



# IMOVEMENT™

**SUSTAINABILITY  
REPORT 2018**



# MOVING BODY AND MIND TO CREATE A STRONGER WORLD.

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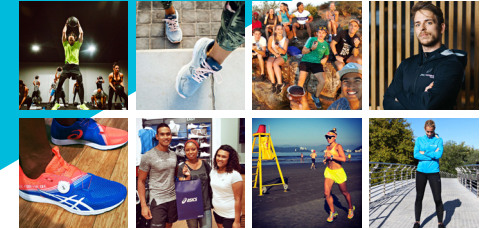
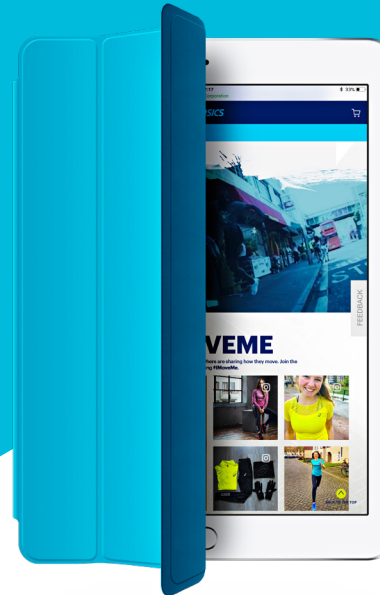
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**MOVING CONNECTS THE  
I AND THE ME. TOGETHER  
THEY BECOME UNSTOPPABLE.**

**#IMOVEME**

[www.asics.com/gb/en-gb/imoveme](http://www.asics.com/gb/en-gb/imoveme)

# ABOUT THIS REPORT

Moving changes you for the better, which changes everyone you play, work, live and love with. Which changes the city you live in, so it changes the whole planet too. But it all starts with me. I MOVE ME™

I MOVE ME™ is the global movement that reimagines our vision for a new generation. I MOVE ME™ shows that there are no winners or losers in the world of ASICS – just people who move, and people we want to help start moving.

In this report, you'll find out how we **move smarter**, contributing to a healthier planet through product and service innovation, as well as by actively switching to renewable energy in our operations.

You'll also see how we're engaging people to help them **move stronger** – in our workplaces, in our supply chain and in our local communities.

## External recognition



**Dow Jones Sustainability Asia/Pacific Index (DJSI)** – included for the fourth year running.



FTSE4Good



FTSE Blossom Japan

**FTSE4Good Index Series** – included for the third year running.

**FTSE Blossom Japan Index** – included for the second year running.



**RobecoSAM's Sustainability Yearbook 2018** – included for the third year running.



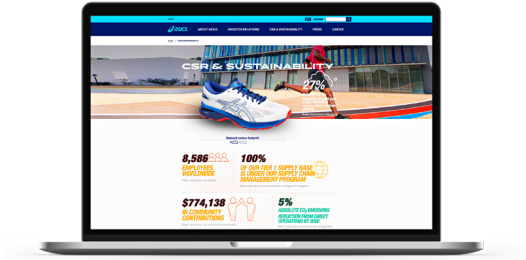
**CDP (formerly Carbon Disclosure Project)** – rated a B-level company for the third year running.



**MSCI Global Sustainability Index** – included for the fourth year running.  
**MSCI Japan ESG Select Leaders Index** – included for the second year running.

**S&P/JPX Carbon Efficient Index** – included in 2018 for the first time.

## Further information



Find out more about ASICS and our approach to sustainability, including previous reports and our GRI index  
→ <https://corp.asics.com/en/csr>

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# A MESSAGE FROM TOP MANAGEMENT



**Motoi Oyama**  
Chairman and CEO,  
Representative Director

**Yasuhito Hirota**  
President and COO,  
Representative Director

ASICS was founded in 1949 to help people move more and feel healthy in both mind and body. We summed up that purpose with the words “Anima Sana in Corpore Sano” (a sound mind in a sound body). Seventy years later, we’ve refreshed that message for a contemporary audience with our new global movement I MOVE ME™. Since then, our sustainability vision has remained the same.

**To inspire more people now and in the future, to move body and mind, to create a stronger world.**

Recent years have seen a growing worldwide shift toward sustainability, following the launch of the UN’s Sustainable Development Goals (SDGs) and the Paris Agreement in 2015. In parallel to this, our stakeholders’ awareness of sustainability issues is increasing. More consumers, especially young consumers, are showing a preference for brands that are contributing to sustainability. We are focused on the young generations to expand our consumer base. To maintain our long-term growth, it’s vital that we respond to these trends, ensuring that sustainability remains at the heart of our business strategy.

2018 was a remarkable year for ASICS, during which we made significant progress on sustainability in several areas.

**On August 1, 2018, our targets to reduce CO<sub>2</sub> emissions by 2030 were officially approved by the Science Based Targets initiative (SBTi).**

We’re also continuing to introduce technological innovations to improve both product sustainability and functionality. For example, in 2018, we launched the first-ever shoe to feature cellulose nanofiber – a next-generation industrial material made from plant biomass that not only improves strength and durability, but also reduces our carbon footprint.

Safeguarding human rights within our supply chain is a responsibility we take very seriously. In 2018, an NGO found that a factory used by ASICS as a Tier 1 supplier employed migrant workers under conditions that indicated a risk of forced labor. We met with the NGO to understand the issues and promptly started corrective actions with the factory. Following this, together with other brands and industry

associations, we joined the Commitment to Responsible Recruitment initiative to address potential forced labor risks for migrant workers in our global supply chain.

We’re continuing to support initiatives to transform lives through sport, with a special focus on children and young people from disadvantaged backgrounds. One outstanding example in 2018 was Project Lebanon.

**An initiative supporting Syrian refugee children and their families living in Lebanon, launched with our long-term charity partner Right To Play.**

While we’re proud of our achievements in 2018 we know we have more to do. Planned for 2019 is an exciting new campaign inspiring people to recycle used clothing and footwear, as part of our efforts to reduce our products’ environmental impacts across their life cycle.

Thanks to all our partners and stakeholders for your support in 2018. We look forward to continuing our sustainability journey with all of you in 2019.

# ASICS AT A GLANCE

ASICS is one of the world’s top sports performance and lifestyle brands. We operate 54 businesses in 33 countries. Our reach extends further through our supply chain business partners, sponsored events and connections to other stakeholders worldwide.

Find out more  
—> [http://corp.asics.com/en/investor\\_relations](http://corp.asics.com/en/investor_relations)

**ASICS worldwide**  
(as of December 31, 2018)

**8,823**  
Employees

**55**  
Global businesses

**33**  
Countries where we have  
businesses established

**899**  
Retail stores

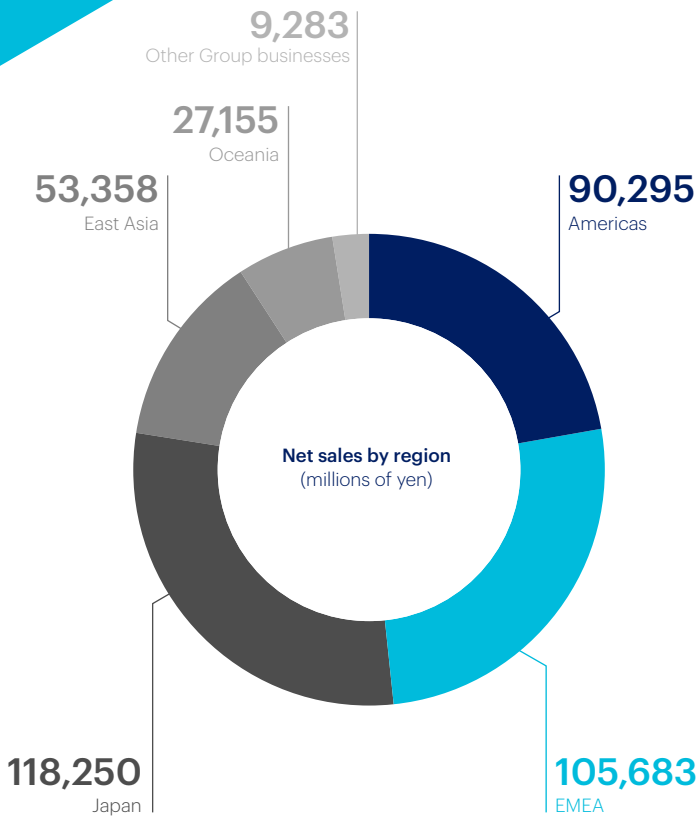
**22**  
Sourcing countries

**FY2018**

**386,662**  
Net sales (millions of yen)

**-20,327**  
Net income (millions of yen)

Net sales by product (millions of yen)



Adjustments to the total regional sales are 17,364 millions of yen. Subtracting adjustments from the total regional sales result in our consolidated net sales.

# 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](#) →

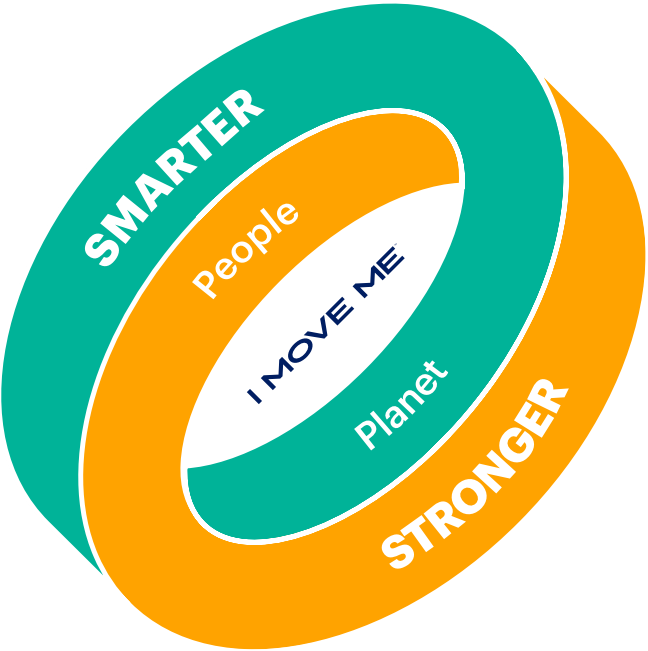
#### Operations

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](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.

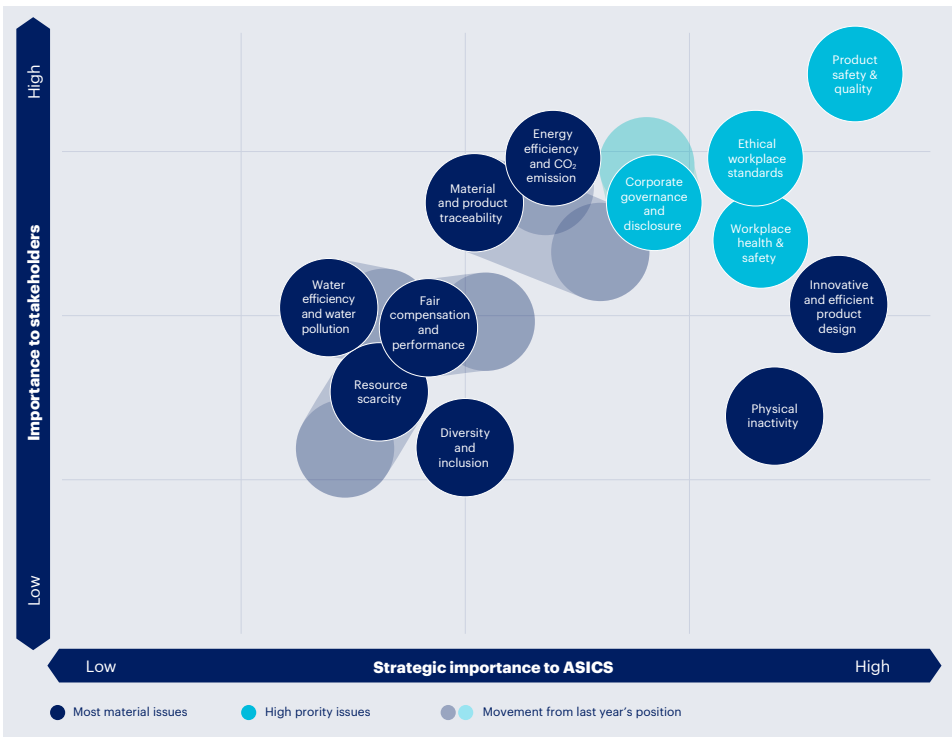
As we make progress in addressing certain issues over the years, their strategic importance to our business may decrease, and other issues may be given higher priority.

