

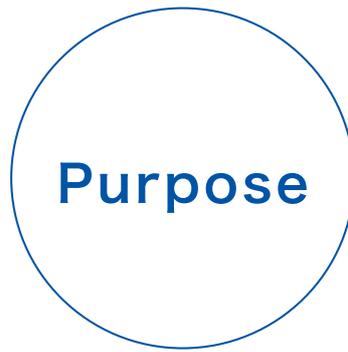
For Sojitz Group  
Members

**Sojitz Group**

**Sustainability  
Handbook**



*New way, New value*



## Purpose

This Handbook has been created for the purpose of fostering greater understanding throughout Sojitz Group of the Group's sustainability policies and initiatives, as well as of the effects that sustainability issues have on business.

By reading this Handbook, it is our hope that employees will not only gain a deeper understanding of Sojitz Group's sustainability-related activities, but that they will also support further sustainability improvements throughout their business operations.

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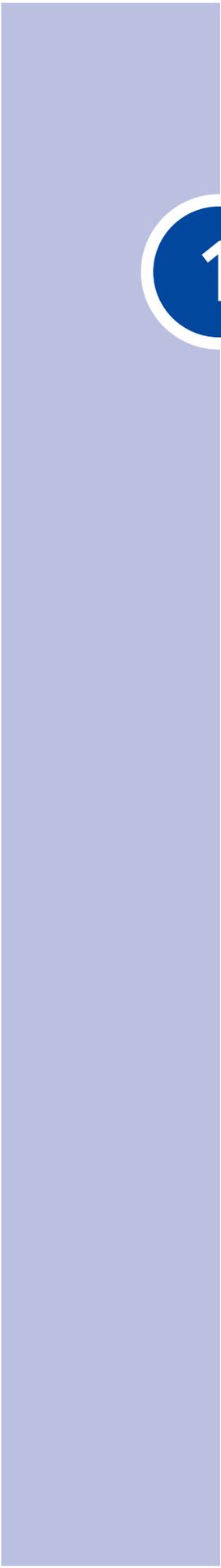
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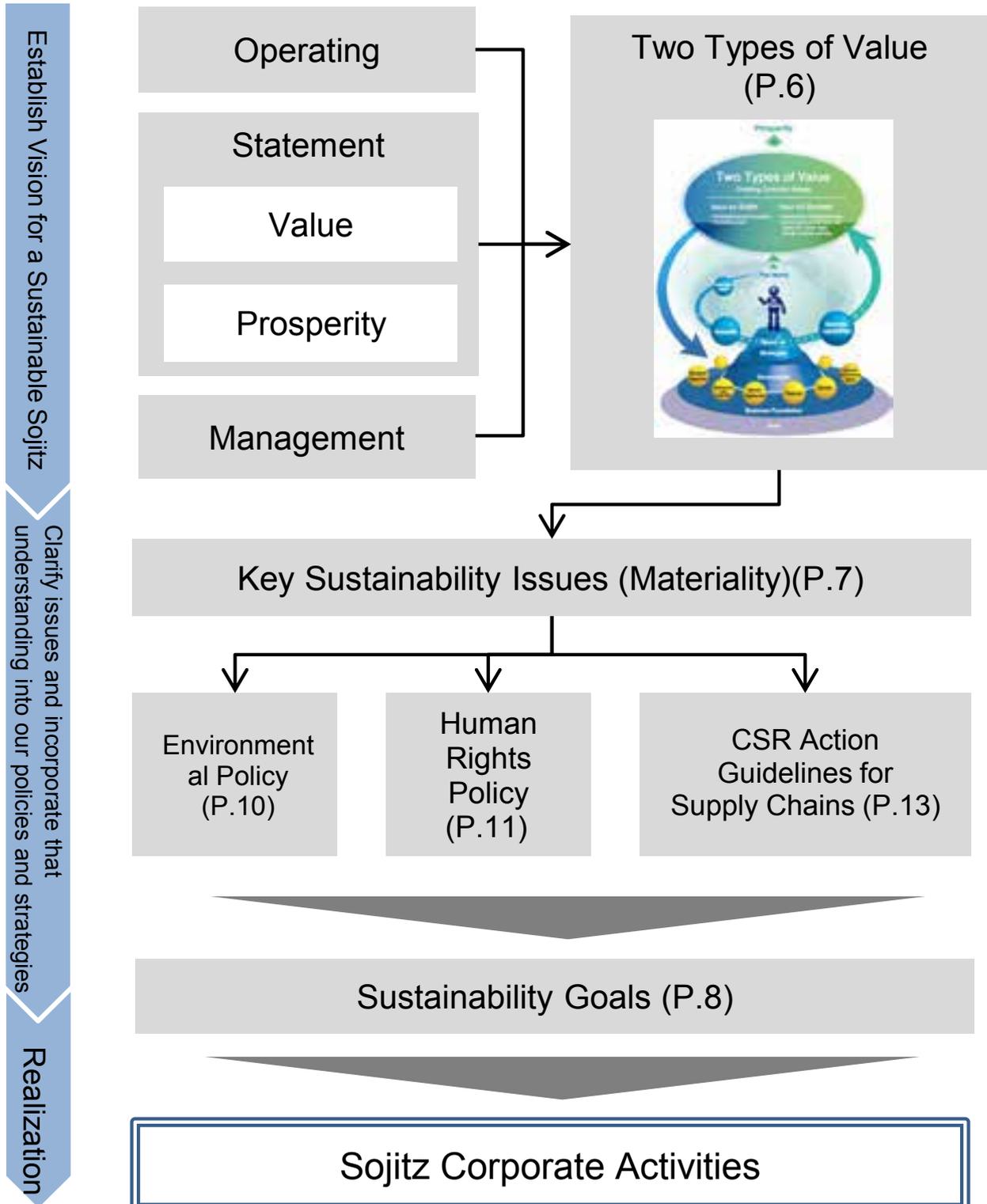
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# **Sojitz Group's Sustainability**

# Sojitz Group's Sustainability

## How We Promote Sustainability - Overview

Sojitz Group believes that considering perspectives of both our company and society at large in order to maximize shared value between the two will help "create value and prosperity," as set forth in the corporate statement. In this book, we will introduce the many ways Sojitz is working to increase sustainability through the model shown below.



## Our Approach to Sustainability

For Sojitz Group, "sustainability" means working with stakeholders to create the "Two Types of Value" through our business activities, aiming to create sustainable growth for both Sojitz Group and society in pursuit of the "value and prosperity" set forth in the corporate statement.

### Sojitz Group Statement

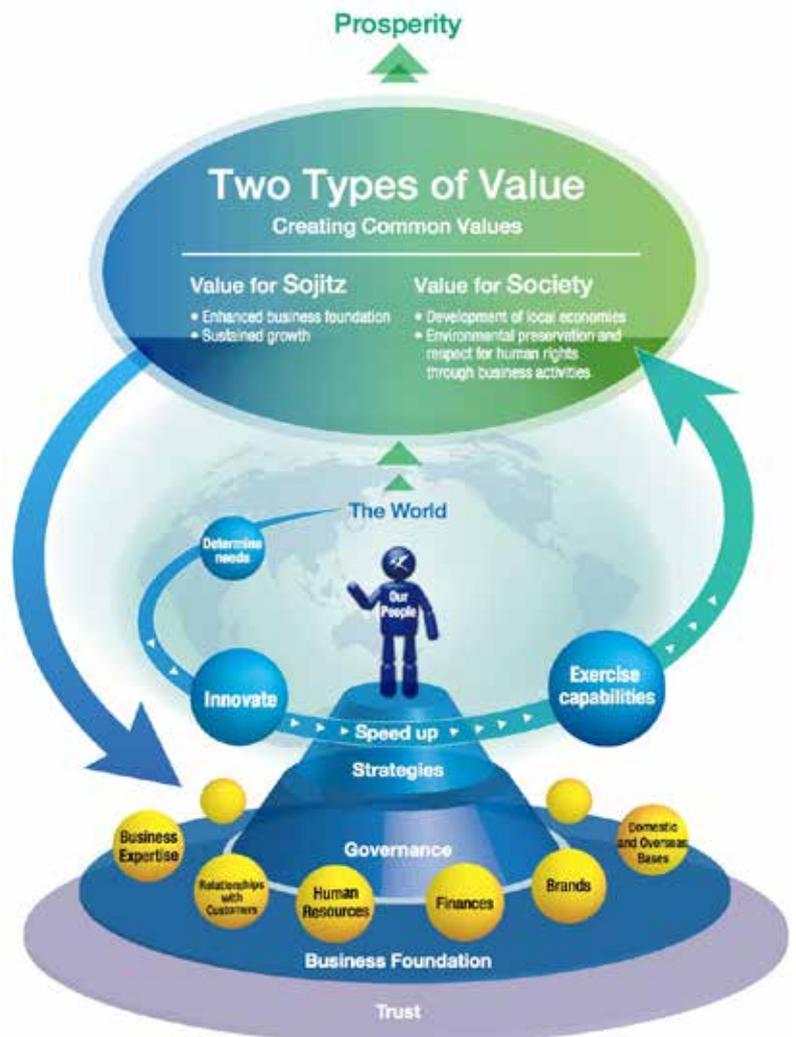
The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.

## The Value Creation Model - Two Types of Value

One of the Two Types of Value is "value for Sojitz," which includes the expansion of our business foundations and sustainable growth of the company. The other is "value for society." This includes national development and growth of local economies, as well as initiatives which show consideration for human rights and the environment.

We believe that maximizing the Two Types of Value, taking into account the difference between the external expectations for our corporate activities and the pursuit to greater business competitiveness, will help us embody the corporate statement's promise to "create value and prosperity."

Our approach to these Two Types of Value can be found in the value creation model to the right, which describes our visitor for how Sojitz Group aims to create new value.



