ASICS SUSTAINABILITY FRAMEWORK

Our sustainability framework is based on our founding philosophy “a sound mind in a sound body”. Today, that philosophy is summed up by our new brand expression, I MOVE ME™. The framework has two pillars: I MOVE ME™ SMARTER for Planet and I MOVE ME™ STRONGER for People.

Supporting the UN’s Sustainability Agenda
ASICS supports the UN’s Sustainable Development Goals (SDGs), and our sustainability activities align with them. In particular, our activities support goals 3, 5, 6, 8, 12 and 13.

For an overview of the priority sustainability topics that our activities cover, see our materiality program on pages 08 and 09 of this report.

I MOVE ME SMARTER
I respect the ground I play sport on and enable future generations to move too.

Products
We innovate and educate to develop the best products and services using less.
Read page 16

Operations
We are committed to continuously improving the efficiency of our own buildings, resource use, materials and distribution network.
Read pages 17 and 24

I MOVE ME STRONGER
When I move, I feel stronger, happier and sharper.

Supply chain
We build transparent, fair and ethical partnerships, and empower the people in our value chain.
Read page 34

Health and well-being
We help people improve their physical fitness and mental health.
Read page 46

Communities
We support our employees and communities so that they can fulfill their potential.
Read page 41

People
I MOVE ME™ STRONGER
We’ll create a world in which people become physically and mentally stronger through movement.
Sustainability is at the core of our business, and a shared responsibility at ASICS. It involves all company divisions and colleagues at every level.

Our Board of Directors oversees ASICS sustainability strategy, and is responsible for integrating and prioritizing sustainability in our corporate objectives. In 2013, we established a Sustainability Committee, chaired by the President and COO, to report directly to the Board of Directors on sustainability risks and opportunities. The Committee’s responsibilities include reviewing our group-wide sustainability strategy, roadmap and action plan, as well as reporting on progress against our sustainability targets on a divisional level. The Sustainability Committee works alongside ASICS’ existing Risk Management Committee.

ASICS Group has operated a CSR and Sustainability department since 2004. Composed of a global team and designated staff at a regional level, the department is responsible for supporting our sustainability strategy in each division, as well as driving performance, managing progress against targets and engaging with internal and external stakeholders. This team is in frequent contact with the Sustainability Committee and supports with updates on progress and future planning.

Sustainability governance structure

- General Meeting of Shareholders
  - Election / Dismissal
- Board of Directors
  - Election / Dismissal Supervision
  - Proposal / Report
- Executive Organization
  - President and COO
  - Executive Board Meeting
  - Executive Officers
  - Divisions and Group Companies
  - Sustainability Committee
  - Risk Management Committee

Earning trust, ensuring compliance

To uphold the trust of all our stakeholders, we maintain a highly transparent system of corporate governance.

We seek to continually 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 our company values and the perspectives of our stakeholders.

CSR and sustainability policies

The ASICS Global Code of Conduct sets out the basic standards that we expect our colleagues to meet in everything they do. These apply to all ASICS Group companies.

Our Policy of Engagement lays down the requirements regarding human rights, labor standards, occupational health and safety, and environmental practices for any ASICS business partner.

Our Global Policy on Environment sets out our approach to managing environmental impacts in our own operations as well as in our value chain.

In addition to these formal policies, we have a range of guidelines and manuals that translate our policies into operational practice. They help our colleagues and suppliers make the right decisions in areas such as chemicals management and safety, fire and emergency procedures, materials selection, and procurement and sourcing.

We encourage employees and business partners to report code or policy violations using our confidential, anonymous whistleblowing service. This allows us to detect the first signs of wrongdoing and carry out corrective measures promptly.

Find out more about our corporate governance

Find out more about our system of sustainability governance and policies
The ASICS Group operates a continuous materiality program that identifies and evaluates the sustainability issues that are most relevant to our stakeholders and to our business.

