

OUR APPROACH TO OUR SUPPLY CHAIN CONTINUED

Addressing non-compliance

When our assessments identify non-compliance issues, we categorize them as major or minor according to the severity of the violation and the level of risk to workers, and take action as appropriate. These range from terminating the business relationship in the case of serious and persistent violations, to reviews of future orders, third-party investigations and formal warnings.

When minor non-compliance issues are identified, we begin a remediation period of three months, during which the relevant supplier is expected to take corrective measures. When necessary, ASICS' staff or partners support this remediation process, for example by providing training and resources.

Tools for transparency

We aim to continuously improve transparency regarding our supply chain impacts. To achieve this, we have introduced new tools and improved internal systems that provide insights into our supply chain management.

The main platform we use to provide supply chain transparency is the SAC's Higg Index suite of tools (see pages 30 and 36). The information we gather from these tools will in the future be linked to product-based performance evaluation in the Higg Product Module as well as to our own performance in the Higg Brand and Retail Module. This will enable full transparency of our activities throughout our entire value chain, from manufacturing to retail and beyond.

As well as using technical tools, we also use our membership of and involvement in industry bodies such as SAC and NGO partners such as ILO Better Work to gather information about our supply chain performance and best practices.

2018 factory disclosure

We disclosed our list of Tier 1 factory suppliers for the first time in 2017. This list is updated annually to publicly list the most recent overview of suppliers producing for ASICS. In the 2018 update included the addition of a number of new strategic suppliers to the brand.

The list covers key Tier 1 suppliers in 22 countries responsible for the manufacturing of ASICS, ASICSTIGER and Onitsuka Tiger products; footwear, apparel, accessories and equipment. Together, they account for more than 90% of our global volume of products manufactured annually.

Download the full list

—> https://corp.asics.com/en/csr/partnering_with_our_supply_chain/transparency

Expanding our audit scope

In 2016, we expanded our audit scope to cover both Tier 1 and Tier 2 suppliers. As of 2018, we have covered 100% of footwear nominated Tier 2 suppliers.

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 potentially harmful chemicals and a relatively large water and energy use. Auditing Tier 2 suppliers also helps us ensure compliance around critical issues such as human rights throughout our supply chain.

Actively managing these facilities is a crucial step toward understanding our overall impacts, and helping our business partners improve standards and performance.



Supply Chain