

OUR APPROACH TO OUR SUPPLY CHAIN

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

Upholding fair business practices and improving labor conditions across our supply chain are responsibilities we take seriously. To continuously raise and safeguard standards, we're committed to working in close partnership with our suppliers, their workers and other supply chain stakeholders.

We conduct our corporate activities on the basis of a clear code of conduct based on internationally recognized standards and conventions. We seek to work only with business partners who share our commitment to sustainability and fair labor practices.

Influence and responsibilities

More than 150 Tier 1 suppliers in 22 countries provide us with the facilities, expertise and other resources that allow us to bring the best products to our customers. Many of our Tier 1 suppliers themselves have an extensive supply chain, connecting the ASICS Group indirectly with many more operations and businesses worldwide.

As a major global sporting goods brand, we have significant influence on the suppliers in our supply chain. We recognize that this role and responsibility extends even to the areas where we have no direct relationship. Through our partnership approach, we aim to help improve standards not just among our direct suppliers, but in all areas where our business has influence.

Supply chain management: compliance and commitment

Our supply chain management program is based on the principle of compliance when needed, commitment where possible.

As a minimum, our suppliers must comply with our own codes and policies as well as all relevant local and international regulations. Where possible, we encourage our suppliers to move beyond compliance and commit to continuously raising standards through training and capacity building, in ongoing partnership with ASICS, labor organizations and other industry stakeholders.

The program has four pillars: Monitoring and Risk Management; Governance and Transparency; Training and Capacity Building; and Stakeholder Engagement.

Compliance		Commitment	
<p>1</p> <p>Monitoring and Risk Management</p> <ul style="list-style-type: none"> › Country Risk Evaluation › Supplier Assessment Tools › Audit Follow Up / Corrective Action Plan (CAP) › Supplier Monitoring › Issue and Crisis Management 	<p>2</p> <p>Governance and Transparency</p> <ul style="list-style-type: none"> › Supplier Contracts and Agreements › Supplier Standards, Guidelines and Manuals › Corporate Codes / Policies › Internal / External Communication 	<p>3</p> <p>Training and Capacity Building</p> <ul style="list-style-type: none"> › Supplier Training › Collaboration around Efficiency and Productivity › Business Integration 	<p>4</p> <p>Stakeholder Engagement</p> <ul style="list-style-type: none"> › Industry Collaboration (SAC, WFSGL, Better Work) › Open and Constructive Stakeholder Dialogue (unions, NGOs, media) › Sustainability Report



OUR APPROACH TO OUR SUPPLY CHAIN CONTINUED

Supply chain management: responsibilities, procedures and policies

Along with our global CSR and sustainability division, several other departments, procedures and policies play a role in making sure our operations are safe, ethical and sustainable.

Production and sourcing divisions

Our production and sourcing divisions deepen our understanding of the supply chain through regular meetings with the CSR & Sustainability Department. These teams work closely with our suppliers, raising issues and identifying opportunities and training requirements to improve their sustainability performance.

Country risk assessments

We carry out a country risk assessment prior to entering any new sourcing country, in collaboration with our CSR & Sustainability Department and relevant internal and external stakeholders. The assessments include analysis of human rights, industry/sector and geographical risks.

Supplier assessments

Before entering into a partnership agreement with any new supplier, we assess their social and environmental sustainability performance against the ASICS Policy of Engagement. We partner only with those suppliers who meet our minimum standards and are committed to continuous improvement. We continue to audit suppliers during our partnership and confirm that the CSR management level is in line with ASICS' requirements.

Policies and guidelines

Our corporate activities are guided by a clear code of conduct based on internationally recognized standards and conventions.

All of our suppliers and business partners must comply with our Policy of Engagement based on our Code of Conduct. We also have a separate Environmental Policy that covers issues related to environmental management, human health and safety.

Suppliers must understand and acknowledge these standards and are formally obliged to meet them. We seek to work only with business partners who share our commitment to sustainability and fair labor practices.

In 2019, our Policy of Engagement will be updated to reflect our continuously evolving ambitions and expectations to suppliers. This will include specific updates relating to forced labor and migrant workers as part of the Commitment to Responsible Recruitment.

We continuously improve the audit functions and internal controls of our corporate management. We also encourage employees and business partners to report code or policy violations using our confidential, anonymous whistleblowing services. This allows us to detect the first signs of wrongdoing quickly and carry out corrective measures without delay.

