

Sustainability Report 2020



**Sound
Mind,
Sound
Body**

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Message from the CEO & COO



Motoi Oyama
Chairman and CEO
Representative Director



Yasuhito Hirota
President and COO
Representative Director

Anima Sana In Corpore Sano is our founding philosophy – A Sound Mind in a Sound Body. In 1949, Kihachiro Onitsuka founded ASICS with the goal of improving the future through good mental and physical health for children, in Japan, and the world. The philosophy reflects our ambition that people around the world live mentally and physically healthy and happy lives. This philosophy is entwined in all that we do. To help people achieve a sound mind in a sound body, we need a sound earth. That is why we have to work in a sustainable way, so we have made sustainability one of the core themes in VISION2030, which presents the long-term targets for the company we aspire to be in the future.

Today, we live in an age that digital information can travel around the world in a split second. Yet we are facing global challenges, including climate change and the COVID-19 pandemic. Kihachiro Onitsuka's philosophy is needed now more than ever for people and the planet, and it guides ASICS as we work to tackle these issues.

Protecting Lives During COVID-19

The COVID-19 pandemic has threatened millions of lives globally. As an immediate response to help slow the spread of the virus, ASICS closed retail stores and implemented the stay-at-home guidance that national, state and local governments issued to protect our consumers, vendors, and employees.

Being at home has changed the environment of enjoying sports. We provided training programs online to encourage people to stay active and healthy at home.

The pandemic has also had a major impact on the world's businesses and supply chain.

We published our approach, which aimed to protect factory workers and support our suppliers' financial stability. We also created a Health and Safety Guideline for COVID-19 and distributed it to each supplier.

A Sound Mind in a Sound Body needs a Sound Earth

Addressing the long-term climate crisis requires the private sector to take radical action to reduce greenhouse gas (GHG) emissions. We support ongoing global efforts to limit average temperature increases to 1.5 degrees above pre-industrial levels and aim for a collective net-zero world by 2050. As such, we have updated our action plans to achieve higher goals for cutting our emissions.

2020 was the final year of our previous five-year strategic plan. We achieved many of our sustainability targets, but our work must continue. In 2020, ASICS launched VISION2030, which has three key themes: Digital, Personal and Sustainable. The Sustainable theme outlines our new strategy on social and environmental topics toward 2030.

We have already started taking action on our plan toward 2030, based on a new materiality analysis. Aligned with the UN Sustainable Development Goals (SDGs), we will continue to work with our stakeholders and strive for a sustainable future for our business, people and the planet.

In line with ASICS' founding philosophy and brand tagline 'Sound Mind, Sound Body', our efforts aim to resolve critical social and environmental issues and to preserve sustainable environment so that people can enjoy sports and continue living in good health.

asics at a glance



ASICS is one of the world's top sports performance and lifestyle brands. We operate 52 businesses around the world and are stock listed on the Tokyo Stock Exchange. Our reach extends further through our supply chain business partners, sponsored events and connections to other stakeholders worldwide.

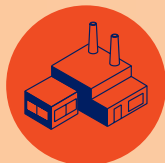
2020 IN NUMBERS



8,904
employees



32.9% women
at Corporate Headquarters



98% Tier 1 supplier
factories
meet ASICS
C-Level or above



more than 150
Tier 1 suppliers
in 22 countries manufacture our products



19.5% recycled polyester
used in total polyester consumption



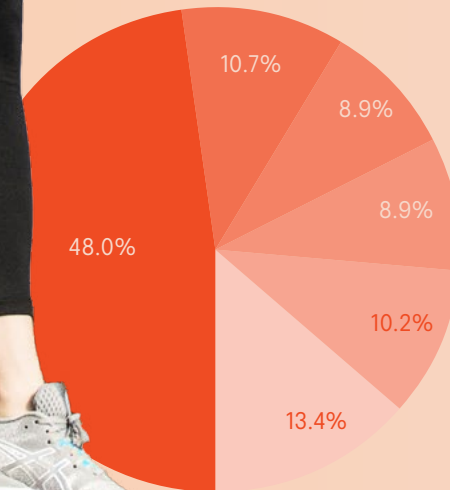
25.0% CO₂ emissions reduced
from our direct operations



US\$ 673,262
for the community
in contributions and donations



Net sales:
328.7 billion yen
Net income: -16.1 billion yen



- Performance running
- Core Performance Sports
- Sportstyle
- Apparel and Equipment
- Onitsuka Tiger
- Others



ASICS Sustainability Framework

In order to fulfil our ambitions under our founding philosophy 'Sound Mind, Sound Body', we set out our long-term vision and targets. Sustainability continues to be a key pillar in our new VISION2030, and it is central to our business and activities now and in the future.

'Sound Mind, Sound Body' represents our wish to enable people to live healthy and fulfilled lives. In our changing world, this philosophy is needed more than ever before. ASICS will continue to offer products, services, and an environment that contribute to improving mental and physical health, keeping our philosophy as the core of everything we do.

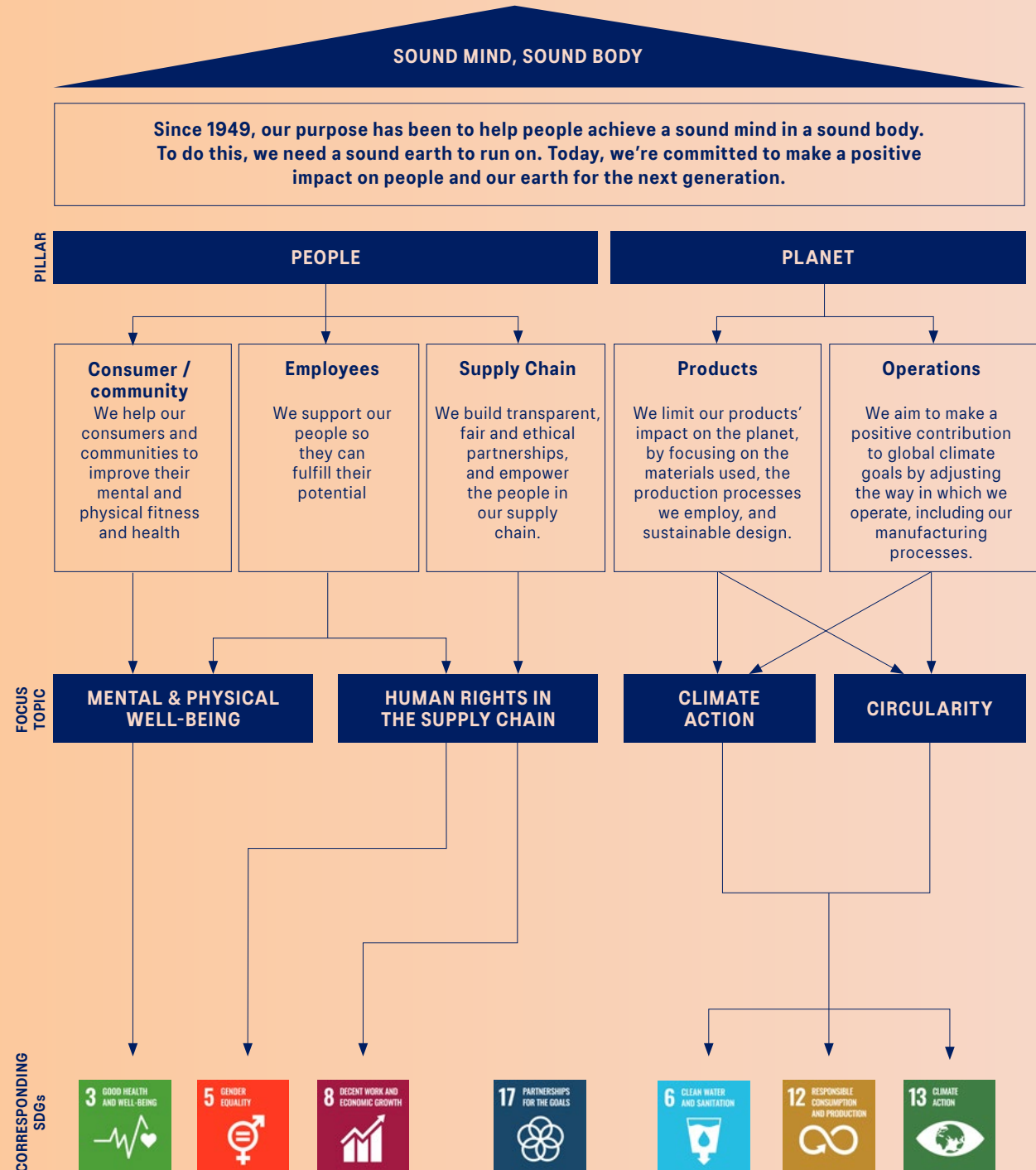
Our Sustainability Framework

Our Sustainability Framework stands on two main pillars: People and Planet. Under 'People', we focus on mental and physical well-being and human rights in the supply chain. Under 'Planet', we focus on climate action and circularity. The Framework outlines the targets we have set, the actions we are taking to meet them, and the partnerships we have established under each pillar.

The sustainability framework is based on our company-wide materiality program that identifies and evaluates the material topics that are most relevant to our stakeholders and to our business. In 2020, we substantially updated our materiality matrix to prepare us for the next phase of our business strategy and sustainability strategy. Key topics identified in this analysis are: mental and physical well-being, innovation, products' and services quality, climate action, human rights in the supply chain, circularity, employee engagement, water management, and corporate governance and disclosure. More detail on our materiality approach and matrix is provided in About this report.

Supporting the UN Sustainability Agenda

ASICS supports the UN Sustainable Development Goals (SDGs). Our sustainability activities align with the SDGs, in particular goals 3, 5, 6, 8, 12, 13, and 17.



Sustainability Policies and Guidelines

Our corporate activities are guided by clear codes 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. Various policies and activities apply throughout this chain, from raw materials suppliers (tier 3 and beyond), through manufacture and retail all the way to consumers and the product's end of life.

We have a number of policies that provide guidance to our employees, suppliers and other stakeholders in support of our sustainability efforts.

- The ASICS Global Code of Conduct sets out the basic standards that we expect our colleagues to meet in everything they do. These apply to all ASICS Group companies.
- Our Policy of Engagement lays down 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. These 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

Integrating Sustainability into Governance and Strategy

Sustainability is an integral part of our business strategy at the corporate and divisional level. Our Board of Directors oversees the ASICS sustainability strategy and is responsible for integrating and prioritizing sustainability in our corporate objectives.

Our Policies

| ASICS | OUR SUPPLIERS & OTHER BUSINESS PARTNERS | OUR MATERIALS & PRODUCTS |
|--|---|---|
| <ul style="list-style-type: none"> • Code of Conduct • Policy on Anti-Bribery and Anti-Corruption • Policy on Anti-Trust and competition • Policy on Environment • Policy on Protected Disclosure | <ul style="list-style-type: none"> • Policy of Engagement (Supplier Code of Conduct) • Guideline for Factory CSR • Compliance Management • Product Sourcing and Assessment Cycle Guideline • Guideline for Management of Production Downsizing and Facility Phase-out. | <ul style="list-style-type: none"> • Restricted substance policy • Policy on animal-derived materials • Conflict mineral policy • Recycled material policy • Cotton policy • Sustainable Packaging Policy |

Sustainability Governance Structure



Our Sustainability Committee, which is chaired by the President and COO, reports directly to the Board of Directors. The Sustainability Committee works alongside the Risk Management Committee. Their responsibilities include reviewing our group-wide sustainability strategy, roadmap and action plan, as well as reporting on progress against our sustainability targets at the divisional level. In 2020, the Committee discussed and approved a materiality update and the integration of sustainability into business strategy.