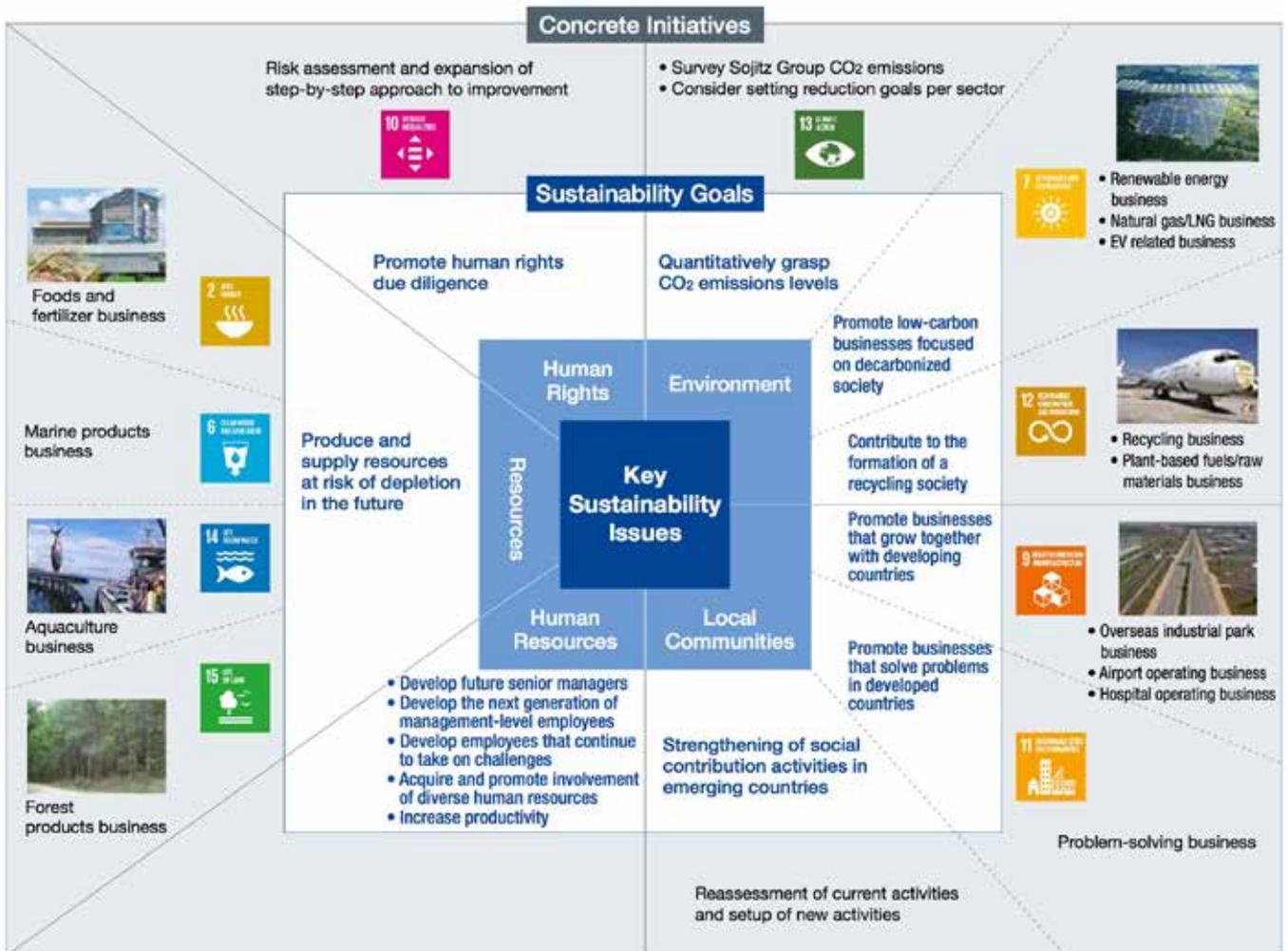
## Key Sustainability Issues (Materiality)

To continue creating the Two Types of Value into the future, we have established the following six "Key Sustainability Issues (Materiality)" as mid- and long-term Group goals.

Respect the human rights of people involved in our businesses	
 <p>Human Rights</p>	<p>Sojitz respects the human rights of people involved in its businesses. This applies not only to Sojitz employees, but also to everyone affected by its businesses throughout its supply chains. Should there be any instances of child labor or forced labor, we will rectify them.</p>
Contribute to the global environment through our businesses	
 <p>Environment</p>	<p>Sojitz strives to preserve the environment and create businesses that are both highly competitive and environmentally friendly by pursuing environmental sustainability in its businesses. We work to minimize our environmental burden with initiatives that include preventing climate change, reducing CO2 emissions and preserving biodiversity.</p>
Develop, supply and use sustainable resources (*)	
 <p>Resources</p>	<p>Sojitz pursues the development, supply, and use of sustainable resources. We strive to conserve resources, propose suitable energy mixes and provide a stable supply of resources. * Includes energy, mineral, food, water, forest, marine and other resources</p>
Develop and grow together with local communities	
 <p>Local Communities</p>	<p>Sojitz promotes businesses that grow together with local communities. We work to reduce environmental and social burden on local communities through our businesses. Through ongoing communication with local communities, we strive to achieve business sustainability, address local problems and support children's education.</p>
Promote opportunities for diverse human resources and workplace diversity	
 <p>Human Resources</p>	<p>The greatest business asset is a diverse workforce. We strive to build a positive work environment, to establish systems for hiring, evaluating and training employees, and to promote diversity in the workplace through active involvement of human resources with diverse values.</p>
Emphasize effectiveness and transparency	
 <p>Governance</p>	<p>Sojitz strives for corporate governance and transparency by strategically linking Group activities, including compliance and efforts to achieve medium-to-longterm business sustainability.</p>

# Sustainability Goals for Medium-term Management Plan 2020

We have set what we call "Sustainability Goals" for each of the Key Sustainability Issues, to be met during the period of Medium-term Management Plan 2020. Progress on these goals is monitored by the Sustainability Committee, chaired by the President &CEO.



\*For the Key Sustainability Issue of "Corporate Governance," we will create an overall structure and fully-fleshed out policies to ensure the progress of each goal, under the direction of the Sustainability Committee.

## Long-term Sustainability Vision: "Sustainability Challenge"

For Sojitz, as a company doing business in a wide variety of industries, it is absolutely essential that we build a stable supply chain which shows consideration for human rights and works to curtail CO2 emissions to fight global warming.

We have set the following long-term vision, the "Sustainability Challenge," based on both the Paris Agreement's call for countries to set goals to realize a decarbonized society by 2050, as well as the global issues highlighted by the UN's Sustainable Development Goals (SDGs).

We aim to create sustainable growth for both Sojitz and society by working to help achieve a decarbonized society through our business activities, and by responding to human rights issues, including those within our supply chains.

### ■ Challenge of realizing a decarbonized society

Examples

- Quantitative assessment of the volume of CO2 emissions in own business activities as well as the value chain
- Renewable energy businesses
- LNG value chain business
- Recycling business, etc.

### ■ Respect for human rights in supply chains

Examples

- Promotion and expansion of human rights due diligence
- Achievement of goals set forth for 2020 in the Wood Procurement Policy in the forest resources field

# Sojitz Group Environmental Policy

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As a global company, Sojitz Group considers environmental issues a crucial topic to be addressed in management. Striving for a sustainable society, we will work to preserve the environment and prevent pollution in our business activities, while creating businesses that are both highly competitive and environmentally friendly.

1. Comply with environmental laws and regulations

In the course of our business operations, we will comply with laws and regulations concerning the environment, international treaties, and agreements to which we subscribe.

2. Continuously improve our environmental management system

Under our environmental management system, we will establish and periodically review environmental objectives and aim for constant improvement, in order to enhance our environmental performance.

3. Minimize environmental burden

Through reducing greenhouse gases such as CO<sub>2</sub> to prevent climate change and preserving biodiversity, we will strive to minimize the environmental burden of our businesses.

4. Conserve resources and reduce/recycle waste

We will engage in curbing the use of natural resources such as energy and water, and the reducing and recycling of waste.

5. Consider the environment in new businesses

When starting new businesses and expanding or further developing existing businesses, we will work to reduce the burden on the environment and prevent pollution.

6. Pursue sustainable resources

We will promote initiatives for the stable supply of resources and realization of a suitable energy mix.

7. Educate and promote awareness on the environment

In addition to ensuring that all of our officers and employees are notified of this policy, we will implement educational activities to ensure widespread awareness.

Drafted April 1, 2004  
Amended July 2, 2007  
Amended August 6, 2013  
Amended January 1, 2017  
Amended May 9, 2018

# Sojitz Group Human Rights Policy

## 1. Our commitment to respect human rights

The Sojitz Group strives to create value and prosperity by connecting the world with a spirit of integrity. We believe that respect for human rights is an integral foundation for creating what we call “Two Types of Value” —value for both our company and society — and for meeting the expectations of our stakeholders.

As a general trading company, the Sojitz Group buys, sells, and trades goods from all over the world, provides manufacturing and sales services for a wide range of products, plans and coordinates various projects, invests in a multitude of business fields and conducts financial activities. In undertaking these business activities, we recognize our responsibility to avoid causing or contributing to adverse human rights impacts and to seek to prevent or mitigate adverse impacts to which we are directly linked.

We commit to respecting human rights as set out in the International Bill of Human Rights and the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and to carry out our business in accordance with the United Nations Guiding Principles on Business and Human Rights.

## 2. Our people

The Sojitz Group - in accordance with international human rights standards as well as its Group Statement - is committed to promoting, among the executives, staff and employees of Sojitz Group, the prohibition of discrimination, respect for diversity (including with respect to race, nationality, ethnic origin, beliefs, gender, social status, religion, age, mental and physical disability, and sexual orientation), as well as responsible labor practices including prohibition of child or forced labor, prevention of corruption, provision of a safe labor environment, payment of minimum wage and ensuring appropriate working hours. The Group supports freedom of association and the right to collective bargaining.

## 3. Conducting human rights due diligence

The Sojitz Group is committed to assessing actual and potential adverse impacts on the human rights of our stakeholders in accordance with the United Nations Guiding Principles on Business and Human Rights. We will strive to prevent, mitigate and account for adverse impacts. Where it is necessary to prioritize our actions, we will prioritize action to address the most salient potential risks to our stakeholders.

The Sojitz Group shall comply with local laws and regulations in conducting its business activities. Where laws or regulations in a country conflict with international human rights norms, the Group will seek ways to honor international human rights standards. In making decisions on responses to be taken, we will seek opinions from credible third parties.

The Sojitz Group recognizes the importance of dialogue with our employees, workers and external stakeholders who are or could potentially be affected by our actions, and we are committed to engaging in such dialogue with stakeholders on human rights issues related to our business.

#### 4. Specific Issues

##### Indigenous Peoples :

When undertaking business activities in areas in which indigenous peoples reside, the Sojitz Group will acknowledge the unique culture and history of indigenous peoples and show consideration for their rights as set out in both local and national laws as well as in international standards such as the United Nations Declaration on the Rights of Indigenous Peoples and ILO Convention No. 169.

##### Employment of security companies :

To avoid complicity in human rights abuses committed by security providers, the Sojitz Group supports the Voluntary Principles on Security and Human Rights (VPSHR), which guide companies in how to operate within a framework that ensures respect for human rights and fundamental freedoms.

#### 5. Our Business Partners

The business activities of the Sojitz Group are possible due to the cooperation of various stakeholders including suppliers and other business partners. For the Group to meet our responsibility to respect human rights, their understanding and cooperation are indispensable. The Sojitz Group is committed to working with and encouraging our business partners to uphold the principles in this Policy.

In the event that we identify an alleged human rights abuse outside of the Sojitz Group but linked to our business activities, including in our suppliers and other business partners, upon confirming the situation the Group will ask relevant parties such as suppliers and other business partners to take measures to address the human rights issues.

\* For further information on our expectations of our suppliers and other business partners, including our policy concerning cases of material breach, see our Sojitz Group CSR Action Guidelines for Supply Chains.

