



**Peoples Coalition on Food Sovereignty (PCFS)**

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June 24, 2011

Dear ITOCHU Board of Directors and CSR Committee,

On the occasion of the ITOCHU Shareholders Meeting, we are writing to advise your company of the serious human rights violations, environmental damage and socio-economic concerns that are associated with the San Mariano Bio-ethanol project in which you are involved. Your attention is requested to take heed of the realities of the communities in San Mariano as outlined below and to ultimately consider withdrawing from an initiative which is neither a stable nor ethical investment.

Given that ITOCHU is committed to upholding the UN Global Compact principles and the CSR Action Guidelines for the ITOCHU supply chain, we understand that you would prioritize ensuring your company is fulfilling human rights and labour rights obligations as well as the duty to take a precautionary approach to environmental impacts, and also not implicated in corrupt land dealing schemes. A recent investigation into the situation in San Mariano in relation to the biofuel project was conducted by an International Fact Finding Mission from May 29-June 3<sup>rd</sup> 2011 (during which interviews were conducted with farmers, sugar cane labourers working on fields under an Ecofuel contract, Indigenous Peoples with claims to ancestral domain, *barangay* captains and 'Socialized Industrial Forestry Management Agreement' land holders, as well as dialogues held with the offices of the Municipal Mayor, Provincial Governor, and representatives of Green Future Innovations). The compilation of data revealed that the biofuel project is directly implicated in violations of human rights, labour regulations and environmental provisions related to forestry protection. Notably, a national fact finding mission conducted in February 2011 in different *barangays* of San Mariano raised similar conclusions. For full details on the situation documented in San Mariano during the International Fact Finding Mission, please refer to the attached summary of the conclusions. A full report will be posted online in early July on [www.foodsov.org](http://www.foodsov.org) and [www.asianpeasant.org](http://www.asianpeasant.org).

We are urging you to immediately review your investment and involvement in the San Mariano project, based on the following main concerns:

- The bio-ethanol project development did not pursue a process of free, prior and informed consent with the Indigenous communities as mandated under international and national law, and did not comply with national legal standards regarding prior consultations with all communities affected. Corruption is rampant as land is being prepared for use by the project without the explicit consent of current residents. Much of the 11,000 hectares in Isabela targeted by Green Future Innovations for the plantation project are already occupied and tilled by thousands of farmers in San Mariano and neighbouring towns. Most of these residents whom have worked on the land for decades, and/or have claims to it as Indigenous ancestral domain. These lands are not idle and abandoned, but rather

the primary source of their livelihood, providing harvests of vegetables, bananas, pineapples, indigenous rice crops, and corn varieties. Given this context, one of the consequences of the project is an apparent exacerbation of corrupt and illegitimate land titling schemes, as properties are being handed over for sugar cane production by agents acting without the explicit consent of current residents.

- This bioethanol project results in human rights violations of the legally binding right to the highest standard of health and right to food (International Covenant on Economic, Social and Cultural Rights), and land rights upheld under the International Covenant on Civil and Political Rights. Farmers and communities of Indigenous Peoples are being dispossessed of their lands, and correspondingly, the food production capacity of the region, as well as cultivation of a diversity of locally adapted indigenous seeds, can only be expected to rapidly decline. This situation is clearly at odds with ITOCHU's stated CSR goal to support and ensure communities have 'a stable food supply'.
- Farm workers hired on sugar cane plantations contracted through the Green Future Innovations consortium member, Ecofuel Land Holdings, report severe violations of labour rights. All wages reported during the interviews by the International Fact Finding team were below the mandated minimum wage for agricultural workers in the region (233 Philippine pesos per day), and included testimonies of payments as low as 15-30 pesos a day (28-56 Yen). Other conditions include: spraying toxic fertilizers and pesticides without any safety equipment, working 6 days per week without a contract, frequent occupational health problems (including severe limb injuries), and no Social Security System or health benefits, even when these have been promised.
- This project has many associated environmental risks and should not be certified as a Clean Development Mechanism. The biofuel project will convert lands once allotted for diverse cropping and forest cover into sugarcane plantations, leading to significant carbon emissions, biodiversity loss, watershed disruption and increased vulnerability of the region to landslides and flooding. This project is also a serious threat to the declared protected areas such as the Northern Sierra Madre Natural Park and areas zoned for reforestation in San Mariano.

Based on the above data - as compiled by national and international experts in the field of human rights, agro-ecology, food security, land tenure, forest ecology and biodiversity - we trust you will seriously re-consider your involvement in the San Mariano Biofuel project. Making a decision based on ethics and an investment that is good for future generations would mean divesting from the San Mariano Project.

We understand ITOCHU has recently taken the time to meet with Japanese non-governmental organizations to discuss the above concerns. As you may be aware, there is an ongoing international petition campaign since members of civil society around the world are similarly alarmed by the impacts of the San Mariano biofuel project. If prompt remedial action is not taken to ensure the rights of the small holder farmers and Indigenous Peoples in Isabela are respected and upheld, these communities will be seeking redress through appealing to international institutions. We await an update from you on decisive actions taken in response to these concerns, which can be sent to: [secretariat@foodsov.org](mailto:secretariat@foodsov.org); [apcsecretariat@asianpeasant.org](mailto:apcsecretariat@asianpeasant.org).

Sincerely,

**People's Coalition on Food Sovereignty (PCFS), IBON International, Asian Peasant Coalition (APC),  
Kilusang Magbubukid ng Pilipinas (KMP) and Danggayan Dagiti Mannelon ti Isabela (DAGAMI)**

*On behalf of the San Mariano International Fact-Finding Mission Team*

*CC: JGC Corporation, Yokohama, Japan*