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

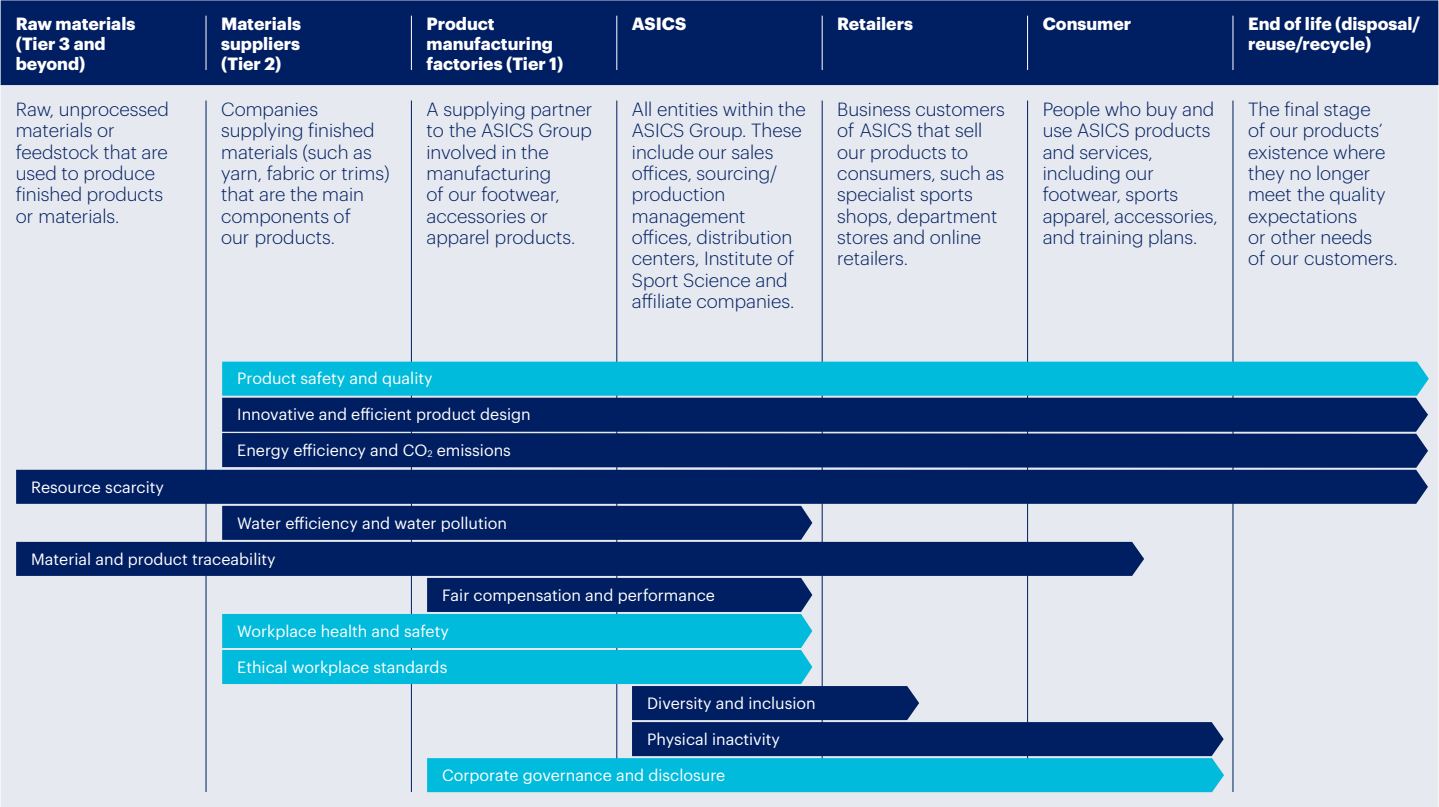




# VALUE CHAIN ANALYSIS

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.



# 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. <sup>1</sup> <b>Progress: On track</b>	<ul style="list-style-type: none"><li>› 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.</li><li>› Set new targets to achieve our 2030 CO<sub>2</sub> reduction commitment, such as switching 100% of polyester used in our products to recycled polyester.</li><li>› Set a target to sourcing 100% sustainable cotton for apparel and accessories by 2025.</li></ul>	<ul style="list-style-type: none"><li>› Keep involved in the process of SAC Higg Product Module ahead of its expected launch in 2019 (see page 18).</li><li>› Implement the action plan to achieve our polyester and cotton targets.</li></ul>
	10% reduction of CO <sub>2</sub> emissions per item related to footwear manufacturing (Scope 3, 2015 baseline). <b>Progress: Achieved</b>	<ul style="list-style-type: none"><li>› CO<sub>2</sub> emissions decreased by 15.9% for every pair of shoes manufactured (compared to 2015 baseline levels).</li></ul>	<ul style="list-style-type: none"><li>› Actively engage with our suppliers to implement action plan to exceed key targets.<ul style="list-style-type: none"><li>– reduce energy use per product manufactured at our Tier 1 suppliers by 30% by 2030</li><li>– switch 100% of polyester used in our products to recycled polyester by 2030</li></ul></li></ul>
	55% reduction of CO <sub>2</sub> emissions per product manufactured from our supply chain <sup>2</sup> by 2030 (Scope 3, 2015 baseline). <b>Progress: On track</b>	<ul style="list-style-type: none"><li>› CO<sub>2</sub> emissions decreased by 4.5% for every item manufactured (compared to 2015 baseline levels).</li><li>› Set key targets to achieve the target.</li></ul>	
	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. <b>Progress: Achieved</b>	<ul style="list-style-type: none"><li>› In 2018, 88% sourced from LWG medal-rated suppliers.</li></ul>	<ul style="list-style-type: none"><li>› Continue to source more from LWG medal-rated suppliers toward 2020.</li></ul>

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
<b>Planet</b> <b>I MOVE ME SMARTER</b>			
<b>Operations</b>	5% absolute CO <sub>2</sub> emissions reduction from direct operations (Scope 1 & 2, 2015 baseline). <b>Progress: Achieved</b>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions decreased 19.2% (compared to 2015 baseline year).</li> <li>Set key target to switch 60% of energy use in our own operations to renewable energy to achieve our 2030 CO<sub>2</sub> reduction target.</li> </ul>	<ul style="list-style-type: none"> <li>Actively switch to renewable energy where possible.</li> </ul>
	33% absolute CO <sub>2</sub> emissions reduction from direct operations by 2030 (Scope 1 & 2, 2015 baseline). <b>Progress: On track</b>		
	98% waste recovered or recycled at our direct operations. <sup>3</sup> <b>Progress: On track</b>	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"> <li>In 2019 we will continue to work with the key locations to reduce the waste going to landfill and improve recycling rates further.</li> <li>We will continue our efforts to expand the number of sites reporting waste data.</li> </ul>
	Establish global ASICS Environmental Management System (including ISO 14001 at all key locations). <b>Progress: On track</b>	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. <b>Progress: partial progress</b>	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. <b>Progress: partial progress</b>	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. <b>Progress: Achieved &amp; partial progress</b>	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.

<sup>3</sup> Sites that are able to measure and report their waste.



## 2020 TARGETS AND PROGRESS

### CONTINUED

Category	Target	Progress FY2018	Plan for FY2019
<b>Planet</b> <b>I MOVE ME STRONGER</b>			
<b>Supply chain</b>	All Tier 1 supplier factories to meet ASICS C-Level or above. <b>Progress: On track</b>	<ul style="list-style-type: none"> <li>91% of our Tier 1 supplier factories rated C-Level or above on ASICS' supplier rating scale.</li> <li>In 2018, the business division continued to consolidate the suppliers.</li> </ul>	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). <b>Progress: partial progress</b>	62% of footwear and 70% apparel Tier 1 strategic partner factories rated B-level or above.	<ul style="list-style-type: none"> <li>90% of Tier 1 strategic partner factories meet B-Level or above.</li> <li>Set the baseline level of the Higg Facility Environment Module (FEM) and Facility Social Labor Module (FSLM)</li> </ul>
	Tier 1 ASICS A- and B-Level factories trained in self-governance on CSR in combination with ASICS and/or third-party verification. <b>Progress: partial progress</b>	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. <b>Progress: On track</b>	75% of footwear nominated Tier 2 suppliers rated C-Level or above.	100% of nominated Tier 2 suppliers meet ASICS C-Level or above.
<b>Communities</b>	Establish global ASICS HR systems and work environment. <b>Progress: On track</b>	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%. <b>Progress: On track</b>	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. <b>Progress: Achieved</b>	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>

# I MOVE ME<sup>TM</sup> SMARTER

At ASICS, we care for the resources that enable current and future generations to MOVE – in the design of our products, our materials and manufacturing processes, and in the way we manage our offices, distribution centers and retail locations. We make smarter decisions for the planet. And we engage our supply chain and consumers to help them do the same.

**55%**

we'll reduce our CO<sub>2</sub> emissions by 55% per product manufactured, in line with science-based targets\*

**33%**

we'll reduce CO<sub>2</sub> emissions from our direct operations by 33% in line with science-based targets\*

**100%**

we'll replace polyester materials in shoe uppers and sportswear products with 100% recycled polyester\*

\* Target year for all commitments: 2030.



## FEATURED STORY FOR CREATING PRODUCTS AND SERVICES

We innovate and educate to develop the best products and services using less.

Our aim is to make the best products and services in our industry. For us, that means products that support healthy lifestyles by helping our customers move, enjoy sport and improve their sporting performance. It also means products developed in a way that considers environmental impact at every stage of their life cycle, including design, production processes and business operations.

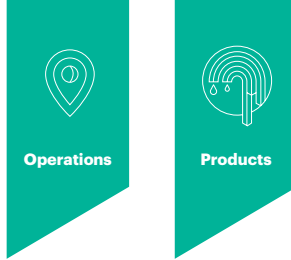
### Cellulose nanofiber (CNF)

- › Launched in 2018, the GEL-KAYANO™ 25 is the world's first running shoe to feature cellulose nanofiber (CNF).
- › CNF is a nano-sized ultra-fine fiber made from plant biomass that is one-fifth the weight of steel but five times stronger. As well as improving lightness and strength, it also reduces the shoe's overall carbon footprint.
- › The midsole for the shoe features ASICS's new foam material FlyteFoam™Lyte, reinforced with CNF. As a result, the GEL-KAYANO™ 25 has improved both durability and stability for runners, without compromising on weight.

- › Compared to the original FlyteFoam, FlyteFoam™Lyte enhances strength by approximately 20% and durability by approximately 7%, while still remaining lightweight. It also reduces CO<sub>2</sub> emissions in production by 27%, compared to traditional midsole material.
- › We are currently expanding the use of CNF to other ASICS shoe models, including our DynaFlyte series (left image). We will continue to pursue technology innovation to improve both product sustainability and functionality.

