

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.

Raising Employees' Awareness of CSR Supply Chain Management

To raise our employee's awareness and make our CSR supply chain management practical, we provide in-house trainings. In FY2013, we conducted the on-line confirmation test of "the CSR Action Guidelines for Supply Chains" in three languages; Japanese, English and Chinese.

The test was targeted to the ITOCHU employees around the world, and 5,819 employees, 85.4% of all 6,818 employees, completed the test this year.

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.

CSR Surveys in the Fiscal Year Ended March 2013

In fiscal 2013, we surveyed 430 companies, including 32 suppliers of overseas offices and 17 suppliers of 193 Group companies. No serious problems requiring immediate response were found in the survey results.

We confirm that appropriate measures are taken for communications between management and workers, even for suppliers in countries where the right to collective bargaining is not recognized. In regard to companies that are in the process of establishing environmental policies and systems, in the future we will closely observe the implementation of those policies and systems. Comments from local employees in charge of the surveys included, "Through these annual surveys, supply chain management is steadily advancing." By continuing these surveys in the years ahead, we will work to raise employee awareness and enhance supplier understanding and implementation.

■ CSR Survey: Survey results by organization (FY2013)

	FY2013
Textile Company	25
Machinery Company	16
Metals & Minerals Company	11
Energy & Chemicals Company	69
Food Company	146
ICT, General Products & Realty Company	163
Total	* 430

* Includes 32 suppliers of overseas offices and 193 suppliers of 17 Group companies