

ASICS SUSTAINABILITY FRAMEWORK

Our sustainability framework is based on our founding philosophy “a sound mind in a sound body”, and its contemporary expression I MOVE ME™. It 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, 6, 8, 12 and 13.

For an overview of the priority sustainability topics that our activities cover, see our materiality program on pages 8 and 9 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](#) →

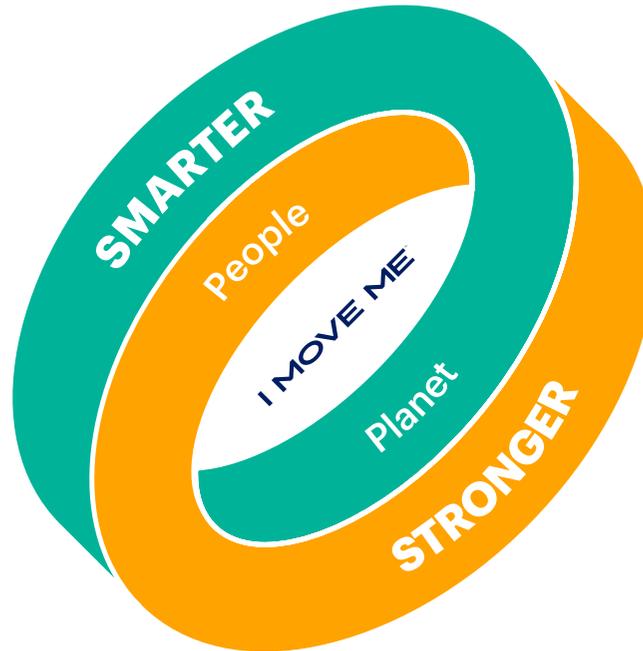
Operations

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

[Read pages 17 & 24](#) →

Planet I MOVE ME SMARTER

We’ll empower future generations to move by contributing to the sustainability of the environment.



I MOVE ME™

STRONGER

When I move, I feel stronger, happier and sharper.

Health and wellbeing

We help people improve their physical fitness and mental health.

[Read page 34](#) →

Supply chain

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

[Read page 35](#) →

Communities

We support our employees and communities so that they can fulfill their potential.

[Read pages 33 & 41](#) →

People I MOVE ME STRONGER

We’ll create a world in which people become physically and mentally stronger through movement.



GOVERNANCE

Sustainability is a shared responsibility at ASICS. It involves all company divisions and colleagues at every level. As well as initiating sustainability projects and ideas in our daily operations from the bottom up, we also manage and integrate them into our organization from the top down.

Our Board of Directors has overall responsibility for sustainability oversight. Management is responsible for integrating and prioritizing sustainability in our corporate objectives. In addition, each core department incorporates sustainability into their department targets and KPIs, thereby ensuring that sustainability is integrated throughout the organization.

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 implementing sustainability activities and driving performance, managing progress against targets and engaging with internal and external stakeholders.

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 we expect our colleagues to uphold in everything they do. These apply to all ASICS Group companies.

Our Policy of Engagement sets out 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

→ https://corp.asics.com/en/investor_relations/management_policy/corporate_governance

Find out more about our system of sustainability governance and policies

→ <https://corp.asics.com/en/csr/our-approach/governance-and-policies>

MATERIAL ISSUES

We run a continuous materiality program aligned with international standards. Through this program, we identify and evaluate the sustainability issues that are most relevant to our stakeholders and to our own 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.