We manage our sustainability performance using Environmental Management Systems. Our main office locations – Headquarters and Institute of Sport Science in Japan, regional headquarters and distribution centers in Europe – are accredited to the ISO14001 international standard.

| 2020 TARGET | 2020 RESULT | ACTION PLAN ONWARD |
|---|---|--|
| Establish global ASICS Environmental Management System (including ISO 14001 at all key locations) | Management system has been updated to work under sustainability governance structure. | Maintain sustainability governance structure and aligned Environmental Management System across the organization |

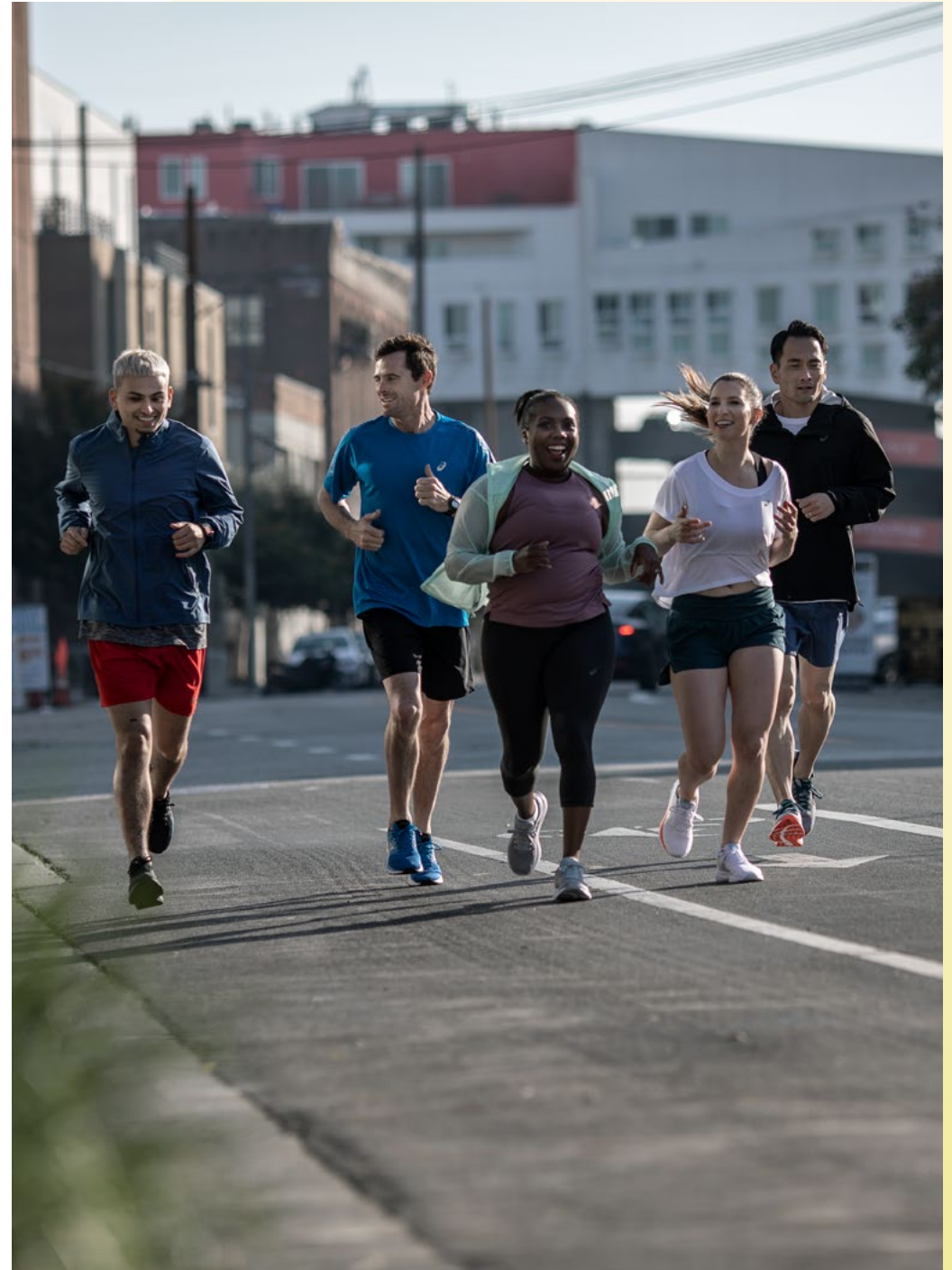
Sustainability throughout the Value Chain



People are at the heart of ASICS

We exist to encourage and support those people – our consumers, communities, employees and suppliers. We support our consumers in their quest for a sound mind in a sound body through our products and services, which are designed to fulfill that role. We support our communities by giving back to the communities in which we operate.

We support our employees through training and other opportunities, as well as through health and well-being programs. And we support our suppliers through strong partnerships for sustainability, providing guidance so we can make a positive impact together.

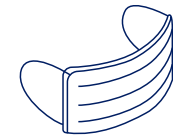




Key achievements In 2020



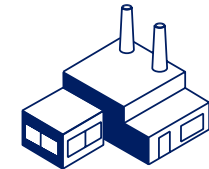
Female managers
appointed in all business
divisions of ASICS Headquarters



COVID-19 response
to protect and support consumers,
employees and suppliers



**Community work
around the world**
ASICS Tomorrow Project,
Right To Play,
One Future Project

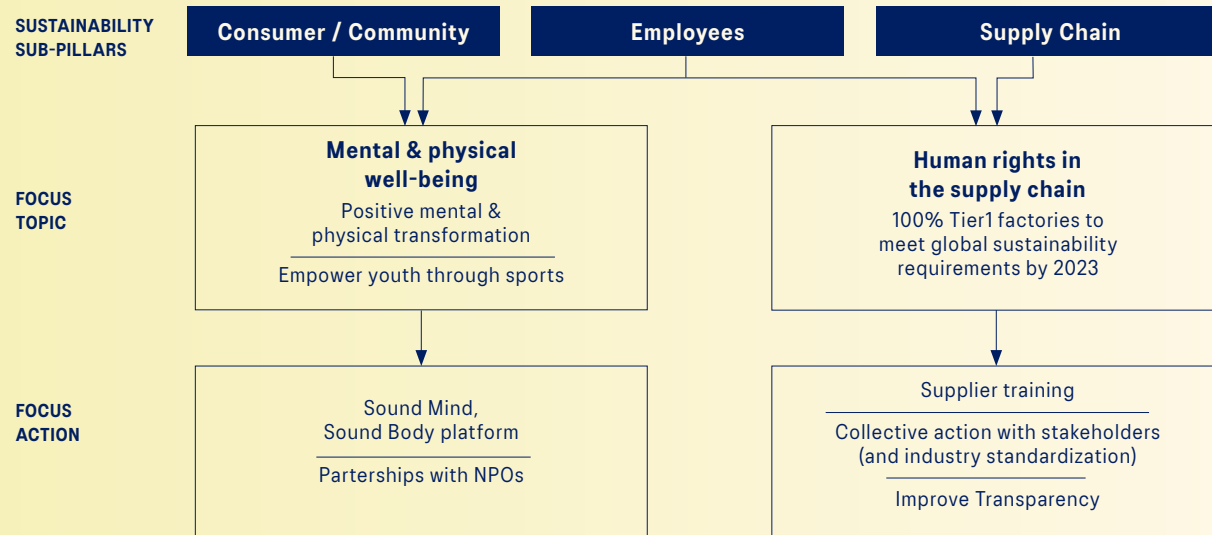


**98% Tier 1
supplier factories**
meet ASICS
C-Level or above



ASICS World Ekiden
an online running event with 56,000
applications for participation

ASICS People framework



Helping People Maintain a Sound Mind in a Sound Body

When ASICS founder Kihachiro Onitsuka started the business in 1949, he wanted to give purpose and meaning to the lives of young people through the power of sport in post-war Japan. Today our core vision remains the same: to inspire people through sports.

Our business is about motivating people towards a sound mind in a sound body. We aim to support the mental and physical well-being of our consumers and communities, people in supply chain, and our colleagues around the world.

In the communities in which we operate and beyond, we support young people by partnering with non-profit organizations. We are involved with several programs, such as providing children with top athletics coaching, and ensuring young people in disaster-stricken areas have the opportunity to play sports. 2020 was a challenging year for people around the world, especially in terms of maintaining mental and physical well-being. We organized online running events, and we supported first-line responders and medical professionals around the world through donations and discounts.

To support our employees during the COVID-19 pandemic, we organized online fitness programs, backed by research we carried out in 2020. We also provided guidance for people in our supply chain, to protect their physical and financial health.

Consumers and Communities

We help our consumers and communities to improve their mental and physical fitness and health. [Read more on page 12.](#)

Supply Chain

We build transparent, fair and ethical partnerships, and empower the people in our supply chain. [Read more on page 15.](#)

Our People

We support our people so that they can fulfill their potential. [Read more on page 23.](#)



Consumers and Communities

Helping People Stay Healthy During COVID-19
COVID-19 has brought with it an increased risk of mental health issues. This convergence of threatened physical and mental wellness makes our founding philosophy more relevant than ever before. In 2020, we announced our renewed commitment to uplifting the world using the power of sport through research and innovation. We also committed to supporting projects that get people moving for physical and mental well-being.

On 11 November 2020, we held ASICS World Ekiden, an online running event. More than 56,000 runners from 179 countries and regions applied to participate in the event, covering 277,045 kilometers in total. They also enjoyed the feeling of teamwork, with over 13,000 teams participating.

We also conducted research on sport and mental health with Dr. Brendon Stubbs, a leading exercise and mental health researcher at King's College, London. We confirmed that everyday athletes experienced an overall emotional uplift and a significant drop in negative emotions like frustration. We are continuing the research with everyday and elite athletes.

The COVID-19 pandemic has had a major impact on the health and wellbeing of people around the world. Mitigation efforts like social distancing and quarantine made conventional team and outdoor sports difficult. That is why we established new approaches to sport that fit within the COVID-19 context, such as Ekiden.

The virus itself also put people's health at risk, either directly or indirectly through their work. We support our employees, their families and our stakeholders around the world to ensure their safety. We will continue to work with local governments, authorities, and industry associations to protect people during the pandemic, while continuing our business and serving our consumers.

ASICS European headquarters took various actions to support local communities during the pandemic. The ASICS team working in Benelux (Belgium, the Netherlands and Luxembourg) collected technical running shirts and water bottles and donated them to a hospital in Amsterdam to

“It is impossible to overstate just how significant the impact sport and exercise have on our mind. It's absolutely vital that people regularly move their body to experience those all-important cognitive and emotional benefits for themselves. Never has there been a more important time to become active and experience the mental health benefits sport and movement bring.”

Dr. Brendon Stubbs
King's College London

support caregivers. They also donated face masks to the local Red Cross organization on behalf of an ASICS supplier.

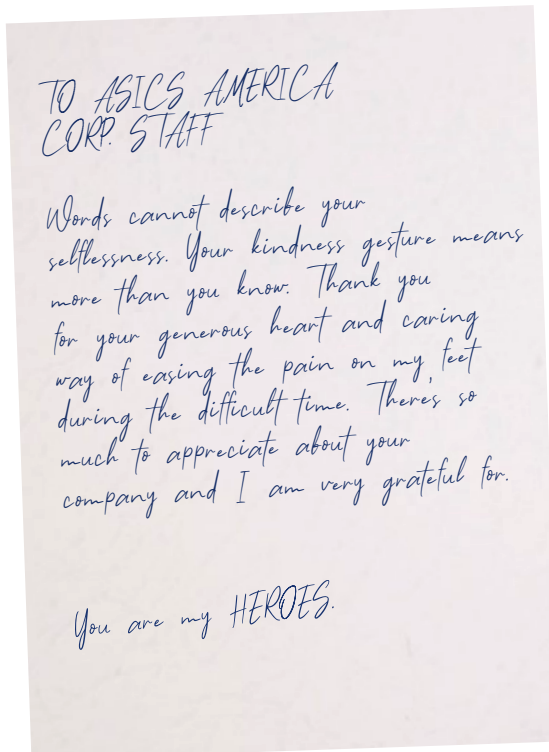
ASICS North America has a permanent discount program available to medical professionals, first responders, the military, and students. Students can get a 20% discount, and the others can get a 40% discount once they verify their status online. During the first quarter of the pandemic, an additional 20% discount was available for medical professionals and first responders. By the end of 2020, a total of 265,435 first responders had taken advantage of the discount. In addition, approximately 1,000 items of footwear and apparel were donated to key retail partners to help them support their local communities.



ASICS headquarters also supported medical professionals during the pandemic. They donated about 5,400 running ponchos to Kobe University Hospital as substitutes for medical protective clothing. And in China, with the cooperation of Konica Minolta Shanghai, seven sets of pneumonia test equipment were donated to hospitals in Wuhan.

Although the pandemic led to sporting events being cancelled around the world, there were opportunities to be found. ASICS Japan donated 2 million yen from the sales of cancelled Tokyo Marathon 2020 related products to the COVID-19 emergency fund for international NGO Save The Children.

Thank you note from a medical professional



Empowering the Next Generation through Sport

'Sound Mind, Sound Body' is a philosophy for all people, regardless of their age. We believe in the importance of health and well-being for children. We also acknowledge the power of sport for empowering people and making positive changes to their lives. ASICS is involved in a number of projects focused on supporting young people through sport.