This program has two main elements: our materiality matrix, which helps us prioritize sustainability issues, and our value chain analysis, which shows us where material issues occur in our value chain. Together, these elements help us focus on the issues and areas that matter most to our stakeholders and our business.

Materiality matrix
Our materiality matrix maps out the sustainability issues identified by internal and external stakeholders according to their level of priority. The matrix is based on analysis of our consultations with stakeholders, international frameworks, our business priorities and our sustainability performance.

We update the matrix regularly to reflect changes in the priorities of our stakeholders and the strategic priorities of our company.

The materiality matrix shown here displays the 12 sustainability issues identified as most material to our business in 2019.

Looking ahead: a new approach to materiality
2020 is the final year of our current five-year strategic plan. To prepare us for the next phase of our business strategy and sustainability strategy, our global sustainability team substantially updated our materiality matrix during the last quarter of 2019. The update involved qualitative interviews and quantitative surveys with both internal stakeholders such as employees and management, as well as external stakeholders including investors, NGOs, consumers, customers, suppliers and industry associations.

The updated materiality will be more focused and help us to create a new strategy as our business expands and explores new areas.
### Value Chain Analysis

Value chain analysis is the second component of our materiality program. Material issues may occur at different stages of our product life cycles. Some may be directly influenced by ASICS’ operations while others occur elsewhere in the value chain of our products.

The table opposite shows where material issues occur in our value chain. The light blue bars show the issues that are considered to be of high priority to ASICS and our stakeholders, in line with the materiality matrix on page 08.

<table>
<thead>
<tr>
<th>Raw materials (Tier 3 and beyond)</th>
<th>Materials suppliers (Tier 2)</th>
<th>Product manufacturing factories (Tier 1)</th>
<th>ASICS</th>
<th>Retailers</th>
<th>Consumer</th>
<th>End of life (disposal/reuse/recycle)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw, unprocessed materials or feedstock that are used to produce finished products or materials.</td>
<td>Companies supplying finished materials (such as yarn, fabric or trims) that are the main components of our products.</td>
<td>A supplying partner to the ASICS Group involved in the manufacturing of our footwear, accessories or apparel products.</td>
<td>All entities within the ASICS Group. These include our sales offices, sourcing/production management offices, distribution centers, Institutes of Sport Science and affiliate companies.</td>
<td>Business customers of ASICS that sell our products to consumers, such as specialist sports shops, department stores and online retailers.</td>
<td>People who buy and use ASICS products and services, including our footwear, sports apparel, accessories, and training plans.</td>
<td>The final stage of our products’ existence where they no longer meet the quality expectations or other needs of our customers.</td>
</tr>
</tbody>
</table>

- **Resource scarcity**
  - Water efficiency and water pollution

- **Material and product traceability**
  - Fair compensation and performance
  - Workplace health and safety
  - Ethical workplace standards

- **Product safety and quality**
  - Innovative and efficient product design
  - Energy efficiency and CO2 emissions