**“The first commercial application of CNF reinforced resin material is taking advantage of CNF features and is indeed a big step in the development and usage of CNF material. We hope this will mark the start of more and varied uses of CNF reinforcing resin material in the future”.**

**Hiroyuki Yano, Professor,**  
Research Institute for Sustainable  
Humanosphere at Kyoto University



# OUR APPROACH TO CLIMATE CHANGE

## Addressing climate change

Climate change is a serious threat to the environment and economies around the world. Rising global temperatures are affecting weather patterns and causing extreme weather conditions, leading to food shortages and water scarcity; they also affect our ability to move and play sports, as well as the places where we do this. Climate change is also a direct threat to our business, impacting production sites and logistical routes in our supply chain.

Climate change is caused by a build-up of greenhouse gases in our atmosphere, released in part by businesses such as ours. We know that we contribute to global CO<sub>2</sub> emissions both through our manufacturing and distribution processes and our direct operations. The materials we use to make our products can also contribute to our overall emissions. For example, polyester and polyurethane are derived from fossil fuels, and release CO<sub>2</sub> when the products containing carbon are incinerated at the end of their life. For these reasons, we see climate change as a crucial issue for our business.

We're committed to reducing our carbon footprint by setting science-based carbon reduction targets in line with the goal of the Paris Agreement to keep global temperature increases below 2°C. Our new targets were set in 2018, and officially approved by the Science Based Targets initiative (SBTi) in the same year.

We will actively engage our supply chain partners, consumers and other stakeholders on these issues and work toward achieving our targets together.

### For more about what we're doing to achieve our targets

→ see pages 19, 20, 25, 26 and 30.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

### Science Based Targets initiative (SBTi)

The SBTi was established in 2015 and is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The initiative champions science-based target setting as a way to boost companies' competitive advantage in the transition to the low-carbon economy. Targets adopted by companies to reduce carbon emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2°C compared to pre-industrial temperatures.

### Find out more about Science Based Targets initiative

→ <https://www.sciencebasedtargets.org>

## CO<sub>2</sub> emissions reduction targets for 2030

Scope 1 and 2:

# 33%

Reduction in absolute CO<sub>2</sub> emissions from our direct operations (2015 baseline)

Scope 3:

# 55%

Reduction in CO<sub>2</sub> emissions from our supply chain per product manufactured (2015 baseline)\*

### Action 1

# 60%

Or above boost to the ratio of renewable energy in our business facilities

### Action 2

# 30%

Reduction to the amount of energy our Tier 1 supplier factories use to manufacture each of our products

### Action 3

# 100%

Recycled polyester to replace standard polyester materials in shoe uppers and sportswear products

\* Target scope is 'purchased goods and services' and 'end-of-life treatment of sold products'.

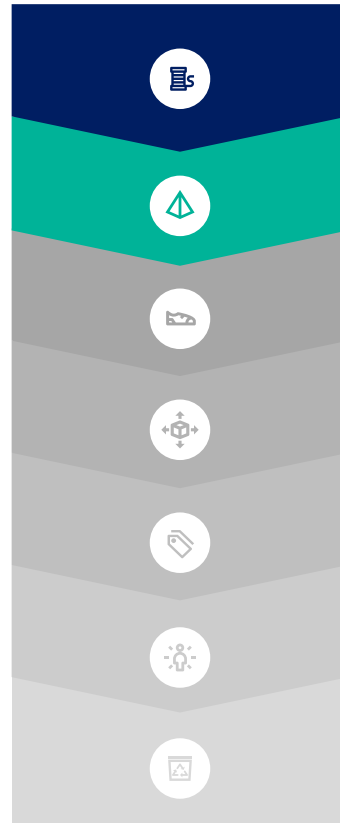
# OUR APPROACH TO CREATING PRODUCTS AND SERVICES

## Life Cycle Assessments

Through Life Cycle Assessments (LCAs), we continuously investigate the environmental and social impacts of our products at each stage of their life cycle, from the sourcing of materials all the way to recycling or disposal. We then use the findings of these assessments to improve our approach to design and development.

In 2018, we conducted an LCA on our GEL-KAYANO™ 25 running shoes, and compared the results with the LCA on the previous GEL-KAYANO™ 17 model. The analysis showed that we have reduced CO<sub>2</sub> emissions per pair by around 24% compared with the previous model. This result was achieved by reducing the number of materials used on the shoe uppers, using bio-based materials in the midsole, and switching to less carbon-intensive energy for the manufacturing process.

## Value chain



### Raw materials

We are committed to switching to more sustainable materials, such as recycled polyester, bio-based and more sustainable cotton.

See pages 16, 20 and 21 →

### Material processing (Tier 2)

We committed to meeting our quality and safety standards, and reducing impacts in the dyeing process.

See pages 19, 22 and 23 →

### Product manufacturing (Tier 1)

We engage with our suppliers to reduce environmental impacts during the manufacturing processes.

See pages 19, 30 and 31 →

### Distribution to market

We work with our logistics providers to transport our products to our various markets in the most efficient way.

See pages 28 →

### Retail

Our own retail stores are designed to use energy efficiently and to maximize the reuse of store fittings.

See pages 28 →

### Product use phase

We help consumers reduce their environmental impact through care label advice.

### End of life and recycling

We investigate partnerships and engage consumers in programs to support a circular economy.

See pages 20 →

## Developing and implementing the Higg Index

Developed by the Sustainable Apparel Coalition (SAC), the Higg Index is a suite of tools that allows brands, retailers and manufacturing facilities to measure the sustainability performance of their products and facilities accurately. As a founding member of SAC, we have been actively involved in developing the Higg Index product-level tools, and using them to assess the sustainability of our materials and products. As these tools are developed and launched, we integrate them into our product development process.

In 2018, we contributed to the development of the Higg Product Module (Higg PM) by providing input related to the footwear manufacturing processes and related environmental data. To support our sustainable materials targets, we shifted from focusing on whole products to assessing materials-related indicators in our product assessments. In 2019 we will continue to support the development of the Higg PM ahead of its expected launch in the middle of the year, for example by providing data and feedback.



## OUR APPROACH TO CREATING PRODUCTS AND SERVICES CONTINUED

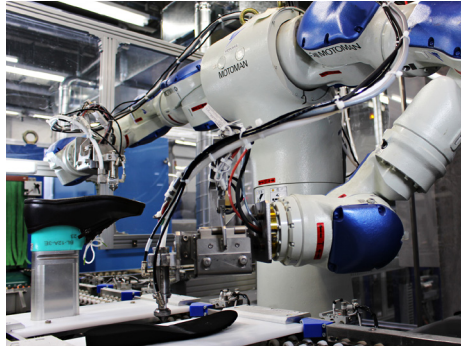
### A scientific approach to sustainable product development

For ASICS, scientific research is the starting point for sustainable product development. We continuously research new sustainable materials and manufacturing processes through the ASICS Institute of Sport Science, and in collaboration with external partners. When we develop more durable or lightweight materials, we actively apply them in our footwear products to improve both their functionality and sustainability.

### Automated shoe production

In 2018, we launched a new automated shoe production system using industrial robots. Used mainly in the process of bonding shoe uppers and soles, the automated system is expected to double production efficiency, as well as reducing the negative impact of adhesives on factory workers' health and safety and on the environment (see page 23).

Researched and designed by the ASICS Institute of Sport Science, the automated process uses machinery made by YASKAWA Electric Corporation, one of the world's leading companies in its field.



Industrial robot bonding shoe upper and sole

The machinery will be introduced at the Sanin ASICS Industry Corporation, one of ASICS's shoe production bases in Japan, where it will be used to make lifestyle and walking shoes.

We are researching other areas where technology has the potential to enhance our processes and reduce our environmental impact. For example, we are currently examining the potential of AI and IoT technologies to better meet consumer needs and reduce CO<sub>2</sub> emissions from transportation.

### Solution dyeing

As part of our shift to more sustainable manufacturing processes, we're increasingly using solution dyeing, a process that uses around 50% less water than conventional dyeing methods. Instead of introducing dyes by dipping and washing of fabrics, the new process adds color to the synthetic fiber components in their liquid state before the fiber is actually produced.

Our new training apparel collection, launched in 2018, is produced using the solution dyeing process.

**50%**  
less water used to dye  
our apparel collection

**Apparel:** Apparel collection with waterless dyeing technology



## OUR APPROACH TO CREATING PRODUCTS AND SERVICES CONTINUED

### Selecting more sustainable materials and processes

Shifting to sustainable materials is at the heart of our sustainability strategy. To help us realize this ambition, we're working with industry partners (see pages 21 to 22 for examples) to enable us to switch to more sustainable materials and processes during manufacturing.

Examples of sustainable materials currently used in ASICS products include recycled polyester, sustainable cotton and bio-based materials. Solution dyeing (see previous page), which uses less water and energy than conventional methods, is a good example of a more sustainable manufacturing process increasingly used by ASICS.

As well as using more recycled materials in our main collections, we're also applying them in the manufacture of apparel for sponsored events. In 2018, 89,700 of our event shirts were made entirely of recycled polyester and more sustainable cotton.

In addition to reducing waste and other environmental impacts, switching to more sustainable materials and manufacturing technologies will play an important role in helping us meet our new carbon reduction targets (see page 17).

### Closing the loop: collecting and recycling used products

To reduce our CO<sub>2</sub> emissions and use resources efficiently, we're committed to supporting a circular economic model where resources are reused and recycled rather than being sent to landfill. During 2018, we've been working in partnership with others on a number of projects to reclaim and reuse clothing and shoes of any brand at the end of their life.

In Japan, we worked to launch the ASICS REBORN WEAR PROJECT (ARWPJ) in early 2019 to offer a way to cheer for Japan Team for Olympic and Paralympic Games Tokyo 2020 by gathering sportswear rich with memories from people across the country and giving it new life as Tokyo 2020 Japan Team official sportswear<sup>1</sup>. We applied a circular production and development process to extract polyester from the donated items, use it to manufacture resin, thread and fabric, and then produce new sportswear and shoes<sup>2</sup>. ASICS will continue to contribute to the success of Tokyo 2020 and to reducing environmental impacts.

In the US, we are preparing for the upcoming launch of our partnership with I:CO, a global solutions provider for the collection, reuse and recycling of used clothing and shoes. Through the partnership, consumers will be able to donate used apparel and footwear from any brand at 22 selected ASICS outlet stores across



**Campaign poster featuring donated sportswear from retired wrestler Saori Yoshida, the three-time Olympic gold medalist**

the country. The project will launch in the second quarter of 2019.

As part of our preparations, our team designed and created in-store materials and other supporting materials such as a web page ([www.asics.com/ico](http://www.asics.com/ico)) to help consumers understand our circular business model, and the purpose and goals of the project. Staff at the selected stores received project training.

Consumers who donate clothes will be rewarded with a 15% discount coupon that can be used to purchase a single item in a future visit. Proceeds from the program will be donated to our non-profit partner, Right To Play. (see page 33 about Right To Play).



### DynaFlyte 3 Sound

- 1 Heel: 50% recycled polyester
- 2 Tongue: 25% recycled polyester
- 3 Upper: 45% recycled polyester
- 4 Midsole: FlyteFoam™Lyte: 40% bio-based using waste products from sugarcane and organic fibers from wood pulp (CNF)

1 ASICS is a Gold Partner (Sporting Goods) of the Japan Olympic and Paralympic Team.  
2 For shoes, the upper and the insole are made with recycled materials.

OUR APPROACH TO CREATING PRODUCTS AND SERVICES CONTINUED

Guidance on sustainable material choices

Our ASICS Materials Guideline gives guidance covering materials such as animal-based materials and PVC, and enables ethical, compliant and more sustainable choices in product development and sourcing. In 2018 we continued to update and expand the guideline, adding specific guidance on the use of conflict minerals.