Drafted June 2017

## Sojitz Group CSR Action Guidelines for Supply Chains

The Sojitz Group's business activities are underpinned by collaboration with business partners in diverse countries and regions as well as within various industries. The Sojitz Group strives to promote CSR initiatives in the supply chain as we conduct our business in this diverse context.

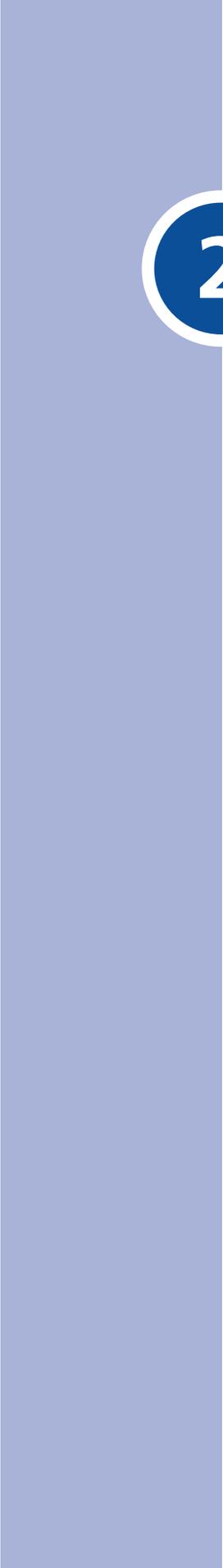
**Our Expectations:** In order to conduct responsible business, incorporating respect for the human rights of stakeholders and protection of the environment, the Sojitz Group asks its suppliers to understand and implement the following items by its suppliers as it strives, with them, to do business in harmony with society and the environment.

1. Respect for the human rights of employees, and treatment of employees in a humane manner.
2. Prevention of forced labor, child labor, and the observance of appropriate labor hours minimum wage.
3. Non-discrimination in hiring and employment.
4. Respect for employees' freedom of association and the right to collective bargaining to ensure constructive negotiations between labor and management.
5. Provision of a safe, sanitary, and healthy work environment for employees.
6. Observance of all relevant laws and regulations, ensuring fair transactions and prevention of corruption.
7. Ensuring the quality and safety of products and services.
8. Consideration for ecosystems, the environment, and environmental conservation within our business activities, as well as efforts to prevent environmental pollution.
9. Timely and appropriate disclosure of information regarding the above items.

### <Cases of Material Breach>

In the event of a material breach of the Action Guidelines, the Sojitz Group shall, upon verifying the facts, request that the supplier or other business partner improve the situation. If no improvement has been made after a specified period, we will take measures which may include a reconsideration of the contract with the supplier or partner.

If necessary, the Sojitz Group shall, along with experts designated by the Group, visit the site concerned for investigation.



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## **About Sustainability**

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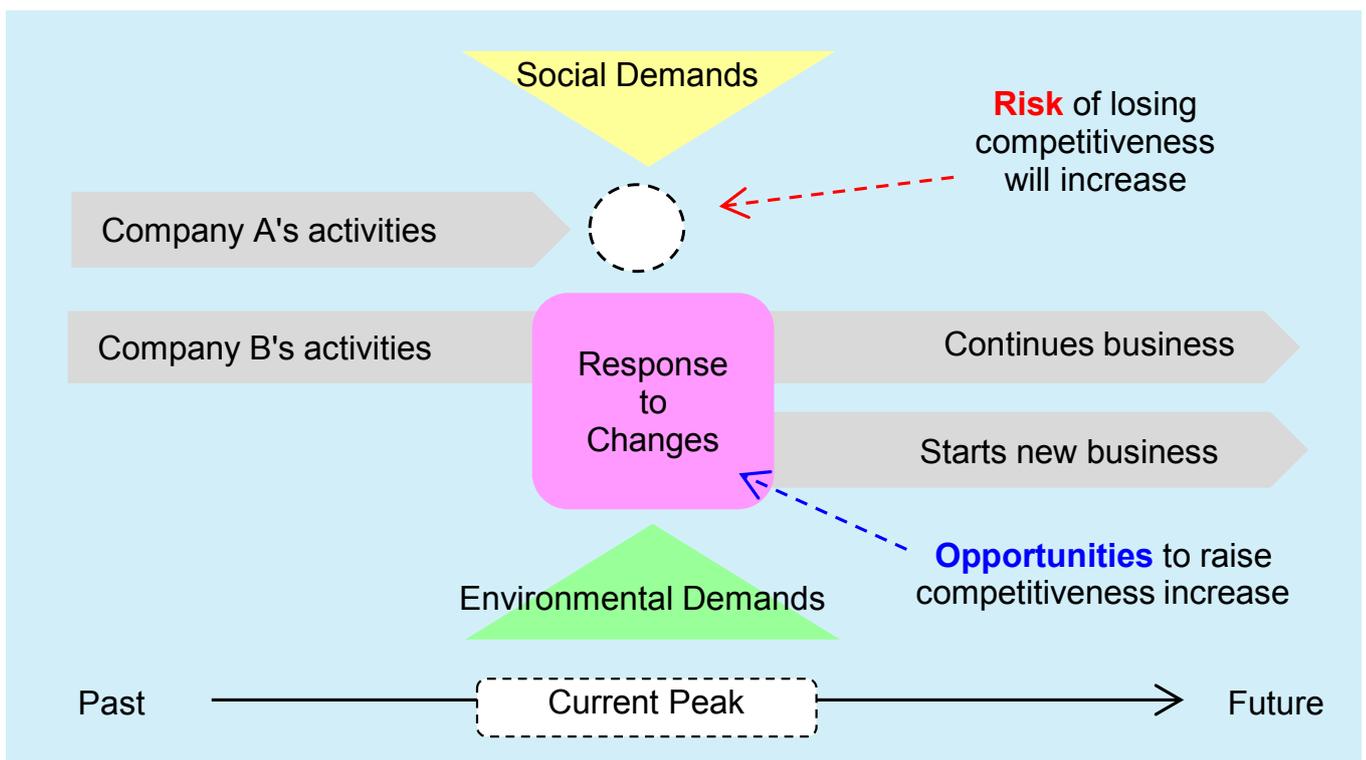
# Sustainability Demands on Companies

Companies are more and more often called on to solve environmental and social problems through their business activities. Responding to these calls raises sustainability of their operations, as well as sustainability of the environment and society at large.

A company's activities carry both positive and negative impacts. For example, the expansion of renewable energy businesses has a positive impact on global warming, whereas working conditions which put laborers at risk of injury have a negative impact.

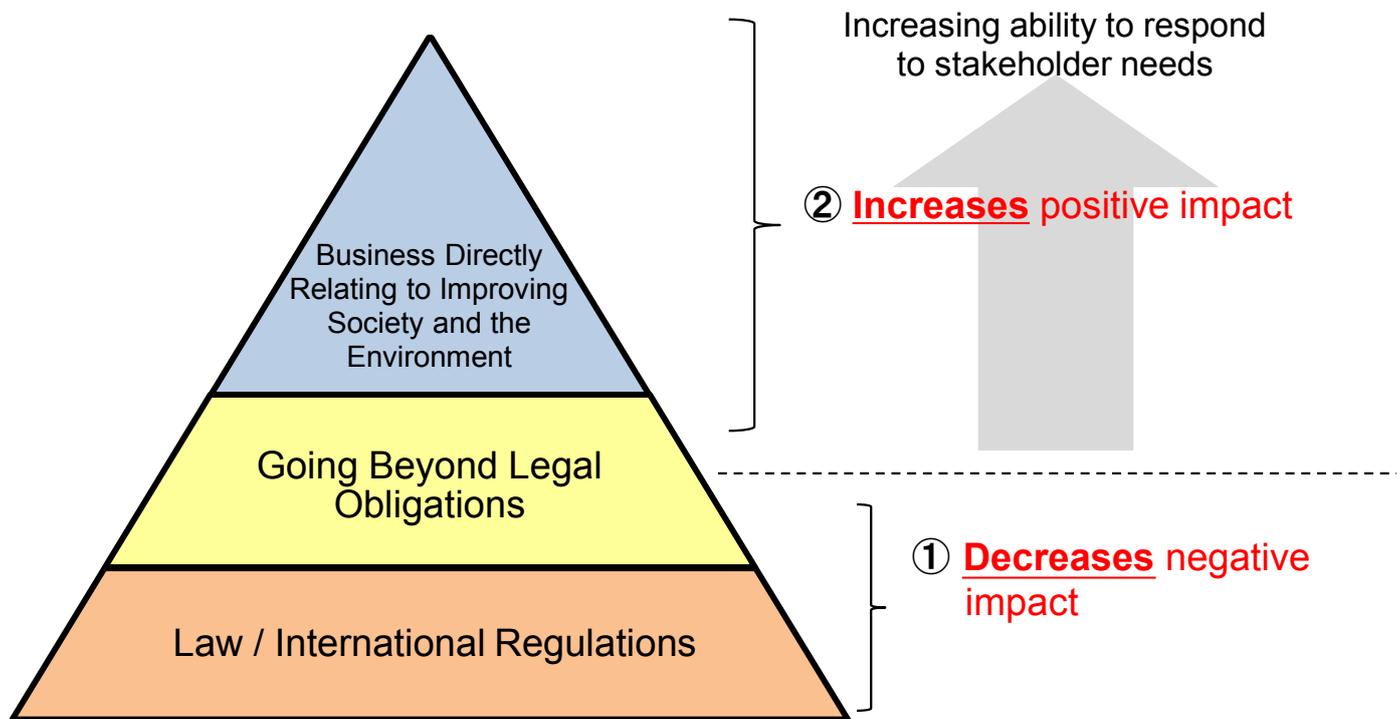
In recent years, worsening environmental and social issues worldwide (P.17) have led to the birth of a wide variety of international norms which seek to solve these problems (P.18). In response, stakeholders (P.19) are asking companies to work to solve these issues through their businesses.

This means that experts predict the environment and society-related demands stakeholders place on companies will only increase going forward, and those companies which fail to meet these demands may lose mid- to long-term competitiveness and damage their corporate value.



Companies need to work to incorporate stakeholders' viewpoints, increase positive impact, and decrease negative impact in order to respond to this changing business environment.

Doing so will enable companies to maintain a high level of competitiveness and improve the impact of their business on the environment and society, bolstering sustainability for both that company and the environment/society.



### ① Decreasing negative impact through corporate activities

Corporations are expected to uphold the law, since violating laws or international rules related to negative impact is an illegal act which would result in punishment or other kinds of censure by society.

Just meeting these legal obligations is not enough to meet the demands of stakeholders, however; their demands can go well beyond what is required by law. For example, a woman employed by the company may request that the company create a system which makes it easier for her to work while raising a child.

### ② Increasing positive impact through corporate activities

This could refer to a company's efforts to actively incorporate stakeholders' perspective into corporate activities while still decreasing negative impact as described in ①. This helps turn the company's ability to increase sustainability into an advantage for the company.

