

# CSR in Our Supply Chain



## ITOCHU Corporation's CSR Action Guidelines for Supply Chains

### Basic stance on supply chain management

Developing business all over the world, ITOCHU Corporation has positioned supply chain management as an important issue to be addressed. Preventing human rights, labor and environmental problems, and working for improvement together with the supplier. We are striving to practice these actions steadily and incorporated them into our basic policies for CSR promotion as "3.Strengthening supply chain management (Respect for human rights and consideration for the environment)."

As part of our efforts to promote supply chain management, we established action guidelines in April 2009 in order to have this philosophy penetrate the entire company and to clearly communicate ITOCHU's stance to suppliers. It is our intention to present these action guidelines to our suppliers, to deepen the dialogue on human rights, labor and environmental conservation, and to ask our suppliers to understand and practice ITOCHU's stance.

### ITOCHU Corporation's CSR Action Guidelines for Supply Chains

To fulfill the ITOCHU Credo, "Committed to the global good," ITOCHU promotes CSR through its business activities, with the aim of achieving a sustainable society.

Due to the characteristics of its business activities, ITOCHU has to keep working to manage its supply chains, taking into consideration the social or environmental impact of a variety of products and services handled. ITOCHU has established the CSR Action Guidelines for Supply Chains to explain its position to suppliers, and expects and encourages their understanding and implementation of every item mentioned below.

1. Suppliers shall respect the human rights of its employees, and shall not treat employees in an inhumane manner.
2. Suppliers shall not engage in forced labor or child labor.
3. Suppliers shall not practice discrimination in hiring and employment.
4. Suppliers shall prevent unfair low-wage labor.
5. Suppliers shall respect the rights of employees to organize and bargain collectively to promote smooth negotiation between labor and management.
6. Suppliers shall ensure that employees' working hours, holidays, and use of leave of absence are properly managed so as to comply with statutory standards.
7. Suppliers shall strive to provide employees with a safe and healthy work environment.
8. In the course of their business activities, suppliers shall duly consider the need to conserve ecosystems as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
9. Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
10. Suppliers shall disclose information regarding the above items in a timely and appropriate manner.

## CSR Survey of Supply Chains

### CSR Survey of Supply Chains

ITOCHU develops various businesses around the world. In order to check the status of our various suppliers, we conduct survey with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the ten items in our "CSR Action Guidelines for Supply Chains."

In addition to the ten items covering human rights, labor, and environmental issues, we added further items specific to each Division Company. For example, we added check items for forest conservation for the Forest Products & General Merchandise Division (lumber, pulp & paper); product safety items for the Food Company; and items on protection of intellectual property for our Textile Company. Each Division Company selects target suppliers and creates a survey plan based on such parameters as high-risk countries, products handled, and transaction amounts by referring to the criteria of the FTSE4Good Index. Sales representatives or locally assigned ITOCHU employees of each Division Company visit the suppliers, and survey them by means of interviews or questionnaires.

In April 2009, ITOCHU established ITOCHU Corporation's CSR Action Guidelines for Supply Chains to clearly communicate its stance to suppliers. (Revised November, 2011) ITOCHU is promoting dialogue on human rights, labor and environmental protection, as it seeks understanding and implementation of these action guidelines.

Moving forward, in addition to conducting surveys of the actual situation and reviewing survey methods, ITOCHU plans to continue this initiative.

#### ■ Sample checklist for a supply chain survey [Food Company]

Supplier Checklist/Guide		Supplier:	ITC Unit in charge:	Prepared by:
	Check item (reference)/Guide	Check	Comments	
1	The company has a policy or system for <b>compliance with laws and regulations</b> , and implements them. (ITC CSR checklists)			
2	The company guarantees <b>the rights of freedom of association and collective bargaining</b> . (ILO International Labor Standards - Fundamental Principles and Rights at Work)			
3	The company does not practice <b>forced labor or inhumane treatment</b> (ILO International Labor Standards - Fundamental Principles and Rights at Work)			
4	The company does not practice <b>child labor</b> . (ILO International Labor Standards - Fundamental Principles and Rights at Work)			
5	The company does not practice <b>discrimination in hiring and employment</b> . (ILO International Labor Standards - Fundamental Principles and Rights at Work)			
6	The company has taken measures to protect <b>occupational health and safety</b> . (ILO International Labor Standards)			
7	The company observes the national (host country) laws and regulations regarding <b>working hours</b> . (ILO International Labor Standards)			
8	The company observes the national laws and regulations regarding <b>minimum wage</b> . (ILO International Labor Standards)			
9	The company has a policy or system for <b>dealing with complaints</b> from its business partners, and implements them. (ITC CSR checklists)			
10	The company has a <b>policy or system for environmental conservation/complies with national laws and regulations concerning environmental conservation</b> (ITC CSR checklists)			
11	The company ensures that <b>its products are safe and secure</b> .			
12	The company ascertains the <b>country of origin of the procured items and checks the environmental and social aspects of its suppliers</b> .			

Check symbols:○: Implemented;△: Partially implemented;X: Not implemented

## CSR Surveys in the Fiscal Year Ended March 2012

In fiscal 2012, we conducted a survey, targeting not only suppliers of ITOCHU Corporation but also suppliers of overseas offices and Group companies this fiscal year again. As a result, we surveyed 401 companies, including 28 suppliers of overseas offices and 115 suppliers of 16 Group companies. No serious problems requiring immediate response were found in the survey results.

We are committed to continually increasing our employees' awareness in our daily business and to improving the CSR of our suppliers by continuing these surveys and dialogue with suppliers.

### ■ Survey results by organization (FY2010 to FY2012)

	FY2012	FY2011	FY2010
<b>Textile Company</b>	26	24	28
<b>ICT &amp; Machinery Company</b>	16	15	17
<b>Energy, Metals &amp; Minerals Company</b>	14	14	11
<b>Chemicals, Forest Products &amp; General Merchandise Company</b>	202	193	133
<b>Food Company</b>	117	105	93
<b>Logistics Services Department Company</b>	26	23	18
<b>Total</b>	(*) <b>401</b>	<b>374</b>	<b>300</b>

\* Includes 28 suppliers of overseas offices and 115 suppliers of 16 Group companies