In conflict-affected and high-risk areas including the Democratic Republic of the Congo (DRC), the minerals trade can be used to directly or indirectly finance armed groups, fuel forced labor and other human rights abuses, and support corruption and money laundering. Although the likelihood of conflict

minerals such as tin, tungsten, tantalum and gold being applied in ASICS products is small, it's important to have formal guidance to avoid using them in all products where metal is applied, such as zippers, buttons or eyelets.

In the exceptional case that the functionality of a product requires us to use one of these minerals, we now require our business partners to source these from DRC-conflict-free suppliers whose due-diligence practices were validated by a third party audit program such as the Responsible Minerals Initiative (RMI). We will review due diligence information received from business partners against our company's expectations to ensure they are conflict-free.

ASICS Materials Guideline Focus Subjects	
Materials of animal origin	PVC
<ul style="list-style-type: none"><li>› No use of endangered or exotic species.</li><li>› Animal welfare to be respected and good animal husbandry shall be applied.</li><li>› No use of fur.</li><li>› All leather and skin shall be by-products of the meat industry.</li><li>› No down and feathers obtained through live plucking or from farms practicing forced feeding.</li><li>› Wool shall originate from suppliers who do not apply mulesing practices.</li></ul>	<ul style="list-style-type: none"><li>› ASICS continues to actively phase out the use of PVC. A small number of items in specific markets currently still contain PVC as alternatives are not available for all product applications and functions.</li><li>› Screen print inks used for ASICS products shall not contain PVC.</li><li>› ASICS, ASICSTIGER and Onitsuka Tiger branded products shall not contain PVC. Currently, more than 99% of all ASICS products are free from PVC.</li></ul>
Conflict minerals	
<ul style="list-style-type: none"><li>› No use of conflict minerals (tin, tantalum, tungsten and gold).</li></ul>	

Leather Working Group: responsible leather sourcing

Increasingly, consumers want to know more about the origin of branded products and materials, particularly natural materials. Although ASICS products mainly use synthetic materials, leather is the most significant natural material we use in terms of volume.

To ensure the traceability of our leather products and shift to source more sustainable leather, in February 2018 we joined the Leather Working Group (LWG), a multi-stakeholder group promoting sustainable leather manufacturing practices. ASICS is the first Japanese brand to join the group.

We took part in the LWG Main Member Meeting in Hong Kong and gained valuable information about the leather industry and how to address common challenges around leather sourcing. We set a target to source 80% of the total leather used for ASICS, ASICSTIGER and Onitsuka Tiger branded footwear from LWG medal-rated suppliers by 2020. In 2018, we sourced 88% from LWG medal-rated suppliers, reaching our target two years early.

Better Cotton Initiative: responsible cotton sourcing

Cotton is one of the main natural materials used for ASICS apparel products. Cotton is known to use a large amount of water before harvesting, as well as a large amount of chemical substances (pesticides and fertilizers). It is also associated with a high risk of human rights issues such as forced and child labor.

In 2018, we made a group-wide commitment to source more sustainable cotton. We publicly announced the commitment in early 2019, as well as formalizing our partnership with the Better Cotton Initiative (BCI). BCI works with a diverse range of stakeholders across the cotton supply chain to promote measurable and continuing improvements for the environment, farming communities and the economies of cotton-producing areas.

By 2025, ASICS will source 100% more sustainable cotton in our apparel products and accessories. We consider cotton to be more sustainable if it is one of the following:

- › Better Cotton Initiative (BCI) cotton
- › Organic cotton, Global Organic Textile Standard (GOTS) certified
- › Fairtrade cotton, Fairtrade certified
- › Recycled cotton, Global Recycle Standard (GRS) certified
- › Cotton made in Africa (CmiA), traded under CmiA license



## OUR APPROACH TO CREATING PRODUCTS AND SERVICES CONTINUED

### AFIRM Group

When it comes to sustainability, businesses like ours can achieve much more by working with others in our industry than we can on our own. For this reason, in 2013 we joined the Apparel and Footwear International RSL Management (AFIRM) Group – an organization providing a forum for industry-wide collaboration to reduce the use and impact of harmful chemical substances in the apparel and footwear supply chain. ASICS has fully adopted the AFIRM Group's restricted substances list (RSL) since it was first released in 2015.

In November 2018, the AFIRM Group organised a supplier seminar on chemical management in Ho Chi Minh City, Vietnam. ASICS' suppliers were among 320 suppliers attending the seminar to connect with other suppliers and brands, and improve their knowledge and skills. Key topics discussed during the event included Vietnamese laws, RSL management and how to phase out specific chemicals. Attendees also took part in case study exercises to apply their knowledge.



AFIRM Group supplier seminar, Vietnam

### bluesign

bluesign® is an industry-wide system bringing together brands, manufacturers, converters and chemical suppliers to collaborate on chemical management. ASICS became the first Japanese brand to become a System Partner of bluesign® in 2017, a system uniting every part of the supply chain to improve the sustainability of textile and footwear production. In 2018 we began to develop a road map to plan the use of bluesign materials in our products. Our initial focus is on our main global apparel collections, including our running, training, track and field and tennis collections, which often guide the development of smaller and more regional collections.

While we are already working with many manufacturers that are bluesign system partners, in future we aim to buy our materials almost exclusively from bluesign system partner suppliers to increase our use of bluesign-approved fabrics in our global apparel collections year on year. By using bluesign-approved materials in these products, we ensure that a large proportion of the apparel fabrics we use are made in a way that minimizes impacts on humans and the environment.



Products

# 1st

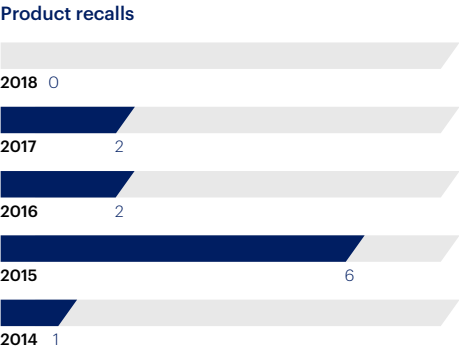
Japanese brand to become  
a System Partner of bluesign®

# OUR APPROACH TO CREATING PRODUCTS AND SERVICES CONTINUED

## Managing quality and safety

At ASICS, we are committed to ensuring the quality and safety of our products. Throughout our operations, we use a quality assurance and management system to ensure our products comply with all applicable global standards. We continuously improve this system to ensure our products and services continue to meet the requirements of our customers.

Training is an integral part of our quality assurance and management system. Besides training our own employees in our quality principles and objectives, we also train and certify staff within our suppliers' facilities. We carry out product liability inspections that cover product safety, the application of quality improvement measures, and descriptions on product labels and promotional materials.



Total number of product recalls because of noncompliance with regulations and voluntary codes concerning product and service quality, information or labeling.

Data on 2014 tracked from April 1 to December 31, 2014. 2015 to 2018 data is based on calendar year.

## Chemical safety

We are committed to using chemicals safely and appropriately and without harm to people or the environment, in compliance with all international and local laws and regulations.

To ensure compliance, we conduct random inspections at our suppliers' facilities. We also carry out a variety of randomized tests on our products before they are shipped to customers. These include performance tests such as durability and colorfastness, along with advanced chemical analyses. Tests are conducted both within our own organization and by accredited, independent, third-party laboratories.

The ASICS Guideline for the Control and Use of Chemicals defines the responsibilities of ASICS and its suppliers regarding the control and use of chemicals in our product design and manufacturing processes. The guideline ensures legal compliance and is aligned with industry best practice in chemical management. All suppliers must comply with the requirements of the guideline when manufacturing ASICS' products.

## Reducing Volatile Organic Compounds (VOCs) in footwear manufacturing

The manufacture of shoes, especially high performance sports shoes, involves the use of adhesives to bond different parts together. Traditionally, adhesives based on solvents containing VOCs have been used in the manufacture of athletic shoes. However, these solvents can have harmful impacts on people and the environment. Since 2011, we have been applying a broad range of alternatives to these adhesives. These include switching to water-based adhesives and, more recently, adopting new production technologies and design techniques that allow shoes to be made with fewer parts and therefore less adhesive. Together, these methods help us reduce our VOCs emissions while also ensuring that we continue to use energy and water efficiently.

In 2018, our VOCs emissions were 4,082 tonnes in our strategic factories. Please note that this figure includes disposed adhesives volume in each factory, therefore, a higher value than actual emissions can be shown. We have a plan to calculate the amount of adhesives per pair of shoes once we receive further detailed information from our suppliers.



Products





# OUR APPROACH TO MANAGING OPERATIONS

We aim to continuously improve the environmental performance, resource and materials used in our buildings and distribution network.

Beyond improving the sustainability of our products, we also aim to continuously improve the efficiency and reduce the environmental impacts of our direct operations. This includes our offices, distribution centers and retail stores.

To manage our environmental and sustainability performance to the highest standards, we use Environmental Management Systems accredited to the ISO14001 international standard in our main office locations. In Japan this also includes our Institute of Sport Science research facility. In Europe, we have included our distribution centers into the scope of our management system.

After updating our certifications to the new version of the standard in 2017, in 2018 we focused on aligning the systems between Japan and Europe. Because each of the systems covered different operations, they were developed in different ways and both interpretations had strengths and weaknesses. By aligning both systems, we were able to optimise the systems, learning from the

experience in both regions and operations, making the systems more efficient and effective. Aligned systems will also allow us to expand the scope to other regions more easily.

In the US, our main distribution center in Mississippi, BDC, earned the US Environmental Protection Agency's ENERGY STAR award for the fourth year in a row. The award recognizes superior energy performance and low greenhouse gas emissions compared to similar buildings across the nation.



## Tracking performance data

We continue to use Schneider Electric's EcoStruxure™ Resource Advisor (RA) platform to track the environmental performance of our offices, stores and distribution centers, as well as our Global Footwear Tier 1 suppliers. Gathering all environmental data in this cloud-based performance management system allows us to analyse our impact and learn where and when we have the highest impacts. The information feeds into our improvement programs, allowing us to focus our attention on improving energy, water and waste efficiency where it's needed most.

We also use SAC's Higg Facility Environmental Module (FEM) to collect performance data from our supply chain. Launched in 2017, this module allows us to collect standardized, comparable and detailed environmental performance data from our suppliers in a highly efficient way. See page 30 for more about this tool.

ASICS has set approved science-based targets for carbon emissions reductions, which include Scope 3 (supply chain) targets as well as Scope 1 and 2 targets for our own operations. SAC's Higg data collection tools such as FEM will be critical for tracking progress against our Scope 3 emissions targets.

As more brands and suppliers set science-based targets, we believe that the Higg platform has a vital role to play in tracking progress against them.

# OUR APPROACH TO MANAGING OPERATIONS CONTINUED

## Energy efficiency and carbon emissions

At ASICS, we are committed to growing our business while at the same time reducing our carbon emissions, setting targets for reductions in line with climate science and in accordance with the Science Based Targets initiative (SBTi). We work to reduce our emissions both within the direct scope of our own operations, and the wider indirect scope associated with transportation, manufacturing and material sourcing.

## Reducing the carbon footprint of our direct operations

Our target for 2020 is to reduce by 5% absolute CO<sub>2</sub> emissions from our direct operations (Scope 1 and 2, 2015 baseline) including retail operations. In addition to this, we have committed to reducing absolute Scope 1 and 2 CO<sub>2</sub> emissions by 33% by 2030 from the same base year, in accordance with the SBTi. This target is the basis of our mid-term carbon strategy, and helps us maintain momentum for our CO<sub>2</sub> reduction actions.