One way to go beyond legal requirements is to consider trends in work-related accidents, and place warning signs in those areas on-site to manage risk. Similarly, if people are concerned about the health hazards of tap water, explaining how the business takes adequate measures to protect the environment can reassure members of the community.

Nowadays, businesses which directly help solve these issues are garnering more and more attention, such as renewable power generation businesses which help mitigate the global warming crisis.

# Typical Social & Environmental

## Social Issues

### ■ In developed countries

- Poor food safety control
- Low birth rates/aging population
- Labor issues  
(Discrimination in hiring/promoting/long working hrs)
- Nursing/care-related issues  
(inadequate number of caretakers/facilities)
- Childcare/edu support issues
- Urban population density

### ■ In developing countries

- Poverty and famine
- Problems accompanying population growth  
(water/food shortages, inflation)
- Labor issues (high unemployment, discrimination)
- Safety in the workplace (inadequate disaster prevention measures)
- Limited opportunities for education
- Gender discrimination/inequality
- Lack of medical infrastructure and personnel
- Spread of infectious diseases  
(HIV, malaria)
- High infant mortality rate



## Environmental Issues

- Global warming
- Desertification
- Increase in number of endangered species
- Waste disposal
- Destruction of the ozone layer
- Destruction of the rain forest
- Acid rain
- Decrease in biodiversity
- Depletion of natural resources (water, fossil fuels, natural resources)
- Pollution (soil, air, water pollution)



# International Norms Designed to Solve These Issues

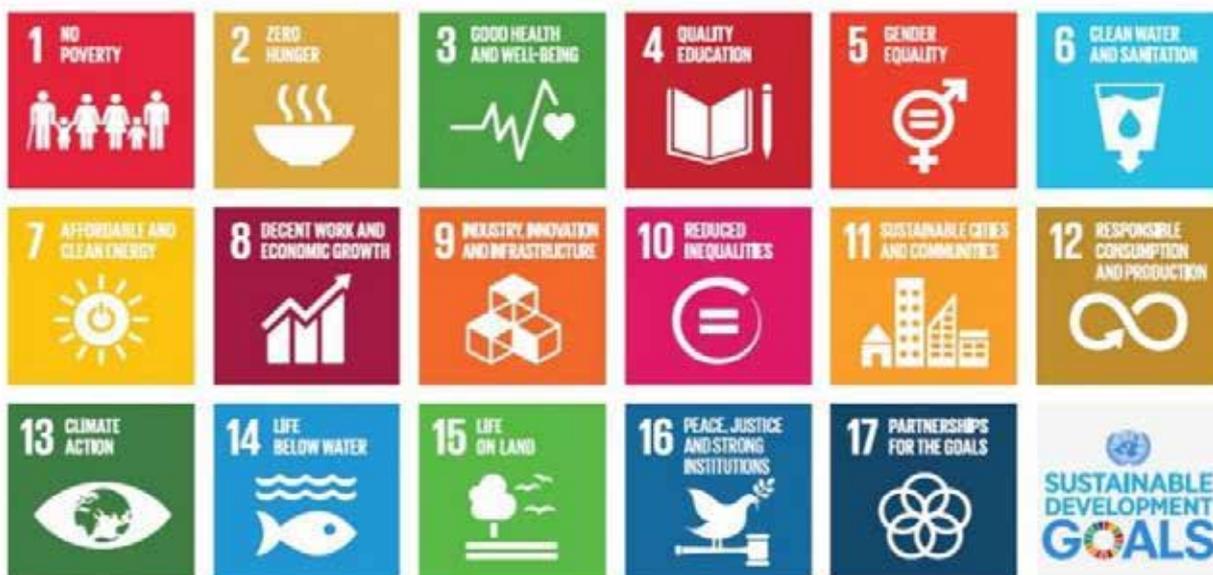
## (1) U.N. Guiding Principles on Business and Human Rights (2011)

These norms, endorsed by the UN Human Rights Council, define responsibilities which governments and corporations bear with regards to the protection of human rights. Under these Guiding Principles, companies are responsible for "respecting human rights" and "remediating human rights violations" by:

- 1) Setting a policy commitment with regards to respect for human rights
- 2) Assessing human rights risk through a human rights due diligence process which includes supply chains
- 3) Creating mechanisms to remedy issues and respond to grievances

## (2) U.N. Sustainable Development Goals (SDGs)(2015)

The SDGs are 17 top-priority, globally-shared environmental and social issues to be solved by 2030.



## (3) COP21 "Paris Agreement" (2015)

International framework which calls for all members countries (including the developing countries among them) to set greenhouse gas reduction and control targets for the years after 2019. The Paris Agreement also set the following globally-shared goals:

- Keep the increase in global average temperature at well below 2°C above pre-industrial levels, and limit the increase to 1.5°C.
- Stave off further global increase in greenhouse gases as soon as possible, and achieve a balance between greenhouse gas emissions and CO<sub>2</sub> absorption.



# Which Stakeholders Care About Sustainability?

With environmental and social issues growing more serious and an increasing number of international norms to address them, stakeholders are focusing on companies' efforts to increase corporate sustainability more than ever before.



Shareholders/  
Investors

## Increase in ESG(\*) Investments

There has been an increase in ESG investments, referring to investments in companies striving to improve the environment and society through their businesses. These are mainly by investors and financial organizations making long-term investments.

\*E: Environment, S: Social, G: Governance

## Promotion of CSR for the Entire Supply Chain

An increasing number of businesses are taking into account the social and environmental impact of activities throughout the supply chain. This comes from direct or indirect complaints received from stakeholders or mistakes seen at other companies.

In recent years, there is a growing trend of companies conducting audits and/or sending CSR surveys to their suppliers, setting CSR procurement policies, and showing preferential treatment to suppliers who cooperate with CSR efforts.



Business  
Partners

## Rising Interest in Socially Conscious and Environmentally Friendly Goods

Consumers are showing increased interest in products that are both safe and environmentally friendly.

More and more consumers refuse to buy products from companies that ignore safety standards, instead showing a strong preference for purchasing fair trade products and socially conscious and environmentally friendly products.



Consumers



Employees

### **Looking at Sustainability when Selecting a Company to Work For**

Active engagement in work to increase sustainability, such as efforts to create a comfortable work environment, can play a role in raising employee motivation.

More and more people are selecting companies based on their sustainability initiatives..

### **Going Beyond the Law to Improve Social and Environmental Problems**

A growing number of socially and environmentally focused NGOs and NPOs are now working with businesses to improve social and environmental problems, utilizing their expertise to address issues together with businesses.

However, there have also been cases of NGOs and NPOs launching negative campaigns against businesses and joining with other stakeholders to criticize the business.



NGO • NPO



Local Community

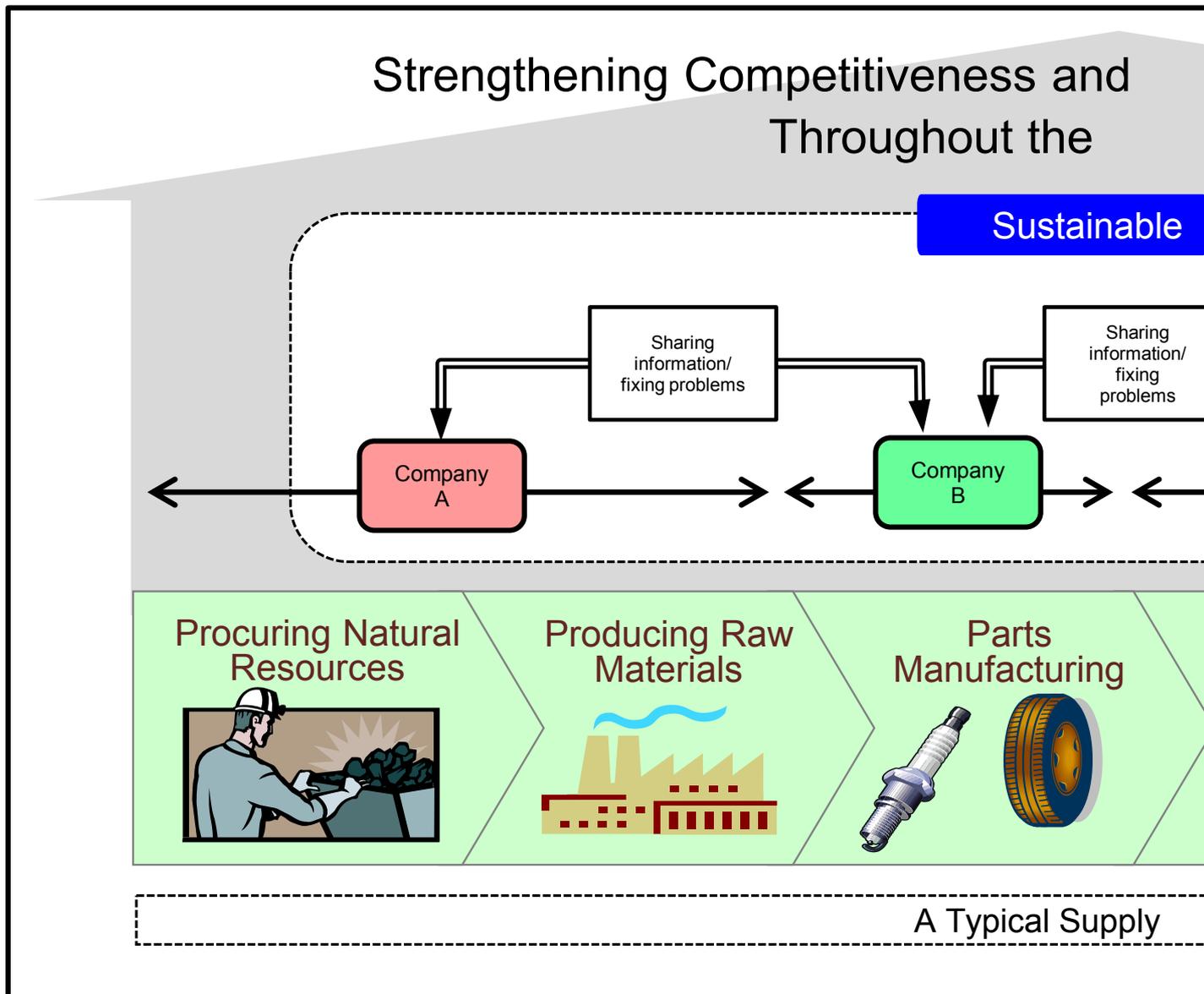
### **Concern for Negative Impact in Residential Areas**

Residents living in a region where a company does business are very sensitive to any negative impact that business might have on their living environment.

For instance, even if the country in question has granted a company approval to construct a factory, lack of understanding from the people in that community can lead to opposition, resulting in suspension or cancellation of the project.

# What is Sustainable Supply Chain?

"Sustainable Supply Chain" refers to understanding environmental and social issues the supply chain, and working together with those companies to fix the issues. While we explained on P.15/P.16 that sustainability comes from both increasing our Supply Chain" is how we achieve that goal throughout the entire supply chain.



