

MODERN SLAVERY STATEMENT

May 2019

This statement made under the Modern Slavery Act 2015 Section 54 sets out the progress made, and steps taken by The ASICS Group¹ with regards to modern slavery and human trafficking in its business and supply chains in the fiscal year 2018 (January 1st 2018 till December 31st 2018)



ASICS GROUP MODERN SLAVERY STATEMENT 2018

ASICS depends on a global supply chain that includes material and product manufacturers, their workers, unions, NGOs and others. Upholding fair business practices, improving labor conditions and work to prevent the violation of human rights throughout our organization and in our supply chain are responsibilities we take very seriously.

The ASICS Group strongly condemns the use of force or involuntary labor. We take a zero-tolerance approach to this issue and deploy a rigorous supply chain management program to ensure compliance throughout our supply chain.

Modern slavery, which includes slavery, servitude, forced labor and human trafficking, remains a significant risk in certain supply chains.

ASICS does not tolerate modern slavery in our supply chain in any form. As part of our wider commitment to creating products safely and sustainably, we are committed to using our influence to identifying and collaborate with our partners on eradicating modern slavery across our supply chain. This extends even to the areas of the supply chain where we have no direct relationship. We do this work both independently, and together with other stakeholders within and outside the sporting goods industry.

ASICS business and our supply chain

ASICS is one of the world's top five sports performance and lifestyle brands, selling our products through ASICS-owned retail stores, online business, via retail accounts, independent distributors, licensees and representatives globally. We operate 55 businesses in 33 countries. Our reach extends further through our supply chain business partners, sponsored events and connections to other stakeholders globally.

Our supply chain is large and complex. More than 150 direct, Tier 1 suppliers in 22 countries provide us with the facilities, expertise and other resources that allow us to bring the best products to our customers.

Many of our Tier 1 suppliers themselves have an extensive supply chain, connecting the ASICS Group indirectly with many more operations and businesses worldwide.

As a global brand, we play a highly influential role in our supply chain. We support and respect human rights, as set out in the Universal Declaration of Human Rights. We see it as an important responsibility to use this influence to help maintain and improve standards throughout our supply chain, both among direct and indirect suppliers.

We operate a rigorous supply chain management program to increase transparency, monitor standards and ensure compliance with ASICS policies and all other relevant regulations and laws, local and international.

Governance and Policies

Our system of governance ensures that our human rights principles and objectives are embedded throughout our business. This a shared responsibility involving all company divisions and colleagues at every level.

To drive Human Rights initiatives and monitor ASICS' supply chain day to day, the ASICS Group has operated a CSR & Sustainability department since 2004, currently comprising a global team and designated staff at regional level. This department works on implementing policy, driving performance, managing progress against targets and engaging with internal and external stakeholders.

¹ This statement applies to the [ASICS Group](#), including but not limited to ASICS Corporation and ASICS UK Limited that fall within the scope of provision 54 of the Modern Slavery Act 2015.

We conduct our corporate activities on the basis of clear codes of conduct that are based on internationally recognized standards and conventions. Suppliers have to understand and acknowledge these standards and are formally obliged to meet them. We seek to work only with business partners who share our commitment to sustainability and fair labor practices.

[Our Policy of Engagement \(PoE\)](#) sets out the minimum requirements regarding human rights, labor standards, occupational health and safety and environmental practices for any ASICS business partner. Our PoE requires any partner involved in the manufacturing of ASICS, ASICS Tiger or Onitsuka Tiger footwear, apparel or accessories to:

- Respect worker rights and be in full compliance with all laws, regulations and administrative instructions applicable to their business operations.
- Maintain all relevant documents necessary to demonstrate compliance with our policies. When deemed necessary ASICS or its contracted independent monitors shall be allowed, regardless of prior notice, to conduct compliance assessment audits.
- Employees shall be provided with safe and decent working conditions, fair wages and secondary benefits and be treated with respect.

This also means that our partners:

- Shall not use forced labor, whether in the form of prison labor, indentured labor, bonded labor, or otherwise. No Employee can be compelled to work through force, the threat of force or intimidation of any form.
- Employees should not bear the cost for their employment whether in the form of recruitment fees or other; should retain control of their travel documents and have full freedom of movement.

Over and above ASICS' Policy of Engagement and other supplier requirements and expectations, our [ASICS Code of Conduct](#) sets out the basic standards by which all members of ASICS Group must comply during their daily activities and with each business decision. All directors, officers and employees in the ASICS Group are required to review, understand and comply with this Code.

We seek to continuously improve the audit functions and internal controls of our corporate management. Our aim is to create a management approach that goes beyond compliance and reflects the perspectives of our stakeholders. We encourage employees and business partners to report code or policy violations using our confidential, anonymous [whistleblowing services](#). This allows us to detect the first signs of wrongdoing quickly and carry out corrective measures without delay.

Due Diligence and Risk assessment

ASICS operates a Group-wide risk management system to identify, analyze, evaluate, mitigate, monitor and report risks. These include the risk of human rights violations. Aligning with our business strategy, our Risk Management Team gathers risk information from our business divisions. Mitigation plan of each risk is led by the Division Risk Owners. The Risk Management Team advises them and monitor its progress.

