



Operations



Products

OUR APPROACH TO CLIMATE CHANGE

Addressing climate change

Climate change is a serious threat to the environment and economies around the world. Rising global temperatures are affecting weather patterns and causing extreme weather conditions, leading to food shortages and water scarcity; they also affect our ability to move and play sports, as well as the places where we do this. Climate change is also a direct threat to our business, impacting production sites and logistical routes in our supply chain.

Climate change is caused by a build-up of greenhouse gases in our atmosphere, released in part by businesses such as ours. We know that we contribute to global CO₂ emissions both through our manufacturing and distribution processes and our direct operations. The materials we use to make our products can also contribute to our overall emissions. For example, polyester and polyurethane are derived from fossil fuels, and release CO₂ when the products containing carbon are incinerated at the end of their life. For these reasons, we see climate change as a crucial issue for our business.

We're committed to reducing our carbon footprint by setting science-based carbon reduction targets in line with the goal of the Paris Agreement to keep global temperature increases below 2°C. Our new targets were set in 2018, and officially approved by the Science Based Targets initiative (SBTi) in the same year.

We will actively engage our supply chain partners, consumers and other stakeholders on these issues and work toward achieving our targets together.

For more about what we're doing to achieve our targets

→ see pages 19, 20, 25, 26 and 30.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Science Based Targets initiative (SBTi)
The SBTi was established in 2015 and is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The initiative champions science-based target setting as a way to boost companies' competitive advantage in the transition to the low-carbon economy. Targets adopted by companies to reduce carbon emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2°C compared to pre-industrial temperatures.

Find out more about Science Based Targets initiative
→ <https://www.sciencebasedtargets.org>

CO₂ emissions reduction targets for 2030

Scope 1 and 2: 33% Reduction in absolute CO ₂ emissions from our direct operations (2015 baseline)	Scope 3: 55% Reduction in CO ₂ emissions from our supply chain per product manufactured (2015 baseline)*
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Action 1

60%

Or above boost to the ratio of renewable energy in our business facilities

Action 2

30%

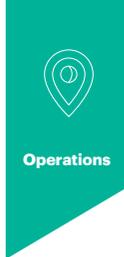
Reduction to the amount of energy our Tier 1 supplier factories use to manufacture each of our products

Action 3

100%

Recycled polyester to replace standard polyester materials in shoe uppers and sportswear products

* Target scope is 'purchased goods and services' and 'end-of-life treatment of sold products'.



OUR APPROACH TO MANAGING OPERATIONS CONTINUED

Energy efficiency and carbon emissions

At ASICS, we are committed to growing our business while at the same time reducing our carbon emissions, setting targets for reductions in line with climate science and in accordance with the Science Based Targets initiative (SBTi). We work to reduce our emissions both within the direct scope of our own operations, and the wider indirect scope associated with transportation, manufacturing and material sourcing.

Reducing the carbon footprint of our direct operations

Our target for 2020 is to reduce by 5% absolute CO₂ emissions from our direct operations (Scope 1 and 2, 2015 baseline) including retail operations. In addition to this, we have committed to reducing absolute Scope 1 and 2 CO₂ emissions by 33% by 2030 from the same base year, in accordance with the SBTi. This target is the basis of our mid-term carbon strategy, and helps us maintain momentum for our CO₂ reduction actions.

19.2%
decrease in our CO₂ emissions from direct operations, measured from the baseline years

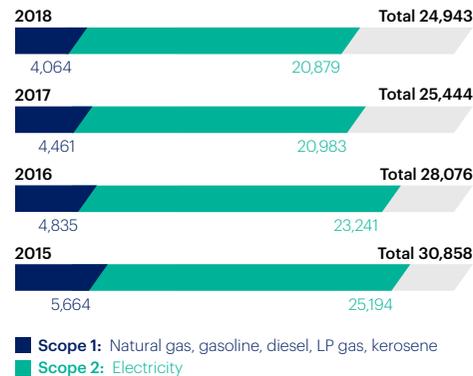
In 2018, our CO₂ emissions decreased 19.2% from the baseline year despite the slight increase in the number of our own retail stores from 876 to 899. Comparing our total emissions to our business revenue show an increase in our efficiency from the baseline year. The CO₂ emissions intensity per unit revenue has decreased by 10.4% from the baseline year.

In 2019 we will continue our sustainable energy projects to both increase efficiency and reduce the absolute emissions.

Our strategy to reduce energy use and CO₂ emissions includes:

- ▶ Increasing the use of on-site and off-site renewable energy
- ▶ Increasing energy efficiency in high energy usage locations
- ▶ Introducing more energy-efficient equipment and vehicles
- ▶ Adopting energy-efficient design to new buildings, distribution centers and retail stores or refurbishment of existing locations.