Generally, a supply chain is made up of multiple businesses involved in a process. Therefore, in the event that one of the companies in the supply chain is criticized but by other companies within that same supply chain.

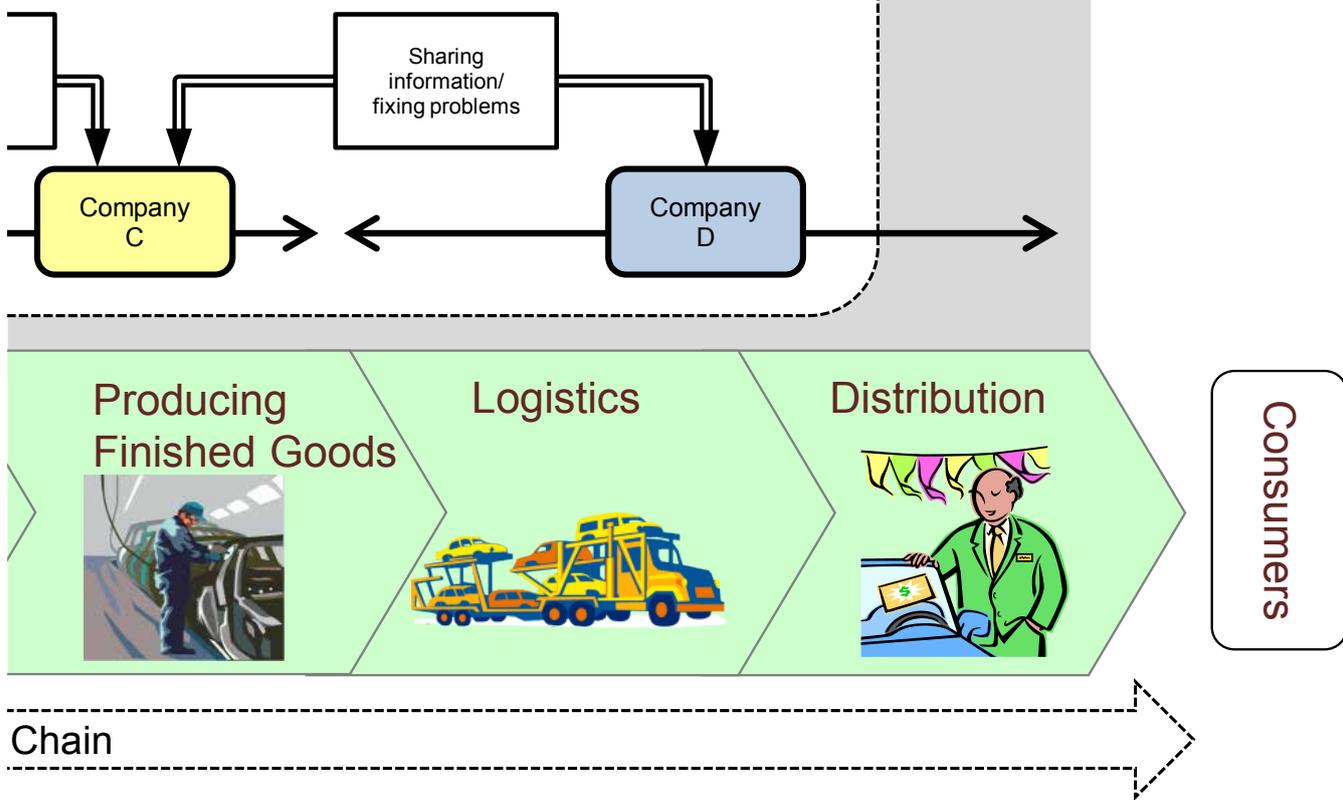
In order to mitigate that risk, companies will often take steps to share information about chains or other methods. Furthermore, these surveys may be followed by on-site visits. If issues are discovered, they must work to meet the standards called for by laws and but of the supply chain as a whole.

This means that promotion of "Sustainable Supply Chain" not only increases environmental impact. This gives prospective business partners a reason to trust

within the supply chain, sharing that understanding with the companies which make up company's competitiveness and mitigating environmental and social impact, "Sustainable

## Positive Social / Environmental Impact Entire Supply Chain

### Supply Chain



that extends from procurement of natural resources all the way to distribution. by stakeholders for its activities, damages may be borne not only by that one company,

sustainability initiatives, through surveys conducted of companies within their supply or audits, whereupon if environmental pollution, humans rights infractions, or other issues and stakeholders. Doing so will raise sustainability not only for the company in question,

competitiveness for services and products, but also increases positive social and and choose a company within the supply chain.

## 6 Priority Areas in Sustainable Supply Chain

Information exchanged regarding "Sustainable Supply Chain" can generally be broken down into 6 categories. However, the method of questioning and the content may differ for each business based on that company's procurement guidelines. To put it another way: these categories represent the areas where problems are likely to occur due to the negative impact of business activities, and which stakeholders most often focus on.

### ■ Human Rights and Labor Rights

- Preventing forced labor
- Preventing inhumane treatment
- Preventing child labor
- Respecting freedom of association
- Preventing employment discrimination
- Preventing underpaid labor
- Monitoring worker hours

### ■ Safety and Sanitation in the Workplace

- Safety measures for operating equipment
- Emergency response
- Workplace sanitation measures
- Safety and sanitation for employee facilities (cafeterias, etc.)
- Measures to prevent work-related injuries and health hazards
- Workplace safety measures
- Employee health management

### ■ Environmental Protection

- Reducing and preventing pollution  
(Taking appropriate measures to eliminate waste products and to reduce/prevent pollution of the soil, air, and water.)
- Measures to reduce the emission of greenhouse gases
- Measures to protect biodiversity
- Renewable energy and resources

## ■ **Anti-Corruption Measures and Fair Trade**

- Preventing bribery and corruption
- Preventing the abuse of a dominant bargaining position
- Preventing actions that restrict competition
- Preventing inappropriate payments and favors

## ■ **Quality and Safety Control for Products and Services**

- System for maintaining and increasing quality and safety control
- Providing accurate information on products and services

## ■ **Disclosing, Monitoring, and Protecting Information**

- Timely disclosure of any problems relating to the 5 categories listed above (maintaining transparency)
- Defenses against computer viruses and hackers
- Preventing leaks of private information
- Preventing leaks of sensitive information on customers and third parties

# Human Rights and Labor Rights

## ■ Preventing Forced Labor

Forced labor is when workers are made to work against their will through unjust acts or punishment.

Examples include the following:

- ① Taking away a worker's freedom to leave his/her job by retaining his/her passport, working papers, or identification
- ② Making a worker pay back a debt through labor
- ③ Slavery as a result of human trafficking
- ④ Unpaid prison labor to reduce a sentence

## ■ Preventing Inhumane Treatment

Inhumane treatment includes abuse, physical punishment, sexual harassment, verbal abuse, or intimidation.

## ■ Preventing Child Labor (ILO International Labor Standards)

- ① All workers must be at least 15 years old. (In developing countries, the minimum age is 14 years.)
- ② If a job clearly compromises the health, safety, or morals of a worker, the minimum age for employment is 18 years.
- ③ Under certain conditions, a worker may participate in light labor from 13 years of age up to 15 years of age. (In developing countries, this is from 12 years up to 14 years.)  
Persons who do not meet the criteria specified in 1-3 below will be considered underage.

This criteria has been adopted by most industries.

(1) Minimum 15 years of age (2) Has reached the age at which compulsory education is completed (3) Has reached the minimum legal age required for work in that country

## ■ Preventing

It is discriminatory to hire, place, promote, pay, or select an individual for a training based on factors outside of aptitude, ability, or performance. No discrimination should take place based on race, ethnicity, nationality, origin, skin color, age, gender, sexual orientation, disability, religion, politics, union association, or marital status.

## ■ Respecting Freedom of Association

A worker must be allowed freedom of association without fear of retaliation, blackmail, or harassment. Employers must respect a worker's legal rights, including freedom to join a union, to protest, and to be on a workers' council.

### 【Note: Conflict Minerals】

"Conflict minerals" refers to 4 specific minerals: tantalum, gold, tin, and tungsten.

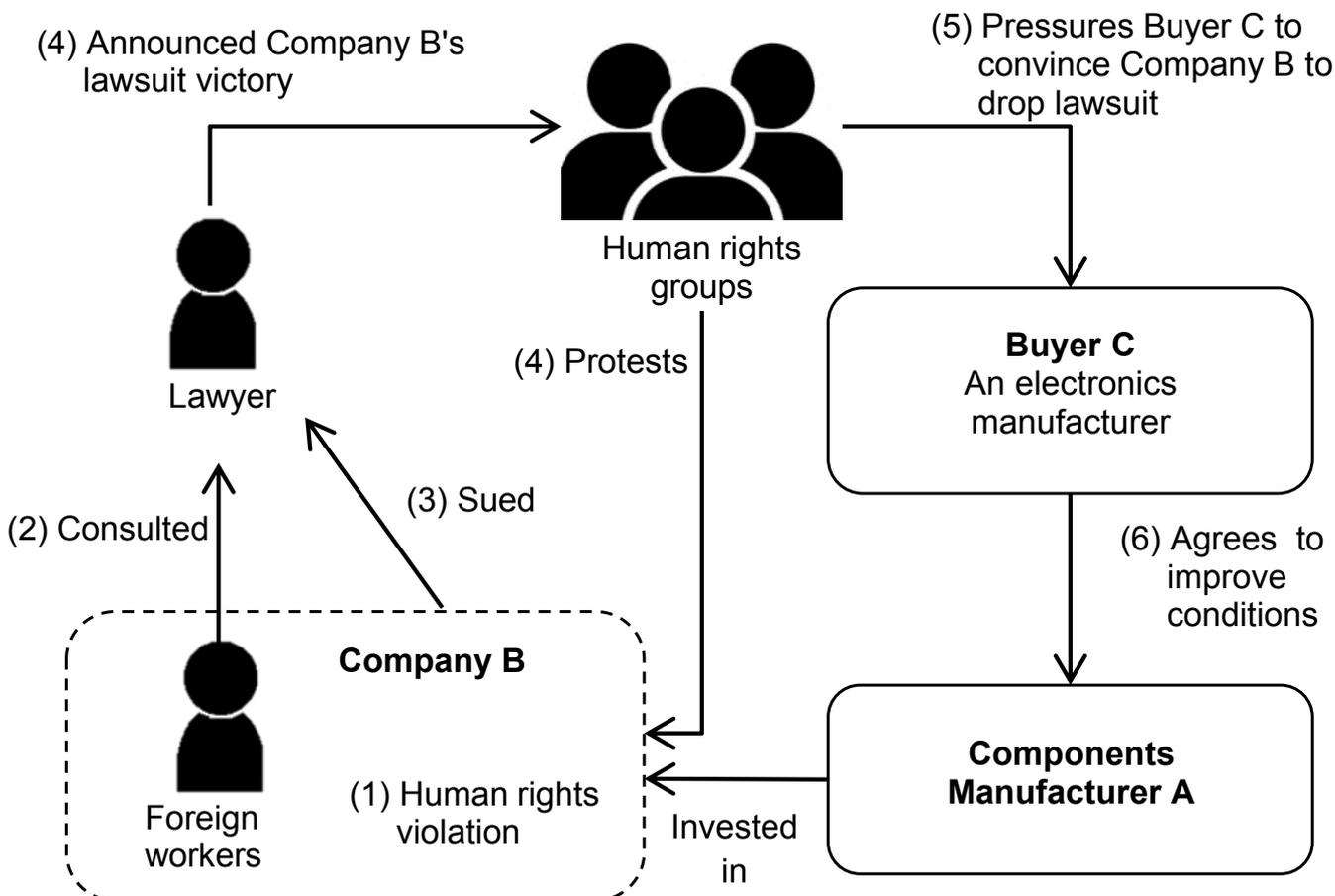
These natural resources can be found in the Democratic Republic of the Congo and its surrounding countries, and are sold by armed groups in the region who make a profit from them while perpetuating civil war and human rights violations.

