclusion as to whether the subject matter information has been prepared in compliance with the criteria in all material respects.

We have performed limited assurance engagement in accordance with the verification procedures stipulated by SOCOTEC and "JIS Q 14064-3:2023 (ISO 14064-3:2019) Specification with guidance for the verification and validation of greenhouse gas statements" and the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" of International Auditing and Assurance Standards Board (IAASB).

The procedures performed in the limited assurance engagement are limited in their type, timing and scope as compared to the procedures performed in the reasonable assurance engagement. As a result, our limited assurance engagement does not provide as high assurance as reasonable assurance engagement.

Our procedures performed depend on the assurance professional practitioner's judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. Our conclusion was not designed to provide assurance on internal controls.

We believe that we have obtained the evidence to provide a basis for our limited assurance conclusions.

FSC ミックス 紙 | 責任ある森林管理を支えています FSC® C005004

1/2

CERTIFICATION INTERNATIONAL SOCOTEC

**4 Assurance Procedures**

The procedures that SOCOTEC has performed are based on professional judgement and include, but are not limited to:

- Evaluation of policies and procedures created by the Company in relation to subject matter information
- Inquiries to the Company personnel to understand the above policies and procedures
- Verification that the target project meets eligibility requirements
- Matching with the basis data by trial calculation and recalculation
- Obtaining and collating material for important assumptions and other data
- Sites visited to confirm the calculation structure and procedures, data collection and implementation status of record control:
  Head office / Fuji Susono Plant / Yakult Fukuoka Plant Co., Ltd.

**5 Statement of Our Independence, Quality Management and Competence**

SOCOTEC has introduced and maintained a comprehensive management system that conforms to the accreditation requirements of "ISO 17021 Conformity assessment -- Requirements for bodies providing audit and certification of management systems". In addition, we have also established a management system according to "ISO 14065 Greenhouse gases -- Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition". These meet the requirements of International Standard on Quality Management 1 by the International Auditing and Assurance Standards Board and Code of Ethics for Professional Accountants by International Ethics Standards Board for Accountants. We maintain a comprehensive quality management system that includes ethical rules, professional standards and documented policies and procedures for compliance with applicable laws and regulations.

The SOCOTEC Group is a comprehensive third-party organisation in testing, inspection and certification operations, and provides management system certification and training services related to quality, environment, labour and information security in countries around the world. Engaged in performance data and sustainability report assurance of environmental and social information, SOCOTEC affirms that it is independent of the organisation that has ordered the assurance engagement, its affiliated companies and stakeholders, and that there is no possibility of impairing impartiality or conflict of interest.

We assure that the team engaged in the assurance is selected based on knowledge and experience in the relevant industry, as well as the competence requirements for this assurance engagement.

**6 Use of Report**

Our responsibility in performing our limited assurance activities is to the management of the Company only in accordance with the terms for this engagement as agreed with the Company. We do not therefore assume any responsibility for any other purpose or to any other person or organisation.

**7 Our Conclusion**

On the basis of our procedures performed and the evidence obtained nothing has come to our attention that causes us to believe that the subject matter information is not, in all material respects, prepared and reported in accordance with the stated criteria.

SOCOTEC Certification Japan

S. Futaba

Seigo Futaba
Managing Director
31 January 2025

FSC ミックス 紙 | 責任ある森林管理を支えています FSC® C005004

2/2

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

CERTIFICATION INTERNATIONAL SOCOTEC

APPENDIX to Independent Assurance Report

## GHG Emissions, Environmental and Social Performance Data

Table1-1 GHG Emissions Data (Scope 1, 2)

| Item | Emissions | Unit |
|---|---|---|
| Scope 1 | 230,275 | t-CO2 |
| Scope 2: Market-based | 151,279 | t-CO2 |
| Scope 2: Location-based | 207,910 | t-CO2 |

Table1-2 GHG Emissions Data (Scope 3)

| Category No. | Category | Emissions | Unit |
|---|---|---|---|
| Category 1 | Purchased goods and services | 1,029,180 | t-CO2e |
| Category 2 | Capital goods | 99,366 | t-CO2e |
| Category 3 | Fuel and energy related activities not included in Scope 1 or 2 | 63,237 | t-CO2e |
| Category 4 | Transportation and delivery (upstream) | 273 | t-CO2e |
| Category 5 | Waste generated in operations | 1,364 | t-CO2e |
| Category 6 | Business travel | 9,780 | t-CO2e |
| Category 7 | Employee commuting | 34,575 | t-CO2e |
| Category 9 | Transportation and delivery (downstream) | 13,883 | t-CO2e |
| Category 12 | End-of-life treatment of sold products | 49,745 | t-CO2e |
| Category 13 | Leased assets (downstream) | 15,963 | t-CO2e |
| Category 14 | Franchises | 36,127 | t-CO2e |
| Category 15 | Investments | 136,529 | t-CO2e |
| Total | — | 1,490,022 | t-CO2e |

