



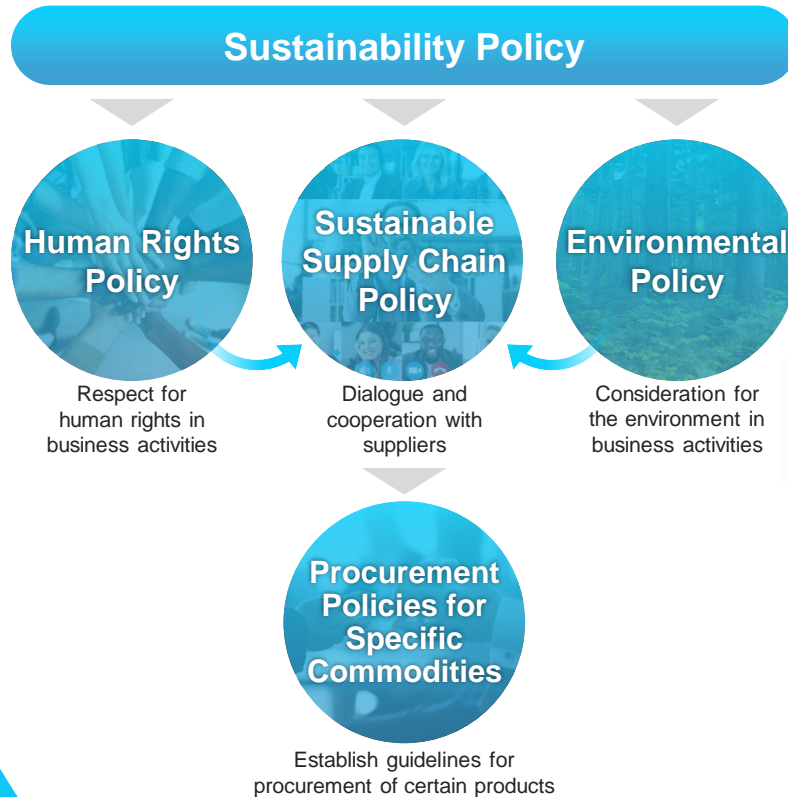
# Human Rights and Supply chain Initiatives

Representative Director, Executive Vice President  
Chief Strategy Officer

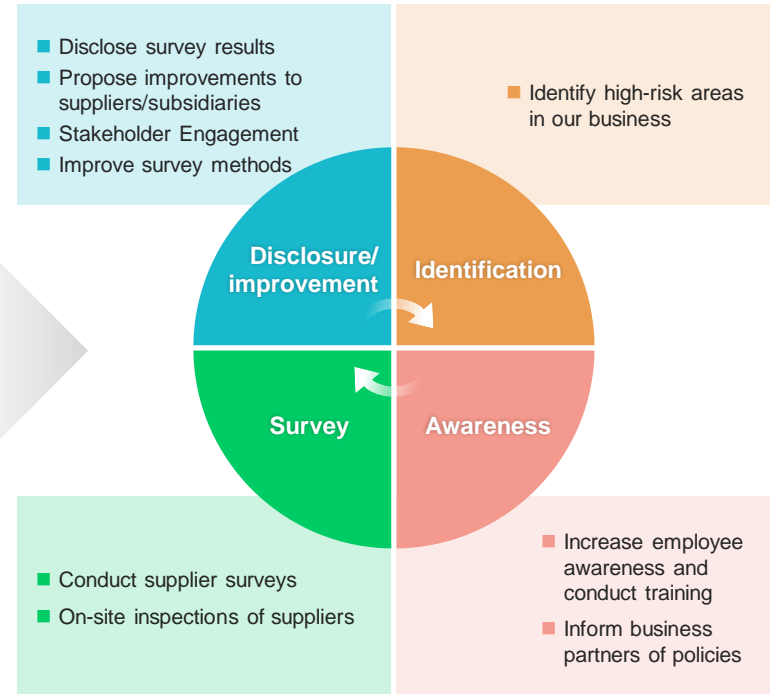
**Shinichiro Omachi**

# Endeavor to build a sustainable supply chain from the perspective of human rights and the environment

## Relationship of Policies



## Implementation of Human Rights Due Diligence in Supply Chain



# Identify business areas with significant human rights risks

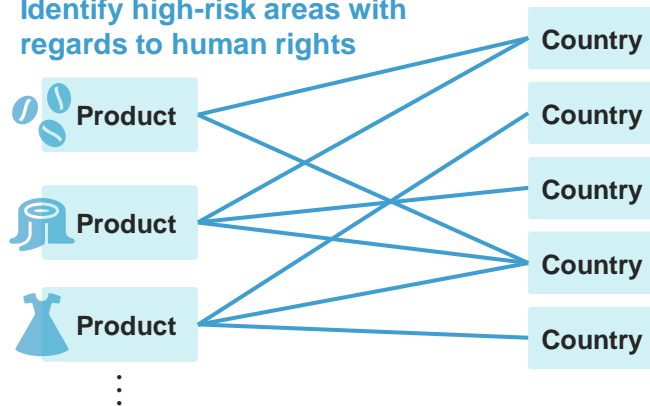
Products handled by the Head Office, overseas offices, and their consolidated subsidiaries

Appoint external experts, implement risk mapping with reference to the following international frameworks and indicators:

- Indicators and tools from the World Bank, US Department of Labor, etc.
- The International Bill of Human Rights, the ILO International Labour Standards
- The UN Guiding Principles, OECD Due Diligence Guidance, etc.