Such problems led to legislation requiring American businesses to conduct investigations to trace their supply chains and report any use of conflict minerals from the Democratic Republic of the Congo.

Following that, investigations are extended to the trading partners of these American companies.

## Case Study

- (1) Foreign workers at Company B, an overseas subsidiary of Components Manufacturer A, were threatened by Company B with deportation when they asked Company B to improve working conditions.
- (2) A lawyer with whom the workers were consulting requested Company B confirm details about the situation, but received no response from Company B. The lawyer then published information about Company B's alleged human rights violations on the lawyer's personal blog.
- (3) Company B then charged the lawyer with defamation, with Company B winning the lawsuit.
- (4) As soon as the lawyer published news of Company B's victory on their blog, Company B found themselves inundated with protests of mis-trial from human rights groups from around the world.
- (5) Protests were levied not only at Company B, but at Buyer C, a company which procured parts from Company B. Buyer C's offices worldwide received more than 100 e-mails a day requesting their cooperation in working to convince Company B to drop their lawsuit. Some of Buyer C's offices were also visited by protestors who staged demonstrations there.
- (6) Buyer C talked to Components Manufacturer A about the situation, prompting Components Manufacturer A to recognize its responsibility to ensure human rights are respected. They decided to improve working conditions at Company B according to guidelines provided by Buyer C.



# Safety and Sanitation in the Workplace

## ■ Safety Measures in the Workplace

Creating safety measures means understanding workplace risk and creating countermeasures to address potential health hazards or workplace accidents caused by electrical leaks, fires, slippery floors, falling objects, etc.

Countermeasures should include the distribution of protective gear (safety goggles, helmets, gloves etc.) as well as training on the ways to operate and monitor power sources.

## ■ Sanitation Measures in the Workplace

Sanitation measures refer to measures which monitor and protect against employee exposure to noise, noxious odors, and harmful chemical substances such as asbestos. They include distributing protective gear as well as creating, implementing, and training employees in the fundamentals of sanitation control.

## ■ Measures to Prevent Work-Related Injuries and Health

This means understanding the circumstances surrounding work-related injuries and creating measures to counteract risks. These can include tracking injuries and diseases, distributing medical treatments, investigating the causes for injuries and diseases, and implementing preventative measures.

## ■ Emergency Response

Making preparations and setting response measures in anticipation of an injury or accident. All response measures should be widely shared. For instance, conducting disaster training can clarify and raise awareness of escape routes, emergency stairwells, etc.

## ■ Safety and Sanitation of Facilities

Safety and sanitation should be monitored for employee-use workplace facilities (bathrooms, water fountains, locker rooms, dining halls, and dormitories) as well as other facilities provided to employees outside the workplace.

## ■ Employee Health Checks

Employee health checks are used as a way to diagnose illnesses at an early stage and provide appropriate treatment. This includes mental health care.

## Case Study

(1) A building in Country X which housed production facilities for five different companies collapsed, causing more than 1,000 fatalities. The direct cause of the accident was determined to be the additions to the building, which were constructed in violation of building codes. These additions did not hold up under the vibration of thousands of sewing machines.

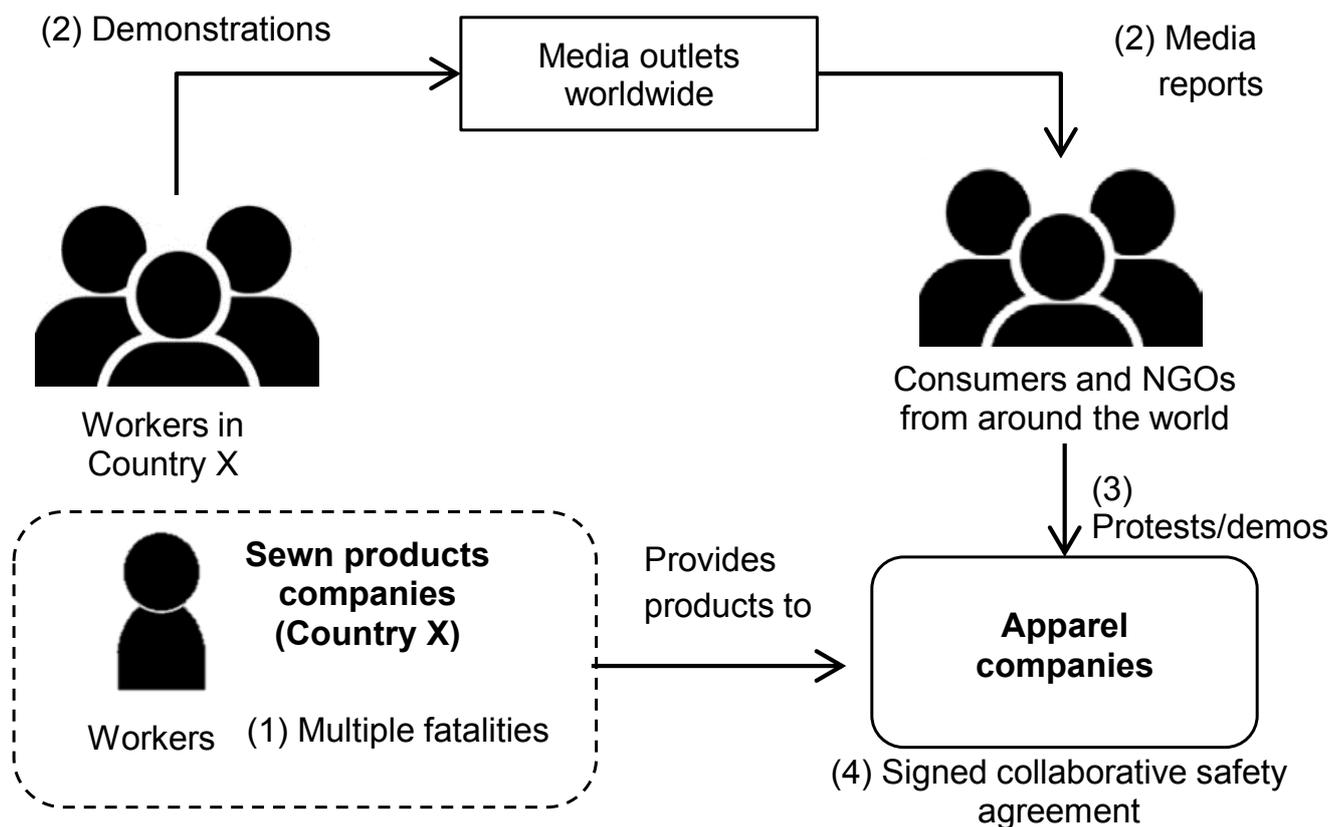
Although the workers had temporarily evacuated the building just before the accident, after a crack had suddenly appeared in one of the walls, their employer had forced them to return to work in order to meet the tight deadlines mandated by the buyer, an apparel manufacturer.

(2) After the accident, there were constant demonstrations by working-class citizens in Country X, demanding that working conditions improve. These demonstrations were broadcast around the world by various media outlets.

(3) After seeing these broadcasts, consumers began to protest all apparel companies involved in the business, resulting in demonstrations demanding that human rights NGOs cooperate to help Country X improve working conditions.

(4) The apparel manufacturers signed an agreement to collaborate and improve safety standards throughout their industry, starting with their suppliers from Country X. They began work to improve working conditions.

But the sewn products industry was one of the pillars of Country X's economy, which kept it cost competitive. This means that the country kept wages low in order to protect this advantage, forcing laborers in Country X to work under unfair working conditions.



# Environmental Protection

## ■ Reduce and Prevent Pollution

- ① In addition to laws regulating the inclusion of chemical substances, companies must also comply with legal requirements for labeling and testing products.
- ② Companies whose emissions include regulated chemical substances should not only dispose of these chemicals in accordance with laws and monitor emission volumes, but also work to reduce usage.
- ③ Companies should create a sustainable framework for reducing adverse affects on the environment, and obtain international certifications such as ISO14001.
- ④ Companies should comply with water, air, and soil pollution laws of the country in question and based on self-imposed standards, work to further improve operations as necessary.
- ⑤ Companies that handle waste products that must be incinerated or buried in a landfill should also work to reduce emission and usage volumes in addition to disposing of them in accordance with the law.

## ■ Measures to Reduce the Emission of Greenhouse Gases

Companies are asked to set reduction goals and achieve self-made reduction plans for greenhouse gases, particularly including the following: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

