

DNV

To: Mitsubishi Corporation

Summary report on inspection visits to domestic meat processing company



Jan 2023.

DNV Business Assurance Japan K.K.

1) Objective.

DNV Business Assurance Japan Co., Ltd. (hereinafter referred to as "DNV"), based on a request from Mitsubishi Corporation (hereinafter referred to as "Mitsubishi Corporation"), has inspected a domestic meat processing company (hereinafter referred to as the "supplier"), a supplier of the Mitsubishi Corporation Group. The purpose of the inspection was to obtain as much information as possible from the supplier regarding the content of the "Mitsubishi Corporation Supply Chain Checklist" (hereafter referred to as the "checklist") and to conduct a simple evaluation.

2) Inspection overview

Date and time of visit: Friday, 20 January 2023

Location: Domestic meat processing company

Visiting team: Authorized members from DNV and the Mitsubishi Corporation Group

3) Assessment overview.

DNV, through Mitsubishi Corporation, presented the supplier with the inspection schedule in advance and asked the supplier to secure attendees and prepare materials. On the day of inspection, the supplier confirmed the extent to which it will be able to respond, updated its schedule accordingly and conducted a brief evaluation based on the checklist. The evaluation was conducted mainly point of view from the perspectives of a) the validity of sustainability management centering on the important checklist items, and b) the validity of sustainability management implement. The evaluation procedure performed by DNV included following procedures.

- Interview with responsible persons in the supplier to confirm the supplier's sustainability management implement.
- Documents review for validation of sustainability management.

4) Assessment Results

The supplier has adopted management system for food hygiene and has established employment regulations and the Japanese Article 36 Agreement based on appropriate procedures. Based on this, it was judged that the checklist items related to personnel and labour affairs were generally properly managed. Since there are some items where policies and procedures have not been established, it is requested that they be enacted.

Regarding safety and health, environment, etc., only a small part of policies and procedures is documented, and management seemed to be dependent on individual employees.

Although a certain amount of education and training is provided to the employees and no accidents have occurred yet, it is strongly recommended that policies and procedures be established and thoroughly communicated in the future.

5) Observations.

Observations from the document review/interview and site tour are shown in each sub-item of the checklist, with the evaluation.

Sustainability management systems

subitem	checkpoint	evaluation	Observations.
Sustainability and compliance	The supplier has not been subject to any penalties or operational improvement notices related to sustainability performance (including environmental, health and safety, human rights, etc.) in the last three years. Or, the supplier has received a Business Improvement Notice, but appropriate corrective measures have been implemented.	○	There are no penalties or operational improvements from the government.
Sustainability policies and procedures	The Supplier has established and implemented sustainability policies and procedures. (including environmental performance, health and safety management, human rights, etc.)	×	Sustainability is only partly included in food hygiene management based on JmHACCP.
Sustainability certification	The supplier had certification for its sustainability management system. (e.g. ISO 14001 in environmental aspects of management).	×	No certifications other than JmHACCP have been obtained. The items required for food hygiene audits are documented.
Organisational structure for sustainability management	The supplier has appointed a person responsible for sustainability management. (e.g. environmental manager, health and safety manager, human resources manager, etc.)	○	The system is structured with the president and top management, with the senior managing director, managing director and department heads taking on the roles.
Education and training on sustainability	The supplier provides education and training to their employees on sustainability	×	No education or training on sustainability is provided.

	management relevant to their own positions.		
Sustainability policies and procedures in supply chain.	The supplier has established sustainability performance policies and procedures for their own suppliers, including formal responses to non-compliance.	○	For two years, suppliers have been asked to submit a self-checklist and have decided to audit if their scores are low. No audits have ever resulted in an audit.