Identify high-risk areas with regards to human rights



**Total 84 areas**

Formulated procurement policies for specific commodities with particularly high risk of deforestation  
(natural rubber, palm oil, timber, paper products)

# Foster understanding through promotion and training

## Policy Promotion



Target

**Primary supplier**

- Send “Sustainable Supply Chain Policy” to all primary suppliers
- Send “Procurement Policies for Specific Commodities” to suppliers handling target products

## Training



Target

**Employees of our group, as well as business partners.**

- Regular training for employees
- Seminars by external lecturers for employees and business partners
- Formulation of human rights and supply chain handbook is in progress. Going forward, it will be distributed to business partners



# Supply chain survey/improvements ① Supplier surveys

## Conduct Supplier Surveys



Target

**Primary suppliers in high-risk business areas**

- Conduct surveys of target suppliers during the period of the Medium-Term Management Plan (until FY March 2023). Provide advice and guidance as necessary



### Main Questions in Supplier Surveys

|                                |   |
|--------------------------------|---|
| Human Rights, Labor            | Prohibition of forced labor, child labor, discrimination and harassment, and wage payment in accordance with applicable laws and regulations etc. |
| Occupational Health and Safety | Fire safety, use of personal protective equipment, handling of hazardous substances including chemical substances and pesticides, etc.            |
| Business Ethics                | Compliance, free and fair competition, intellectual property, privacy and data protection, anti-corruption, etc.                                  |
| Environmental Ethics           | Wastewater treatment, greenhouse gas emissions, consideration of biodiversity, etc.   |
| Conflict Minerals              | Whether the company handles conflict materials, has a policy re: conflict materials, etc.   |
| Supply Chain CSR               | Whether the company has a CSR procurement policy  |

### No. of suppliers surveyed

FY Mar/2019  
**74**

FY Mar/2020  
**11**

FY Mar/2021  
**293**

# Supply chain survey/improvements ① Supplier on-site inspections

## Conduct On-Site Inspections



- On-site inspections of supplier factories and interviews with individuals in charge
- Provide advice and guidance as necessary



### On-Site Inspections of Suppliers Surveyed in the Past

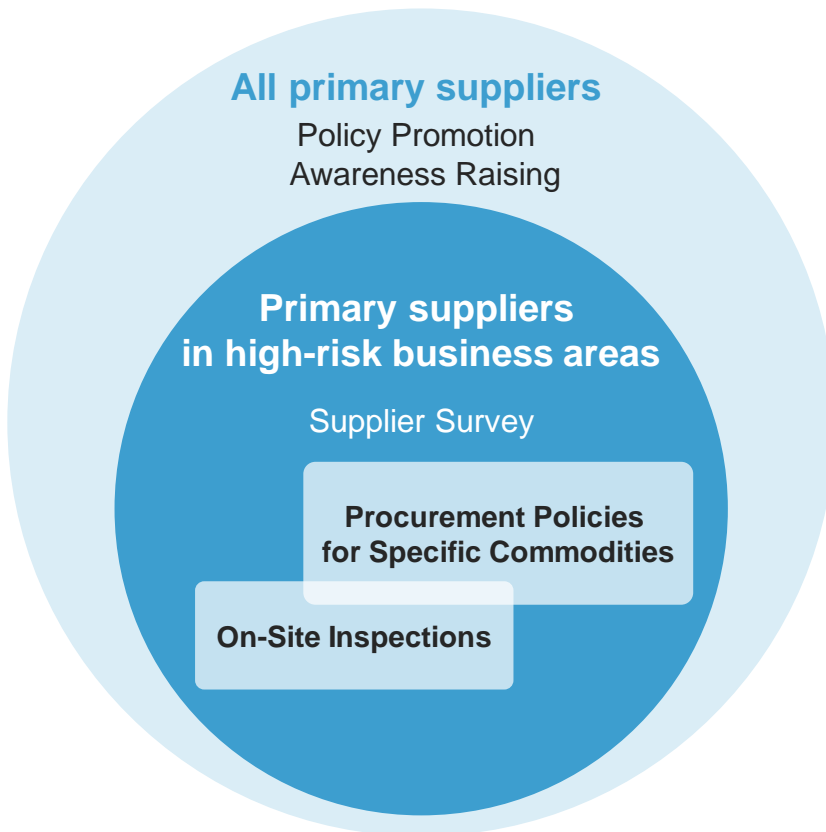
- Woodchip Suppliers
- Agricultural products suppliers
- Oleochemical products suppliers
- Seafood suppliers
- Apparel products suppliers
- Wooden fuel suppliers

### (Example) On-site inspection of Vietnamese sewing factory





# Overview of Human Rights and Supply Chain Initiatives



Raising awareness among all staff and business partners

Improving Grievance Mechanism

Reinforcing supply chain management at subsidiaries

Expanding handling of certified products