**19.2%**  
decrease in our CO<sub>2</sub>  
emissions from direct  
operations, measured  
from the baseline years

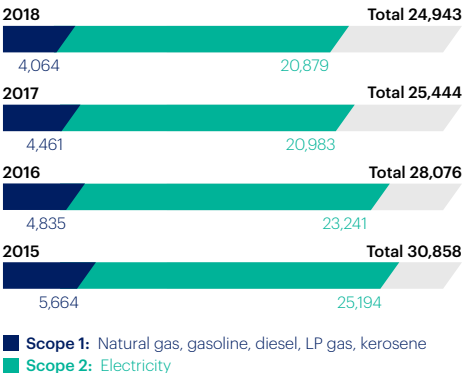
In 2018, our CO<sub>2</sub> emissions decreased 19.2% from the baseline year despite the slight increase in the number of our own retail stores from 876 to 899. Comparing our total emissions to our business revenue show an increase in our efficiency from the baseline year. The CO<sub>2</sub> emissions intensity per unit revenue has decreased by 10.4% from the baseline year.

In 2019 we will continue our sustainable energy projects to both increase efficiency and reduce the absolute emissions.

Our strategy to reduce energy use and CO<sub>2</sub> emissions includes:

- ▶ Increasing the use of on-site and off-site renewable energy
- ▶ Increasing energy efficiency in high energy usage locations
- ▶ Introducing more energy-efficient equipment and vehicles
- ▶ Adopting energy-efficient design to new buildings, distribution centers and retail stores or refurbishment of existing locations.

CO<sub>2</sub> emissions from our locations (tonnes)



The data applies to ASICS Group locations including offices, retail locations, distribution centers and wholly owned factories globally. Company/lease car impacts are also included. Figures for Scope 1 are calculated according to factors based on the "2006 IPCC Guidelines (Commercial Institutional)". Company/lease car impacts in Brazil are calculated with factors using 2015 DEFRA data. Figures for Scope 2 are calculated according to factors based on "CO<sub>2</sub> Emissions from Fuel Combustion 2016-Year 2014" of IEA. The following formula is used when the amount of energy consumption for CO<sub>2</sub> emissions is not available for any sites: (energy consumption per square meter estimated for each type of site) X (area of site) X (CO<sub>2</sub> emission factor). The Certificate of Green Power 1.6 MWh was deducted from the total Scope 2. The 2015, 2016 and 2017 data are restated due to updated data and improved estimates. The 2018 emissions data are verified by Deloitte Tohmatsu Sustainability Co., Ltd.



Operations

OUR APPROACH TO  
MANAGING OPERATIONS  
CONTINUED

In 2018, we continued to increase our use of renewable energy in Europe and Japan. In Europe, we continued the energy procurement project that started in 2016. The aim is to centralize energy procurement in Europe to save costs as well as switching to renewable electricity contracts for our direct operation locations. In 2018, approximately 8,100 MWh of purchased electricity was from renewable sources; this is more than 60% of total electricity use in EMEA. The energy procurement project and transition to renewable energy for our direct operations will continue in 2019.

In Japan, we purchased the renewable energy certificate of 1.6 MWh generated by biomass, which covered 100% of the electricity used at our office headquarters in 2018.



Renewable energy certificate

We continuously assessed options with the electricity supplier to procure and expand the use of renewable energy for our headquarters and other locations in Japan.

ASICS America Corporation partnered with EnterSolar to install a wholly owned 1 MW (megawatt) rooftop solar panel array at our distribution center in Byhalia, Mississippi. The largest private solar system in Mississippi, the installation covered around 23% of the site's annual energy needs in 2018, while reducing carbon emissions by nearly 800 tonnes of CO<sub>2</sub> equivalent units per year.

The installation consists of roughly 3,000 solar panels capable of generating up to 1,330 MWh of the Distribution Center's current annual energy needs – equivalent to the power consumed by 126 homes per year.

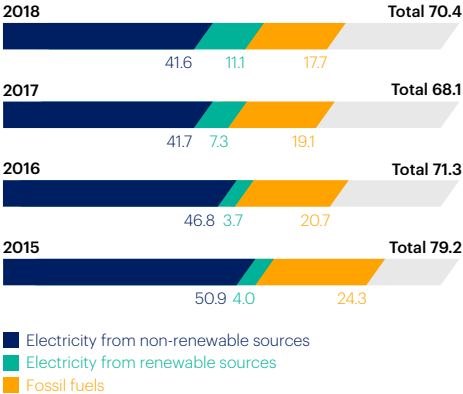


System Installation Drone View of ASICS distribution center in Byhalia, Mississippi

The solar panels used for this project were manufactured by Trina Solar and were specifically selected for their top sustainability ranking over the past five years by the Silicon Valley Toxics Coalition (SVTC). The distribution center is also a LEED Building Operations and Maintenance (O+M) registered project.

Energy volume by type (GWh)

In 2018 the percentage of ASICS' electricity from renewable sources increased to 15.8%.



The data applies to ASICS Group locations including offices, retail locations, distribution centers and wholly owned factories globally. Company/lease car impacts are also included. The following formula is used when the amount of energy consumption is not available for any sites: (energy consumption per square meter estimated for each type of site) X (area of site) X (conversion factor from each unit to GWh). The 2018 total energy volume is verified by Deloitte Tohmatsu Sustainability Co., Ltd.

23%  
of the Byhalia site's  
annual energy needs in  
2018 were covered by  
the largest private solar  
system in Mississippi

100%  
of electricity used  
at Japan headquarters  
is generated from  
renewable sources

## OUR APPROACH TO MANAGING OPERATIONS CONTINUED

### Reducing Scope 3 emissions

We know from our life cycle assessments that more than 80% of the overall CO<sub>2</sub> impact related to our products occurs during manufacturing, material procurement and end-of-life management. In 2018 to address this impact, we have set a target to reduce our indirect (Scope 3) CO<sub>2</sub> emissions from purchased goods and services and end-of-life treatment of sold products by 55% per product manufactured by 2030 (2015 base year).

We shared our target with our main footwear factories and will put together shared plans and targets for 2030 in 2019. We also continue to measure our Scope 3 CO<sub>2</sub> emissions across global operations in order to assess the impact of changes in business operations.

For more details about how we are shifting to materials with lower impacts, see pages 19 and 20. For more about how we are reducing carbon emissions in our supply chain, see page 30.

### Scope 3 CO<sub>2</sub> Emissions 2018:

Scope 3 Category		CO <sub>2</sub> tonnes	%	Scope
1.	Purchased goods and services	635,069	84.2	Global footwear manufacturing CO <sub>2</sub> data (Tier 1), and ASICS Group companies' purchases of footwear material, apparel, equipment, marketing and sales. (Calculation method <sup>1</sup> ).
2.	Capital goods	13,005	1.7	ASICS Group companies.
3.	Fuel-and-energy-related activities	1,190	0.2	ASICS Group companies.
4.	Upstream transportation and distribution	42,258	5.6	Category 4 includes air and sea freight of footwear related logistics, air freight of apparel related logistics for Japan, rail and road freight of 'port to DC' in Europe, US and Japan, and road freight of 'DC to customers' in Japan.
5.	Waste generated in operations	67	0.0	ASICS Group companies.
6.	Business travel	4,423	0.6	ASICS Group companies.
7.	Employee commuting	801	0.1	ASICS Group companies in Japan.
8.	Upstream leased assets	–	–	Not assessed.
9.	Downstream transportation and distribution	6,882	0.9	ASICS Group companies.
10.	Processing of sold products	–	–	Not assessed.
11.	Use of sold products	19,660	2.6	ASICS Group companies.
12.	End-of-life treatment of sold products	31,044	4.1	ASICS Group companies.
13.	Downstream leased assets	–	–	Not assessed.
14.	Franchises	11	0.0	ASICS Group companies in Japan.
15.	Investments	–	–	Not assessed.
<b>Total</b>		<b>754,410</b>	<b>100</b>	

The Category 1 (Purchased goods and services) CO<sub>2</sub> emissions data of Scope 3 are verified by Deloitte Tohmatsu Sustainability Co., Ltd.

1. Calculation method of Category 1 Footwear Tier 1: (energy consumptions at suppliers) X (percentage of ASICS production at suppliers) X (emission factor of each energy type) + Footwear material: (production volume) X (emission factor of material from the past LCA study) + Apparel Tier 1: (production volume) X (emission factor of Tier 1 from the past LCA study) + Apparel material: (production volume) X (emission factor of material from the past LCA study) + Equipment, marketing and sales: (price of purchased goods and services) X (emission factor of each purchased goods and services<sup>2</sup>).

2. 5. Inter-industry relations table based emission factors of Emission factors database for greenhouse gas emissions accounting throughout the supply chain (ver.2.2 as of March, 2015) published by Japanese Ministry of the Environment.



Operations

OUR APPROACH TO  
MANAGING OPERATIONS  
CONTINUED

Reducing CO<sub>2</sub> in transportation

Transporting products from factories to market is the third biggest contributor to our overall carbon footprint, accounting for about 5% of our total CO<sub>2</sub> emissions.

Since 2013, we've been working to reduce the carbon footprint of our distribution network through consolidation and by improving its efficiency. This includes switching to more energy-efficient forms of transport such as ships and trains.

In Japan, we have improved the efficiency of our logistics by developing a system that makes empty imported containers available to other companies for use as export containers at a number of distribution terminals. We have also begun shipping from our own factory in Japan directly to overseas subsidiaries, rather than via distribution centers in each region.

We ask our partner shipping companies to use ships assessed with the World Ports Sustainability Program's Environmental Ship Index (ESI). The ESI evaluates the amount of nitrogen oxide (NOx) and sulphur oxide (SOx) that is emitted by a ship, and includes a reporting scheme on the greenhouse gas emissions of the ship.

We will continue to work with our logistics providers to make our distribution network more efficient globally.

CO<sub>2</sub> transportation (tonnes)



Road and rail freight include data of 'port to DC' in the US, Europe and Japan, and 'DC to customers' in Japan. Sea freight is data of footwear business. Air freight is data of footwear business globally and apparel business in Japan. The emissions factors provided by the GHG Protocol are used.

Sustainable retail

We continue to develop our retail locations, adopting new materials and technologies to improve their sustainability while also providing the best experience and service to our consumers.

In 2016 we launched a new design concept for our ASICS stores, using more sustainable materials and providing more space for community activities and encouraging people to move, in line with the spirit of our brand. During 2018 we renovated 22 of our stores to fit the new concept, and we will continue doing this in future.

We also continued to switch energy contracts to renewable electricity as part of our commitment to reduce carbon emissions related to our operations. Overall in 2018, 62% of the electricity use in our stores was provided by renewable sources, an increase of 7% compared to 2017.

Following our project in Europe, we are also exploring options for switching to renewable electricity contracts in America and Asia. However, as the energy market is not open in all countries, this is more complex in certain regions. We are continuing to investigate opportunities in these regions.

Energy use in our stores is still a growing part of our total energy consumption. As such, it's important that we continue to focus on energy reduction and finding renewable sources for our stores.



ASICS store, New York, United States

OUR APPROACH TO  
MANAGING OPERATIONS  
CONTINUED

Resource efficiency improvement

The materials and other resources we use to make our products are valuable, and we’re committed to using them as efficiently as possible. We have set a target to recover or recycle more than 98% of the waste in our direct operations by 2020. To achieve this, we are making smart material and design choices to ensure that more of our materials can be reused.

In 2018 we analyzed our waste streams, focusing particularly on the waste being sent to landfill. We explored which locations and processes were producing this waste. We also looked at what we could do either to prevent the waste being generated, or to recover and recycle it.

Our research found that just four sites are responsible for over three-quarters of all the waste that we are currently sending to landfill. Therefore, by focusing on this limited number of sites, we could significantly improve our waste reduction efforts.