ASICS Tomorrow Project – Japan

The ASICS Tomorrow Project aims to support communities in disaster-stricken areas of Eastern Japan. The earthquake and tsunami that occurred in 2011 has resulted in ongoing reconstruction efforts in the Tohoku area. Local children have had limited access to sports and places to play. Through the ASICS Tomorrow Project, we help local children get involved in sports events hosted by athletes and coaches and provide them with sporting goods. Since 2011, there have been four programs involving 44,000 participants in total. We will continue to give hope to our children through sport.

One Future Project

In July 2020, ASICS Japan launched a new community initiative: 'One Future Project'. It is part of the 'Reborn Beyond' program, which connects products to people and people to communities. There are two pillars, for People and Planet. Through the People pillar, 'One Future Project', children can get familiar with sports and become more aware of environmental issues.

Working with the non-profit organization After School, ASICS Japan developed programs to get children active through fun physical activities. In the program, children play KARADA KARUTA, an activity derived from a traditional Japanese card game called Karuta. The game consists of cards with original pictograms of 38 sports disciplines, including parasports. The game helps children learn about sport while moving their bodies.

After School ran the first KARADA KARUTA games at six childcare facilities in August 2020. The activity was successful, even though it was carried out online due to COVID-19. The children and childcare workers enjoyed the physical activities.

The name 'One Future' represents the aim to respect every child and build them a bright future. ASICS will continue to offer children opportunities for discovery and self-reliance through sports.

Right To Play

ASICS has been supporting the charity Right To Play globally since 2018. Thanks to donations made through sales of our limited edition KO100 footwear and apparel collection, Right to Play launched Project Lebanon in 2018. The project supports Syrian refugee children and their families living in Lebanon. The Right To Play team, coaches and children have faced many obstacles over the last three years, but through the power of sport they maintained a sound mind in a sound body. Since 2018, the team has trained and mentored 115 kids' athletics coaches and reached more than 7,000 people in Lebanon. The activities were received so well that they were adopted into physical education as a continuous program in local schools.



I have many friends here. And we play sports all together. That's really nice. I love football, I am a striker. We are not all Lebanese here. There are some children that came from Syria. They have a different dialect when they speak. They don't talk like us. But when we play games, we don't talk. We just play. And it is really fun.

Zulfikar Younes (12)
student at a public school
in Southern Lebanon



2020 TARGET

Determine Global Community Engagement Guidelines and execute activities accordingly.

2020 RESULT

Established the Global Community Engagement Guideline and collaborated with Right To Play and other NPOs.

Encouraged more regions and countries to be active in our community activities

In total, in 2020, we donated US\$ 673,262 in-kind and in community contributions.

2021 TARGET

Continue collaboration with Right To Play and other NPOs in each region.

Engage consumers through stronger integration of our community activities with our business.

ACTION PLAN ONWARD

Contributing to 'Sound Mind, Sound Body' philosophy of people globally focusing on mental health.

Involve more subsidiaries with our community activities, based on our founding philosophy

Communicate our community activities more to engage consumers.



Supply Chain

We work closely with our suppliers to ensure people and the environment are treated with respect.

COVID-19 response

The COVID-19 pandemic is having a major impact on business, economies and the lives of people globally. While ASICS - like many businesses big and small - is working hard to adjust to the challenges and on recovery, we remain committed to contributing to a more resilient, sustainable garment and footwear industry.

ASICS endorses [Action in the Global Garment Industry](#), which aims to support manufacturers to survive the disruption caused by the COVID-19 pandemic and to protect workers' income, health and employment. The statement was made jointly by the International Organisation of Employees (IOE), International Trade Union Confederation (ITUC), and IndustriALL Global Union, and the action was welcomed by International Labour Organization (ILO).

On a more operational level, we created a Health and Safety Guideline for COVID-19, which we distributed to our suppliers. ASICS employees also regularly conducted assessments of our strategic partners. We have also published our response to COVID-19 to protect factory workers and support the financial stability of our suppliers. The disruption of our business affected orders placed with our suppliers. We made appropriate payments for the cancelled products and supported their warehouse costs. Moreover, our procurement division engaged in sincere dialogue with suppliers, to communicate future plans in a timely and transparent way, to adjust order placement timings and to ensure workers continued to be paid. We continue to work with suppliers to support their efforts in dealing with this unprecedented situation and to ensure factory workers' health and safety.

Building partnerships and transparency in our supply chain

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 consumers. 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 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. We believe it is important to improve transparency, including throughout the supply chain. Transparency regarding our supply chain impacts is vital, both for ASICS and for all our external stakeholders. We disclose our factory list from 2017, and we update the list every year to reflect changes in our supply base. The current global factory list contains key Tier 1 suppliers in 17 countries and our main footwear Tier 2 suppliers. We have further improved transparency levels by adding gender ratio and migrant worker ratio information to our disclosure list. You can [download the data](#) in Excel format from our website.

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. We also work to minimize our impacts on the environment throughout the supply chain. To continuously raise and safeguard standards, we are committed to working in close partnership with our suppliers, their workers, and other supply chain stakeholders.

Supply Chain Management

We aim to build a continuous process of understanding the potential impact of our company on society, correcting it through appropriate means, and disclosing its progress and results.

Along with our global sustainability division, several other departments, procedures and policies play a role in making sure our operations are safe, ethical, and sustainable. Our production and sourcing divisions deepen our understanding of the supply chain through regular meetings with the sustainability division. These teams work closely with our suppliers to improve their sustainability performance.

Engaging Our Supply Chain Stakeholders



Commitment

- Develop global policy and guidelines
- Internal and external communication regarding policies (including education and training)



Monitoring and Risk Management

- Assessing human rights risks in the business and supply chain
- Audit and corrective action



Training and Capacity Building

- Supplier training
- Sharing best practices
- Develop global policy and guidelines
- Internal and external communication regarding policies (including education)



Reporting and Transparency

- Disclosure in reports and websites
- Disclosure based on Modern Slavery Act
- Utilisation of industry standard tools and disclosure of factory list

Monitoring and risk management

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

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

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

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

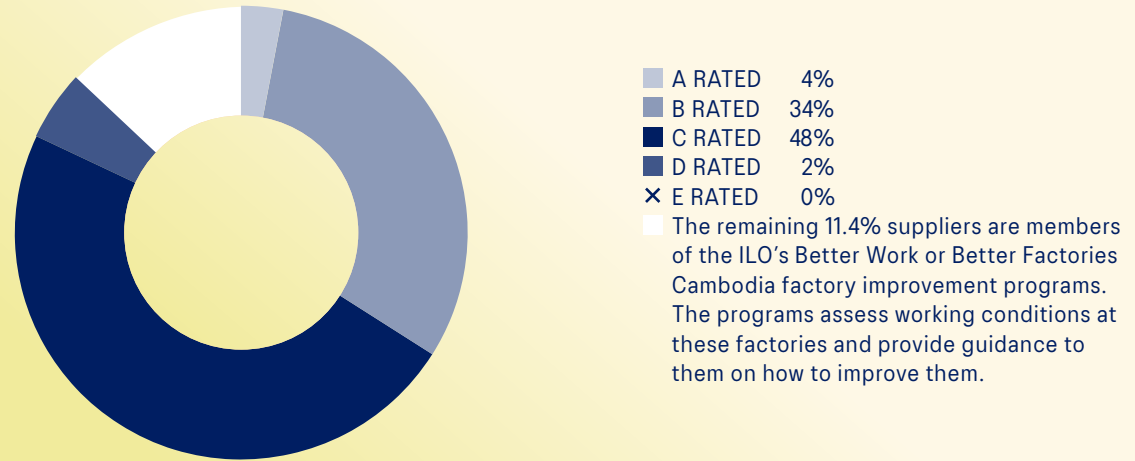
Commissioned audits – specialized, accredited third-party monitors who are well-versed in local laws, regulations, culture and languages carry out audits. To ensure the process is consistent and comparable, we use the SMETA 4 Pillar audit tool (Sedex Members Ethical Trade Audit).

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

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

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

TIER 1 supplier ratings 2020



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

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

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

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

2020 TARGET

All Tier 1 supplier factories to meet ASICS 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).

All Tier 1 ASICS A- and B-level factories to be trained in self-governance on CSR in combination with ASICS and/or third-party verification.

All nominated Tier 2 suppliers to meet ASICS C-level or above.

2023 TARGET

All 100% Tier 1 supplier factories to meet global CSR standards and ASICS CSR standards .

All Tier 1 strategic partner factories to meet ASICS B-Level or above.

Expand the scope of self-governance.

All nominated Tier 2 suppliers to meet ASICS C-level or above

2020 RESULT

98% Tier 1 supplier factories meet ASICS C-Level or above.

100% Tier 1 strategic partner factories meet ASICS B-Level or above.

Adopted a self-governance method that utilizes SAC's Higg FSLM.

100% nominated Tier 2 suppliers meet ASICS C-level or above.

ACTION PLAN ONWARD

Strengthen the response to forced labor under the respective Modern Slavery Act in each sourcing country.

Continue to hold seminars in the key production countries.

Share best practices across suppliers.

Develop incentive programs to encourage incorporation of sustainability factors.

Promote conversion between industry standard tools and our sustainability standards.

Expand the scope of our training course to Tier 2 suppliers.

Improve supply chain transparency in response to human rights and environmental risks.

Expand the disclosure target of the factory list to nominated Tier 2 suppliers.



Addressing non-compliance

When our assessments identify non-compliance issues, we categorize them as major or minor. This is based on the severity of the violation and the level of risk to workers. We then take action as appropriate. Actions can include terminating the business relationship in the case of serious and persistent violations, reviews of future orders, third-party investigations, and formal warnings.

When minor non-compliances were identified, we begin a remediation period of three months. During this time, the supplier is expected to take corrective measures. When necessary, ASICS staff or partners support the remediation process, for example by providing training and resources.

In 2020, 66% of non-compliance was related to health and safety. We distributed health and safety guidelines and provided questionnaires regularly for strategic factories to conduct self-assessments of their actions. To mitigate harm and improve social and human rights performance in the supply chain, we provide supplier training, followed up by Corrective Action Planning (CAP).

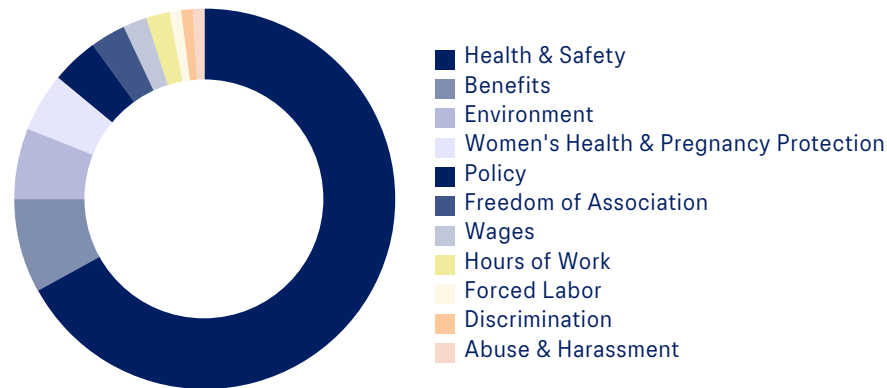
Training and Capacity Building

We provide regular training to help our Tier 1 and Tier 2 suppliers become resilient and sustainable. In the training, suppliers can gain the knowledge and understanding necessary to implement new standards, legal requirements, and structured management systems.

They also become more aware of industry best practice. We will continue capacity building sessions for our suppliers in our key sourcing countries, such as Vietnam and Indonesia.

In 2020, we provided a CSR virtual seminar in collaboration with the ILO's Better Work Vietnam program. This seminar covered the Vietnam Labor Law – a new version of 2019 and health and safety for COVID-19. More than 28 of our suppliers attended.

Non-compliance areas



“We deeply appreciate the valuable assistance in environmental and energy management and upholding human rights from ASICS. The seminars introducing the concept and implications of the Higg index help us to further understand the importance of these indexes for the sustainable development of our organization, whilst annual third-party audits can provide valuable information for the improvement. We are now targeting to execute and expand the project improvements, and to keep moving positively. We will work with ASICS for a greener future.”