CO₂ emissions from our locations (tonnes)



The data applies to ASICS Group locations including offices, retail locations, distribution centers and wholly owned factories globally. Company/lease car impacts are also included. Figures for Scope 1 are calculated according to factors based on the 2006 IPCC Guidelines (Commercial Institutional). Company/lease car impacts in Brazil are calculated with factors using 2015 DEFRA data. Figures for Scope 2 are calculated according to factors based on "CO₂ Emissions from Fuel Combustion 2016-Year 2014" of IEA. The following formula is used when the amount of energy consumption for CO₂ emissions is not available for any sites: (energy consumption per square meter estimated for each type of site) X (area of site) X (CO₂ emission factor). The Certificate of Green Power 1.6 MWh was deducted from the total Scope 2. The 2015, 2016 and 2017 data are restated due to updated data and improved estimates. The 2018 emissions data are verified by Deloitte Tohmatsu Sustainability Co., Ltd.

OUR APPROACH TO MANAGING OPERATIONS CONTINUED

In 2018, we continued to increase our use of renewable energy in Europe and Japan. In Europe, we continued the energy procurement project that started in 2016. The aim is to centralize energy procurement in Europe to save costs as well as switching to renewable electricity contracts for our direct operation locations. In 2018, approximately 8,100 MWh of purchased electricity was from renewable sources; this is more than 60% of total electricity use in EMEA. The energy procurement project and transition to renewable energy for our direct operations will continue in 2019.

In Japan, we purchased the renewable energy certificate of 1.6 MWh generated by biomass, which covered 100% of the electricity used at our office headquarters in 2018.



Renewable energy certificate

We continuously assessed options with the electricity supplier to procure and expand the use of renewable energy for our headquarters and other locations in Japan.

ASICS America Corporation partnered with EnterSolar to install a wholly owned 1 MW (megawatt) rooftop solar panel array at our distribution center in Byhalia, Mississippi in 2017. The largest private solar system in Mississippi, the installation covered around 23% of the site's annual energy needs in 2018, while reducing carbon emissions by nearly 800 tonnes of CO₂ equivalent units per year.

The installation consists of roughly 3,000 solar panels capable of generating up to 1,330 MWh of the Distribution Center's current annual energy needs – equivalent to the power consumed by 126 homes per year.

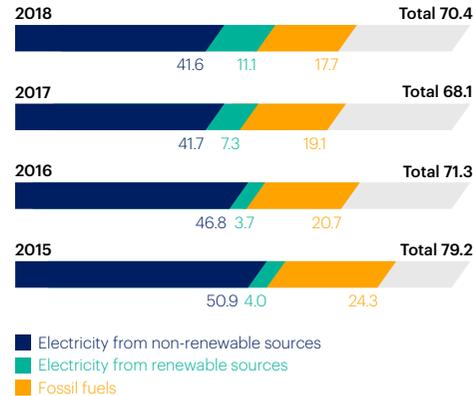


System Installation Drone View of ASICS distribution center in Byhalia, Mississippi

The solar panels used for this project were manufactured by Trina Solar and were specifically selected for their top sustainability ranking over the past five years by the Silicon Valley Toxics Coalition (SVTC). The distribution center is also a LEED Building Operations and Maintenance (O+M) registered project.

Energy volume by type (GWh)

In 2018 the percentage of ASICS' electricity from renewable sources increased to 15.8%.



The data applies to ASICS Group locations including offices, retail locations, distribution centers and wholly owned factories globally. Company/lease car impacts are also included. The following formula is used when the amount of energy consumption is not available for any sites: (energy consumption per square meter estimated for each type of site) X (area of site) X (conversion factor from each unit to GWh). The 2018 total energy volume is verified by Deloitte Tohmatsu Sustainability Co., Ltd.

23%
of the Byhalia site's annual energy needs in 2018 were covered by the largest private solar system in Mississippi

100%
of electricity used at Japan headquarters is generated from renewable sources

OUR APPROACH TO MANAGING OPERATIONS CONTINUED

Reducing Scope 3 emissions

We know from our life cycle assessments that more than 80% of the overall CO₂ impact related to our products occurs during manufacturing, material procurement and end-of-life management. In 2018 to address this impact, we have set a target to reduce our indirect (Scope 3) CO₂ emissions from purchased goods and services and end-of-life treatment of sold products by 55% per product manufactured by 2030 (2015 base year).

We shared our target with our main footwear factories and will put together shared plans and targets for 2030 in 2019. We also continue to measure our Scope 3 CO₂ emissions across global operations in order to assess the impact of changes in business operations.

For more details about how we are shifting to materials with lower impacts, see pages 19 and 20. For more about how we are reducing carbon emissions in our supply chain, see page 30.