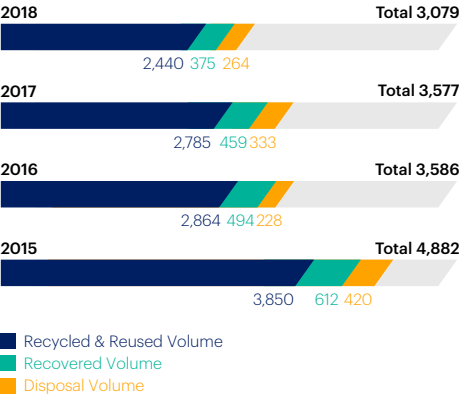
One of the main sites we are focusing on is our Sanin Footwear factory in Japan. Some of the landfilled waste from that location was generated by renovation and expansion activities that took place over the past years.

However, we are also evaluating whether landfilled waste from processes in that factory can be reduced, recycled or recovered.

Similar awareness and reduction projects have begun in the other three main sites that are responsible for most of our landfilled waste.

We are also developing a strategy to make our packaging more sustainable in terms of material use and design. This will help us reduce waste generated further down our supply chain, at the retail and consumer level.

**Waste volume** (metric tonnes)  
In 2018 ASICS diverted 91.4% of its waste from landfill.



2018: 20 companies, 33 locations, covering 68% of operations (FTE basis)  
2017: 20 companies, 40 locations, covering 69% of operations (FTE basis)  
2016: 20 companies, 42 locations, covering 75% of operations (FTE basis)  
2015: 17 companies, 43 locations, covering 75% of operations (FTE basis)

Reducing our water use

Water is one of life’s most precious resources, and essential to our manufacturing processes. To ensure a sustainable supply of water in the communities where we operate, we are committed to using water as efficiently as possible.

In 2018 we used 22.3% less water than in the previous reporting year. Most of this decrease was accounted for by our owned factory in China, where water use largely decreased by 75%. This decrease was related to the water leakages detected and fixed in past year.

Our other operations in offices also have shown a reduction in water use in 2018 compared to 2017, while distribution centers and retail locations have shown slight increase. In order to help our operations to reduce their water use further, we will share best practices and focus on our most water-intensive operations for efficiency improvements.

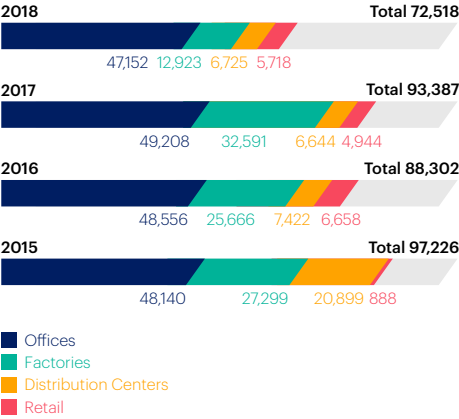
As well as tracking the volume of water used in our own operations, we have also investigated the source of the water to gain a more detailed understanding of the way our water use impacts the local environment.

As expected, we were able to confirm that we are using water from municipal water utilities in all our operations.

Water provided by municipal utilities is estimated to be well managed and has a lower impact and risk on the environment than water from a nearby river, lake or groundwater.

In one of our locations in Germany, we are saving water by using rainwater for sanitary purposes. We are exploring whether this can be applied in other locations to decrease our water use.

**Water volume** (m³)



2018: 32 companies, 85 locations, covering 82% of operations (FTE basis)  
2017: 31 companies, 85 locations, covering 80% of operations (FTE basis)  
2016: 26 companies, 81 locations, covering 80% of operations (FTE basis)  
2015: 30 companies, 60 locations, covering 55% of operations (FTE basis)



Operations



OUR APPROACH TO  
MANAGING OPERATIONS  
CONTINUED

Managing manufacturing  
environmental impacts

Supply chain manufacturing accounts for more than 80% of our overall environmental impacts. Our product Life Cycle Assessment (LCA) research shows us that most of the environmental impacts related to footwear are associated with manufacturing processes. For apparel, the impacts are associated with manufacturing processes, and washing while the products are in use.

We're committed to use our influence within our supply chain to help reduce these impacts. We seek to source from suppliers that share our commitment to operating in an environmentally responsible manner.

To achieve our new CO<sub>2</sub> emissions targets (see page 17), we will actively work with our suppliers to reduce energy use in Tier 1 supplier factories by 30% per product manufactured, and help them to switch to renewable energy where possible.

Higg FEM analysis

Our strategic Tier 1 factories and certain Tier 2 suppliers account for around 80% of our supply chain environmental impact. In 2018, we asked these factories to supply us with environmental performance data using the Sustainable Apparel Coalition's Higg Facility Environmental Module 3.0 (SAC's Higg FEM). The FEM module also helps us understand how suppliers are managing their environmental performance, as well as their overall sustainability strategy.

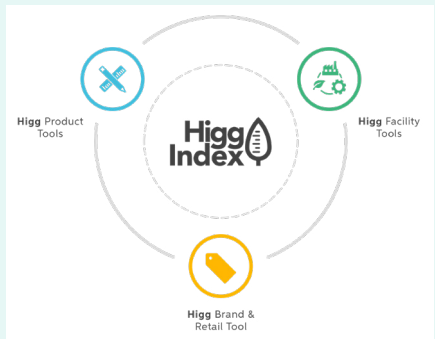
This information will allow us to:

- › track our indirect environmental impact,
- › focus on working with factories that have a lower environmental impact,
- › communicate the environmental impact of our products in more detail to our consumers.

We believe that the SAC's Higg FEM is the most efficient industry tool for this purpose. This is partly because suppliers only have to fill out the module once per year and share it with all the brands they work with, instead of answering separate questionnaires for each brand.

At the end of 2018, SAC launched the Facility Social and Labor Module (FSLM), a similar tool to track and measure the social performance of factories. We will use the FSLM to monitor social performance in our supply chain from 2019 onwards.

The Higg Index



For more information about the SAC's Higg Index suite of tools, visit  
→ <https://apparelcoalition.org/the-higg-index/>

Reducing the environmental impact  
of Tier 1 suppliers

We work closely with our Tier 1 suppliers to help them reduce their impacts by improving our product designs. We also encourage our suppliers to implement best practice environmental management systems. In 2018, CO<sub>2</sub> emissions per pair of shoes manufactured in our footwear Tier 1 suppliers decreased 15.9%, compared to the 2015 baseline. In addition, water use and waste per pair of shoes decreased by 17.6% and waste emissions doubled respectively.



During the year we also created a new set of environmental guidelines to help our suppliers reduce their impacts. The new guidelines will be ready to share in 2019. In addition, we updated our auditing process and rating criteria to reflect our new science-based targets and insights from the Higg FEM analysis.

YEAR	UNIT	2015	2016	2017	2018
CO <sub>2</sub> emissions	kg/pair	2.45	2.17	2.27	2.06
Water	m <sup>3</sup> /pair	0.034	0.030	0.030	0.028
Waste	kg/pair	0.02	0.03	0.03	0.04
Recycled or recovered waste	tonnes	12,606	9,324	3,658	4,125

The data in this table is based on 14 factories in China, Vietnam, Indonesia and Cambodia, which together produce over 95% of all our footwear. The 2017 data is restated due to updated data and improved estimates.



# OUR APPROACH TO MANAGING OPERATIONS CONTINUED

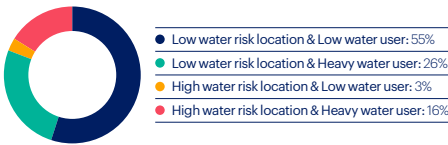
## Water risk mapping in the supply chain

Our industry uses a significant amount of fresh water globally in its material sourcing and manufacturing activities. Many of the factories we work with are located in regions affected by water scarcity, with limited water infrastructure and regulations on water use and pollution. It's therefore important that we understand the water risks in these areas, as well as opportunities to improve water sustainability.

In 2017 we performed a water risk assessment focused on footwear and apparel Tier 1 and 2 suppliers. In 2018, we updated this assessment based on more recent information gathered from the Higg FEM modules.

The analysis found that many of our suppliers have good water management practices, and most are limited water users. For the few identified as heavy water users, we found that most have an effective water management system in place, including targets and strategies for improvement. Some facilities did not provide detail about water use in their FEM module, and we will focus more attention on their water management in our audits of these suppliers in future.

## Water risk at our supplier\*



\*The analysis is based on the facilities that responded to our request to share their FEM module with us.

Based on the information provided in the FEM modules, we also added several topics related to water management to our factory rating criteria, which will be included in the next scheduled update of our rating system. This will enable us to include water use performance in the total score for the suppliers we work with, and reward those who are performing strongly in terms of water management.

## Environmental compliance in our supply chain in China

By collaborating openly with partners, we gain valuable insights and feedback that helps bring compliance issues to light and help improve compliance across our supply chain.

In 2016, we began to comprehensively screen our suppliers in China using the Blue Map Database, a platform developed by the Institute of Public & Environmental Affairs (IPE). This investigation showed that speed of reaction, clear internal communication and risk prevention processes are key to improving compliance in our supply chain.

In 2018 we were ranked 13th out of 49 companies in the leather industry and 26th out of 81 companies in the textile industry in the Corporate Information Transparency Index (CITI) system. Jointly developed by IPE and the Natural Resources Defense Council (NRDC), the index evaluates brands' supply chain environmental performance based on information that is made public, such as government compliance data, online monitoring data and third-party environmental audits. This index is frequently updated when brands share more information publicly, and the ranking can therefore change regularly.

For more about supply chain compliance  
→ see page 35

**13th**  
out of 49 companies  
in the leather industry in  
the Corporate Information  
Transparency Index (CITI)  
system



Operations

# I MOVE ME<sup>TM</sup> STRONGER

We engage with people and communities to move stronger by improving their physical and emotional wellbeing. By building partnerships, we empower people in our supply chain and our colleagues in our own workplaces, giving them the strength to fulfill their potential.

**91%**  
of our Tier 1 supplier  
factories rated C-Level  
or above on ASICS'  
supplier rating scale

**89**  
participants  
from 61 suppliers  
receiving training  
and capacity building

**\$550,541**  
invested in community  
contributions and  
donation in kind



## FEATURED STORY FOR COMMUNITY INVOLVEMENT

We help people improve their physical fitness and mental health.

When our founder Kihachiro Onitsuka founded our business 70 years ago, he wanted to use sport to give purpose and meaning to the lives of young people in post-war Japan. Today our core vision remains the same: to inspire people through sports. As well as providing great athletic clothing and footwear products, our business is about motivating everyone to move, be healthy and feel happy.

### Right To Play partnership / KO100

- › 2018 saw the launch of Project Lebanon, a project to support Syrian refugee children and their families living in Lebanon.
- › Launched in September in Beirut and a number of other cities across Lebanon, the project provides children with opportunities to have fun and develop life skills by taking part in a range of sport activities and play programs, guided by volunteer coaches. The program is run by Right To Play with support from ASICS.
- › Project Lebanon was made possible as a result of donations through sales of our limited edition KO100 footwear and apparel collection, launched in 2018.

- › Commemorating the 100th anniversary of our founder, Kihachiro Onitsuka, the KO100 collection features distinctive sunflower designs, inspired by Onitsuka's own sunflower paintings. For our founder, sunflowers were a symbol of his desire to help people face toward their own bright future, in the same way a sunflower reaches for the sun.
- › For every KO100 product sold, we committed to donating 10 US dollars to Project Lebanon – enough to keep one child in the program for 10 weeks. In total we donated US\$100,000 to the project from the sales of the collection. We also encouraged our employees to make their own donations.

**“I fled from Syria 7 years ago. I was only two years old when I came here from my hometown. Sports is a nice thing to do with my classmates. I really love this program”.**

**Hanan Sawad,**

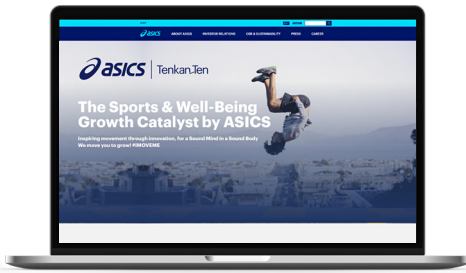
a child participating in Project Lebanon.