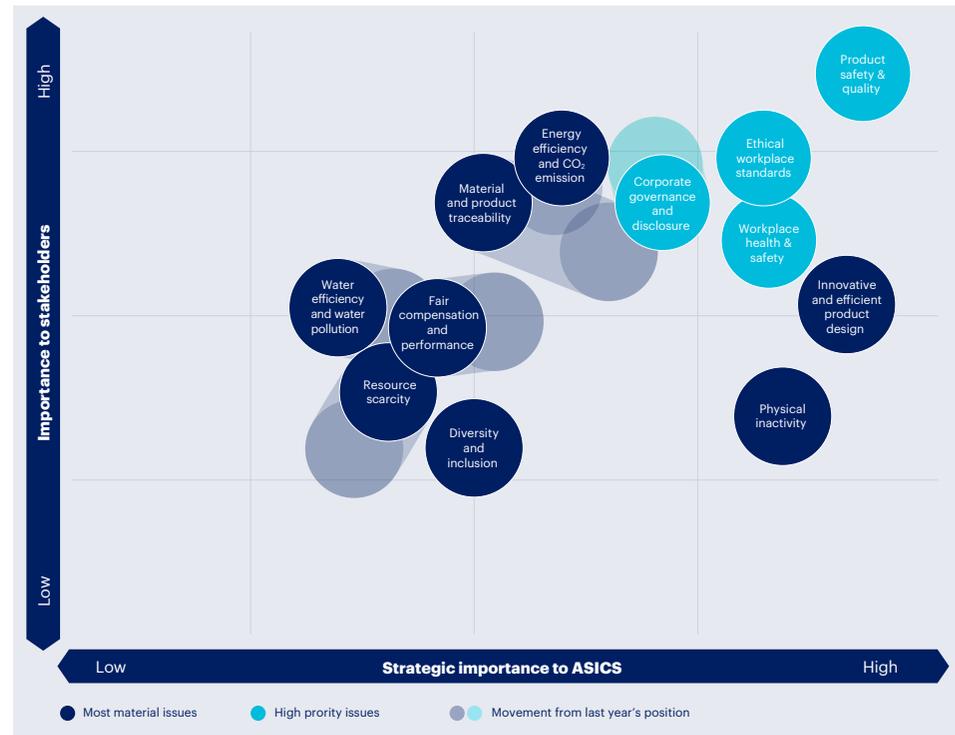
As we make progress in addressing certain issues over the years, their strategic importance to our business may decrease, and other issues may be given higher priority.

The materiality matrix on this page shows the 12 sustainability issues identified as most material to our business, as of 2019. It was developed through consultation with internal stakeholders across the entire global ASICS organization, as well as with external stakeholders.

Since ASICS is a product-driven organization, product safety and quality remains our top priority. Because ASICS depends on a global supply chain and works with a wide range of suppliers, ethical workplace standards are another responsibility we take very seriously.

Over the past year, consumers have shown an increasing interest in material and product traceability. Climate change, water and resource scarcity are also areas of growing concern for many of our stakeholders. As a result, these issues have increased in priority compared to last year.

Materiality matrix



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 diagram on the right 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 8.

Raw materials (Tier 3 and beyond)	Materials suppliers (Tier 2)	Product manufacturing factories (Tier 1)	ASICS	Retailers	Consumer	End of life (disposal/reuse/recycle)
Raw, unprocessed materials or feedstock that are used to produce finished products or materials.	Companies supplying finished materials (such as yarn, fabric or trims) that are the main components of our products.	A supplying partner to the ASICS Group involved in the manufacturing of our footwear, accessories or apparel products.	All entities within the ASICS Group. These include our sales offices, sourcing/production management offices, distribution centers, Institute of Sport Science and affiliate companies.	Business customers of ASICS that sell our products to consumers, such as specialist sports shops, department stores and online retailers.	People who buy and use ASICS products and services, including our footwear, sports apparel, accessories, and training plans.	The final stage of our products' existence where they no longer meet the quality expectations or other needs of our customers.
						Product safety and quality
						Innovative and efficient product design
						Energy efficiency and CO ₂ emissions
						Resource scarcity
						Water efficiency and water pollution
						Material and product traceability
						Fair compensation and performance
						Workplace health and safety
						Ethical workplace standards
						Diversity and inclusion
						Physical inactivity
						Corporate governance and disclosure

STAKEHOLDER ENGAGEMENT

The priorities and concerns of our stakeholders play a critical role in our sustainability plans.

Stakeholders	Engagement principles	Activities and interaction
Consumers	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.	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 material and product sustainability and traceability.
Shareholders and investors	We believe in transparency in business operations throughout the ASICS Group. We will provide and disclose relevant information in a timely, appropriate, accurate and clear manner to shareholders and investors.	Shareholder meetings, Annual Report, ESG (environmental, social, governance) investment fund surveys and inquiries. Increasing interest received on climate change and water.
Employees	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.	Employee surveys, periodic meetings, sustainability projects and business division updates.
Business partners	We are partners 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.	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.
NGOs	We maintain an open dialogue with international and local nongovernmental 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.	Collaboration in local disputes between factory workers and their management, collaboration with surveys and other review/research of NGOs regarding subjects of their interest. Migrant workers' forced labor risk was raised by the NGO Transparentem in 2018. Please see more detail on page 39.
Regulators	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.	Direct interaction or via industry collaborations regarding upcoming legislation.