Harry Lu, Sustainability Development Specialist
Pouyuen Vietnam Company Limited

Reporting and Transparency

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

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

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

Due diligence and risk assessment

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

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

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

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

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

Responsible recruitment

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

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

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

Our responsible recruitment commitment

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



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



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



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



Fair wages

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

Freedom of association and collective bargaining

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

Child labor

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

Grievance mechanism

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

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

Mr. Shinichi Takasaki

Director, International Labour Organization (ILO) Office for Japan

Engaging with partners for sustainability

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

Founded by the International Labour Organization (ILO) and the International Finance Corporation (IFC), the [Better Work Programme](#) improves labor standards and competitiveness in global supply chains. ASICS has been a partner of Better Work (BW) and Better Factories Cambodia (BFC) since 2014, collaborating on monitoring and raising standards in our supplier factories in Cambodia, Vietnam and Indonesia.

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

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

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

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

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

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



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

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

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

Our people

As an employer of 8,904 people around the world, we take our responsibility to employees very seriously. We support their professional development as well as their health and well-being, and ensure they work in a diverse and welcoming environment.

ASICS Talent Management

We want to ensure our strong, diverse and inclusive team of employees are supported in their day-to-day work and their long-term careers. We do this through career support, coaching and leadership training.

In October 2020, ASICS Headquarters implemented regular 1-on-1 meetings, held at least monthly. These were developed in response to changes in the means of communication between managers and their teams during COVID-19. The meetings encourage regular reviews of employees' work, coaching, career support, and support of the Plan-Do-Check-Act (PDCA) cycle.

We also ensure all employees have access to training and development opportunities. These include ASICS Academy (our next-generation leader development program), the Sustainable Fashion Academy (which lets employees learn about sustainability in the fashion industry), training by job band, and new employee training. For each of these programs, in 2020, we conducted the training completely online or in hybrid format incorporating online and face-to-face training.

Employees reacted positively to the online training, sharing they were more concentrated and relaxed and that it was nice to be able to participate from any location. They were also pleasantly surprised that the groups work went smoothly, despite the online setting.

2020 TARGET

Establish global ASICS HR systems and work environment.

2020 PROGRESS

Expanded the Talent Management Cycle globally. The Human Resources Information system (HRIS) was enhanced to manage that cycle, including career development plans and future talent data.

TARGETS FOR THE FUTURE

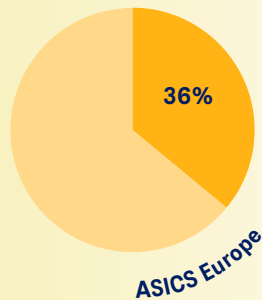
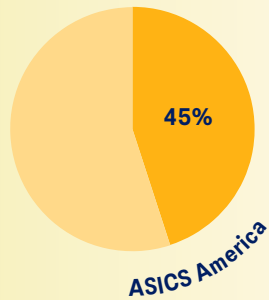
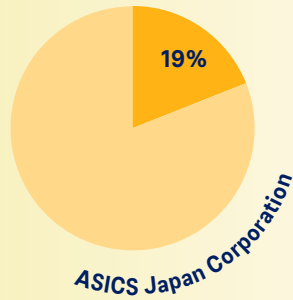
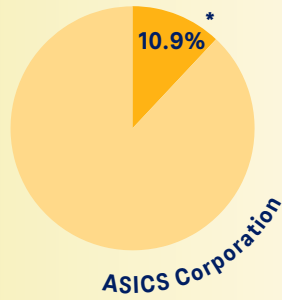
To strengthen talent management globally, expand the utilization field of the HRIS in each region, progressively.

ACTION PLAN FORWARD

To maximize HR information system functionality and data gathering, which will increase communication with the business side and each region's HR. The aim is effective collaboration globally.



Ratio of female managers by region



Data as of January 1, 2021. ASICS Corporation data of December 31, 2020.

*The 2020 data of ratio of females in manager and senior positions at ASICS Corporation (10.9%) is verified by Deloitte Tohmatsu Sustainability Co., Ltd.

Diversity and Inclusion

In 2020, the newly formed Global Diversity and Inclusion Committee, created our D&I Vision, titled One Team, Stronger Together which describes how we as an organization envision a future where people of all backgrounds can play a role in improving people’s lives to achieve a ‘Sound Mind, Sound Body’. Additionally, they have set targets across all regions to improve the diversity of our workforce and create a more inclusive organization,



One Team, Stronger Together

Since our founding, our aim has been to help all people achieve a ‘Sound Mind, Sound Body’. In order to accomplish this, we need a team of diverse minds. More than ever, we need people who look at the world from every angle and who can help broaden and deepen our positive impact in society. That is why we are committed to inclusion across race, ethnicity, gender, age, religion, disability, sexual orientation, and gender identity, to build a diverse team who can drive our innovations and can truly improve people’s lives.

In Japan, we are continuing to implement initiatives to make our company a place where diverse employees can work to their full potential regardless of their background. ASICS was awarded Gold – the highest ranking – in the PRIDE Index 2020 for the second year in a row.



2020 TARGET

Female managers appointed in all business divisions of ASICS Corporation.

Ratio of females in manager and senior positions at ASICS Corporation at least 15%.

2020 PROGRESS

Ratio of females in manager and senior positions level increased from 10.6% in 2019 to 10.9% in 2020.

2023 TARGET

Achieve ratio of female representation in management and senior positions at least 35% globally by 2023.

ACTION PLAN ONWARD

Continue to raise awareness, strengthen programs and develop training to leverage diversity and support the career development plans of younger employees, including female employees to improve overall gender equality.

Analyze the barriers to leverage potential female managers in each division and implement action plans to remove them.

Employee Well-being

Our mission is to promote a healthy lifestyle through sports, and as such, we value the health of our employees.

The ASICS Well-Being Committee formulates and implements a series of action plans to improve the health and well-being of employees, with the aim of embodying 'Sound mind' and 'Sound body'. In recognition of the measures we have taken, ASICS received the Health and Productivity 2020 award from the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange Inc. ASICS received the award in two consecutive years (2019 and 2020) as well as 2015.

In 2020, we were unable to hold a large-scale group events due to COVID-19. Instead, we focused on measures to eliminate lack of exercise and mental isolation through our STAYHOME initiative in Japan. We worked to maintain the physical and mental health of our employees by distributing videos of exercises that can be carried out at home. We also provided videos of mental health and self-care seminars.

The 2020 results of our annual ASICS Health Care Check (AHCC) showed changes in physical fitness during COVID-19. 208 ASICS HQ employees completed the survey in 2019 and 2020, and we compared the results. The stay-at-home guidance issued throughout the pandemic has resulted in a decrease in physical fitness. However, the survey revealed that participating in online fitness at least three times a week for eight weeks significantly improved leg strength and shoulder flexibility.

In addition, we strengthened our smoking cessation support. Tobacco use results in more than 8 million deaths a year worldwide, according to the World Health Organization. And smoking is a significant issue in Japan, where, on average, 28.8% of men and 8.8% of women smoke. We provide support for employees to quit smoking, and the results have progressed steadily. Smoking rates in Japan have fallen from 15.6% in 2018 and 11.9% in 2019 to 9.8% in 2020 – well below the national average. We will continue to work on improving employee health literacy.

“With the mental health training, it was possible to learn about ways to communicate more effectively to combat the feeling of isolation which occurred more commonly while we were working from home. Through the online exercise, I was able to connect much more with my colleagues and also improved my lack of exercise while working from home for a long time.”

Employee who participated in the STAYHOME initiative



Delivering ASC Online Fitness: employees working from home can participate in physical activities online. (Supervised by ASICS Sports Complex)

A Sound Mind in a Sound Body Needs a Sound Earth



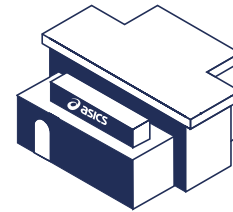
At ASICS, we care for the resources that enable current and future generations to achieve a sound mind in a sound body. This translates to action through the design of our products, our increasing initiatives towards a circular business model, and in the way we manage our offices, distribution centers, and retail locations. We make better decisions for the planet. And we engage our supply chain and consumers to work together to create collective impacts.

The Sunflower icon represents future generations growing healthier and more positive in both mind and body. The shape of the emblem features two arrows in the center to reference the circularity of resources and our hope for a better future.

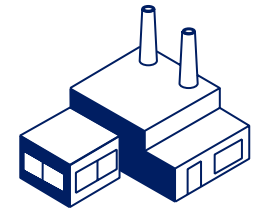




Key achievements In 2020



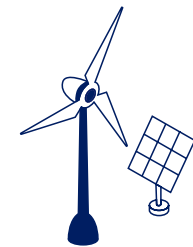
25.0% reduction
of CO₂ emissions from
our direct operations
(vs 2015)



30.8% reduction
of CO₂ emissions from
our supply chain
(vs 2015)



> 95%
of new running shoes
from 2021 contain
recycled material



23.5%
renewable electricity
used in our
business facilities

Introduction to Planet

We accelerated our action on climate change by setting 1.5°C science-based emissions reduction targets aligned with a net-zero future by 2050. Our new commitment is aligned with what the Intergovernmental Panel on Climate Change (IPCC) report indicates is necessary to limit the worst impacts of climate change.

To achieve a sound mind in a sound body, we need a sound earth. Climate change is one of the most critical issues: it threatens the ability of future generations to achieve a sound mind in a sound body, as well as being a risk to our sustainable business. We aim to preserve the planet for future generations to play sports .

The linear economy in which we currently operate takes, makes and wastes resources. Evidence suggests this economy accounts for 45% of global greenhouse gas emissions. In response, there is a global move toward the circular economy. Yet in the apparel industry, less than 1% of material used to produce clothing is recycled into new clothing globally.

In order to tackle climate change, we support the global target to keep the temperature rise under 1.5°C. That is why we have set targets which have been approved by the Science Based Targets initiative. Our activities toward our 2050 goal of net-zero carbon emissions are planned on this basis. Furthermore, we became the first Japanese company to join The Fashion Pact, a global coalition of companies in the fashion and textile industries that have committed to a common core of key environmental goals in three areas: mitigating climate change, restoring biodiversity and protecting the oceans.

Our 2050 and 2030 ambition and commitments

Creating a circular business model throughout our value chain is our key approach to support the global 1.5°C target. Our activities under this model include using less and cleaner materials, making more durable products, and recycling materials and products.

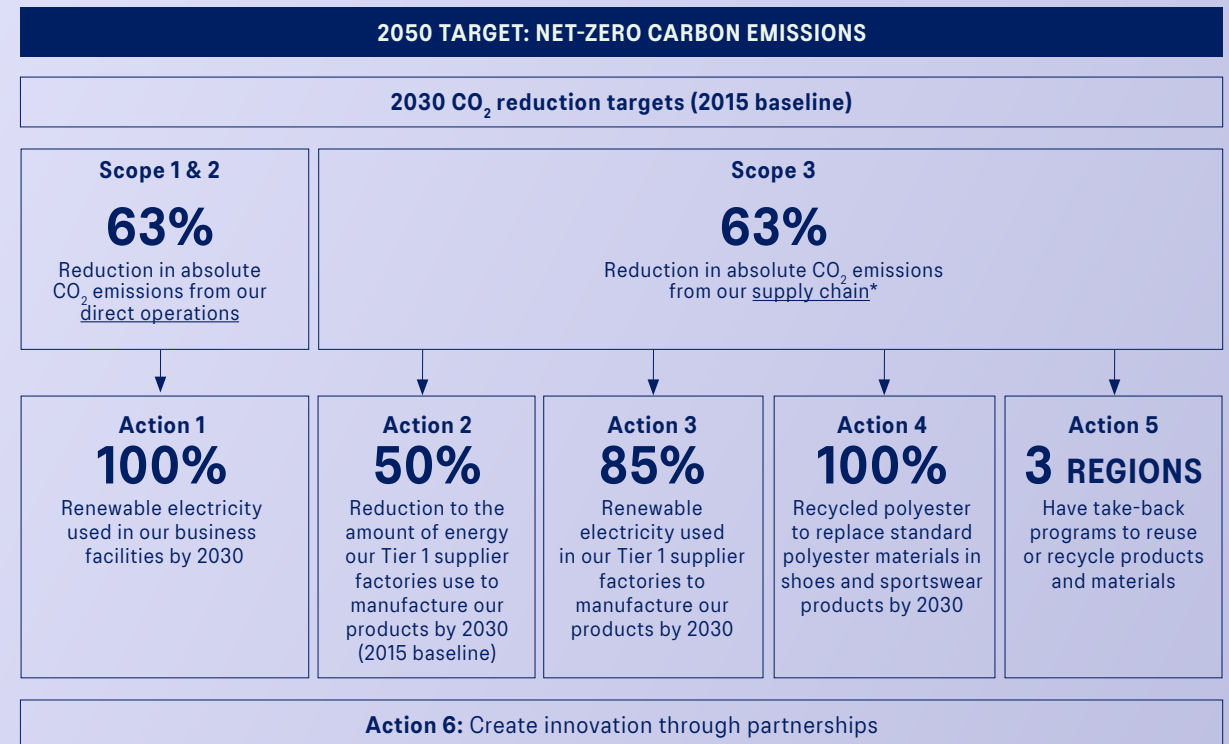
Products

We limit our products' impact on the planet, by focusing on the materials used, the production processes we employ, and the features of the products themselves. [Read more on page 29.](#)

Operations

We aim to make a positive contribution to global climate goals by adjusting the way in which we operate, including our manufacturing processes. [Read more on page 36.](#)

ASICS Planet Framework



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

Products

A Positive Impact Through Our Products

ASICS' apparel and footwear products are designed to help people achieve a sound mind in a sound body. In this way, they have a positive impact on the lives of our consumers. They also have a potential impact on the planet, through the materials used, the production processes we employ, and the features of the products themselves.