- **Diversity and Inclusion**
  - Physical inactivity

- **Corporate governance and disclosure**
The priorities and concerns of our stakeholders play a critical role in our sustainability plans.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Engagement principles</th>
<th>Activities and interaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers</td>
<td>We aim to provide products and services that add value for our consumers and contribute to a healthy society. We engage consumers to share and solve social and environmental issues together.</td>
<td>We engage consumers in social and environmental programs such as charity donations and product take-back programs. Sustainability-related questions from consumers are logged in order to ensure a timely and satisfactory response, and to track trends in subjects and interests. Increasing interest received on water and waste.</td>
</tr>
<tr>
<td>Shareholders and investors</td>
<td>We believe in transparency in business operations throughout the ASCIS Group. We will provide and disclose relevant information in a timely, appropriate, accurate and clear manner to shareholders and investors.</td>
<td>Shareholder meetings, Annual Report, ESG (environmental, social, governance) investment fund surveys and inquiries. Increasing interest received on climate change and water. Supporting the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD).</td>
</tr>
<tr>
<td>Employees</td>
<td>We believe in treating one another with respect and dignity. We strive toward a corporate culture of discipline, creativity and ambition where personal development and corporate growth go hand in hand.</td>
<td>We executed the employee engagement survey in 2019 for the second time after 2017. Also, we have many other internal initiatives for employees, see page 41.</td>
</tr>
<tr>
<td>Business partners</td>
<td>We are partnering with our customers, suppliers and other business partners in our value chain. Sustainability improvements depend on collaboration and commitment from all. We engage our business partners to share and solve social and environmental issues together.</td>
<td>Periodic supplier business alignment meetings, supplier audit and training sessions. Exploring new areas of sustainability collaboration around manufacturing, recycling and innovation. Increasing interest received on material and product sustainability and traceability from customers.</td>
</tr>
<tr>
<td>NGOs</td>
<td>We maintain an open dialogue with international and local non-governmental organizations (NGOs) and non-profit organizations (NPOs), remain aware of CSR-related topics and engage in collaborative efforts to solve sustainability challenges within our industry.</td>
<td>Collaboration in local disputes between factory workers and their management, collaboration with surveys and other review/research of NGOs regarding subjects of their interest. Increasing interest received on transparency.</td>
</tr>
<tr>
<td>Regulators</td>
<td>All our corporate operations comply with relevant laws and regulations. We adopt processes, systems and structures to support appropriate and efficient operations and decision-making.</td>
<td>Direct interaction or via industry collaborations regarding upcoming legislation.</td>
</tr>
</tbody>
</table>
We engage in regular, ongoing consultation with all of our stakeholders in order to understand their concerns, and how they change over time. We use these insights as the basis of our materiality matrix, which in turn guides our short- and long-term sustainability strategy.

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<tr>
<td><strong>Academic partners</strong></td>
<td>Our involvement with universities and other knowledge centers increases awareness and promotes the development of improved and more sustainable products and services.</td>
<td>Collaboration around Life Cycle Analysis of our products, our supply chains and exploring other, new areas of sustainability research and innovation.</td>
</tr>
<tr>
<td><strong>Industry associations</strong></td>
<td>We maintain memberships with several industry associations, globally and locally. Collaboration and discussion with other companies and stakeholders will result in better solutions to common challenges in our industry and value chain.</td>
<td>Founding member of the Sustainable Apparel Coalition (SAC). Member of World Federation of Sporting Goods Industry (WFSGI) – active CR Committee member. Partner with ILO Better Work. Member of Apparel &amp; Footwear International RSL Management Group (AFIRM). Signatory to the Fashion Industry Charter for Climate Action. Joining the UNFCCC’s Fashion for Global Climate Action initiative. Bluesign® system partner. Member of American Apparel &amp; Footwear Association (AAFA).</td>
</tr>
<tr>
<td><strong>Communities</strong></td>
<td>While we encourage sports participation, promote health and contribute to a healthy society, we aim to fulfill our social responsibility and help improve conditions for communities around the world.</td>
<td>Employee volunteering, support of communities via financial donations or in-kind, collaborations with existing and potential new partner organizations. Continued the partnership with Right To Play for Project Lebanon and other projects in 2019.</td>
</tr>
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</table>
## 2020 TARGETS AND PROGRESS

The 2019 fiscal year was the fourth year of our 2016-2020 Strategic ASICS Growth Plan.

The plan sets out a series of sustainability targets, prioritizing six key areas:
1. Sustainability of products and services
2. Management of product chemical safety and traceability
3. Operational eco-efficiency and management systems
4. Safe and ethical workplace standards and sustainable practices at Tier 1 and Tier 2 suppliers
5. Sound governance and disclosure, organizational efficiency and developing an engaged workforce
6. Contributing to healthier communities through movement and sport

The following tables show our progress against our 2020 targets. They also include two new longer-term targets for 2030, set in 2018.