FSC ミックス FSC® C005004

SOCOTEC Certification Japan: This appendix is a valid document as an appendix to the independent assurance report issued to Yakult Honsha Co., Ltd. on January 31, 2025.
APPENDIX 1 / 3

CERTIFICATION INTERNATIONAL SOCOTEC

Table 2-1 Energy Consumption

| Item | Volumes | Unit |
|---|---|---|
| Fuel (Crude oil equivalent) | 9,671.6 | kL |
| Electricity | 80,289.6 | MWh |

Target: Domestic head office plant and bottling companies

Table 2-2 Waste

| Item | Volumes | Unit |
|---|---|---|
| Waste emissions | 2,844.3 | t |
| Amount of resources recycled | 2,830.2 | t |
| Final disposal amount | 14.1 | t |
| Recycling rate | 99.5 | % |

Target: Domestic head office plant and bottling companies

Table 2-3 Water Usage

| Item | Volumes | Unit |
|---|---|---|
| Water intake | 1,673,960 | $m^3$ |
| Water discharges | 1,096,436 | $m^3$ |
| Water consumption | 577,525 | $m^3$ |

Target: Domestic head office plant and bottling companies

Table 2-4 Plastic Container and Packaging Usage

| Item | Volumes | Unit |
|---|---|---|
| Dairy products | 17,723.9 | t |
| Soft drinks, noodles, other | 562.4 | t |
| Cosmetics | 168.0 | t |
| Total | 18,454.3 | t |

Note: Weight of straw body added to plastic containers and packaging subject to the Containers and Packaging Recycling Law in Japan (excluding pharmaceuticals and recyclable plastic)

FSC ミックス FSC® C005004

SOCOTEC Certification Japan: This appendix is a valid document as an appendix to the independent assurance report issued to Yakult Honsha Co., Ltd. on January 31, 2025.
APPENDIX 2 / 3

Contents

02 About the Sustainability Report 2024
03 Editorial Policy
04 Overview of Yakult's Operations
05 Yakult's Business Operations
06 Top Commitment
08 Yakult's Beginnings
10 Sustainability
19 Environmental Activities Report
21 Environmental management
27 Climate change
37 Plastic containers and packaging
42 Water
46 Resource recycling
47 Biodiversity
50 Social Activities Report
51 Innovation
57 Value co-creation with communities
64 Supply chain management
75 Human capital
75 Human resources management
78 Human resources development
80 Health-focused management
83 Diversity and inclusion
85 Work-life balance
86 Occupational health and safety
88 Initiatives for Yakult Ladies
89 Human rights
96 Product safety
99 Customer satisfaction
104 Governance Report
104 Corporate governance
111 Risk management
113 Compliance
116 Third-party opinion
117 External evaluation
118 ESG Data
119 Independent Assurance Report

CERTIFICATION INTERNATIONAL
SOCOTEC

Table 3-1 Changes in the ratio of female management positions

| Item | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|---|---|---|---|---|---|---|
| Number of female management positions | 52 | 57 | 60 | 53 | 80 | people |
| Ratio of female management positions | 6.7 | 7.2 | 7.5 | 7.4 | 10.6 | % |

Target: Yakult Honsha non-consolidated

Table 3-2 Changes in the employment rate of persons with disabilities

| Item | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Unit |
|---|---|---|---|---|---|---|
| Employment rate of persons with disabilities | 2.22 | 2.27 | 2.59 | 2.54 | 2.48 | % |
| Statutory employment rate | 2.2 | 2.2* | 2.3 | 2.3 | 2.3 | % |

Target: Yakult Honsha non-consolidated

*The rate has been revised to 2.3% from March 2021.

Table 3-3 Changes in the occupational accidents frequency rate

| Item | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---|---|---|---|
| Occupational accidents frequency rate | 1.39 | 0.20 | 0.40 | 0.60 | 1.65 |
| Severity rate | 0.0137 | 0.0020 | 0.0006 | 0.0018 | 0.0107 |

Target: Yakult Honsha non-consolidated

SOCOTEC Certification Japan: This appendix is a valid document as an appendix to the independent assurance report issued to Yakult Honsha Co., Ltd. on January 31, 2025.
APPENDIX 3 / 3

FSC® C005004

Yakult

**Yakult Honsha Co., Ltd.**

1-10-30, Kaigan, Minato-ku, Tokyo, 105-8660 Japan

Contact: CSR Promotion Section, Public Relations Department
Telephone: +81-3-6625-8960 Fax: +81-3-6747-8009

URL: https://www.yakult.co.jp
https://www.yakult.co.jp/english/

Published in: November 2024

Next version: November 2025