STAKEHOLDER ENGAGEMENT CONTINUED

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.

Stakeholders	Engagement principles	Activities and interaction
Academic partners	Our involvement with universities and other knowledge centers increases awareness and promotes the development of improved and more sustainable products and services.	Collaboration around Life Cycle Analysis of our products, our supply chains and exploring other, new areas of sustainability research and innovation.
Industry associations	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.	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 & Footwear International RSL Management Group (AFIRM). bluesign® System Partner Member of American Apparel & Footwear Association (AAFA).
Communities	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.	Employee volunteering, support of communities via financial donations or in kind, collaborations with existing and potential new partner organizations.

2020 TARGETS AND PROGRESS

The 2018 fiscal year was the third year of our 2016-2020 Strategic ASICS Growth Plan.

The plan sets out a series of five-year 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 tables on page 12 to 14 show our progress against our 2020 targets. They also include two new longer-term targets for 2030, set in 2018.

Category	Target	Progress FY2018	Plan for FY2019
Planet I MOVE ME SMARTER			
Products	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 Progress: On track	<ul style="list-style-type: none"> › Conducted LCA of one of our running shoes to assess and analyze its environmental impacts. We shifted our assessment of products to focusing on materials-related indicators. › Set new targets to achieve our 2030 CO₂ reduction commitment, such as switching 100% of polyester used in our products to recycled polyester. › Set a target to sourcing 100% sustainable cotton for apparel and accessories by 2025. 	<ul style="list-style-type: none"> › Keep involved in the process of SAC Higg Product Module ahead of its expected launch in 2019 (see page 18). › Implement the action plan to achieve our polyester and cotton targets.
	10% reduction of CO ₂ emissions per item related to footwear manufacturing (Scope 3, 2015 baseline). Progress: Achieved	<ul style="list-style-type: none"> › CO₂ emissions decreased by 15.9% for every pair of shoes manufactured (compared to 2015 baseline levels). 	<ul style="list-style-type: none"> › Actively engage with our suppliers to implement action plan to exceed key targets. <ul style="list-style-type: none"> – reduce energy use per product manufactured at our Tier 1 suppliers by 30% by 2030 – switch 100% of polyester used in our products to recycled polyester by 2030
	55% reduction of CO ₂ emissions per product manufactured from our supply chain ² by 2030 (Scope 3, 2015 baseline). Progress: On track	<ul style="list-style-type: none"> › CO₂ emissions decreased by 4.5% for every item manufactured (compared to 2015 baseline levels). › Set key targets to achieve the target. 	
	Source 80% of the leather by volume we use for ASICS, ASICSTIGER and Onitsuka Tiger branded footwear from Leather Working Group (LWG) medal-rated suppliers. Progress: Achieved	<ul style="list-style-type: none"> › In 2018, 88% sourced from LWG medal-rated suppliers. 	<ul style="list-style-type: none"> › Continue to source more from LWG medal-rated suppliers toward 2020.

