

Reporting and Transparency

Continuously increasing transparency not only helps us understand the risks in our supply chain, but also helps our suppliers build a better working environment and increase their productivity.

The main platform we use to provide supply chain transparency is SAC’s Higg Index suite of tools. The connected modules enable full transparency of our activities throughout our value chain, from manufacturing to retail and beyond. In 2020, we collected the Higg FEM (Facility Environmental Module)/FSLM (Facility Social Labor Module) data from our strategic suppliers. The information we received covers 74% of our volume.

The potential impact of Tier 2 suppliers is considerable, as this is the part of the supply chain responsible for fabric dyeing and other industrial processes involving the use of potentially harmful chemicals and a relatively large amount of water and energy. Therefore, we will extend our efforts to improve transparency to our Tier 2 factories.

Due diligence and risk assessment

The ASICS Group strongly condemns the use of forced or involuntary labor. We take a zero-tolerance approach to this issue, and we deploy a rigorous supply chain management program to ensure compliance throughout our supply chain. We monitor high risk areas, such as the cotton supply chain, and have additional mitigation measures in those areas, like our work with the Better Cotton Initiative.

Since 2017, we have published our annual ASICS Group Modern Slavery and Transparency Statement. It sets out the progress we made and the steps we have taken with regards to modern slavery and human trafficking in our business and supply chain. The 2020 statement will be available on our website as of June 2021.

In 2018, Transparentem, an NGO dedicated to improving working conditions in supply chains, contacted 23 international brands with apparent ties to five Malaysian garment factories that had indicators of forced labor.

One of the factories, Honsin, was an ASICS supplier.

ASICS and the other US brands using this factory carried out an in-depth assessment, revealing that some migrant workers had paid to gain employment. Follow-ups resulted in the factory repaying all the recruitment fees to the employees. ASICS has stopped working with the factory in question. For more information about this case, please visit the Transparentem website.

Responsible recruitment

ASICS employs nearly 9,000 people directly, and there are many more thousands working throughout our supply chain. Ensuring responsible recruitment practices in our supply chain involves broad policies as well as specific actions. Following the in-depth assessment of Honsin, ASICS signed the AAFA/FLA Apparel & Footwear Industry Commitment to Responsible Recruitment. By signing, ASICS commits to the fair treatment of workers in the supply chain.

We updated ASICS’ Policy of Engagement, which is a code of conduct for suppliers, to include that factories need to abide by the Employer Pays Principle, in particular when hiring migrant workers. The Policy sets out clear consequences for manufacturing partners that violate this principle.

The Policy of Engagement is provided in the languages of our major sourcing countries. Factories need to sign our Policy of Engagement before we sign a manufacturing agreement.

Our responsible recruitment commitment

We commit to work with our global supply chain partners to create conditions so that:



Workers shall not bear cost for employment such as recruitment fees or other.



Workers retain control of their travel documents and have full freedom of movement



All workers are informed of the basic terms of their employment before leaving home



### Fair wages

ASICS supplier audits include a detailed review of wage systems. Workers should be fully and fairly compensated. Compensation (including secondary and other benefits) should be sufficient to meet basic needs, as well as provide some discretionary income. ASICS recognizes the issues around fair wages in our industry, including but not limited to a lack of consensus on living or fair wage definitions, limited influence of brands over worker salaries especially when factories produce for multiple brands and the need for consensus-building towards the definition of a fair wage framework. Combined with the right on collective bargaining and freedom of association, we see fair wages as ongoing priority in our industries supply chain.

### Freedom of association and collective bargaining

Our Policy of Engagement requires business partners to recognize and respect the employees' right to organize and join associations by their own choice, and to bargain collectively. In collaboration with Better Work Programme, it promotes dialogue between management, workers and trade unions through Performance Improvement Consultative Committee (PICC).

### Child labor

ASICS forbids the use of child labor in facilities contracted to make our products. ASICS Policy of Engagement requires that business partners shall not employ any persons who are younger than 15 years old, or who are younger than the age for completing compulsory education in their country of employment where such age is equal to or higher than 15. No child labor was found at our outsourced production factory in 2020.

### Grievance mechanism

We introduced a grievance mechanism in 2019 for Tier 1 and Tier 2 factories with migrant workers and those related to the Olympic and Paralympic Games Tokyo 2020. In each factory, posters are displayed and contact information posted on bulletin boards in the employees' native language. There were two reports from workers in 2020, detailing harassment and overwork cases. We worked closely with our suppliers to resolve them. The mechanism is conducted in partnership with the Global Alliance for Sustainable Supply Chain (ASSC).