Supply chain management policy

■ Forced labour

subitem	checkpoint	evaluation	Observations.
Policies and management methods	The Supplier has established policies on forced labour and have skilled personnel responsible for ensuring that employees work voluntarily.	○	Employees voluntarily deal with any overtime that occurs in the production plan.
Bonded labour	Employees are not forced to work to repay debts or other forms of indebtedness to suppliers or third parties (e.g. recruitment agencies).	○	No facts of forced labour to repay debts/debts were identified. Apprentices from Cambodia have been recruited and dispatched through 'legitimate channels' by the same intermediary companies continuously from the past.
Freedom of employment	Employees can voluntarily join and leave the company at any time without being threatened or imposed penalties.	○	They can join and leave the company voluntarily in accordance with the employment regulations.
Possession of identity documents	Employees are not required to provide suppliers with original personal legal documents (e.g. passports, travel documents, IDs etc.) and/or personal possessions unless required by law. (Note: Copies of personal legal documents etc. may be in the supplier's possession).	○	The employee's own possession.
Storage of individual employee documents.	Where an employee is required by a supplier to keep personal legal documents and/or personal property, the employee has free access to the documents and property stored.	NA	Not applicable, as the employees themselves keep them.
Restrictions on movement	Employees are free to leave the workplace and employer-controlled housing (e.g. dormitories) outside working hours without seeking formal approval.	○	Employees are free to enter and leave the premises, including the dormitories where apprentices live.
Isolation	Employees are not restricted in their communication with people outside the workplace, for example, by restricted use of mobile phones or no access to workplace telephones.	○	No restrictions were identified.

Residential facility	Employees are not required as a condition of employment to live in a residence owned or controlled by the supplier.	○	No employment conditions relating to housing were identified. The dormitories where the apprentices live are owned by the intermediary company and are not managed by the supplier.
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■ child labour

subitem	checkpoint	evaluation	Observations.
Policies and management methods	The supplier has a policy in place with regards to child labour stating the minimum age at which a person may be employed, and has skilled personnel responsible for enforcing the policy.	○	The employment regulations stipulate that. Recruitment activities are carried out by the Managing Director, who is responsible for the recruitment process.
Legal compliance (interns)	Where suppliers employ young workers as internship or vocational education programmes, the programmes comply with the laws and regulations on internship and vocational education.	NA	Not applicable as there are no interns.
Hazardous work for young employees (15-18 years)	Young employees are prohibited from performing hazardous tasks. A systematic assessment of which tasks are unsuitable for young employees is carried out.	NA	Not applicable as there are no young employees.
Employees' children	Children of families using residential accommodation provided by the supplier do not help their families with their work and are encouraged to attend school.	NA	No relevant cases.
Child labour on family-owned farms.	Children working on family-owned farms are related to the farm owner. The work being done and the hours worked do not affect the health or education of the children.	NA	No relevant cases.

■ Safety and health

subitem	checkpoint	evaluation	Observations.
Licences and qualifications for health and safety	The supplier has all legally required permits, approvals, qualifications, and registrations with regards to health and safety.	○	No issues relating to legal requirements were identified in the interviews.
Safe working environment	The supplier's health and safety management system include a risk assessment of hazardous roles (biological, chemical and physical).	×	Work-related risks are presented during practical training at the time of hiring. Near-misses (suggestions for improvements in the workplace) are also made, but risk assessments are not documented. Hazard prediction training is currently being newly addressed.
Accident record keeping and reporting	All accidents and injuries related to health and safety are recorded by the supplier and corrective action is taken where necessary.	○	Procedures have been established to ensure that in the event of an accident, the incident is communicated to higher management through the workplace leader. Corrective action is also taken in response to accidents.
Education and training on health and safety	The suppliers provide new hires with appropriate education and training on their tasks. Education and training is regularly provided for updates, especially when procedures are changed.	○	Education and training is provided by workplace leaders, including on-the-job training.
Water and Sanitation (WASH) services.	All employees have adequate access to safe water and sanitation in all facilities.	○	Appropriateness was checked during the site tour.
Personal Protective Equipment	Employees are provided free of charge with personal protective equipment (PPE) that is necessary and appropriate for the work to be carried out.	○	Appropriateness of PPE management and use was confirmed during the site tour.
Chemicals management and education/training	Chemicals and hazardous materials are labelled and stored in safe, well ventilated areas. Safety data sheets are maintained where chemicals are used and stored.	○	It was confirmed that the necessary information was posted on detergents in the washrooms. It was confirmed that only some employees are