## ■ Measures to Protect Biodiversity

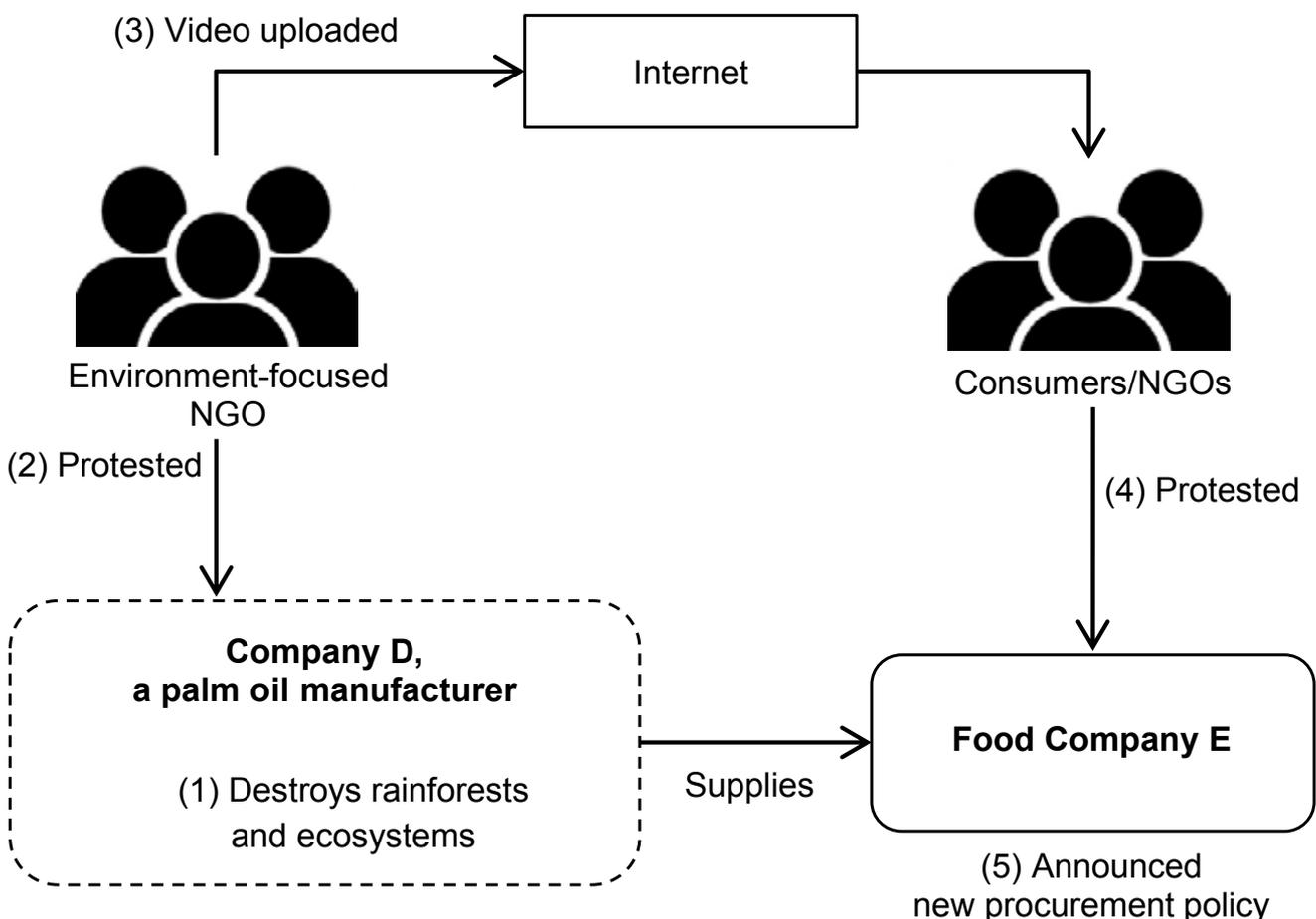
Be aware of plants, animals and their habitats in the vicinity of supply chain businesses and execute a plan to protect these organisms to the greatest extent possible.

## ■ Renewable Energy and Resources

Keep the 3Rs (Reduce, Reuse, Recycle) in mind when setting goals for the effective utilization of energy and resources.

## Case Study

- (1) Company D, a palm oil manufacturer, cleared a section of rainforest in order to develop a palm oil plantation.
- (2) An environment-focused NGO which conducted an on-site survey of the plantation told Company D to stop its development, but Company D did nothing to amend its operations.
- (3) The NGO then shifted their focus to Food Producer E, a company which procured palm oil from Company D. They uploaded a video onto the internet criticizing Food Producer E's products for their contribution to the destruction of the rainforest and other ecosystems.
- (4) The video went viral, and two months later, over 1.5 million people had viewed it. Food Manufacturer E received more than 300,000 protest e-mails from wide variety of consumers and NGOs.
- (5) Food Producer E was buried under a mountain of protests and decided to set a procurement policy, promising that they would "stop using raw materials whose production contributes to rainforest destruction and switch to a more sustainable alternative."



# Anti-Corruption and Fair Trade

## ■ Preventing Bribery and Corruption

Bribery refers to the act of giving money, entertainment, gifts, or other benefits to civil servants and those considered of equivalent status (hereafter referred to as civil servants etc.) or private citizens with the intent of securing a deal, obtaining/maintaining licenses or business arrangements, or acquiring nonpublic information.

## ■ Preventing the Abuse of a Dominant Bargaining Position

Abusing a dominant bargaining position is when a buyer takes advantage of its status in order to one-sidedly determine or alter trade conditions with a supplier, or set unreasonable demands or obligations.

## ■ Preventing Actions that Restrict Competition

Restricting competition is when a group of companies act in concert to manipulate prices, quantities, and areas of distribution for a particular product or service (ex. a cartel). This also includes determining top bidder and contract amounts for a project through an agreement with the other bidding parties, essentially rigging the bidding process. Restricting competition is prohibited by each country's anti-monopoly laws, and there are cases where this legislation applies across borders.

## ■ Preventing Inappropriate Payments and Favors

The following are examples of inappropriate payments:

- ① Receiving or accepting bribes. Overstepping legal boundaries with free gifts, products, money given to or from clients, or going beyond common courtesy by giving or receiving money or entertainment beyond what is expected.
- ② Providing funding to anti-social forces that threaten public safety or social establishments, such as organized crime groups or terrorist organizations.
- ③ Insider trading: buying or selling stock by providing clients with nonpublic information about the company stock in question.

### Case Study (1)

**Company H** was forced to pay a large fine to U.S authorities for bribing a high-ranking government official from **Country U** to secure oil and gas fields in their country. \*

The U.S. Department of Justice prohibits corruption and the bribery of foreign officials under the Foreign Corrupt Practices Act of 1977. The U.S. Securities and Exchange Commission heard that **Country U** received a bribe, and **Company H** was consequently fined nearly four million dollars.

\* **Company H** had previously used an intermediary to pay a high-ranking government official of **Country U** in order to secure development rights to gas and oil fields in their country.

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### Case Study (2)

**Company I** acknowledged their cartel activities and bribery of government officials to reach a settlement with the U.S. Department of Justice. Employees and executives involved in the corruption were arrested.

After **Company I**'s crimes were exposed, the company took stock of its situation and resolved to prevent future corruption.

Employee education was a central focus in the anti-corruption program, with training sessions held for employees at **Company I**'s headquarters and its foreign subsidiaries in order to prevent the same activities from reoccurring.

**Company I** conducts these trainings using materials prepared in the local language of the country in question, with a legal expert from **Company I** on-hand to explain. If necessary, a local lawyer is called to join the training to explain the specific circumstances and legal systems of that country.

# Quality and Safety Control for Products and Services

## ■ Establish a System for Maintaining and Increasing Quality and Safety Control

This system refers to the overall promotion of quality control operations, which include organizational frameworks, strategic activities, division of responsibilities, common practices, processes, systems, and management resources.

Quality control activities involve making quality control guidelines, implementing and achieving measures based on these guidelines, and reviewing and maintaining these guidelines. In other words, quality control is a PDCA cycle that involves continuous reform.

Model examples of quality management systems include the ISO9000 series, ISO/TS16949 (on automobiles), and ISO13485 (on medical equipment).

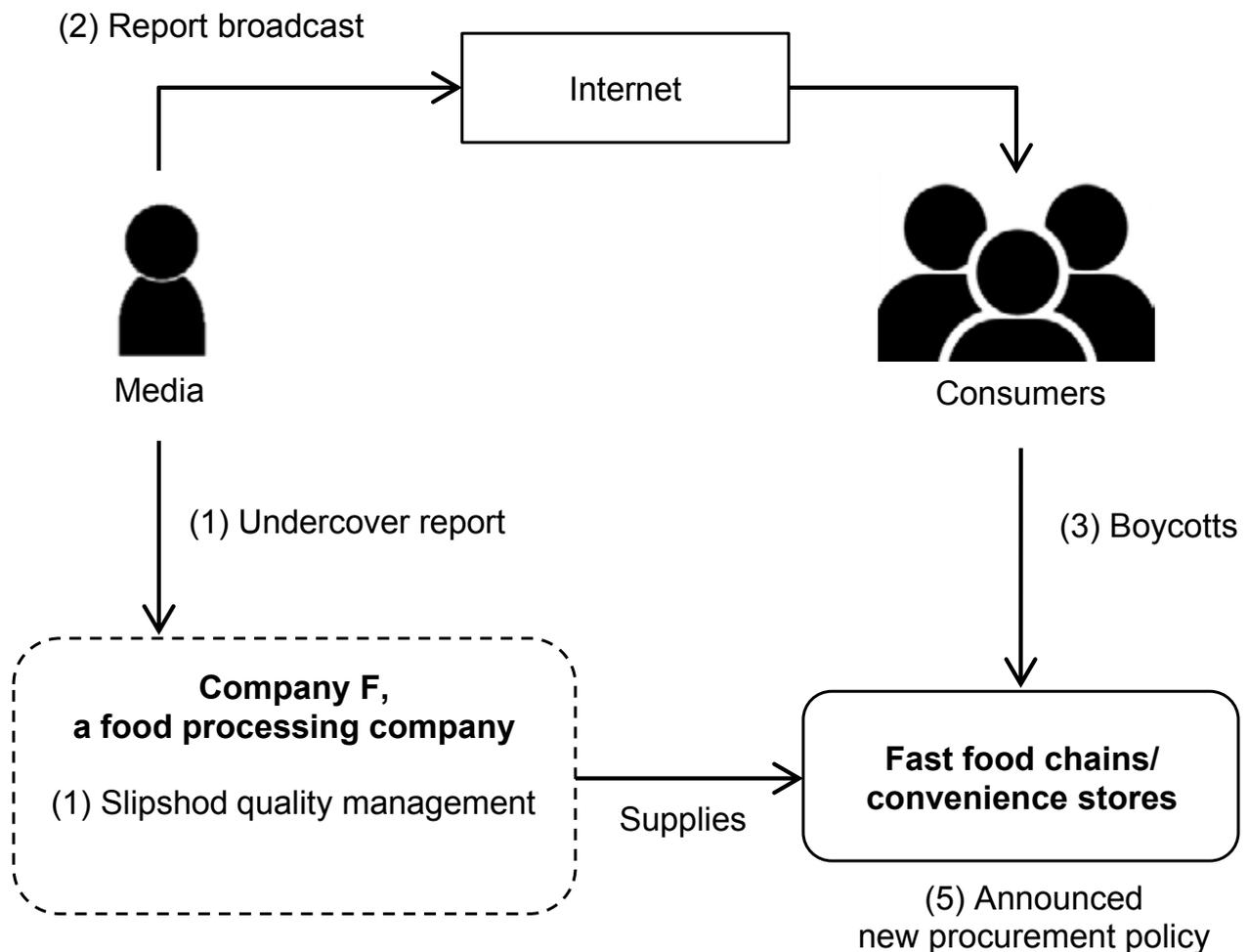
## ■ Provide Accurate Information on Products and Services

Accurate information refers to the following:

- ① Accurate information on the specifications and quality of goods and services provided by the business
- ② Accurate information related to the components and parts contained in the product
- ③ When advertising products or services in a catalog etc. there should be no false advertising or misleading expressions that can confuse clients or consumers. Advertising should not slander or violate the rights of any individual or company.