We are responsible for taking action to mitigate the negative environmental impact of our products. We have set 2020 and 2030 targets for the sustainable use of polyester, leather, and cotton. The manufacturing processes used in factories throughout our supply chain also have an impact, and we address this in the next section.



2020 PLAN

Continue to accelerate the use of recycled polyester in the developing items to increase recycled polyester in our products in total from 2020.

2020 PROGRESS

19.5% standard polyester materials replaced to recycled polyester.

More than 95% of new running shoes from 2021 contain recycled material.

2030 TARGET

100% recycled polyester to replace standard polyester materials in shoes and sportswear products.

ACTION PLAN FORWARD

Increase the ratio of recycled materials based on each product category roadmap. Increase the use of recycled materials made from textile waste.

Using Recycled Materials

Our target is to switch 100% of the polyester used in our shoes and sportswear products to recycled polyester. This will help us achieve our science-based target and contribute to making our products more sustainable. It is also part of our move toward a more circular approach, which involves expanding our use of recycled materials in our products.

From the 2021 spring & summer season, we use recycled polyester for more than 95% of new performance running shoe products. One of the iconic items is GEL-NIMBUS™ LITE 2 running shoe, whose upper is made with recycled material. Looking at our entire production, 19.5% of polyester was switched to recycled polyester in 2020.

“Supporting the ASICS Ocean Waste Plastic Project was a key highlight of our sustainability efforts in 2019/2020. We admire the progressive leadership of the ASICS product development teams for driving this initiative and are proud to have been a part of this impactful program. We look forward to growing our partnership with ASICS and continuing to drive meaningful change that supports both the environment and our local communities.”

Siddarth Hirdaramani
(Executive Director – Hirdaramani Group)

We have also been working to find more sustainable ways to use materials. For example, we are exploring the use of recycled leather made from leftover leather scraps that would otherwise be thrown away as landfill waste. This sustainable material was used in the Earth Day Pack, and in the Onitsuka Tiger brand’s Recycled Leather Series, which we launched January 9th, 2021.

We have also used other recycled materials in our products. In Europe, we sold products with fabric made of Ocean Waste Plastic.

The plastic was sourced from PET bottles recovered from beaches in Sri Lanka, and our local supply chain partner Hirdaramani processed the bottles into new polyester. We used this material in an in-line collection of shirts and all marathon event shirts. Unfortunately, the 2020 marathons were cancelled due to COVID-19, so we are now exploring ways to use them in 2021.



Sustainable materials and processes for a sound earth

In 2020, we started using bio-based material in our apparel collection. Bio-based materials are renewable, and their use can contribute to a reduction in greenhouse gas emissions.

In 2020, ASICS invested in Seevix, which produces patented man-made spidersilk, SVX™. SVX spidersilk is durable, sustainable and biodegradable. We also won the Japan Open Innovation Award for Cellulose Nano Fiber (CNF). CNF is a nano-sized ultra-fine fiber that is one-fifth the weight of steel but five times stronger. It can be made from almost any kind of plant biomass, making it an extremely abundant resource. To date, ASICS has applied CNF to more than 8.7 million pairs of shoes.

Solution dyeing is a sustainable dyeing process that uses less water and reduces carbon emissions compared with conventional methods. We have expanded our use of solution dyeing, applying the process to more than half of all new shoes across all our brands from 2020. The initiative is expected to reduce carbon emissions from the dyeing process by around 45%, saving the amount of carbon absorbed by more than 25,000 trees in one year. Water use will be cut by around 33%, equivalent to the water needed for one million people a day.

In 2020, we compared our newest sustainability concept shoe with a past model in terms of emissions. We conducted a life-cycle assessment (LCA) on our new GEL-NIMBUS LITE 2 running shoes and compared the results with the LCA conducted on the GEL-KAYANO™ 25 running shoe in 2018. The analysis showed that we have reduced CO₂ emissions per pair by around 40%. A major factor in this reduction was the improvement of energy efficiency at the supplier manufacturing location. We also reduced the number of materials needed for the product, without compromising on the shoe's high functionality. This is a good step in our effort towards our 2030 emission reduction target.

Towards a Circular Business Model

According to the Ellen MacArthur Foundation report, over 70% of materials used to make clothing around the world are landfilled or burned at the end of their life. As a major sportswear manufacturer, we take this issue very seriously. We support a circular economic model in which resources are reused and recycled rather than being sent to landfill

or incinerated, thereby reducing greenhouse gas emissions. We are taking action to prevent our products being landfilled or incinerated at the end of their life.

Many of our planned activities for 2020 were cancelled due to COVID-19. In EMEA, we have collected used items at our sponsored events in previous years, and we were planning to do this in 2020. All events were cancelled, so instead, we have been working on a new approach for collection at events in 2021. We are also working on a new strategy to collect used items through other channels, such as ecommerce.

Earth Day

Held on April 22nd every year, Earth Day raises awareness of environmental issues. In 2020, we developed an Earth Day initiative to achieve a circular business model: the Earth Day Pack featuring shoes made from materials recycled from textile waste. In the process of making the collection, we recycled approximately 5 metric tons of textile waste – the equivalent of 25,000 T-shirts.



2020 TARGET

Continue to assess footwear and apparel products with sustainability indicators and criteria aligning with the science-based targets and other product and material targets.

2020 RESULT

Assessed products with indicators and criteria aligning with science-based targets and material targets.
Conducted LCA on running shoes.

ACTION PLAN FORWARD

Continue to assess products with indicators and criteria to drive expanding the use of sustainable materials and manufacturing technologies.



In 2020, we partnered with ReAct Sustains in The Netherlands to make sure defective items are being recycled rather than incinerated. For shoes that are returned to our shops, we set up a new process to make sure that items that cannot be reused or resold are instead recycled. Rather than being landfilled or incinerated, shoes now go to FastFeetGrinded, where they are ground up into their constituent materials, ready to be made into new shoes.

In the US, when it comes to building a circular economy around textiles and footwear, our growth in ecommerce presents us with challenges but also opportunities. For example, thanks to ASICS America Corporation's partnership with the [Give Back Box](#), consumers can use the box in which they received their ASICS product to recycle used items in good condition. They simply fill up the box with used shoes and clothes, and then send it to a participating local charity of their choice, using a free shipping label. The program gives new life to items that would otherwise end up in landfills.

“At Fast Feet Grinded, we like to say “don’t talk about sustainability, talk about responsibility” and this is what we’re doing with ASICS. Together we are taking responsibility to reduce waste from their products by recycling them, and we would love to work towards closing the loop and creating circular shoes together”.

Danny Pormes
Founder & Owner of FastFeetGrinded

ROAD TESTED Program

When shoes are returned to our retail locations after purchase due to size or fit issues, common industry practice is to destroy and discard them. ASICS America wanted to find a circular solution to this problem, and so we launched the Road Tested Program in 2019. Through the initiative, minimally worn returned shoes are made available to consumers at retail outlets at a discounted price. Due to COVID-19 and the fact that most stores were closed for months, only 1,254 pairs of shoes sold at discounted prices and avoided ending up in landfills.

GREEN BAG PROJECT

In Japan, another ASICS Reborn Wear Project is ready to re-start. The 'Green Bag Project' is the Planet pillar of the 'Reborn Beyond' program, aiming to connect products to people and people to communities. The eco-bag is made with recycled textiles, and part of the profit from bag sales supports NPO After School activities. The collection bin is also made with recycled textiles.



2020 RESULT

We have take-back programs in the US through both retail stores and E-commerce.

We have partnered with various organizations enabling take-back programs and recycling our products.

2030 TARGET

Three regions (Europe, US and Japan) to have product take-back programs to reuse of recycle products and materials.

Innovation through partnerships.

ACTION PLAN FORWARD

Take-back program will start at retail stores in Japan in 2021. Take-back program through E-commerce and retail will be expanded to Canada.

We will reach out to organizations to further enable our product recycling and carbon emissions reduction.

Using natural materials

Leather

Increasingly, consumers want to know more about the origin of branded products and materials, particularly natural materials. We have several initiatives focusing on the sustainable use of materials including leather and cotton.

Leather is the most significant natural material we use in our footwear in terms of volume. Since 2018, ASICS has been a member of the Leather Working Group (LWG), a multi-stakeholder group promoting sustainable leather manufacturing practices. Our membership helps ensure that our leather products are traceable, and it supports our shift to sourcing more sustainable leather. ASICS was the first Japanese brand to join the group. We set a target to source 80% of the total leather used for ASICS and Onitsuka Tiger branded footwear from LWG medal-rated suppliers by 2020. We achieved the target: in 2020, we sourced 87% from LWG medal-rated suppliers.

Cotton

We mainly use synthetic materials such as polyester in our products. The use of cotton is limited but one of the natural fibers used for ASICS apparel products. It is also a material associated with environmental and social impacts. Growing cotton requires a large amount of water before harvesting, as well as large amounts of pesticides and fertilizers. The cotton supply chain also has a high risk of human rights issues, including forced and child labor.

We aim to source 100% more sustainable cotton by 2025. Since 2019, ASICS has been a member of 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.

We consider cotton to be more sustainable if it meets the criteria defined as one of the following:

- **GOTS (Global Organic Textile Standard) certified cotton**
- **Fair trade certified cotton**
- **GRS (Global Recycled Standard) certified recycled cotton**
- **Cotton sourced from BCI (Better Cotton Initiative) licensed cotton farmers**

In 2020, more than 50% of all cotton ASICS sourced for apparel products was more sustainable. In the coming seasons, we plan to increase our sourcing of certified sustainable cotton for apparel and accessories.

| 2020 PLAN | 2020 RESULT | TARGETS FOR THE FUTURE | ACTION PLAN FORWARD |
|---|--|---|--|
| <p>Source 80% of the leather by volume we use for ASICS and Onitsuka Tiger branded footwear from Leather Working Group (LWG) medal-rated suppliers.</p> | <p>We sourced 87% from LWG medal-rated suppliers.</p> <p>More than 50% sourced from more sustainable cotton.</p> | <p>Source 100% more sustainable cotton for apparel and accessories by 2025.</p> | <p>Target achieved and Continue to source more from LWG medal-rated suppliers.</p> <p>Increase our sourcing of certified sustainable cotton toward 2025.</p> |

Support for sustainable choices

Our ASICS Materials Guideline provides guidance for making ethical, compliant, clean and sustainable choices in product development and sourcing. It covers materials such as animal-based materials, PVC and conflict minerals. In 2020, we continued to update and expand the guideline, adding specific guidance on recycled materials traceability, vegan friendly products, and sustainable packaging, including the Global Recycled Standard (GRS).

ASICS Materials Guideline Focus Subjects

ASICS Materials Guideline Focus Subjects

- No use of endangered or exotic species.
- Animal welfare to be respected and good animal husbandry shall be applied.
- No use of fur.
- All leather and skin shall be by-products of the meat industry.
- No down and feathers obtained through live plucking or from farms practicing force feeding.
- Wool shall originate from suppliers who do not apply mulesing practices.
- No use of Mohair (Angora goats) and Angora Wool (Angora rabbits)

Conflict minerals

- No use of conflict minerals (tin, tantalum, tungsten and gold)

Restricted substances

- No use of AFIRM Restricted Substances.
- No use of polyvinyl chloride (PVC).
- No use of perfluorinated compounds (PFCs).
- No use of substances restricted by laws and/or regulations in the country or region of distribution.

