



Yakult Honsha Co. Ltd.

ISIN code : JP3931600005. Rating : May 2009

General Information

Yakult Honsha Co. Ltd. ("Yakult") is a food and beverage manufacturer. It operates in three business segments: Food and Beverages, Pharmaceuticals, and Cosmetics. Their Yakult Central Institute is a pioneer in the research of the functional properties of probiotics and useful microbes. The effects of probiotics, on various biological functions, is the company's principle focus. Yakult Honsha Co. Ltd has 74 subsidiaries, 17 associated companies and one affiliated company. Its companies are located in Asia, Europe, North America, South America and Oceania. However, the majority of its production occurs in Japan.

CSR Profile

Overall, Yakult rates above average as a performer of CSR. Business Behaviour achieves an average score, as commitments have been made towards ensuring food safety. Human Rights rates as average despite the lack of commitment to the respect of labour rights, the domain's only criterion. Environment scores above average, as efforts have been made towards almost all of the required issues. Community Involvement also scores significantly above average, due to the efficient and innovative service of the Yakult Ladies. There is very little information provided in the domain of Corporate Governance, earning it an average score, and Human Resources gains no score at all, as no commitments have been made to the issues related to the subject.

Executive Summary

Human Resources

Human Resources doesn't achieve any score as no commitments have been made towards any of the required issues.

Environment

Environment achieves a score which is higher than the sector average. A developed strategy has been published in the Yakult Eco Vision 2010 Environmental Report 2008, and quantified targets have been set, notably a zero-emissions target. An Environmental Committee is in place to manage all environment efforts. Almost every required responsibility has been addressed and effective measures have been introduced to help combat the environmental impacts caused by Yakult. No quantitative results are disclosed.

Business Behaviour

Business Behaviour achieves a score which is in line with the sector average. Commitments have been made towards ensuring food safety, whereupon a HACCP system has been set up which covers all the company's sites, and providing clear and transparent information to customers, for which means have also been allocated to address the issue, amongst other responsibilities. No allegations have been faced in recent years regarding issues related to this domain.

Corporate Governance

Yakult's Corporate Governance achieves an average score on the sector level. The Board is less than 20% independent, which might raise concerns. The company has opted for Statutory Auditor system under the Japan Corporations Law which covers all the standard issues related to financial, operational, legal and CSR risks. Yakult has integrated the risk of product safety as part of its risk factors considered. There is no disclosure of information regarding shareholders' rights or executive remuneration.

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Community Involvement

Yakult's Community Involvement rates significantly above the sector average, as a commitment has been made to facilitate the distribution and increase access to its products, and also to provide information to customers regarding health problems and the impacts of its products. Means have been allocated to address these issues, such as the Yakult Ladies, a force of female employees who distribute Yakult's health magazines and probiotic products throughout Japan. No allegations were revealed against the company, and results showed that the sales of probiotic products attributed to the Yakult Ladies were in fact twice as much as the sales via supermarkets.

Human Rights

Human Rights rates as average on the sector level. Although no commitments have been made, nor any measures taken to address the issue of labour rights, no allegations have been revealed against the company, earning it an average score.

Negative criteria assessment for the company

Animal maltreatment: "major involvement". Yakult's Central Institute for Microbiological Research conducts animal testing either for the company or for third party organizations. Involvement is considered to be major because (non mandatory) tests could be used to develop cosmetic products.

GMO in food: "minor involvement". The company does not directly address non-use of GMO except a brief statement on some particular products; GMO based soy beans are not used in its soy bean drinks. Nevertheless, there is a potential involvement in GMOs.

Controversies

No serious allegations detected.