Management

Supply Chain Initiatives

As a company that develops a multitude of value chains around the world and provides related functions and services, we give consideration to a variety of supply chain issues and work with our business partners to meet the expectations of society because these are initiatives that tie in with our management philosophy comprising our Mission, Vision and Values (MVV) and are important for putting into practice the United Nations Global Compact.

Supply Chain CSR Policy

An important mission of the Company is to take up the challenge of working to resolve various issues facing the international community, such as problems relating to human rights, labor, and the global environment.

In October 2004, Mitsui pledged to support the United Nations Global Compact, and is taking steps to comply with the 10 Global Compact principles that cover human rights, labor standards, the environment, and anti-corruption, and to improve its approach in these areas. However, against a backdrop of rising consumer awareness about these matters, we are being called upon to expand these initiatives to also include our supply chains.

In view of these global trends, in December 2007 we established the Supply Chain CSR Policy. Under this policy, we are going beyond green procurement, which shows regard for the burden on the environment, to encourage our business partners to identify and work toward solutions to such issues as compliance with legal regulations, human rights, labor safety, and sanitation, as well as the safety and security of products and services.

Working with Our Business Partners

Based on our Supply Chain CSR Policy, we focused on the following two initiatives during the fiscal year ended March 31, 2009.

1 Sending a Uniform Letter to All Suppliers

During the fiscal year, we sent a letter to all the suppliers of Mitsui and its subsidiaries requesting their understanding and cooperation with our Supply Chain CSR Policy to make sure that suppliers understood our policy. This letter was prepared in Japanese, English, and other foreign languages and was sent to approximately 5,000 business partners by the Headquarters Business units and the Regional Business units and to about 15,000 companies by Mitsui’s subsidiaries, or to a total of about 20,000 business partners.

The letter was sent, in principle, by the person in charge in Mitsui and its subsidiaries to the supplier. Along with the mailing of the letter, we held explanatory meetings, posted related information on the intranet, and adopted other measures to make our employees fully aware of this policy.

2 In Industries and Regions where Risk Is Judged to Be High, Make Individual Responses, including On-the-Spot Inspections

Among the seven items mentioned in section 2 of the Supply Chain CSR Policy, especially in the areas of human rights and labor, which we have positioned for making individual responses, we have placed priority on taking response initiatives in the textile industry, which is a labor-intensive sector where, in general, human rights and labor issues may arise more easily. Accordingly, we conducted on-site visits and surveys at the eight plants in China that provide manufacturing subcontracting services to Mitsui Bussan Inter-Fashion Ltd., which is one of Mitsui’s subsidiaries in the apparel industry. (For further details, please see the facing page.)

Road Ahead

Since Mitsui and its subsidiaries have virtually completed the mailing of the uniform letter to existing suppliers, the letter will now be sent each time transactions begin with new suppliers, with the aim of requesting that all suppliers of Mitsui and its subsidiaries understand the Supply Chain CSR Policy.

Also, to increase the sensitivities of employees regarding human rights, labor, and other issues in the supply chain and work to prevent problems before they occur, we are continuing to conduct training and other activities to heighten the awareness of employees regarding these issues. We are also endeavoring to understand actual conditions when a supplier has failed to comply with the policy or when there is an extremely high probability of failure to comply with the policy and request the understanding among business partners of our policy and the implementation of improvements in conditions where appropriate. As we move forward to implement this policy, we are emphasizing close and interactive communication with our business partners, and, as necessary, will give consideration to working jointly with them to introduce improvement measures, with the objectives of building trust and strengthening our supply chains.
Initiatives in the Apparel Industry

Preparation of Plant Assessment Criteria
Mitsui Bussan Inter-Fashion Ltd. (MIF), a Mitsui subsidiary in charge of the procurement of apparel, accessories, and related goods, is responsible for delivering goods that have been manufactured under contract with factories in Japan and overseas, to apparel manufacturers.

MIF prepared its own Supply Chain CSR Policy during the fiscal year ended March 31, 2009, and, through study meetings and other means, is working to make employees aware of this policy. MIF has also sent a letter requesting the understanding of this policy to its 650 subcontract suppliers in Japan and 165 suppliers overseas.

At the same time, to work toward preparing plant assessment criteria for overseas subcontractors that include standards for processing quality as well as CSR aspects, including human rights and labor, MIF implemented on-site visits and surveys, with the participation of specialists, at eight manufacturing plants of subcontractors in China in November and December 2008. The on-site visits aimed to gain an understanding of the status of production equipment, production management, labor safety and sanitation conditions, the work environment, and other conditions. Based on the results of the visits and surveys, a draft of items to be covered by plant assessment criteria was prepared, and work has begun on the selection of assessment items through on-site monitoring surveys. At present, MIF is considering the specific procurement policies of apparel manufacturers to which it makes deliveries of goods and the criteria of subcontracting plants to prepare a list of more than 1,000 plant assessment criteria for overseas subcontracting plants that will include production processes (including such aspects as production equipment and production management) and the work environment (including such aspects as systems, equipment, safety, and sanitation).

In making assessments, all items will be quantified and priority weighting given to priority assessment items. After primary assessments of items related to production technology (quality aspects), including production equipment and production management, a secondary assessment will be made of work safety, sanitation, and labor conditions. An overall assessment based on these items will then be made and plants to be used will be selected.

Value-Adding Process

Issues to Be Addressed
Looking ahead, MIF will aim to respond to the existing needs of its customers for increasingly higher quality and establish its own plant assessment criteria from a CSR perspective, including those pertaining to the work environment. Through close communication with the plants where it is conducting assessments, MIF believes it will be able to obtain reliable information regarding these plants and build stronger transaction relationships. Also, MIF believes these activities will lead, thereby, to expansion in its business and the development of new customers.

In addition, in putting these plant assessment criteria into practice going forward, MIF will continue to implement initiatives to address the following issues.

- Gaining a better understanding of the Supply Chain CSR Policy and making an integral part of the thinking of employees and transaction partners
- Giving consideration to specific methods for the introduction of the plant assessment criteria
- Giving consideration to approaches and re-assessment methods for presenting proposals for improvements at subcontractor plants
- Conducting flexible and periodic reviews of assessment criteria in response to changes in the business environment