### Planet

### I MOVE ME™ SMARTER

<table>
<thead>
<tr>
<th>Category</th>
<th>Target 2020</th>
<th>Progress 2019</th>
<th>Plan 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Products</strong></td>
<td>Continue to assess footwear and apparel products with sustainability indicators and criteria aligning with the science-based targets and other product and material targets.¹</td>
<td>Assessed products with indicators aligning with science-based targets and other material targets.</td>
<td>Keep involved in the process of SAC Higg Product Module ahead of its expected launch in 2020 (see page 16). Switch to recycled polyester and more sustainable cotton based on our roadmap.</td>
</tr>
<tr>
<td><strong>Progress: On track</strong></td>
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<tr>
<td></td>
<td>10% reduction of CO₂ emissions per item related to footwear manufacturing (Scope 3, 2015 baseline).</td>
<td>CO₂ emissions decreased by 27.9% for every pair of shoes manufactured (compared to 2015 baseline levels).</td>
<td>Continue to engage with Tier 1 strategic partner suppliers to take action on reducing CO₂ emissions. Continue to accelerate the use of recycled polyester in the developing items to increase recycled polyester in our products in total from 2020.</td>
</tr>
<tr>
<td><strong>Progress: Achieved</strong></td>
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<tr>
<td></td>
<td>55% reduction of CO₂ emissions per product manufactured from our supply chain² by 2030 (Scope 3, 2015 baseline).</td>
<td>Developed a recycled polyester roadmap for each product category and accelerated the use of recycled polyester in the newly developed items which we expect the increase of recycled polyester in our products in total from 2020. Engaged with Tier 1 strategic partner suppliers and have asked them to set a CO₂ emissions reduction target. Explored how we can work together on this topic. CO₂ emissions decreased by 8% for every item manufactured (compared to 2015 baseline levels).</td>
<td></td>
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<tr>
<td><strong>Progress: On track</strong></td>
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<tr>
<td></td>
<td>Source 80% of the leather by volume we use for ASICS, ASICS/TIGER and Onitsuka Tiger branded footwear from Leather Working Group (LWG) medal-rated suppliers.</td>
<td>83% sourced from LWG medal-rated suppliers.</td>
<td>Continue to source more from LWG medal-rated suppliers.</td>
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<tr>
<td><strong>Progress: Achieved</strong></td>
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<tr>
<td></td>
<td>Source 100% more sustainable cotton for apparel and accessories by 2025.</td>
<td>30% sourced from more sustainable cotton.</td>
<td>Continue to enhance sourcing more sustainable cotton toward 2025.</td>
</tr>
<tr>
<td><strong>Progress: On track</strong></td>
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</table>

¹ Aligned indicators with the SAC Higg Product tools.
² ‘Target scope is ‘purchased goods and services and end-of-life treatment of sold products’.
## 2020 Targets and Progress

### Continued

<table>
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<tr>
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</table>
| **Operations** | 5% absolute CO₂ emissions reduction from direct operations (Scope 1 & 2, 2015 baseline). | CO₂ emissions decreased 15.7% (compared to 2015 baseline).  
Active 16.4% of electricity from renewable sources. | Actively switch to renewable energy where possible. |
| Progress: Achieved | 38% absolute CO₂ emissions reduction from direct operations by 2030³ (Scope 1 & 2, 2015 baseline). | Diverted 93.1% of its waste from landfill. Reduced the total amount of waste and increased the proportion of waste recovered or recycled compared to 2018. | Will continue to work with the key locations to reduce the waste going to landfill and improve recycling rates further.  
Will continue our efforts to expand the number of sites reporting waste data. |
| Progress: On track | 98% waste recovered or recycled at our direct operations.⁴ | Management system updated to work under new sustainability governance structure.  
European system modified to align with Japanese system (see page 24). | Continue to apply the system to other offices and operations. |
| **Establish global ASICS Environmental Management System (including ISO 14001 at all key locations).** | Progress: On track | | |
| 90% Tier 1 strategic partner factories improve their SAC Higg Facility Environmental Module (Higg FEM) Score compared to baseline. | 58% of Tier 1 strategic partner factories from which we’ve received Higg FEM modules improved their Higg FEM 2018 score compared to baseline.  
(baseline: Higg FEM 2017) | Enhance communication with partner factories and 90% of them improve their Higg FEM 2019 score compared to baseline.  
(baseline: Higg FEM 2017) | |
| Progress: Partial progress | 90% of all nominated Tier 2 suppliers improve their SAC Higg FEM Score compared to baseline. | 50% of Tier 2 suppliers from which we’ve received Higg FEM modules improved their Higg FEM 2018 score compared to baseline.  
(baseline: Higg FEM 2017) | Enhance communication with the suppliers and 90% of them improve their Higg FEM score compared to baseline.  
(baseline: Higg FEM 2017) | |
| Progress: Partial progress | 10% reduction of water and waste impact per item produced by Tier 1 footwear factories. | Rolled out the new environmental guidelines to support suppliers to further reduce environmental impacts.  
Water consumption decreased by 8.7% and waste emissions increased by 55% for every pair of shoes manufactured. Having been reported more waste emission data is the reason of the increase. | Continue to engage with Tier 1 footwear factories to achieve targets using Higg FEM analysis. |