			allowed to handle undiluted detergent, and that training is also provided on the use of diluted solutions.
Exposure of pregnant women and young workers to chemicals	Measures are taken to prevent pregnant women and young workers from being exposed to hazardous chemicals, such as changes in work procedures and adequate protection.	○	Ensured that occupational safety considerations are taken into account for pregnant women.
Personal accident compensation for accidents in the workplace	Employees are compensated for work-related accidents and injuries, even if they are not covered by national legislation.	unconfirmed	
Management against health and safety risks.	The supplier takes appropriate measures to manage exposure to health and safety risks (e.g. dust inhalation, working at height, high voltage equipment).	×	Some processes were identified where risk measures related to burns were not sufficient, such as not wearing heat-resistant gloves during the hot water process.
Emergency exits and fire suppression systems	The supplier has appropriate measures in place for fire and emergency evacuation from their premises.	○	No indications from the fire service. No problems were identified during the site tour.
Operation of potentially hazardous instruments and machinery	Employees operate machinery safely and appropriate protective measures are in place. (e.g. safety devices and protective barriers are in place to prevent access to highly hazardous machinery).	×	Trilingual signage for foreign employees is being developed, however it is still work in progress.

■ Freedom of association (and collective bargaining)

subitem	checkpoint	evaluation	Observations.
Policies and management methods	The supplier has a freedom of association (and collective bargaining) policy, which permits employees to join or form trade unions (or similar organisations where trade unions are restricted by law) and bargain collectively on their own initiative.	○	There is no union, but there is an employee representative and the Japanese Article 36 Agreement has been signed. Management encourages employees to get together voluntarily and sets up leadership meetings to give their opinions.
Access to trade unions and union representation	Employees have access to trade unions and union representatives (if any) without management intervention. Where restricted by law, employees are free to form associations that advocate the protection of their rights, such as collective bargaining.	Unconfirmed	
Communication with management	Unions and workers' representatives can communicate about their concerns with regards to management without being subjected to intimidation, harassment, loss of rights, blacklisting or other disadvantages by the employer.	unconfirmed	

■ Discrimination

subitem	checkpoint	evaluation	Observations.
Policies and management methods	The supplier has HR policies in place that state their position on non-discrimination with regards to gender, race, religion, nationality, etc., including non-discrimination in the hiring process (e.g. recruitment, income, retirement, etc.).	×	There is no human rights policy, and it is not documented. Human rights awareness leaflets are displayed.
Measures to prevent discrimination	The supplier has procedures in place to ensure that they prevent discrimination in the workplace.	×	There is no procedure and no education.
Employment process	Negative discrimination is not practised during the	Unconfirmed	

	recruitment process. This includes recruitment processes such as gender, ethnic, racial and age-based job requirements, advertising and job evaluation.		
Discrimination in relation to health	Discrimination on health does not exist and employees' personal health status is respected as confidential information. Routine health checks examine the general health of employees and do not test for diseases such as HIV/AIDS or pregnancy.	Unconfirmed	
Remuneration policy	There is no discrimination based on gender, nationality, race, migrant workers, age, etc. with regards to remuneration and benefits for employees' work.	Unconfirmed	
Procedures for dealing with discrimination.	Procedures are included on the actions to be taken by suppliers if they discover discrimination in the workplace.	×	No procedure. Recommendations can be made as workplace improvement proposals.

■ Harassment

subitem	checkpoint	evaluation	Observations.
Policies and management methods	The supplier protects human rights and create a work environment that does not infringe those rights.	○	Prohibitions on power and sexual harassment are stipulated in the employment regulations.
Preventing inhumane treatment of employees.	The supplier has measures in place (e.g. training, education, etc.) to prevent inhumane treatment of employees.	Unconfirmed	
Pregnant and postpartum workers.	There is no discrimination based on pregnancy (and return from maternity leave) in any aspect of employment, including recruitment, retirement, pay, job assignments, promotion, dismissal, training and benefits.	Unconfirmed	
Disciplinary procedure	The disciplinary procedures implemented by the supplier focus on correcting inappropriate behaviour and improving employee conduct and performance. Threats (including verbal, physical and sexual harassment), insults and disciplinary measures (such as fines and pay cuts) are not used.	○	The employment regulations stipulate that.

■ Working hours

subitem	checkpoint	evaluation	Observations.
Policies and management methods	The supplier has established policies on working hours, payment of salaries and minimum wages. Normal working hours, maximum overtime hours, maximum total working hours, rest periods and annual leave meet legal standards.	○	These are stipulated in the supplier's rules of employment ; the Japanese Article 36 Agreement are agreed with the employee representatives. The company encourages those who are not taking paid leave to take it.
Contract of employment	The employment contract complies with national legislation and contains information on duties, working hours, wages and leave schemes. Contracts do not contain clauses requiring overtime work.	○	The employment regulations stipulate that.
Recording working hours	The supplier has a systematic method of monitoring working hours and keep records of working hours.	○	Time and attendance management systems linked to the time cards are used.