In addition to working according to this Guideline, we are taking action to ensure the materials we do use are as sustainable as possible. For packaging, we aim to eliminate single-use plastic throughout the supply chain; where plastic is necessary, we consider reducing the amount used, replacing it with recycled plastic, and switching to more sustainable substitutes. We also aim to reduce packaging materials, and we recommend FSC-certified or recycled paper when using paper. We also recommend sustainable inks, such as plant-based inks, for printing.

We have been a bluesign® system partner since 2017, to ensure our materials and fabrics have been manufactured responsibly. bluesign® is a holistic system promoting a common set of standards for sustainability and traceability in textile manufacturing. As a partner, ASICS is required to follow strict sustainability criteria across a range of areas.

In 2019, we set a global target to increase the use of bluesign®-approved materials in our products year-on-year, initially focusing on our global apparel collections. We are already working with many manufacturers that are bluesign® system partners, and in future, we will aim to buy our materials almost exclusively from bluesign® system partner suppliers.

Chemical Use, Health and Safety

Since 2013, ASICS has been a member of the Apparel and Footwear International RSL Management (AFIRM) Group. AFIRM promotes industry-wide collaboration to reduce the use and impact of harmful chemical substances in the apparel and footwear supply chain.

We use the AFIRM Restricted Substances List (AFIRM RSL) to provide safe products that are friendly to humans and the environment. We are working to improve the risk management and compliance of chemical substances in the supply chain. AFIRM RSL is updated every year depending on the various countries' laws and regulations. In 2020, we created a Japanese version of 'AFIRM RSL', 'AFIRM Chemical Information Sheet', 'Packaging RSL' and 'Chemistry Toolkit' in cooperation with sports equipment manufacturer MIZUNO Corporation. Through this initiative, we are communicating to our stakeholders the importance of chemical substance management.

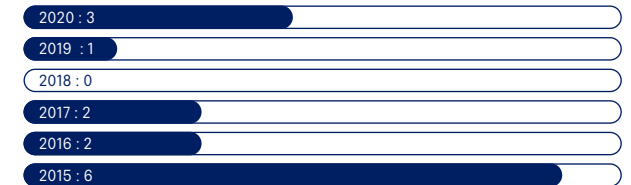
Managing quality and safety

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 consumers.

Training is an integral part of our quality assurance and management system. In addition to training our own employees in our quality principles and objectives, we also train and certify staff employed by our suppliers, including suppliers of finished products and suppliers of materials.

We carry out product liability inspections that cover product safety, the application of quality improvement measures, and descriptions on product labels and promotional materials.

Voluntary Product Recalls



Chemical safety

We are committed to using chemicals safely, 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 random tests on our products before they are shipped to our retail customers. Tests are conducted both within our own organization and by accredited, independent, third-party laboratories.

The ASICS Guideline for the Management of Restricted Substances 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 applied 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 ensuring we continue to use energy and water efficiently.

In 2020, our VOCs emissions were estimated to be 3,881 tons in our strategic factories. This is based on the calculation of the total adhesive consumed, including disposed volume at the factories. In the future, we plan to calculate the amount of adhesive used per item, based on information received from our suppliers.

In 2020, the Japanese Ministry of Economy, Trade and Industry (METI) awarded us the 'Product Safety Award' in recognition of our safety efforts.



Operations

Our Net-Zero 2050 Target

As an apparel and footwear company, we can make a positive contribution to global climate goals by adjusting the way in which we operate, including our manufacturing processes. Manufacturing requires energy and water, and it produces greenhouse gas emissions. Many of our key environmental targets therefore aim to reduce carbon emissions towards net-zero by 2050.

We have set several targets and actions towards achieving this net-zero target, involving the increased use of renewable energy and overall reduction in energy use in our operations. To accelerate our action on climate change, we support the the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), on which you can find more information in the [TCFD appendix](#).

Energy efficiency and carbon emissions

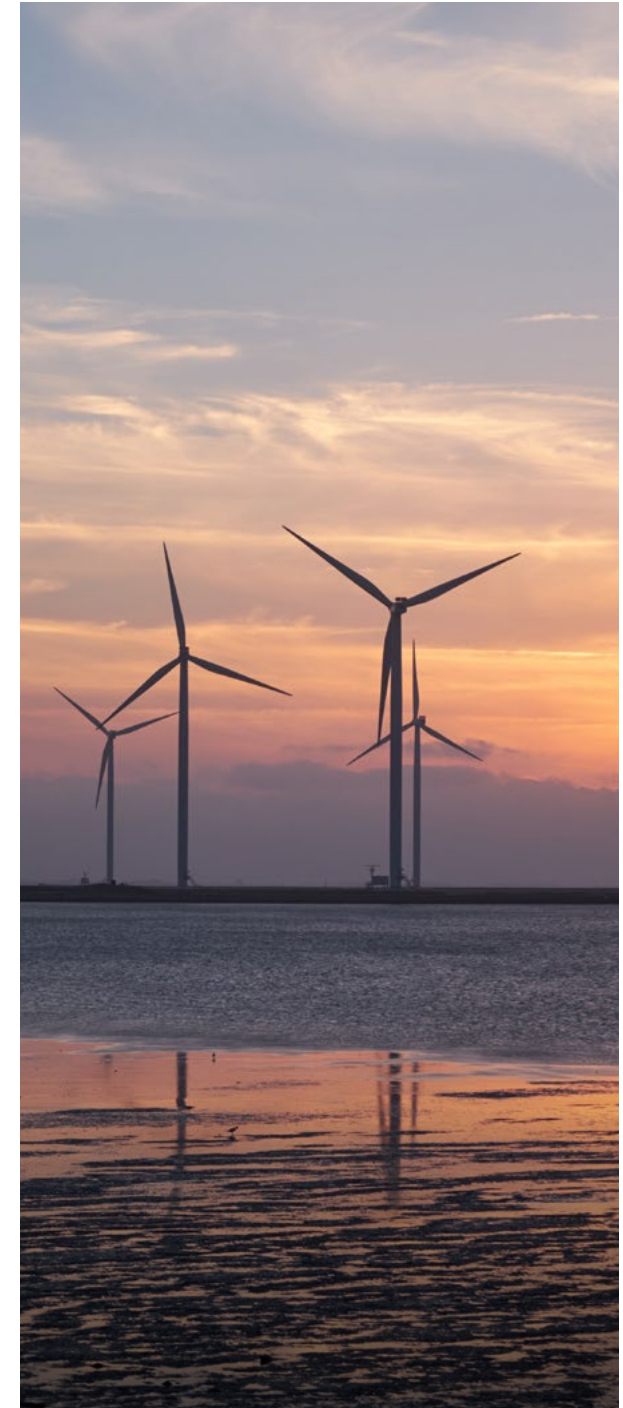
We have set targets for emission reduction in line with climate science and in accordance with the Science Based Targets initiative (SBTi). We were the first sporting goods company to have the targets approved by SBTi. We work to reduce our emissions within both the direct scope of our own operations and the wider indirect scope, for example, operations associated with manufacturing and transportation.

Reducing the carbon footprint of our direct operations

Our strategy to reduce energy use and CO₂ 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

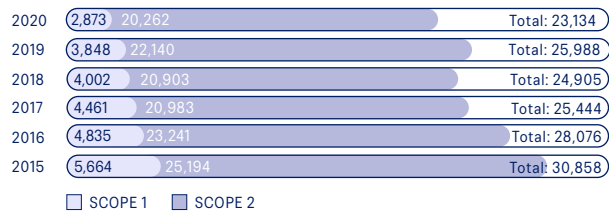
Our target for 2030 is to reduce absolute greenhouse gas emissions from our direct operations (Scope 1 and 2), including retail operations, by 63% from a 2015 baseline. Our target for 2020 was to reduce absolute greenhouse gas emissions from our direct operations by 5% from a 2015 baseline.





In 2020, our CO₂ emissions decreased 25.0% from the baseline year and also compared to 2019 due to offices and retail stores closing because of COVID-19. Comparing our total emissions to our business revenue shows an increase in our efficiency from the baseline year. The CO₂ emissions intensity per unit revenue has decreased by 2.3% from the baseline year. In 2021, we will continue our sustainable energy projects to both increase efficiency and ratio of renewable electricity which will reduce the absolute energy consumption and emissions every year.

CO₂ emissions from our locations (tons)



The data applies to ASICS Group locations, including offices, retail locations, distribution centers, and wholly owned factories around the world. 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 IEA's CO₂ Emissions from Fuel Combustion 2016.

The following formula is used when the amount of energy consumption for CO₂ emissions is not available for any sites:

(energy consumption per square meter estimated for each type of site) x (area of site) x (CO₂ emission factor).

The Certificate of Green Power 1.6 GWh was deducted from the total Scope 2 in 2018 data. The 2019 data is restated due to updated data and improved estimates. The 2020 emissions data are verified by Deloitte Tohmatsu Sustainability Co., Ltd.

LEED certified locations

Some of our locations are recognized by the U.S. Green Building Council (USGBC) as a LEED (Leadership in Energy and Environmental Design) Certified building. Our regional EMEA headquarters received both a LEED certificate at Gold level and a WELL certificate – the world’s first architectural benchmark focused exclusively on human health and well-being to improve sustainability.

In March 2020, our Byhalia, Mississippi distribution center was recognized as a LEED® Certified building. ASICS’ Byhalia facility is ASICS’ first distribution center to earn certification in the U.S. The certification is a culmination of a series of incremental actions, including:

- ENERGY STAR Building Certification – earned every year since 2014.
- A 1.0-megawatt rooftop solar system – installed in 2018, it produces enough renewable energy to power 25% of the entire facility annually.
- Eco-Friendly Building Features – including smart sensors, LED lights with motion sensors and water efficient fixtures.
- Zero Waste Program – including an efficient cardboard recycling program that ensures 99% of the incoming boxes are recycled or reused.

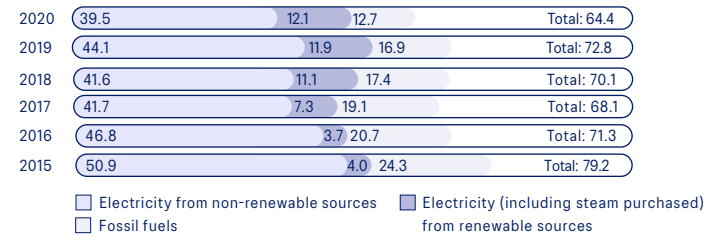


Renewable energy

Renewable energy is one of the keys to shift to netzero society. Our target is to switch to 100% renewable electricity in our business facilities by 2030. In 2020, we joined RE100, the global environmental initiative composed of member companies committed to relying solely on renewable energy for their electricity needs in business activities. We continued to increase our use of renewable electricity in key regions.

In 2020, the percentage of ASICS’ electricity from renewable sources increased to 23.5%. In EMEA, approximately 7,500 MWh of purchased electricity was from renewable sources. In Japan, five locations are sourcing renewable energy, including our headquarters and Institute of Sport Science, which uses 100% renewable energy.

Energy Volume by Type (GWh)



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:

$$(energy\ consumption\ per\ square\ meter\ estimated\ for\ each\ type\ of\ site) \times (area\ of\ site) \times (conversion\ factor\ from\ each\ unit\ to\ GWh)$$

The 2019 data is restated due to updated data and improved estimates. The 2020 total energy volume is verified by Deloitte Tohatsu Sustainability Co., Ltd.

2020 TARGET

5% absolute CO₂ emissions reduction from direct operations (Scope 1 & 2, 2015 baseline)

2020 RESULT

CO₂ emissions decreased 25.0% (compared to 2015 baseline)

23.5% of electricity from renewable sources

2030 TARGET

63% reduction in absolute CO₂ emissions from our direct operation by 2030 (2015 baseline)

100% renewable electricity used in our business facilities by 2030

ACTION PLAN FORWARD

Actively switch to renewable energy where possible.

Reducing Scope 3 CO₂ emissions

More than 70% of the overall greenhouse gas impact related to our products occurs during manufacturing, material procurement, and end-of-life management. Our target is to reduce our indirect (Scope 3) CO₂ emissions from purchased goods and services and end-of-life treatment of sold products by 63% by 2030 (2015 base year). In 2020, we achieved a reduction of 30.8% due to the impact of COVID-19 and through switching to lower-emission materials such as recycled polyester. We continued to work with our main footwear factories to ensure our goals are aligned.

We will also continue to measure our Scope 3 CO₂ emissions across our global operations to assess the impact of changes in our business operations.

For more details about how we are shifting to materials with lower impacts, see page 30.

