

Monitoring and risk management

Through various assessments and audits, we ensure we are aware of risks in the supply chain, we can monitor and manage them, and report on our approaches and results.

Country risk assessment – we identify countries and regions where our products can be manufactured, based on the analysis of human rights risks and risks related to sectors and regions.

Supplier assessment – we partner only with suppliers who meet our standards and are committed to continuous improvement. We assess potential suppliers to ensure their sustainability management level is in line with ASICS’ requirements. Once established as a supplier, we continually monitor their sustainability performance, including through announced and semi-announced site audits and/or assessment tools such as Sustainable Apparel Coalition's Higg Index. Semi-announced is when the supplier is notified of the period in which a visit will take place, but not the exact date of the audit.

Internal audits – these involve on-site inspections, document verification, and employee interviews, carried out by ASICS staff at the supplier’s site.

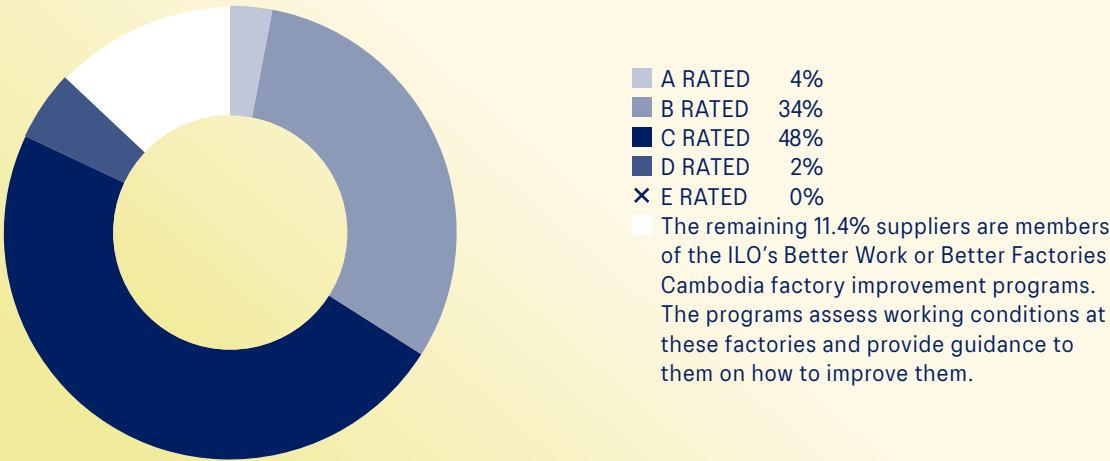
Commissioned audits – specialized, accredited third-party monitors who are well-versed in local laws, regulations, culture and languages carry out audits. To ensure the process is consistent and comparable, we use the SMETA 4 Pillar audit tool (Sedex Members Ethical Trade Audit).

Partner assessments – ILO Better Work has conducted our partner audits and improvement plan follow-ups since 2014. Better Work conducts an assessment once a year. Based on the findings, factories develop and implement an improvement plan.

Suppliers and their subcontractors can also demonstrate compliance levels through self-assessments. Information from these feeds into our other assessment forms and risk analysis.

Our assessments and audits use 17 criteria to evaluate our Tier 1 suppliers’ sustainability performance. We award each supplier an overall rating from A to E, based on its performance. Audit criteria covering forced labor, child labor, abuse and harassment, wages, discrimination and hours of

TIER 1 supplier ratings 2020



YEAR	INTERNAL ASICS AUDIT	COMMISSIONED AUDITS	PARTNER AUDITS	TOTAL
2020	16	19	17	52
2019	31	57	29	116
2018	23	46	24	93
2017	66	31	16	113
2016	62	46	14	122

work are defined as zero tolerance criteria. Non-compliance within these areas is taken very seriously and can result in immediate business termination. Environmental criteria include permissions from local government, compliance, implementation of impact-lowering programs, and calculation of various contributors, such as wastewater, emissions and energy consumption.

We periodically review the level of compliance of our contracted suppliers with our sustainability standards. Depending on the performance level of the relevant facilities, assessment cycles range from annual (C level) to every other year (B and A rating). The overview below shows how our suppliers did in 2020.

In 2020, due to the spread of COVID-19 infection, we prioritized mitigating higher risks and ensuring factories make corrective action plans instead of repeating audits. In this way, we strategically reduced the number of audits. We also made sure that we complied with the Sustainable Sourcing Code of The Tokyo Organising Committee of Olympic and Paralympic Games. We monitored approximately 46% of our Tier 1 factories. This includes the assessments conducted by Better Work.