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

Category	Target	Progress FY2018	Plan for FY2019
Planet I MOVE ME SMARTER			
Operations	5% absolute CO ₂ emissions reduction from direct operations (Scope 1 & 2, 2015 baseline). Progress: Achieved	<ul style="list-style-type: none"> CO₂ emissions decreased 19.2% (compared to 2015 baseline year). Set key target to switch 60% of energy use in our own operations to renewable energy to achieve our 2030 CO₂ reduction target. 	<ul style="list-style-type: none"> Actively switch to renewable energy where possible.
	33% absolute CO ₂ emissions reduction from direct operations by 2030 (Scope 1 & 2, 2015 baseline). Progress: On track		
	98% waste recovered or recycled at our direct operations. ³ Progress: On track	In 2018, ASICS diverted 91.4% of its waste from landfill. We decreased the total waste volume and compared to 2017 we also increased the percentage of waste that is recovered or recycled.	<ul style="list-style-type: none"> In 2019 we will continue to work with the key locations to reduce the waste going to landfill and improve recycling rates further. We will continue our efforts to expand the number of sites reporting waste data.
	Establish global ASICS Environmental Management System (including ISO 14001 at all key locations). Progress: On track	In 2018, the existing systems in Japan and Europe were largely consolidated and aligned to facilitate expansion of the scope in future years.	In 2019 the existing system in Europe will be further aligned with the updated system in Japan. We will also start building the framework for application of this system to other offices and operations.
	90% Tier 1 strategic partner factories improve their SAC Higg Facility Environmental Module (Higg FEM) Score compared to baseline. Progress: partial progress	Analysed the FEM 2017 modules of the Tier 1 strategic partner factories that responded to our request. The scores were compared within our suppliers and with the industry benchmark.	Based on the analysis of the Higg FEM modules, lagging performance was identified. We will collaborate with these suppliers to develop improvement plans.
	90% of all nominated Tier 2 suppliers improve their SAC Higg FEM Score compared to baseline. Progress: partial progress	Analysed the FEM 2017 modules of the Nominated Tier 2 suppliers who responded to our request. The scores were compared within our suppliers and with the industry benchmark.	Based on the analysis of the Higg FEM modules, lagging performance was identified. We will collaborate with these suppliers to develop improvement plans.
	10% reduction of water and waste impact per item produced by Tier 1 footwear factories. Progress: Achieved & partial progress	Water consumption decreased by 17.6% and waste emissions doubled for every pair of shoes manufactured.	Roll out the new environmental guidelines to support suppliers to further reduce environmental impacts.

³ Sites that are able to measure and report their waste.

2020 TARGETS AND PROGRESS CONTINUED

Category	Target	Progress FY2018	Plan for FY2019
Planet I MOVE ME STRONGER			
Supply chain	All Tier 1 supplier factories to meet ASICS C-Level or above. Progress: On track	<ul style="list-style-type: none"> › 91% of our Tier 1 supplier factories rated C-Level or above on ASICS' supplier rating scale. › In 2018, the business division continued to consolidate the suppliers. 	95% of our Tier 1 supplier factories to meet C-Level or above.
	All Tier 1 strategic partner factories to meet ASICS B-Level or above, and self-report via Higg Facility Social Labor Module (Higg FSLM). Progress: partial progress	62% of footwear and 70% apparel Tier 1 strategic partner factories rated B-level or above.	<ul style="list-style-type: none"> › 90% of Tier 1 strategic partner factories meet B-Level or above. › Set the baseline level of the Higg Facility Environment Module (FEM) and Facility Social Labor Module (FSLM)
	Tier 1 ASICS A- and B-Level factories trained in self-governance on CSR in combination with ASICS and/or third-party verification. Progress: partial progress	In 2018, 29% of our Tier 1 suppliers rated A- and B-Levels on ASICS' supplier rating scale. Audit period of Tier 1 factories rated A- and B-Level changed from once a year to biennial.	100% of Tier 1 factories rated A- and B-Level trained in self-governance in combination with ASICS and/or third-party verification.
	All nominated Tier 2 suppliers meet ASICS C-Level or above. Progress: On track	75% of footwear nominated Tier 2 suppliers rated C-Level or above.	100% of nominated Tier 2 suppliers meet ASICS C-Level or above.
Communities	Establish global ASICS HR systems and work environment. Progress: On track	In order to realize a more sustainable leadership pipeline, the Talent Management (TM) Cycle was implemented at ASICS headquarters in 2018. The initiative enabled us to identify, select and develop future leaders more strategically.	The scope of the TM Cycle will expand to almost all regions globally in 2019. The HRIS platform will be used to store and track talent pool data, including employee career development plans, to ensure higher quality.
	Female managers appointed in all business divisions of ASICS Headquarters and ASICS Japan Corporation. Ratio of females in manager and senior positions >15%. Progress: On track	Female representation at management level increased to 9.4%, up from 8% in 2016.	<p>Continue to strengthen programs and develop training to leverage diversity and support the career development plans of female employees.</p> <p>Analyze the barriers to leverage potential female managers in each division and implement action plans to remove them.</p>
	Alignment on all global community engagement activities by the end of 2016. Progress: Achieved	Right To Play was chosen as our priority charity partner. ASICS and Right To Play launched a Project Lebanon, an initiative to provide sport and play programs and empower Syrian refugee children in Lebanon.	<p>Continue Project Lebanon into its second year in collaboration with Right To Play.</p> <p>Encourage more regions and countries to be active in our community activities.</p>