## Case Study

- (1) Several facts revealing the slipshod quality management system at Company F, a food processing company, were exposed in an undercover media investigation. This included the fact that they had shipped products made with expired raw materials.
- (2) The report was taken up by domestic and foreign media outlets, with their version of the report naming not only Company F, but also the fast food chains and convenience stores which bought Company F's products.
- (3) Consumers became less likely to buy products associated with Company F or its buyers.
- (4) Company F's buyers came up with their own countermeasures, such as switching to a different supplier, but their sales continued to drop due to consumer boycotts. The faced mounting expenses incurred disposing of inventory procured from Company F, forcing several companies to announce a downward revision of their performance for the year. Additionally, Company F itself was forced to suspend operations.



# Disclosing, Monitoring, and Protecting Information

## ■ Timely Disclosure of Problems (Preventing concealment of the truth)

Not only should financial standing and business descriptions be made readily available to stakeholders, but also any serious breach of law, concerns about negative social or environmental impact, and information regarding disaster-related damages. For example, if there are concerns about the possibility of food poisoning, the product

## ■ Defenses Against Computer Viruses and Hackers

Security measures should be taken to prevent company secrets or client information from being leaked via external network threats such as computer viruses or hackers.

## ■ Preventing Leaks of Private Information

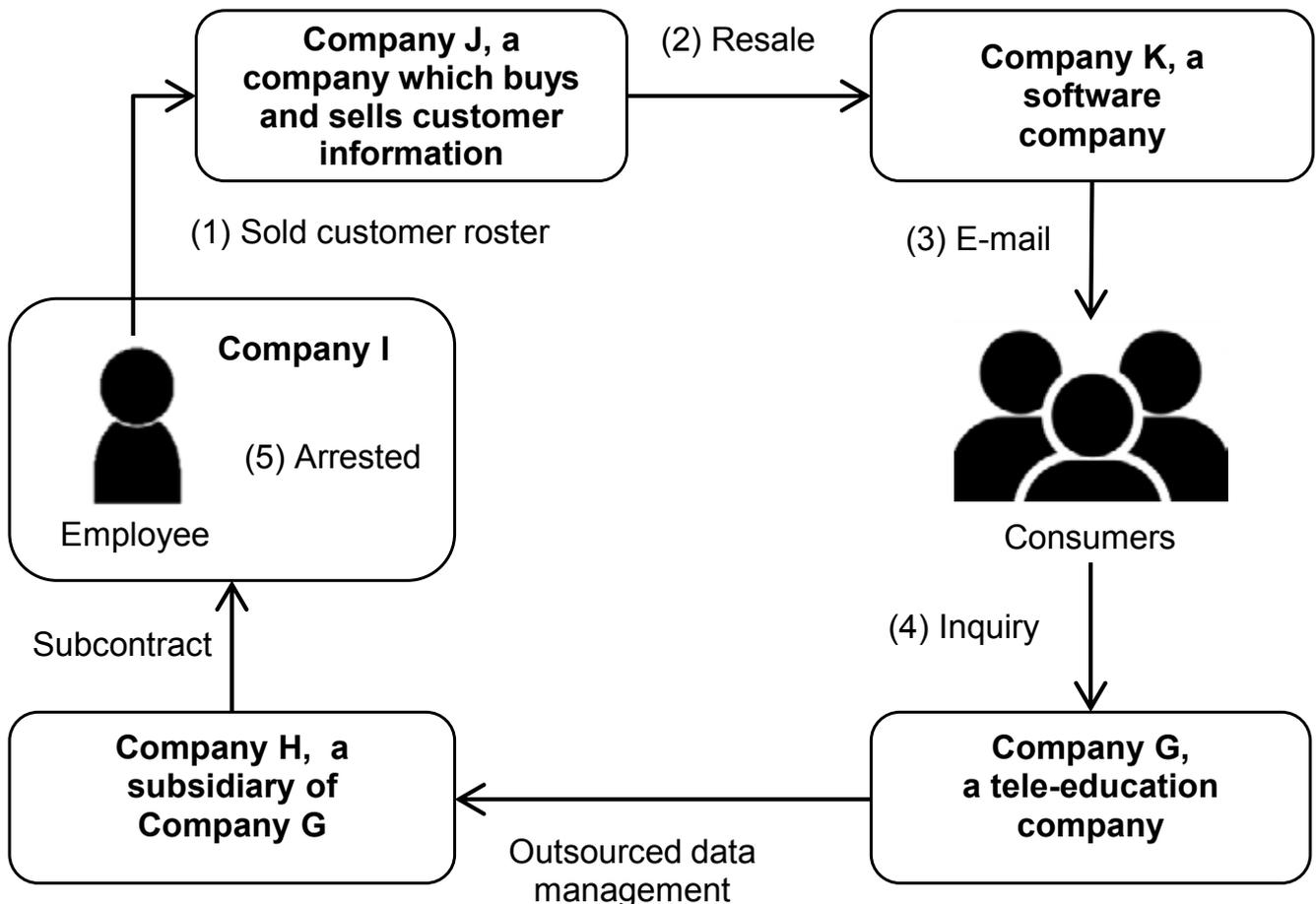
Private information is any information that would allow someone to identify a specific individual, such as names or birthdates. Rules and policies should be created for employees handling private information. Planning, implementation, audits, and reviews made in accordance with these rules must be carefully monitored and enforced.

## ■ Preventing Leaks of Sensitive Information Regarding Clients or Third

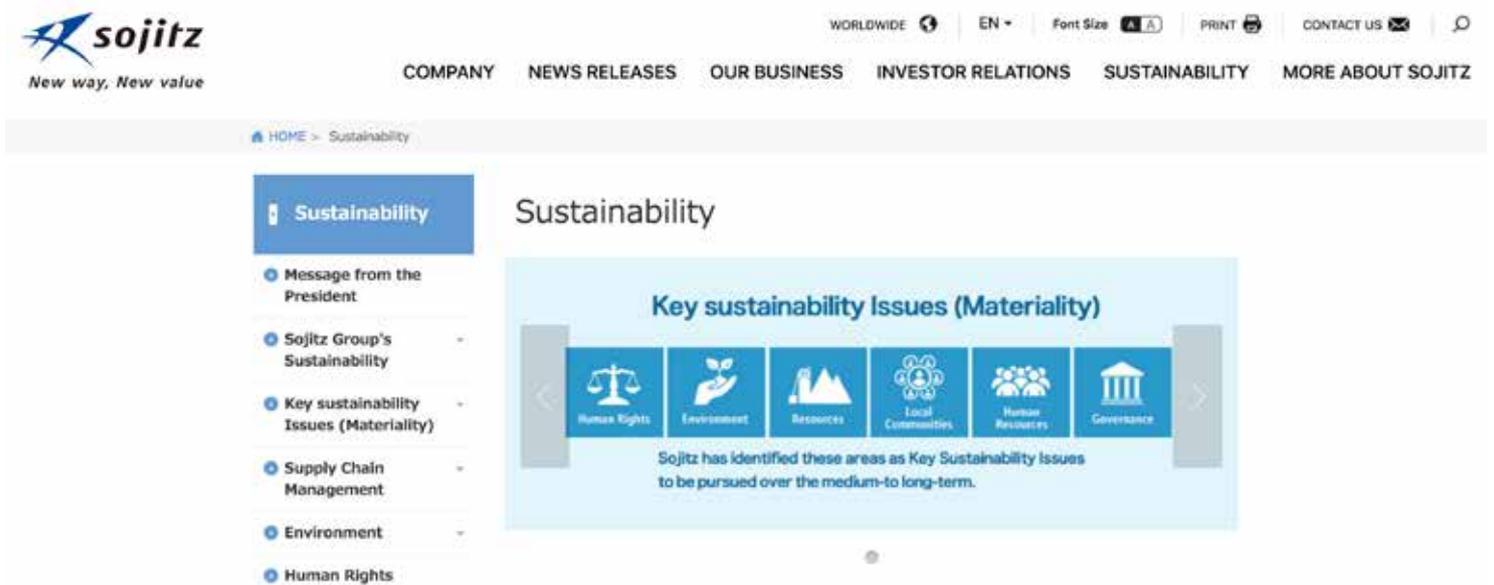
This refers to secret information found within documents marked as confidential or any information said to be confidential before being verbally communicated. Just as with private information, it is important that these be appropriately monitored and their rules enforced.

## Case Study

- (1) Company G, a tele-education company, had outsourced management of customer information to its subsidiary, Company H. However, Company H had subcontracted this work to another company (Company I) outside Company G's corporate group. An employee at Company I stole Company G's customer information for personal gain, selling it to Company J, a company which buys and sells customer rosters.
- (2) Company J then re-sold the customer roster to Company K, a software sales and development company.
- (3) In order to spread word about its newly developed product, Company K started to advertise to the customers on Company G's list.
- (4) Some of the customers solicited by Company K contacted Company G to ask why they had received the soliciting e-mail when they had thought their contact information had only be submitted to Company G. It became clear at this point that Company G's customer information had leaked.
- (5) The Company I employee which had stolen and sold the information was arrested. Company G was subject to government reprimands from related agencies, it lost customers over this damage to credibility, and saw profits plummet due to compensation paid to customers whose personal information was leaked.



See the Sojitz website for more information on Sustainable initiatives.



Japanese : <https://www.sojitz.com/jp/csr/>

English : <https://www.sojitz.com/en/csr/>

## ■Further Reading

- United Nations Global Compact

English: <http://www.unglobalcompact.org/>

- Global Compact Network Japan

Japanese: <http://www.ungcjn.org/>

- International Labor Organization (ILO)

English: <http://www.ilo.org/global/lang--en/index.htm>

- UN Guiding Principles on Business and Human Rights

English: <http://www.ohchr.org/EN/HRBodies/HRC/Pages/HRCIndex.aspx>

Japanese: [http://www.unic.or.jp/texts\\_audiovisual/resolutions\\_reports/hr\\_council/ga\\_regular\\_session/3404/](http://www.unic.or.jp/texts_audiovisual/resolutions_reports/hr_council/ga_regular_session/3404/)

- Electronic Industry Citizenship Coalition (EICC) Code of Conduct

English: [http://www.eiccoalition.org/media/docs/EICCCodeofConduct5\\_English.pdf](http://www.eiccoalition.org/media/docs/EICCCodeofConduct5_English.pdf)

Japanese: [http://www.eiccoalition.org/media/docs/EICCCodeofConduct5\\_Japanese.pdf](http://www.eiccoalition.org/media/docs/EICCCodeofConduct5_Japanese.pdf)

- Japan Electronics and Information Technology Industries Association (JEITA)

Japanese: <http://home.jeita.or.jp/ecb/csr/>

- UN Sustainable Development Goals (SDGs)

English: <http://www.un.org/sustainabledevelopment/>

Japanese: [http://www.unic.or.jp/activities/economic\\_social\\_development/sustainable\\_development/2030agenda/](http://www.unic.or.jp/activities/economic_social_development/sustainable_development/2030agenda/)



Sojitz Corporation  
Sojitz Group Sustainability Handbook  
2019 September