In addition to ASICS' Risk Management Committee, ASICS established in 2019 a new Sustainability Committee led by ASICS President and COO Yasuhito Hirota to advise the Board of Directors on sustainability risk and opportunities. The Sustainability Committee will work to solve social and environmental issues through business activities. These business activities will, in turn, increase our engagement with customers and partners, increasing not only ASICS' brand value but also our contribution to a more sustainable world.

We have a list of 22 approved sourcing countries. Before our sourcing divisions can enter product and material sourcing arrangements with any new country outside our approved list, they must first carry out a country risk assessment in collaboration with our CSR & Sustainability department and other internal and external stakeholders. This includes analysis of human rights risks, as well as particular industry/sector and geographical risks. All sourcing divisions within our Group are aware of this guideline.

Prior to entering any partnership agreement with a new footwear, apparel or accessories supplier, we assess that supplier's social and environmental sustainability performance against ASICS standards. Only if the supplier meets our minimum standards on human rights, safety and ethics will we consider engaging with them in a business relationship.

Monitoring our supply chain

Once a formal business relationship is established with a supplier, we continuously monitor the supplier's performance and periodically assess their facilities. We conduct three types of assessments within the ASICS supply chain;

1. Internal Audits

Assessments conducted by ASICS compliance auditors. Our staff are trained and accredited to perform such assessments.

2. Commissioned Audits

Commissioned audits are carried out by independent, accredited third-party monitors.

3. Partner audits

These audits are conducted as part of a collaboration with multi-stakeholder initiatives. Since January 2014, ASICS has been an official partner of ILO Better Work. Before that, partner audits were carried out by our previous official partner the Fair Labor Association (FLA).

When our assessments find instances of non-compliance with our standards, we categorize them by different levels of urgency: minor, major and zero tolerance (for the most serious violations). Depending on the nature of the noncompliance, we impose sanctions that vary in severity, ranging from the termination of the business relationship in case of zero tolerance violations, to third party investigations or formal warnings. We consider the use of force or involuntary labor as a zero-tolerance violation.

Since 2015, we are expanding our supplier audit scope to include material processing suppliers (Tier 2), in addition to those involved in product manufacturing processes (Tier 1). Active monitoring of Tier 2 will help us ensure that human rights are respected throughout our supply chain, and that they comply with legislation.

Since 2017, The ASICS Group publicly shares a list of its direct Tier 1 suppliers responsible for the manufacturing of ASICS, ASICS Tiger and Onitsuka Tiger products; footwear, apparel, accessories and equipment. Together, they account for more than 90% of our global volume of product manufactured annually.

We feel that sharing basic information on our supply base will enhance transparency both for business partners, investors, labor organizations and our customers.

At ASICS, we value long term relations with our suppliers. While we do see small fluctuations in part of our annual production volumes e.g. because of expanding to new product categories and discontinuing others, we pride ourselves for the close, stable partnerships we have with most of our contracted suppliers.

These stable partnerships give us the opportunity to work together with our supply chain partners to identify and collaborate on eradicating modern slavery in every part of our supply chain. The full list can be reviewed via this [link](#).

Training and Capacity Building

Along with our global CSR & Sustainability staff, many other departments and ASICS Group divisions play a vital role in making sure our operations are safe, ethical and that human rights are respected at all times.

Production and sourcing divisions make a major contribution to building understanding of our supply chain, and improving the performance of our manufacturing partners. Because these teams work closely with our supplier partners, they are ideally positioned to help with monitoring, raising issues, and identifying opportunities and training requirements.

To make sure our supply chain management work is as coordinated and effective as possible, we carry out regular cross-divisional training and awareness sessions around supplier engagement and assessments.

Sharing information this way allows us to form joint action plans, mitigate challenges, and continuously improve future performance within supply base.

We also provide training and capacity building for our Tier 1 and 2 suppliers in standards, legal requirements and industry best practice, so that they can continuously improve their performance over time. This includes training to prevent modern slavery and other human rights abuses. Supplier trainings are provided by our own staff but often set up in collaboration with partner organizations such as ILO Better Work.

Monitoring program performance and efficiency

Transparency regarding our supply chain impacts is vital, both for ASICS, and for our external stakeholders. To improve transparency of information, we have introduced new tools and improved internal systems in order to give us more insights into our supply chain.

In addition to using technical, internal tools, we also gather information about our supply chain performance through industry bodies and NGO partners such as ILO Better Work, The Institute for Human Rights and Business, unions and other external stakeholders.

The ASICS Group has been reporting on its efforts with regards to corporate responsibility and sustainability since many years in the form of a public sustainability report.

Our [2018 sustainability report](#) gives details on our most recent activities in areas such as supply chain management, training and capacity building, and protecting human rights.

ASICS continues to work towards creating safe and sustainable products, and a fair and environmentally sound sporting goods industry where human rights are respected at all times.

This statement was approved by ASICS Board of Directors.

Signed



Yasuhito Hirota
President and COO,
Representative Director