■ Minimum wage

subitem	checkpoint	evaluation	Observations.
Legal minimum wage	Wages paid to employees comply with regulations on the payment of wages to employees (including minimum wages).	○	The minimum wage in Toyama Prefecture is successively checked to ensure that wage payments to employees do not fall below it.
Wage payment process	Employees' wages are paid regularly, timely and directly, in accordance with national legislation. Clear and transparent information is provided on working hours, wage rates and statutory deductions. Employers do not have the right to control employees' bank accounts.	○	No problems were identified in relation to the payment of wages to employees. The bank accounts of Cambodian national employees are managed by individuals, although the company leads them to the bank counter.
Items deducted from wages	Items deducted from wages (e.g. company housing, food costs, etc.) are properly agreed with the employee. Deductions do not exceed the cost of employer-provided services.	Unconfirmed	
Termination of employment contracts	Employees are not forced to sign resignation letters or blank documents and can leave without penalty with proper notice. Unpaid wages and benefits are paid promptly.	○	The employment regulations stipulate that.

■ Anti-bribery and anti-corruption

subitem	checkpoint	evaluation	Observations.
Policies and management methods	The supplier has anti-bribery and anti-corruption policies in place and there is a trained and educated person responsible for ensuring their implementation.	Unconfirmed	

■ Environment

subitem	checkpoint	evaluation	Observations.
Environmental permits and qualifications	The supplier has all environmental permits, approvals, qualifications and registrations required by law.	○	No issues relating to legal requirements were identified in the interviews.
Biodiversity management	The supplier complies with national biodiversity laws, regulations and procedures (including policies on the prevention of illegal logging of forests).	Unconfirmed	
Very important habitats.	No work is carried out in (legally protected or internationally recognised) ecological protected areas.	Unconfirmed	
Species at risk of extinction.	Rare and endangered species affected by operations are identified and protected. Hunting, trapping, collecting, illegal trade, etc. of rare and endangered species is prohibited.	Unconfirmed	
Invasive alien species	No invasive alien species have been introduced or alien species are released into the wild in operations. (e.g. aquaculture operations).	NA	
Water risk management	The supplier has implemented controls on water consumption. (e.g. risk assessments, water use efficiency and initiatives to reduce water consumption).	○	Public sewage.
Soil management and erosion control	Impacts on the soil are minimised through erosion control management and soil management.	Unconfirmed	
Health impacts of soil contamination on local communities.	Controls are in place for potential soil and groundwater contamination to prevent potential impacts on local communities. (e.g. drinking water contaminated with chemicals).	○	No relevant issues were identified in the interviews.
Pollution prevention and GHG emission reduction	Facilities have pollution prevention systems (e.g. wastewater treatment plants, dust collection systems) appropriate to their operations. In addition, GHG reduction in operations is being promoted.	×	GHGs are not calculated.

■ Community relations

subitem	checkpoint	evaluation	Observations.
Community relations	The supplier has management in place for community relations, including grievance mechanisms, supplier-community consultations and arrangements.	○	Two comments from neighbours have been addressed and made known to employees.
Emergency response plan	The supplier develops and publish an emergency response plan if it involves potentially hazardous work. (e.g. work with the potential for fire or explosion).	×	There is no emergency response plan.
Guards	The supplier has implemented procedures regarding security personnel, including armed guards and community contact.	NA	
Land use	The supplier has legitimate land use rights that meet statutory requirements and no disputes have arisen with previous land owners /users.	○	
Resettlement (involuntary)	The supplier has free, prior, informed, landowner consent and has implemented appropriate compensation and grievance mechanisms. (Where applicable).	NA	
Identification of indigenous peoples	The supplier identifies indigenous peoples and implements appropriate responses, including appropriate consultation with indigenous groups. (Where applicable).	NA	
Agreements with indigenous peoples	The supplier has entered into agreements with indigenous peoples regarding the prevention of discrimination against them and the protection of their identity and culture. (Where applicable).	NA	

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