For more information and to download our policies

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

Modern slavery due diligence and risk assessment

ASICS does not tolerate any form of slavery, and we are committed to eradicating it from our supply chain. This extends to areas of the supply chain where we have no direct relationship. We do this both independently, and in collaboration with other stakeholders within and outside the sporting goods industry.

To ensure due diligence, we have robust policies and procedures in place to assess the risk of human rights abuses and forced labor, both in the selection and management of supply chain partners and in our selection of potential sourcing countries.

In 2018, we reviewed and updated our public statements in response to the UK Modern Slavery Act and California Transparency in Supply Chains Act (SB657).

To read and download the statement, visit

—> www.asics.com/gb/en-gb/modern-slavery-act/trafficking_statement.html

To read and download our response to The California Transparency in Supply Chains Act of 2010 (SB657), visit

—> <https://www.asics.com/us/en-us/california-laws>

OUR APPROACH TO OUR SUPPLY CHAIN CONTINUED

Stakeholder engagement and partnerships

To help raise supply chain sustainability standards throughout our industry, ASICS engages and partners with a wide range of NGOs and other industry stakeholders.

Our collaborations range from partnerships to raise supplier standards through training and capacity building, to projects designed to ensure human rights responsibilities are respected in the planning of large sports events.

Through our industry associations, we partner with other brands to develop industry alignment around common sustainability standards, in consultation with labor unions and NGOs in manufacturing regions.

The Bali Process

The Bali Process is a platform for awareness raising and industry-wide dialogue on issues related to forced labor among migrant workers. Co-chaired by Indonesia and Australia, the initiative has 49 members, including the United Nations High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), the United Nations Office of Drugs and Crime (UNODC) and the International Labour Organization (ILO). In 2018, we joined participants from 43 countries on the conference. During the conference, recommendations from businesses to enhance collaboration on tackling modern slavery were

adopted, and the business track was made a permanent instrument of the Bali Process.

→ <https://www.baliprocess.net/>

Kansai SDGs Platform (KSP)

The Kansai SDGs Platform is an initiative bringing together companies, NGOs, local governments and other stakeholders to collaborate to achieve the United Nations' Sustainable Development Goals (SDGs). In 2018, KSP partnered with Global Compact Network Japan to arrange the CSR procurement seminar. ASICS was one of the panelists at the seminar, during which we discussed our activities around responsible procurement.

ILO Better Work Program/ Better Factories Cambodia

Founded by the International Labour Organization (ILO) and the International Finance Corporation (IFC), the Better Work Programme improves labor standards and competitiveness in global supply chains. ASICS has been a partner of Better Work (BW) and Better Factories Cambodia (BFC) since 2014, collaborating on monitoring and raising standards in our supplier factories in Cambodia, Vietnam and Indonesia. In 2018, we collaborated with ILO on several factory-level activities, including regional and country buyer forums as well as knowledge sharing around industry-wide human rights activities.

Indonesia Protocol

ASICS has been a signatory of the Freedom of Association (FOA) protocol in Indonesia since 2011. In 2018, ASICS took part in a survey to monitor FOA protocol implementation among our suppliers.

Sustainable Apparel Coalition (SAC)

As a founding member of SAC, we have been closely involved in the organization's efforts to align industry sustainability standards at a global level. In 2018, ASICS actively engaged suppliers to help them integrate the Higg index into their management and reporting systems.

Unions

ASICS engages with several unions worldwide. In 2018, ASICS communicated with IndustriALL Global Union, which represents 50 million workers in 140 countries, about our supply chain activities. We also joined several meetings held by Japanese industrial union UA ZENSEN to update a key issue resolution.

The World Federation of the Sporting Goods Industry (WFSGI)

ASICS is a gold member of the WFSGI, the global body for the sporting goods industry. As an active participant to its sustainability committee, we take part in its committee meetings as well as the WFSGI World Manufacturers Forum, where sustainability in manufacturing is a key focus area.

Comment from ILO Better Work

“The Better Work programme, managed by the International Labour Organization (ILO) and the International Finance Corporation (IFC), improves labor standards and competitiveness in global supply chains. ASICS has been a partner of Better Work and Better Factories Cambodia (BFC) since 2014, collaborating on monitoring and improving conditions in supplier factories. The Better Work approach creates sustainable change through building factory ownership and capacity as well as assessments, training and research to change policies and behaviors. We look forward to continuing our collaboration with ASICS”.

Ms. Akiko Taguchi, Director,
International Labour Organization
(ILO) Office for Japan