

## Addressing non-compliance

When our assessments identify non-compliance issues, we categorize them as major or minor. This is based on the severity of the violation and the level of risk to workers. We then take action as appropriate. Actions can include terminating the business relationship in the case of serious and persistent violations, reviews of future orders, third-party investigations, and formal warnings.

When minor non-compliances were identified, we begin a remediation period of three months. During this time, the supplier is expected to take corrective measures. When necessary, ASICS staff or partners support the remediation process, for example by providing training and resources.

In 2020, 66% of non-compliance was related to health and safety. We distributed health and safety guidelines and provided questionnaires regularly for strategic factories to conduct self-assessments of their actions. To mitigate harm and improve social and human rights performance in the supply chain, we provide supplier training, followed up by Corrective Action Planning (CAP).

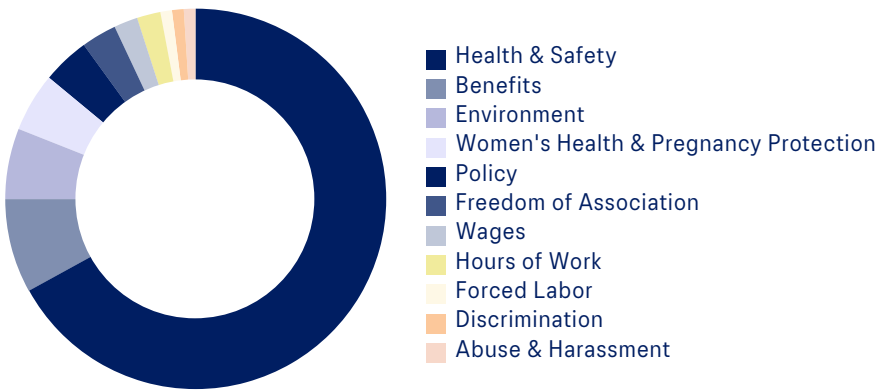
## Training and Capacity Building

We provide regular training to help our Tier 1 and Tier 2 suppliers become resilient and sustainable. In the training, suppliers can gain the knowledge and understanding necessary to implement new standards, legal requirements, and structured management systems.

They also become more aware of industry best practice. We will continue capacity building sessions for our suppliers in our key sourcing countries, such as Vietnam and Indonesia.

In 2020, we provided a CSR virtual seminar in collaboration with the ILO’s Better Work Vietnam program. This seminar covered the Vietnam Labor Law – a new version of 2019 and health and safety for COVID-19. More than 28 of our suppliers attended.

Non-compliance areas



*“We deeply appreciate the valuable assistance in environmental and energy management and upholding human rights from ASICS. The seminars introducing the concept and implications of the Higg index help us to further understand the importance of these indexes for the sustainable development of our organization, whilst annual third-party audits can provide valuable information for the improvement. We are now targeting to execute and expand the project improvements, and to keep moving positively. We will work with ASICS for a greener future.”*

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