For more about how we are reducing carbon emissions in our supply chain, see pages 43.

Scope 3 CO₂ Emissions 2020

| SCOPE 3 CATEGORY | CO ₂ TONS | % | SCOPE |
|---|----------------------|------------|---|
| 1. Purchased goods and services | 492,022 | 83.5 | Global Footwear Manufacturing CO ₂ Data (Tier 1), and ASICS Group companies' purchases of footwear material, apparel, equipment, marketing and sales (Calculation method ¹) |
| 2. Capital goods | 12,647 | 2.1 | ASICS Group companies |
| 3. Fuel-and-energy-related activities | 871 | 0.1 | ASICS Group companies |
| 4. Upstream transportation and distribution | 38,778 | 6.6 | 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 | 45 | 0.01 | ASICS Group companies |
| 6. Business travel | 1,072 | 0.2 | ASICS Group companies |
| 7. Employee commuting | 388 | 0.1 | ASICS Group companies in Japan |
| 8. Upstream leased assets | - | - | Not assessed |
| 9. Downstream transportation and distribution | 5,889 | 1.0 | ASICS Group companies |
| 10. Processing of sold products | - | - | Not assessed |
| 11. Use of sold products | 12,035 | 2.0 | ASICS Group companies |
| 12. End-of-life-treatment of sold products | 25,632 | 4.3 | ASICS Group companies |
| 13. Downstream leased assets | - | - | Not assessed |
| 14. Franchises | 10 | 0.002 | ASICS Group companies in Japan |
| 15. Investments | - | - | Not assessed |
| Total | 589,390 | 100 | |

The Category 1 (Purchased goods and services) CO₂ emissions data of Scope 3 are verified by Deloitte Tohmatsu Sustainability Co., Ltd.

¹Calculation methods:

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 purchased goods and services²)

²Calculation is made as per 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.



Photo by Martin Damboldt from Pexels

Reducing greenhouse gas emissions in transportation

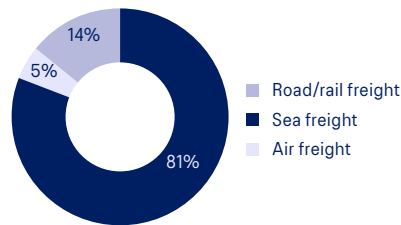
Transporting products from factories to market is the second biggest contributor to our overall carbon footprint, accounting for about 7% of our total greenhouse gas emissions. Since 2013, we have been working to reduce the carbon footprint of our distribution network through consolidation and by improving 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 also ship from our own factory in Japan directly to overseas subsidiaries, rather than via distribution centers in each region.

Globally, we ask our partner shipping companies to use ships assessed using the World Ports Sustainability Program’s Environmental Ship Index (ESI). The ESI evaluates the amount of nitrogen oxide (NOx) and sulfur oxide (SOx) 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.

We are also switching to more sustainable packaging, as well as improving how we use containers in our logistics to reduce the total number of trips needed to deliver goods in the value chain.

CO₂ transportation (tons)



Road and rail freight include data of ‘port to DC’ in the US, Europe and Japan, and ‘DC to customers’ in Japan. Sea freight data is from the footwear business. Air freight data is from the footwear business globally and the 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 providing our consumers with the best experience and service. Since 2016, we have been introducing a new design concept for our ASICS stores. This involves using more sustainable materials, such as FSC certified, recycled and recyclable materials, and installing energy-efficient lighting, such as LED lighting. It also involves providing more space for community activities and encouraging people to move, in line with the spirit of our brand. In addition, we continued to switch energy contracts to renewable electricity as part of our commitment to reduce carbon emissions related to our operations.

We have been switching to more sustainable paper shopping bags in all directly managed stores. In Japan, we encourage consumers to bring their own reusable bags and reward people who decline the use of paper shopping bags with ‘Thanks points’ through the OneASICS membership platform.

In 2020, we also introduced a new, more sustainable shoe box. The box uses water-based rather than oil-based ink, and requires around 50% less ink than our previous boxes. The box itself also contributes to a lower negative environmental impact by using around 10% less cardboard. All this means the box is less carbon-intensive to produce, saving around 1,200 tons in CO₂ emissions per year in total.





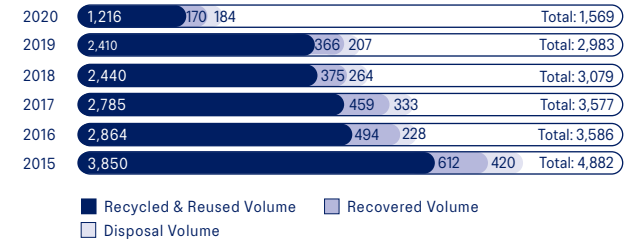
Resource Efficiency Improvement

The materials and other resources we use to make our products are valuable, and we are 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, which means reducing the waste being disposed of in landfill. To achieve this, we are making smart material and design choices to ensure that more of our materials can be reused.

In 2020, we decreased the total volume of waste we produced by 47.4% compared to 2019. The amount of waste disposed to landfill decreased by 11.1%. We diverted 88.3% of our waste from landfill.

We will continue to strive to achieve our 2023 target by focusing on the four sites that are responsible for over three-quarters of all the waste that we currently send to landfill. These sites include two distribution centers and two factories. Improvements are being made to waste data management, and the sites are finding new recycling facilities for waste. One of the distribution centers operates under the Zero Waste principles to enhance operations and reduce or eliminate waste creation. The cardboard recycling program is very efficient and ensures that 99% of the incoming boxes are either recycled in close partnership with our local cardboard supplier or reused to ship merchandise to our ASICS retail locations. We will expand these principles to other key sites.

Waste Volume (metric tons)



2020: 16 companies, 26 locations, covering 62% of operations (FTE basis)
 2019: 17 companies, 33 locations, covering 65% of operations (FTE basis)
 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)

2020 TARGET

98% waste recovered or recycled at our direct operations.*

* Sites that are able to measure and report their waste.

2020 RESULT

Diverted 88.3% of our waste from landfill.

2023 TARGET

98% waste recovered or recycled at our direct operations.*

* Sites that are able to measure and report their waste.

ACTION PLAN FORWARD

Will continue to work with the key locations to reduce the waste going to landfill and improve recycling rates further.

Reducing Our Water Use

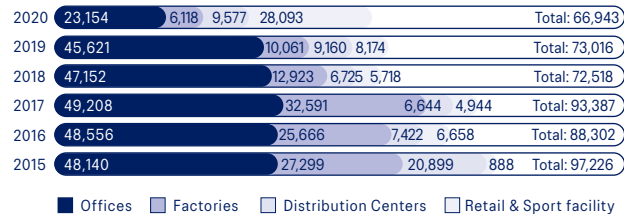
Water is one of life's most precious resources, and it is essential to our manufacturing processes. To ensure a sustainable supply of water in the communities in which we operate, we are committed to using water as efficiently as possible, and we aim to reduce our water consumption every year.

In 2020, we used 8.3% less water than in the previous reporting year due to offices and retail stores closing because of COVID-19. However, our new sports facility uses a lot of water for the swimming pool and showers.

In order to help our operations reduce their water use further, we will share best practices and focus on our most water-intensive operations for efficiency improvements. ASICS America HQ in Irvine uses five waterless urinals, with estimated savings of 150,000 liters of water per unit per year.

As well as tracking the volume of water used in our own operations, we have also investigated the source of the water. This gives us 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. It has a lower risk and impact 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 used in our operations (m³)



2020: 28 companies, 82 locations, covering 75% of operations (FTE basis)

2019: 30 companies, 92 locations, covering 79% of operations (FTE basis)

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)



Managing the Environmental Impacts of Manufacturing

Supply chain manufacturing accounts for more than 65% 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 are committed to using our influence within our supply chain to drive reduce these impacts.

We seek to source from suppliers that share our commitment to operating in an environmentally responsible manner. To achieve our GHG emissions targets by 2030, we will actively work with our suppliers to reduce energy use in Tier 1 supplier factories by 50% compared to a 2015 baseline. We will also help them to switch to renewable energy where possible and aim for 85% renewable electricity used in our Tier 1 supplier factories.

We continue to build on our collaboration with our partner factories to improve our collective environmental performance. In 2020, environmental sustainability was further integrated into the factory rating, which is implemented by ASICS' Footwear Manufacturing Division every year to reward the suppliers that are performing strongly on their environmental efforts. The Higg FEM score is used to rate the performance, and we are identifying and sharing points of improvement at the factories. We also shared the environmental sustainability guidance with partner factories and worked with them on exploring the possibilities of renewable energy.

Higg FEM Analysis

More than 15% of our supply chain environmental impact is attributed to Tier 1 factories and even more impact to Tier 2 and upper stream suppliers. We are asking our strategic Tier 1 factories and Tier 2 suppliers to share their environmental performance data using the Sustainable Apparel Coalition's Higg Facility Environmental Module (SAC's Higg FEM). The Higg FEM assessment 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
- Understand suppliers' sustainability strategy and engage with them
- 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. 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. In addition to the SAC's Higg FEM, we also asked suppliers to provide us with performance data using the SAC Higg Facility Social Labor Module (Higg FSLM), a similar tool for tracking and measuring the social performance of factories. We will keep using the Higg FSLM to monitor social performance in our supply chain.

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 and manufacturing processes. We also encourage our suppliers to implement best practice environmental management systems.

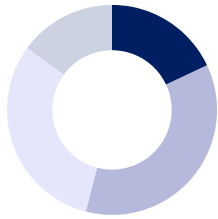
In 2020, CO₂ emissions per pair of shoes manufactured in our footwear Tier 1 suppliers decreased by 41.8%, compared to the 2015 baseline. We have phased out the coal use in our Tier 1 suppliers. Water consumption per pair of shoes decreased by 20.2% and waste emissions decreased by 8.6%.

Environmental performance of footwear Tier 1 suppliers

| CATEGORY | UNIT | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|----------------------|--------|-------|-------|-------|-------|-------|
| CO ₂ emissions | kg/pair | 2.45 | 2.17 | 2.27 | 2.08 | 1.77 | 1.42 |
| Water | m ³ /pair | 0.034 | 0.030 | 0.030 | 0.028 | 0.031 | 0.027 |
| Waste | kg/pair | 0.02 | 0.03 | 0.03 | 0.03 | 0.03 | 0.019 |
| Recycled or recovered waste | tons | 12,606 | 9,324 | 3,658 | 4,980 | 5,352 | 4,917 |

The data in this table is based on 16 factories in China, Vietnam, Indonesia and Cambodia, which together produce over 95% of all our footwear.

Water risk mapping in the supply chain*



- Low water risk location & Low water use :18%
- Low water risk location & Heavy water use: 36%
- High water risk location & Low water use: 31%
- High water risk location & Heavy water use: 15%

* The analysis is based on the Higg FEM that facilities agreed to share with us. Around 59% of those are verified data, but the remaining 41% is self-assessment data. Last year, the verification ratio was about 29%, and we are increasing the number of verified data in the coming years to improve accuracy.

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 is therefore important that we understand the water risks in these areas, as well as opportunities to improve water sustainability.

For the facilities identified as heavy water users, we continuously found that most have an effective water management system in place, including targets and strategies for improvement. We will continue to follow up with the facilities as we strengthen our engagement with suppliers.

Since 2017 we have been carrying out water risk assessments focused on footwear and apparel Tier 1 and 2 suppliers. In 2020, we updated this assessment based on more recent information gathered from the Higg FEM assessment. Many of our suppliers continue to have good water management practices and are limited water users.

2020 TARGET

10% reduction of CO₂ emissions per item related to footwear manufacturing (Scope 3, 2015 baseline)

90% Tier 1 strategic partner factories improve their SAC Higg Facility Environmental Module (Higg FEM) Score compared to baseline.

90% of all nominated Tier 2 suppliers improve their SAC Higg FEM Score compared to baseline.

10% reduction of water and waste impact per item produced by Tier 1 footwear factories. (2015 baseline)

2020 RESULT

CO₂ emissions decreased by 41.8% for every pair of shoes manufactured (compared to 2015 baseline year)

30.8% reduction in absolute CO₂ emissions from our supply chain**

69.2% of Tier 1 strategic partner factories from which we received Higg FEM modules improved their Higg FEM 2019 score compared to baseline. (baseline: Higg FEM 2018)

50% of participating Tier 2 suppliers improved their Higg FEM 2019 score compared to baseline. (baseline: Higg FEM 2018)

Water consumption decreased by 20.2% and waste emissions decreased by 8.6% for every pair of shoes manufactured (2015 baseline)

TARGETS FOR THE FUTURE

63% reduction in absolute CO₂ emissions from our supply chain** by 2030 (2015 baseline)

50% reduction in the amount of energy used by our Tier 1 supplier factories to manufacture our products by 2030 (2015 baseline)

85% renewable electricity used in our Tier 1 supplier factories to manufacture our product by 2030

90% Tier 1 strategic partner factories improve their SAC Higg Facility Environmental Module (Higg FEM) Score compared to baseline.