# OUR APPROACH TO HEALTH AND WELLBEING



## Supporting start-ups and stimulating innovations

Tenkan-ten is Japanese for “tipping point” – the moment that a small change makes a big difference. Inspired by this idea, our new EMEA business and innovation hub in Barcelona created the ASICS Tenkan-Ten Growth Catalyst: an exciting program supporting start-ups in the sport and wellness industry. Aimed at start-ups whose mission aligns with ASICS’ philosophy of promoting movement, health and happiness through sport, the program offers financial support, business connections, mentoring and training.



In 2018, five companies were chosen to be supported through the program. These were:

1. Pyratex, a textile technology company producing bio-based fabrics that enhance athletic performance.
2. MilePositioning (Running City), a running tracker app that runners can use to explore cities around the world.
3. Entrenarme, an app allowing users to find coaches around the world to match their preferred activities and training styles.
4. Curv, an app allowing athletes and coaches to measure incremental changes in performance.
5. A-Champs, interactive devices that allow users of all ages to move by playing, training and learning.

The program will move to its next phase in 2019, and we look forward to reporting on progress.

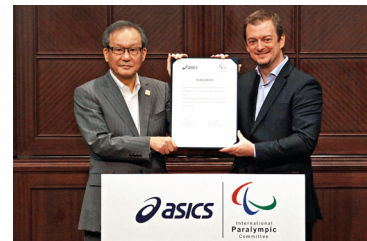
For more about Tenkan-Ten project  
→ <https://tenkan-ten.com>

## Official supplier of International Paralympic Committee

In 2018 we were proud to announce that ASICS has become the official supplier of the International Paralympic Committee (IPC). Through the partnership, we will provide kits to officials and some athletes taking part in certain international Paralympic sports championships as well as IPC officials participating in the 2020 Paralympic Games in Tokyo.

**“This is an agreement that not only benefits the IPC and the summer World Para Sports, but the wider Paralympic Movement. We are particularly delighted at the commitment of ASICS to support the Independent Paralympic Athletes team and a number of developing NPCs on the road to Tokyo 2020”.**

Andrew Parsons  
IPC President



IPC President Andrew Parsons (right) and ASICS Chairman and CEO Motoi Oyama (left)

## Global Development Partner of International Triathlon Union

The International Triathlon Union (ITU) is the official governing body of the sport of triathlon. In 2018, ITU launched a triathlon development program for young athletes from developing countries. ASICS was announced as ITU’s global development partner, providing apparel and running footwear for the multi-year program.

**“ITU is delighted to welcome ASICS as the new naming global partner in triathlon development as we continue to grow our sport around the world across the Tokyo 2020 Olympic cycle and beyond. Our 2018-2021 development plan is designed to maintain the current upward trajectory of the sport of triathlon and this partnership allows us to reach further than ever in that quest”.**

Marisol Casado  
ITU President and IOC Member



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

OUR APPROACH TO  
OUR SUPPLY CHAIN  
CONTINUED

Monitoring our supply chain

When we select any new footwear, apparel or accessories supplier, we assess their social and environmental sustainability performance against ASICS’ standards before engaging in a business relationship.

Once we establish a formal business relationship with a supplier, we continuously monitor the supplier’s sustainability performance and periodically assess their facilities. We conduct three types of assessments within the ASICS supply chain: internal, commissioned and partner audits.

Internal audits

ASICS’ compliance auditors conduct on-site inspections, verify documentation and interview supplier management and employees. They provide detailed explanations of ASICS’ policies, identify issues and plan corrective actions through discussions with management.

Commissioned audits

Commissioned audits are carried out by specialized, accredited third-party monitors who are well versed in local laws, regulations, culture and languages as well as the ASICS Policy of Engagement and Code of Conduct. They can gather information that is otherwise hard to obtain through an internal audit, for example through worker interviews in their local language.

To ensure our auditing process is consistent and comparable, we use a standardized tool created by the Supplier Ethical Data Exchange (Sedex). SMETA (Sedex Members Ethical Trade Audit) is an open-source audit methodology tool that encompass all aspects of responsible business practice, covering Sedex’s four pillars of labor, health and safety, environment and business ethics.

Partner audits

These are audits conducted with ASICS’ suppliers as part of our collaboration with multi-stakeholder initiatives. ILO Better Work has conducted our partner audits and improvement plan follow-ups since 2014.

In addition to the audits, suppliers and their subcontractors can demonstrate compliance levels through self-assessments. Information from these feeds into our other assessment forms and risk analysis.

Self-assessments increase supplier awareness of supply chain issues and ASICS’ standards. In future, we will link supplier self-assessments to commitment-based self-management using industry collaborative tools such as those of the SAC Higg Index, in combination with external verification and validation of data.

At the end of 2018, the SAC launched their Facility Social and Labor Module (FSLM), which will allow us to align the self-assessments of our suppliers on a larger scale and benchmark their performance internally and with their industry peers in various countries. Together with the Facility Environmental Module (FEM), this will enable us to gather more data from our suppliers in the most efficient way.

For more about FEM and FSLM

—> see page 30

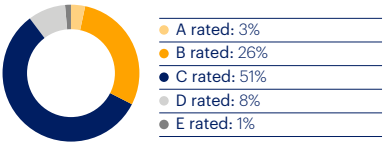
Audit criteria and supplier ratings

Our assessments and audits use 17 criteria to evaluate our Tier 1 suppliers’ sustainability performance.

Each criterion is scored on a five-point scale, from 1 (below standard) to 5 (best practice). Audit criteria covering forced labor, child labor, abuse and harassment, wages, discrimination and hours of work are defined as zero tolerance criteria. Non-compliance within these areas is taken very seriously and can result in immediate business termination.

We award each supplier an overall rating from A to E, based on its performance against the 17 criteria. The graph shows how our suppliers rated in 2018.

Tier 1 supplier ratings 2018



The remaining 11% suppliers are members of the ILO’s Better Work or Better Factories Cambodia factory improvement programs. The programs assess working conditions at these factories and provide guidance to them on how to improve them. We give those participating factories an initial rating of C, but over time most of those factories reach a B level.

Year	Internal ASICS audit	Commissioned audits	Partner audits	Total
2015	80	52	7	139
2016	62	46	14	122
2017	66	31	16	113
2018	23	46	24	93





## 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](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

## 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](http://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

### Responsible recruitment

The manufacturing industries in many of the countries in which our supplier factories are based depend on large numbers of migrant workers. The use of migrant workers in factories is associated with an enlarged risk of forced labor and other human rights abuses. This issue has gained increasing global attention in recent years, and governments and industry bodies are working to address the problem on a regional and individual country level.

In 2018, the Non Governmental Organization (NGO) Transparetem found that a factory used by ASICS and other sporting brands as a Tier 1 supplier employed migrant workers under conditions that indicated forced labor risk. This included non-compliances with regards to payments to workers. We met with the NGO to understand the issues identified and promptly started corrective actions with the factory.

Following this, we joined over 120 other brands as signatories of the Commitment to Responsible Recruitment. The goal of the initiative is to promote an industry-wide approach to responsible recruitment and ethical employment practices for all workers, with a special focus on migrant workers.

At ASICS we have zero tolerance for forced labor or any other human rights abuses anywhere in our supply chain, and we continue to closely monitor and improve labor conditions in the factories we use.

#### Read more about the commitment

→ [www.aafaglobal.org/AAFA/Solutions\\_Pages/Commitment\\_to\\_Responsible\\_Recruitment.aspx](http://www.aafaglobal.org/AAFA/Solutions_Pages/Commitment_to_Responsible_Recruitment.aspx)

### Training and capacity building

We provide training for our Tier 1 and Tier 2 suppliers so that they can learn and share best practices that allow them to improve labor and environmental performance over time.

Through training, we give our suppliers the knowledge and understanding necessary to implement new standards, legal requirements and structured management systems, as well as raising awareness of industry best practice.

Training also helps suppliers to avoid or improve compliance issues, and develops better communication between workers and employers. This capacity building process ultimately improves both the wellbeing of staff and the suppliers' quality and productivity.

Our supply chain monitoring and rating system identifies specific types of training needs in the different regions where our products are manufactured. We carry out training in collaboration with independent stakeholder partners such as ILO's Better Work.

In 2018, we provided capacity-building sessions for suppliers in Shanghai, China. These sessions covered a range of subjects including supervisory skills, fire safety, compensation and benefits, social compliance, and the rights and responsibilities of workers and unions.

In addition, our suppliers are able to attend capacity-building sessions held by ILO Better Factories Cambodia program and ILO Better Work (Vietnam, Indonesia).

#### Training in Shanghai, China

- › Occupational health and safety
- › Latest China labor law updates
- › Environmental management

# 89

Participants

# 61

Suppliers

**“Our partnership with ASICS ensures our sustainability goals are aligned. Helping strengthen our capabilities and proactively communicating with all teams to build a learning environment. Our efforts have been recognized by the ILO Better Factories Cambodia program: we are the first apparel manufacturer in Cambodia to achieve ILO/BFC Stage II Factory. Currently we are working with the UNESCO for Literacy program to encourage employee development and improve their living standards. The ASICS sustainability team has given us huge support”.**

**Message from Sabrina**  
(a supplier in Cambodia)



Supply Chain

## 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



Supply Chain

# OUR APPROACH TO COMMUNITIES (OUR PEOPLE)

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

## Investing in our people

Our people are our most important asset. To support them, we have a range of employee enhancement initiatives in our offices around the world. Just as we help our customers achieve a sound mind in a sound body we want to do the same for our employees, and our initiatives are designed to support this goal.

## Work style reform in Japan

In 2019, the Japanese government passed legislation commonly referred to as the Work Style Reform Law, which addresses issues related to long working hours and seeks to improve work/life balance for employees in Japan. Prior to the enactment of the new legislation, our ASICS headquarters and its Japanese subsidiaries launched a series of programs in 2017 and 2018 to encourage more flexible ways of working. This included introducing planned leave, leave for sports and Premium Fridays, when employees are encouraged to leave their offices at 3pm on the last Friday of the month.

In 2018 we encouraged all our organizations and their employees to promote the programs with the message "Change! For Growth". As a result, the average annual working hours decreased by 21 hours to 1,920 hours, the average annual overtime working hours decreased by 13 hours to 187 hours, and the employees' paid leave increased by 5.3% to 63.6% in 2018.

Our 2018 employee survey showed that the percentage of our employees who consider themselves to be working autonomously increased to 86% from 73%. Employee productivity has also increased through these programs.

## Global mobility

To ensure the right people are working in the right place, ASICS implemented our Global Mobility Policies (GMP) in 2017. The policies make easier for employees to move between ASICS offices internationally, improving the diversity of our teams. They also support our employees' continuous career development, and ultimately our sustainable growth as a global company.

In 2018, 10 employees began assignments at subsidiaries or representative offices abroad under the GMP. The assignments varied in duration and purpose, according to the diverse needs of our business. As of December 31, 2018, 57 employees are working as international assignees within ASICS Group.

## Fostering a diverse working culture

Enhancing diversity in our workplace is a major priority for ASICS. In particular, ASICS Headquarters and ASICS Japan Corporation worked hard to increase female representation at senior levels. As of 2018, women make up 9.4%\* of all managers at our Headquarters in Japan, up from 8% in 2016.

Recently we also stepped up our efforts to promote a more inclusive working culture. In 2018 we gave all managers training sessions to raise awareness of unconscious bias in decision making.

In 2018, as a result of these efforts, we were recognized as one of Japan's leading companies for the promotion of gender equality by the Gender Equality Bureau Cabinet Office.