*The COVID-19 crisis is having a devastating effect on workers and employers. The symposium in which ASICS participated highlighted the differences in the crises faced by different industries and the characteristics of their responses, with a special focus on the garment industry. As exemplified by the “Better Work” and “Call to Action” to address the economic disruption and threat to livelihoods caused by the global pandemic, sector-wide collaboration and social dialogue to sustain businesses and protect workers can lead to better solutions and help achieve the Sustainable Development Goals. We look forward to continuing our collaboration with ASICS.”*

**Mr. Shinichi Takasaki**

Director, International Labour Organization (ILO) Office for Japan

## **Engaging with partners for sustainability**

As a global brand, we play a highly influential role in our supply chain. We take this role very seriously. In collaboration with a wide range of NGOs and other stakeholders, we are promoting responsible procurement during COVID-19, ensuring human rights, and developing industry alignment common sustainability standards.

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 2020, the ILO Office for Japan and the Ohara Institute for Social Affairs, Hosei University co-organized a virtual event, the “33rd Symposium on International Labour Issues: Toward a better future of work after the COVID-19 crisis – Sectoral response and social dialogue” with 160 participants.

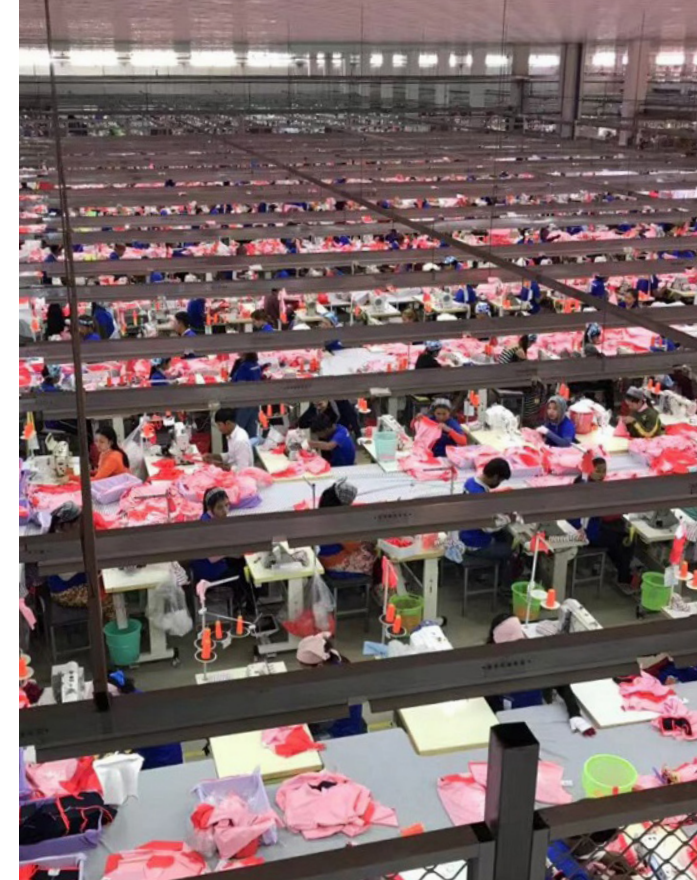
We have actively worked with the *Social & Labor Convergence Program* (SLCP) to develop a medium-term deployment plan for our supply chain. The aim is to reduce duplication of industry audits and improve the working environment for our supply chain.

In 2019, ASICS became a member of the *Global Alliance for Sustainable Supply Chain* (ASSC). ASSC is an NGO that works with businesses, labor unions, and civil society to safeguard human rights and workers’ rights in supply chains. Working with ASSC, we have launched initiatives to address migrant worker issues in Japan and other high-risk countries. Our activities have included setting up a grievance mechanism through which workers can raise concerns.

In 2020, as a member of ASSC, ASICS took part in the formulation of the *Tokyo Declaration* on the responsible acceptance of foreign workers in Japan.

Our work with the ASSC also enables us to contribute to promoting responsible employment for migrant workers.

The *Japan Platform for Migrant Workers towards Responsible and Inclusive Society* (JP-MIRAI) is a platform of



cooperation with various active stakeholders who have agreed with JP-MIRAI’s Code of Conduct. Stakeholders include private companies, government-affiliated organizations, municipalities, lawyers, and research institutes.

ASICS engages with several unions worldwide. In 2020, we joined several meetings held by Japanese industrial union *UA ZENSEN* to discuss the key matters such as COVID-19 and specific cases of some factories.

ASICS is a gold member of the *World Federation of the Sporting Goods Industry* (WFSGI), the global body for the sporting goods industry. As an active participant in its sustainability committee, we attend committee meetings as well as the WFSGI World Manufacturers Forum, where sustainability in manufacturing is a key focus area.