

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.

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To fulfill the ITOCHU Mission, "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 in consideration to 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 employees, and never treat employees in an inhumane manner.
2. Suppliers shall prevent 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, for smooth negotiation between labor and management.
6. Suppliers shall strive to provide employees with a safe and healthy work environment.

7. 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.
8. Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
9. 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 nine items in our “CSR Action Guidelines for Supply Chains.”

In addition to the nine 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. 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 similar measures at suppliers of overseas offices and Group companies, which were added in the fiscal year ended March 31, 2011.

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

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

CSR Surveys in the Fiscal Year Ended March 2011

In fiscal 2011, we conducted a survey, targeting not only suppliers of ITOCHU Corporation but also suppliers of overseas offices and Group companies. As a result, we surveyed 374 companies, including 21 suppliers of overseas offices and 24 suppliers of Group companies. No serious problems requiring immediate response were found in the survey results. We also found that the survey results were more focused this time on the key points, thanks to increased understanding by the employees conducting the surveys, and we received feedback that participants had seen improvement due to the continuation of the surveys.

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 (FY2009 to FY2011)

	FY2011	FY2010	FY2009
Textile Company	24	28	17
ICT & Machinery Company	15	17	12
Energy, Metals & Minerals Company	14	11	8
Chemicals, Forest Products & General Merchandise Company	193	133	149
Food Company	105	93	57
Finance, Realty, Insurance & Logistics Services Company	23	18	18
Total	(*) 374	300	261

* Includes 21 suppliers of overseas offices and 24 suppliers of Group companies