Operations

Scope 3 CO₂ Emissions 2018:

Scope 3 Category	CO ₂ tonnes	%	Scope
1. Purchased goods and services	635,069	84.2	Global footwear manufacturing CO ₂ data (Tier 1), and ASICS Group companies' purchases of footwear material, apparel, equipment, marketing and sales. (Calculation method ¹).
2. Capital goods	13,005	1.7	ASICS Group companies.
3. Fuel-and-energy-related activities	1,190	0.2	ASICS Group companies.
4. Upstream transportation and distribution	42,258	5.6	Category 4 includes air and sea freight of footwear related logistics, air freight of apparel related logistics for Japan, rail and road freight of 'port to DC' in Europe, US and Japan, and road freight of 'DC to customers' in Japan.
5. Waste generated in operations	67	0.0	ASICS Group companies.
6. Business travel	4,423	0.6	ASICS Group companies.
7. Employee commuting	801	0.1	ASICS Group companies in Japan.
8. Upstream leased assets	-	-	Not assessed.
9. Downstream transportation and distribution	6,882	0.9	ASICS Group companies.
10. Processing of sold products	-	-	Not assessed.
11. Use of sold products	19,660	2.6	ASICS Group companies.
12. End-of-life treatment of sold products	31,044	4.1	ASICS Group companies.
13. Downstream leased assets	-	-	Not assessed.
14. Franchises	11	0.0	ASICS Group companies in Japan.
15. Investments	-	-	Not assessed.
Total	754,410	100	

The Category 1 (Purchased goods and services) CO₂ emissions data of Scope 3 are verified by Deloitte Tohmatsu Sustainability Co., Ltd.

1 Calculation method of Category 1 Footwear Tier 1: (energy consumptions at suppliers) X (percentage of ASICS production at suppliers) X (emission factor of each energy type) + Footwear material: (production volume) X (emission factor of material from the past LCA study) + Apparel Tier 1: (production volume) X (emission factor of Tier 1 from the past LCA study) + Apparel material: (production volume) X (emission factor of material from the past LCA study) + Equipment, marketing and sales: (price of purchased goods and services) X (emission factor of each purchased goods and services²).

2 5. Inter-industry relations table based emission factors of Emission factors database for greenhouse gas emissions accounting throughout the supply chain (ver.2.2 as of March, 2015) published by Japanese Ministry of the Environment.

OUR APPROACH TO MANAGING OPERATIONS CONTINUED

Reducing CO₂ in transportation

Transporting products from factories to market is the third biggest contributor to our overall carbon footprint, accounting for about 5% of our total CO₂ emissions.

Since 2013, we've been working to reduce the carbon footprint of our distribution network through consolidation and by improving its efficiency. This includes switching to more energy-efficient forms of transport such as ships and trains.

In Japan, we have improved the efficiency of our logistics by developing a system that makes empty imported containers available to other companies for use as export containers at a number of distribution terminals. We have also begun shipping from our own factory in Japan directly to overseas subsidiaries, rather than via distribution centers in each region.

We ask our partner shipping companies to use ships assessed with the World Ports Sustainability Program's Environmental Ship Index (ESI). The ESI evaluates the amount of nitrogen oxide (NOx) and sulphur oxide (SOx) that is emitted by a ship, and includes a reporting scheme on the greenhouse gas emissions of the ship.

We will continue to work with our logistics providers to make our distribution network more efficient globally.

CO₂ transportation (tonnes)



Road and rail freight include data of 'port to DC' in the US, Europe and Japan, and 'DC to customers' in Japan. Sea freight is data of footwear business. Air freight is data of footwear business globally and apparel business in Japan. The emissions factors provided by the GHG Protocol are used.

Sustainable retail

We continue to develop our retail locations, adopting new materials and technologies to improve their sustainability while also providing the best experience and service to our consumers.

In 2016 we launched a new design concept for our ASICS stores, using more sustainable materials and providing more space for community activities and encouraging people to move, in line with the spirit of our brand. During 2018 we renovated 22 of our stores to fit the new concept, and we will continue doing this in future.

We also continued to switch energy contracts to renewable electricity as part of our commitment to reduce carbon emissions related to our operations. Overall in 2018, 62% of the electricity use in our stores was provided by renewable sources, an increase of 7% compared to 2017.

Following our project in Europe, we are also exploring options for switching to renewable electricity contracts in America and Asia. However, as the energy market is not open in all countries, this is more complex in certain regions. We are continuing to investigate opportunities in these regions.

Energy use in our stores is still a growing part of our total energy consumption. As such, it's important that we continue to focus on energy reduction and finding renewable sources for our stores.



ASICS store, New York, United States