## Award of companies empowering women 2018



At the award ceremony, ASICS COO Yasuhito Hirota (front left) and Japan Prime Minister Shinzo Abe (front center)

女性が輝く  
先進企業 2018

\* The 2018 data of ratio of females in manager and senior positions at ASICS Headquarters and ASICS Japan Corporation (9.4%) is verified by Deloitte Tohatsu Sustainability Co., Ltd.



## OUR APPROACH TO COMMUNITIES (OUR PEOPLE) CONTINUED

### Employee Well-being (Japan)

As a leading company that strives to promote healthy lifestyles through sports, we see it as our responsibility to do the same within our organization. To achieve this, in 2017 we established the ASICS Well-Being system – a series of action plans designed to improve the health and wellbeing of our employees. The plans focus on three main areas: mental health, physical health and help to quit smoking.

The system offers employees support on areas such as coping with workplace stress and nutrition, as well as providing opportunities to take part in physical activities such as cycling. As part of our efforts to help employees quit smoking, we implemented a smoke-free office policy from January 2019.

As a result of these efforts, we were recognized under 2019 Health & Productivity Stock Selection, by Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange.



Road bike event held at headquarters office



**“We agree with the goals outlined in the UN’s Sustainable Development Goals, particularly Goal 3 (Good Health and Well-being for People) and Goal 8 (Decent Work and Economic Growth). Promoting health management also involves promoting the development of ASICS itself.”**

**Yasuhito Hirota**, President and COO,  
Representative Director of ASICS Corporation

### Employee Well-being (USA)

ASICS America Corporation rewards employees for investing in their own health. One way we do this is by offering a discount on the medical insurance premium. To qualify for the premium reduction, employees must participate in a certain number of wellness-related activities to earn points, all based on the concept of “I MOVE ME”. Activities included in the ASICS Wellness initiative include:

- › Running, walking and cycling
- › Exercise at any exercise facility of the employee’s choice
- › Preventative health exam(s)
- › Half or full marathon(s) participation
- › Triathlon participation
- › 5K & 10K running events
- › Philanthropic volunteer day(s)

Employees can also earn points toward wellness rewards through the free exercise classes offered several times a week in the Irvine office sports’ center. Exercise outside of working hours can also count toward the rewards, as long as employees track and share their work-outs with our HR group. ASICS accepts most common exercise tracking apps such as ASICS Runkeeper.

### At ASICS America Corporation Irvine Headquarters

# 20%

Approx 20% of employees have participated in Yoga/Bootcamp

# 28.8%

of employees received the wellness discount (20% decrease in medical insurance premiums) during 2018/19 Open Enrollment

### Those participants collectively

- › walked for 4,950 hours
- › walked 4,691 times for more than 10,000 steps
- › spent 4,000 hours in ASICS and other gyms



Exercise class at the Irvine office sports’ center



## OUR APPROACH TO COMMUNITIES (OUR PEOPLE) CONTINUED

### Employee Well-being (EMEA)

ASICS also encourages its employees to lead active lifestyles within its EMEA regions. At our EMEA headquarters in Hoofddorp, which as per end 2018 employs 309 employees on a FTE basis, employees receive a contribution toward private sports club membership. Through a partnership with the Atletiefabriek, employees can also take advantage of the organization's in-house vitality program.

We offer a range of physical activity classes to employees, including beginner and advanced running classes, individual gym training sessions and yoga. We also provide masterclasses on subjects such as nutrition, sleep, mindfulness and the impact of travel.



Employees during a running class

### ASICS Academy: developing leaders

We strive to recognize and develop talent across our Group. Aligning our approach to talent management across our regions, our Global Talent Management Cycle supports the development of leadership talents at different levels of our organization.

Our ASICS Academy leadership training program fast-tracks the development of the next generation of business leaders in our global market. The Academy includes four tracks for leadership development aimed at different levels of leadership: Strategic Leaders, Change Leaders, Leading Leaders and Developing Leaders. It also has a self-development program.

In 2018 we focused on the development of Change Leaders, who have the potential to take on upper management roles. Nine colleagues took part in the intensive six-month program to develop leadership skills.

# 54%

More than half of ASICS Europe BV employees attend the organization's physical training sessions or well-being workshops

### Personal development and realization of individual career goals

We believe that individual career fulfillment and business performance go hand in hand. To support our employees' career development, we introduced a global talent management platform in 2015. Since then we have been developing the platform as our talent management progress.

We encourage our employees to design their own career plan. At the same time, we offer various on-site and e-learning programs to support their personal development as well as mandatory programs on corporate governance. Other programs include extended trip assignments, and opportunities to study abroad to learn a language. Through these programs, employees can develop their skills and work toward their career goals.

In recognition of these activities, we were awarded Good Career Company Award by Japan's Minister of Health, Labour and Welfare in 2018.

### Employee volunteering activities in the US

With the help of supporters and volunteers, the Second Harvest Food Bank provides wholesome food and fresh produce to more than 250,000 hungry children, seniors and families in Orange County, California every month. In partnership with the Two Ten Footwear Foundation, more than 70 ASICS employees served for more than 200 hours at the Second Harvest Food Bank on October 17, 2018.

ASICS volunteers worked side by side with the Food Bank staff to sort and classify the available food and drink donations, repackaging them for easy distribution. In total, Second Harvest distributed the equivalent of more than 21.6 million meals to people at risk of hunger in Orange County in 2018.



ASICS volunteers sorting the available food donations

# OUR APPROACH TO COMMUNITIES (COMMUNITY INVOLVEMENT)

Our company was founded on the belief that sport and play can transform lives and communities for the better. Today we continue to uphold that principle, supporting communities in our countries of operation and beyond through charitable donations, donations in kind, employee volunteering and disaster relief.

## US\$550,541

Invested by ASICS Group globally FY2018 on community in cash and in kind as charitable donation and disaster relief

### Global activity alignment

Until recently, we generally engaged with communities on a local and regional level. We now want to align our activities globally, and to support that ambition we began working toward selecting a key global charity partner in 2018. Parallel to this process, we updated our global community engagement guidelines, an internal document that formalizes our approach to selecting and approving funding requests from charities.

Following thorough internal evaluations, we selected Right To Play as our priority charity partner from 2018 onward in all regions. Right To Play is a global organization that uses the transformative power of sport to educate and empower children facing adversity around the world. Right To Play has been a charity partner of ASICS Europe B.V. for more than 10 years, and we are proud to have expanded our collaboration globally.

While we will focus on our partnership with Right To Play to maximize our positive impact on communities on a global basis, we will continue to work with local partners to meet local community needs.

### Right To Play partnership / KO100

Beyond the KO100 project (shown on page 33), ASICS activities for Right To Play have existed within the EMEA region for many years. In 2017, we raised consumer awareness for Right To Play within ASICS Retail Stores and on E-Commerce sites during the holiday season. This resulted in a record amount of EUR 500,000 being donated by consumers to Right To Play in the first quarter of 2018. We repeated the campaign during the holiday season in 2018, while also extending it to ASICS Flagship Stores in the US.

We have committed to continue supporting Right To Play's Project Lebanon and other projects globally through to 2020.

### Find out more about Right To Play

→ [www.righttoplay.com](http://www.righttoplay.com)



### Disaster relief/volunteer week (US)

We took action to assist victims of the California wildfires in early January 2018. ASICS North America partnered with the Two Ten Footwear Foundation to deliver disaster relief to the families affected by the huge Thomas Fire north of Los Angeles. Through the partnership we donated a total of eight pallets of ASICS products to people who had lost their homes to wildfires. The donations were distributed by Two Ten Footwear Foundation's partners on the ground Samaritan's Feet and the Heart2Heart Foundation, working with the Salvation Army Ventura Corps.

### Japan floods disaster relief

In July 2018, heavy downpours in southwestern Japan resulted in widespread, devastating floods and mudflows. The floods became one of the deadliest natural disasters to hit the country since the earthquake and tsunami of 2011, killing more than 200 people and destroying more than 50,000 homes.

To help people affected by the landslides and floods, ASICS donated 5 million yen to Japan Platform, an organization working with multiple stakeholders to provide disaster relief in Japan and abroad.

## OUR APPROACH TO COMMUNITIES (COMMUNITY INVOLVEMENT) CONTINUED

### Supporting reconstruction from the earthquake

In Japan, the ASICS Tomorrow Project continues to support communities affected by the 2011 earthquake and tsunami. Due to ongoing reconstruction in the Tohoku area, many local children have limited access to spaces and facilities to enjoy sports. Since 2011, we've been helping children in Tohoku get involved in sports by holding sports events hosted by athletes and coaches.

The goal of the program is to promote the sound development of mind and body through sports, and to give children inspiration and hope for a brighter future. In 2018, the program helped more than 3,500 children take part in a range of sports activities, including soccer, volleyball, basketball and running.



Soccer event held in Fukushima

### Supporting the Boston community

ASICS North America's headquarters opened its new Creation Studio in Boston in February 2018.

As part of our commitment to the Boston community, we set up the Morning Mile Program in 10 Boston schools to inspire local children to get healthy and active. The program is being run partnership with the charity organization PHIT America.

The program gets kids up and running every morning in schools where physical education programs have either been reduced or discontinued. The program was launched at the Michael J. Perkins Elementary School by ASICS Athletes Lolo Jones and Jordan Burroughs, together with ASICS North America's leaders.

**"We are thrilled to have a leading global brand like ASICS expand in Boston. We are extremely grateful for their community impact efforts to get our kids moving."**

**Mayor Martin J. Walsh,**  
City of Boston

### Adopt a School

The Tag Rugby® Association provides opportunities for children to get involved in sport and physical activity, as well as improving life skills. Since 2015, ASICS EMEA has been supporting the Tag Rugby® Association's Adopt-a-School program to support disadvantaged primary school children in South Africa. Tag Rugby is a non-contact form of rugby where a tackle is made by pulling a ribbon off the belt of the opponent holding the ball.

The Tag sessions are often the only exposure that these children have to organised sport. In some supported areas, children are faced with gang violence every day, and Tag provides them with a safe environment in which to enjoy sports, learn valuable life skills and stay out of trouble.

The program is designed to grow sustainably, providing employment to young men and women in their local communities.

**"We are extremely grateful to all our donors, and we view our relationship with ASICS especially as a true partnership. I would like to thank ASICS for their continued support of the Adopt-a-School programme and their shared commitment to making a positive difference in the lives of South African children through sport."**

#### Stuart McConnell

Tag Rugby® Association – Executive Director  
International Tag Federation – Chairman



200 children from 17 schools taking part in the HSBC Tag Rugby® Community Clinic on December 5, 2018

Independent Practitioner's Assurance Report

To Mr. Yasuhito Hirota, President and COO, Representative Director of ASICS Corporation.

We have undertaken a limited assurance engagement of the following sustainability information for the year ended December 31, 2018 (the "Sustainability Information") included in the "SUSTAINABILITY REPORT 2018" (the "Report") prepared by ASICS Corporation (the "Company"):

- the 2018 amounts in the graph "CO<sub>2</sub> emissions from our locations (tonnes)" on page 25;
- the 2018 total in the graph "Energy volume by type (GWh)" on page 26;
- the CO<sub>2</sub> tonnes for "1. Purchased goods and services" in the chart "Scope 3 CO<sub>2</sub> Emissions 2018" on page 27; and
- the ratio of females in manager and senior positions at ASICS Headquarters and ASICS Japan Corporation to the right of the section "Fostering a diverse working culture" on page 41.

The Company's Responsibility

The Company is responsible for the preparation of the Sustainability Information in accordance with the calculation and reporting standard adopted by the Company (as explained in the notes to the Sustainability Information on pages 25, 26, 27 and 41 in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

*Deloitte Tohmatsu Sustainability Co., Ltd.*

Deloitte Tohmatsu Sustainability Co., Ltd.  
Tokyo, Japan  
May 24, 2019

Member of  
Deloitte Touche Tohmatsu Limited