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3. Updated the target in 2019.
4. Sites that are able to measure and report their waste.
## 2020 Targets and Progress

### People

<table>
<thead>
<tr>
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<th>Target 2020</th>
<th>Progress 2019</th>
<th>Plan 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply chain</td>
<td>All Tier 1 supplier factories to meet ASICS C-Level or above. Progress: On track</td>
<td>95% of our Tier 1 supplier factories meet C-Level or above.</td>
<td>Strengthen communication with suppliers and subsidiaries to promote prompt improvement.</td>
</tr>
<tr>
<td></td>
<td>All Tier 1 strategic partner factories to meet ASICS B-Level or above. Progress: Partial progress</td>
<td>90% of Tier 1 strategic partner factories meet B-Level or above.</td>
<td>Set the baseline analyzing the Higg Facility Social Labor Module (Higg FSLM) and identify positive and negative aspects based on the results.</td>
</tr>
<tr>
<td></td>
<td>All Tier 1 ASICS A- and B-level factories to be trained in self-governance on CSR in combination with ASICS and/or third-party verification. Progress: On track</td>
<td>100% of Tier 1 A- and B-level factories received training.</td>
<td>Establish criteria for promoting self-governance using external standard.</td>
</tr>
<tr>
<td></td>
<td>All nominated Tier 2 suppliers to meet ASICS C-level or above. Progress: On track</td>
<td>100% of nominated Tier 2 suppliers meet ASICS C-level or above.</td>
<td>100% of nominated Tier 2 suppliers meet ASICS C-level or above.</td>
</tr>
<tr>
<td>Communities</td>
<td>Establish global ASICS HR systems and work environment. Progress: On track</td>
<td>Expanded the Talent Management Cycle globally. Our Human Resources Information system (HRIS) was enhanced to manage the cycle, including career development plan and future talent data.</td>
<td>Maximize HRIS functionality and increase the collection of data and communication with business departments. Communication with regional HRs to improve collaboration globally.</td>
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<tr>
<td></td>
<td>Female managers to be appointed in all business divisions of ASICS. Headquarters. Ratio of females in manager and senior positions &gt;55%. The target was revised to exclude Japanese regional office in order to put focus on talents of the headquarters. Progress: On track</td>
<td>Female representation at management level increased to 10.6%.</td>
<td>Continue to strengthen training and programs to empower female employees including enhancement of their career development plans. Founded ASICS Women’s Studio where female workers make good use of their knowledge and insight to develop products for women.</td>
</tr>
<tr>
<td></td>
<td>Determine Global Community Engagement Guideline and execute activities along it. Progress: Achieved</td>
<td>More integration of our community activities with our business to engage consumers.</td>
<td>Involve more subsidiaries with our community activities, based on our founding philosophy.</td>
</tr>
</tbody>
</table>