OUR APPROACH TO MANAGING OPERATIONS
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Operations

Managing manufacturing environmental impacts

Because we outsource the manufacturing of apparel, footwear and accessories, the most significant part (more than 80%) of our overall environmental impacts exist in our supply chain. Our product Life Cycle Assessment (LCA) research shows us that the largest environmental impacts for footwear relate to manufacturing processes, whereas for apparel the impacts are shared between fabric and garment manufacturing processes as well as product use phase (due to washing).

We recognize we have a responsibility to use our influence within our supply chain to help reduce these impacts. We seek to source from suppliers that share our commitment to operating in an environmentally responsible manner.

Reducing the environmental impact of direct factories

Between 2011 and 2017 we worked closely with our footwear suppliers to improve the efficiency of our product design so that manufacturing environmental impacts could be reduced.

We also encourage our suppliers to implement best practice environmental management systems. In 2017, CO_2 emissions per pair of shoes manufactured in our footwear Tier 1 suppliers decreased 6.9%, compared to the 2015 baseline. In addition, a decrease of 12.5% for water use and a decrease of 47.8% for waste per pair of shoes were registered.

We remain committed to helping our suppliers measure their key environmental indicators and further reduce their impacts, thereby also reducing the environmental footprint of ASICS' products. In 2018, we will create a new environmental guideline to further support our suppliers in this direction. Although at present we track environmental impacts related solely to footwear manufacture, we intend to extend this to include our global apparel business in the near future.

YEAR	UNIT	2015	2016	2017
CO_2 emissions	kg/pair	2.45	2.17	2.28
Water	m^3/pair	0.034	0.030	0.030
Waste	kg/pair	0.02	0.03	0.03
Recycled or recovered waste	tonnes	12,606	9,324	5,095

The data in this table is based on 16 factories in China, Vietnam, Indonesia, Cambodia and Thailand, which together produce over 95% of all our footwear. The 2015 and 2016 data are restated due to updated data and factors and improved estimates.

Note: In 2017, we have used more appropriate CO_2 emission factors for steam purchased, so the CO_2 emission data reported previously has been updated.

27,025
tonnes of waste recycled or recovered at footwear tier 1 suppliers since 2015

OUR APPROACH TO MANAGING OPERATIONS
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Water risk mapping in the supply chain

The apparel and footwear industry is a significant user of freshwater globally. In terms of water impacts, material sourcing is of the highest profile and risk to brands, due to its geographical location typically being in developing countries with limited infrastructure and regulation on water use and pollution.

As a company selling footwear and apparel predominantly based on synthetic materials, ASICS' exposure to water risk in its supply chain is not as high as brands selling significant quantities of product made from natural materials like cotton. However, we are still exposed to water risks from dyeing and tanning processes in our supply chain.

In 2017 we performed a water risk scan focused on footwear and apparel Tier 1 and 2 suppliers, in order to understand where the highest water risks and opportunities are. The scan assessed risk based on the geographical location of each factory using the Global Water Tool, a publicly available resource created by the World Business Council for Sustainable Development.

The assessment showed that there are water scarcity risks for both our footwear and apparel suppliers due to limitations in water supply or high variability between seasons. These factories might face an increased risk in the future to secure adequate water for production, or the water used for production could be competing with water availability to the community and factory workers.

As a result, ASICS will strengthen the focus on water management in future audits at these suppliers, contact them to stress the importance of water management and request more information on their current water management practices.

Environmental compliance in our supply chain in China

By collaborating openly with partners, we gain valuable insights and feedback that helps bring compliance issues to light and helps improve compliance across our supply chain.

In 2016, we began to comprehensively screen our suppliers in China using the Blue Map Database, a platform developed by the Institute of Public & Environmental Affairs (IPE). This investigation showed that speed of reaction, clear internal communication and risk prevention processes are key to improving compliance in our supply chain.

As a result of our progress, in 2017 we were listed for the second time in the Corporate Information Transparency Index (CITI) system, ranking within the Top 30. Jointly developed by IPE and the Natural Resources Defense Council (NRDC), the index evaluates brands' supply chain environmental performance based on information that is made public, such as government compliance data, online monitoring data and third-party environmental audits. This index is frequently updated when brands share more information publicly, and the ranking can therefore change regularly.

We are continuing to work on the environmental compliance project with the aim of creating a new supplier monitoring system and guidelines, in order to improve our performance in environment management and protection. ASICS will also maintain a partnership with IPE to further align our environmental compliance program.

For more about supply chain compliance.
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