90% of all nominated Tier 2 suppliers improve their SAC Higg FEM Score compared to baseline.

20% reduction of water and waste impact per item produced by Tier 1 footwear factories by 2023. (2015 baseline)

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

ACTION PLAN ONWARD

Actively switch to recycled and lower emissions materials.

With partner factories, continue to explore renewable energy sourcing possibilities and conduct an energy efficiency program.

Work within industrial initiative (Fashion Charter) to phase out carbon intensive energy source and enable renewable energy sourcing at our partner factories.

Enhance communication with partner factories and 90% of them improve their Higg FEM score compared to the 2019 baseline.

Enhance communication with the suppliers and 90% of them improve their Higg FEM 2020 score compared to the 2019 baseline.

Continue to engage with Tier 1 footwear factories to achieve targets using Higg FEM analysis.

External Recognition

In this report, we have set goals for 2023 and 2030 that will help us achieve our mission sustainably. We have also looked back on the 2020 goals we achieved, and to the success of our activities around people and planet. We are grateful to have received external recognition as a result of these efforts.



CDP Supplier Engagement Leaderboard 2020

ASICS Corporation has been recognized for the second consecutive year, and it showcases that ASICS is among the top 7% of organizations assessed by CDP, one of almost 400 companies on the Leaderboard this year.



S&P Global Sustainability Yearbook Member 2021

ASICS Corporation is included. It showcases the sustainability performance of the world's top 15% companies in the industry.



CDP

ASICS Corporation rated A- level on climate change for the first time (previously rated B level 4 times) and rated B level on water security for the first time (was B- level).



DJSI

ASICS Corporation was selected for the sixth time as a component company of the Dow Jones Sustainability Asia/Pacific Index.



FTSE4Good Index Series and FTSE BLOSSOM JAPAN INDEX

ASICS Corporation has been continuously included in the FTSE4Good Index since 2016 and the FTSE Blossom Japan index since 2017.



MSCI Japan ESG Select Leaders Index

ASICS Corporation has been continuously included with AA ratings since 2017.



VISION 2030

Lifetime Athletes in All of Us

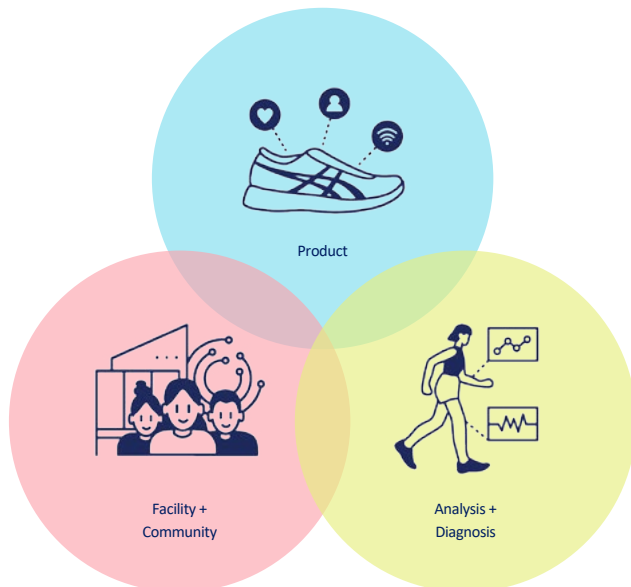
Sustainability is at the core of ASICS, our people, our products and processes, and our business as a whole.

Over the next 10 years and beyond, ASICS plans to expand its business in three domains: Product, Facility and Community, and Analysis and Diagnosis. All three business domains will share three common themes – Sustainable, Digital, and Personal. Using always-evolving digital technology, the business domains will develop and offer personalized products and services with environmentally conscious, sustainable methods. This will drive our sustainability activities under our two main pillars of People and Planet.

Based on these three themes, ASICS plans to generate synergies by combining the three individual business domains while growing each individual domain and maximizing value. This will form the foundation for our work bringing our philosophy ‘Sound Mind, Sound Body’ to life.

As the world continues to change, we will make sure our philosophy remains relevant by adjusting our business activities. We will disseminate VISION2030 widely so ASICS employees can share this vision. Together, we will strive for ASICS to be a trusted company that delivers clear value to society for a bright future.

ASICS NEXT



Create Quality Lifestyle through Intelligent Sport Technology

COMMON THEMES



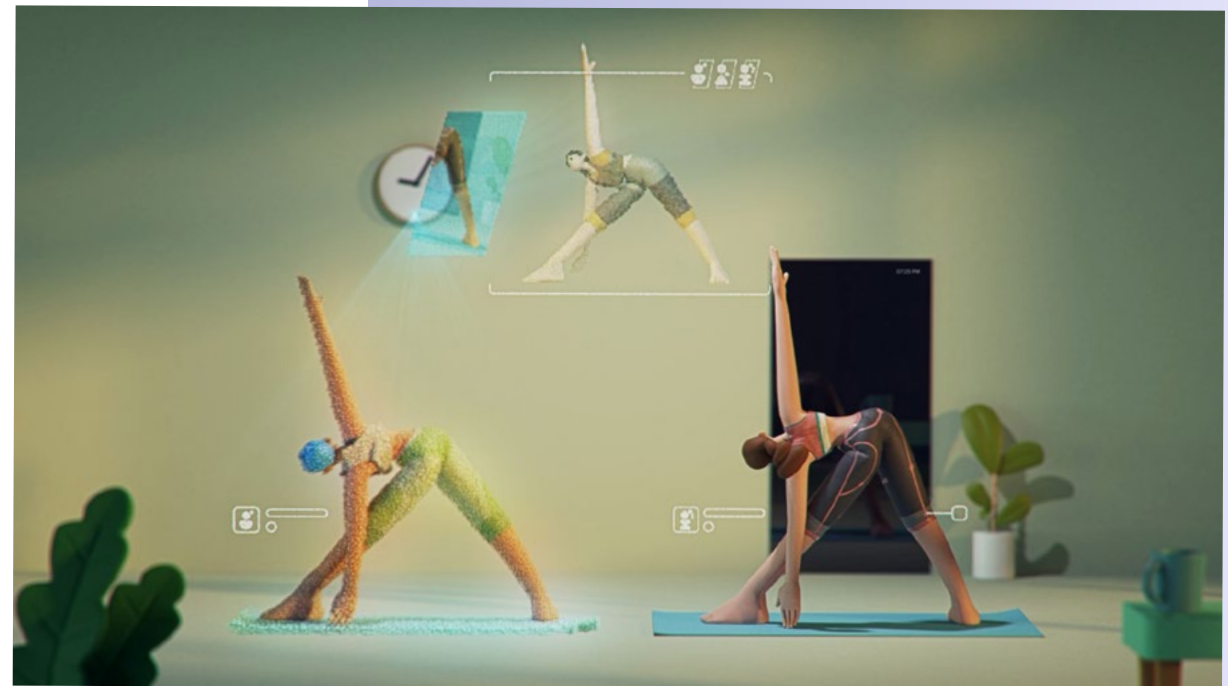
Digital



Personal



Sustainable



Appendices

Appendix 1: About This Report

The ASICS Sustainability Report 2020 outlines our company's sustainability vision and strategy, the targets we have set to achieve our goals, and the specific activities undertaken. Throughout the report, ASICS uses the word 'sustainability'; this is also used interchangeably with 'CSR'.

This Sustainability Report provides a picture of ASICS' sustainability. The ASICS Sustainability Framework has two main pillars – People and Planet – and this report is structured on that basis. It is designed to be used alongside the ASICS Integrated Report, which provides the whole picture of ASICS, showing how sustainability is integrated into our core values and business strategy to increase our value creation.

We publish our sustainability report every year. Our 2019 sustainability report was released on May 25th, 2020. This report covers the calendar year January 1st, 2020 to December 31st, 2020. Unless otherwise specified, the information shared pertains to ASICS' global operations. For Haglöfs information, please refer to Haglöfs' sustainability report. The year 2020 was the last year of our 2016-2020 strategic plan, and the year in which we set new targets for 2030 and 2050.

This report has been prepared in accordance with the GRI Standards: Core option. The GRI Content Index is available on our website. In parallel to this report, we also publish an integrated report.

Our sustainability efforts are much more powerful when we work together with our stakeholders. We value your opinion about our work and this report, and we welcome your feedback.



Appendix 2: Materiality

Looking Ahead: A New Approach to Materiality

The ASICS Group operates a corporate-wide materiality program that identifies and evaluates the material topics that are most relevant to our stakeholders and to our business.

2020 was the final year of our previous five-year strategic plan. To prepare us for the next phase of our business strategy and sustainability strategy, we substantially updated our materiality matrix. The update involved qualitative interviews and quantitative surveys with both internal stakeholders, such as employees and management, and external stakeholders, including investors, NGOs, consumers, customers, suppliers, and industry associations .

The updated materiality matrix is more focused, and it has helped us create a new strategy that fits well with VISION2030.

Materiality Matrix

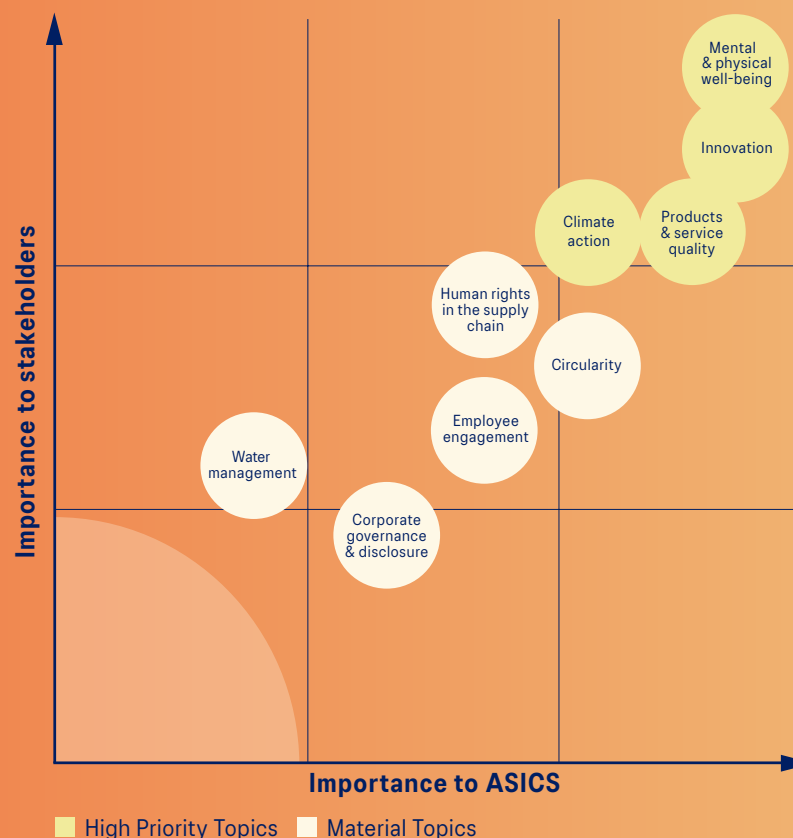
Our materiality matrix maps out the corporate-wide material topics identified by internal and external stakeholders according to their level of priority. The matrix is based on analysis of our consultations with stakeholders, international frameworks, our business priorities, and our sustainability performance.

The materiality matrix shown here displays our nine material topics. We have established four of these topics as higher priorities: mental & physical well-being, innovation, product & service quality, and climate action.

Stakeholder engagement and topics

| STAKEHOLDER | METHOD OF CONTACT | MAIN TOPICS/CONCERNS |
|--------------------------|---------------------------|---|
| Consumers | Survey | Mental and physical well-being, innovation, products and services quality, climate action |
| Shareholders & investors | Regular dialogue, survey | Innovation, products and services quality, climate action, human rights in the supply chain, corporate governance and disclosure. |
| Employees | Survey | Mental and physical well-being, employee engagement |
| Business Partners | Interview, survey | Innovation, products and services quality, human rights in the supply chain, circularity, water management |
| Communities | Projects and volunteering | Mental and physical well-being |

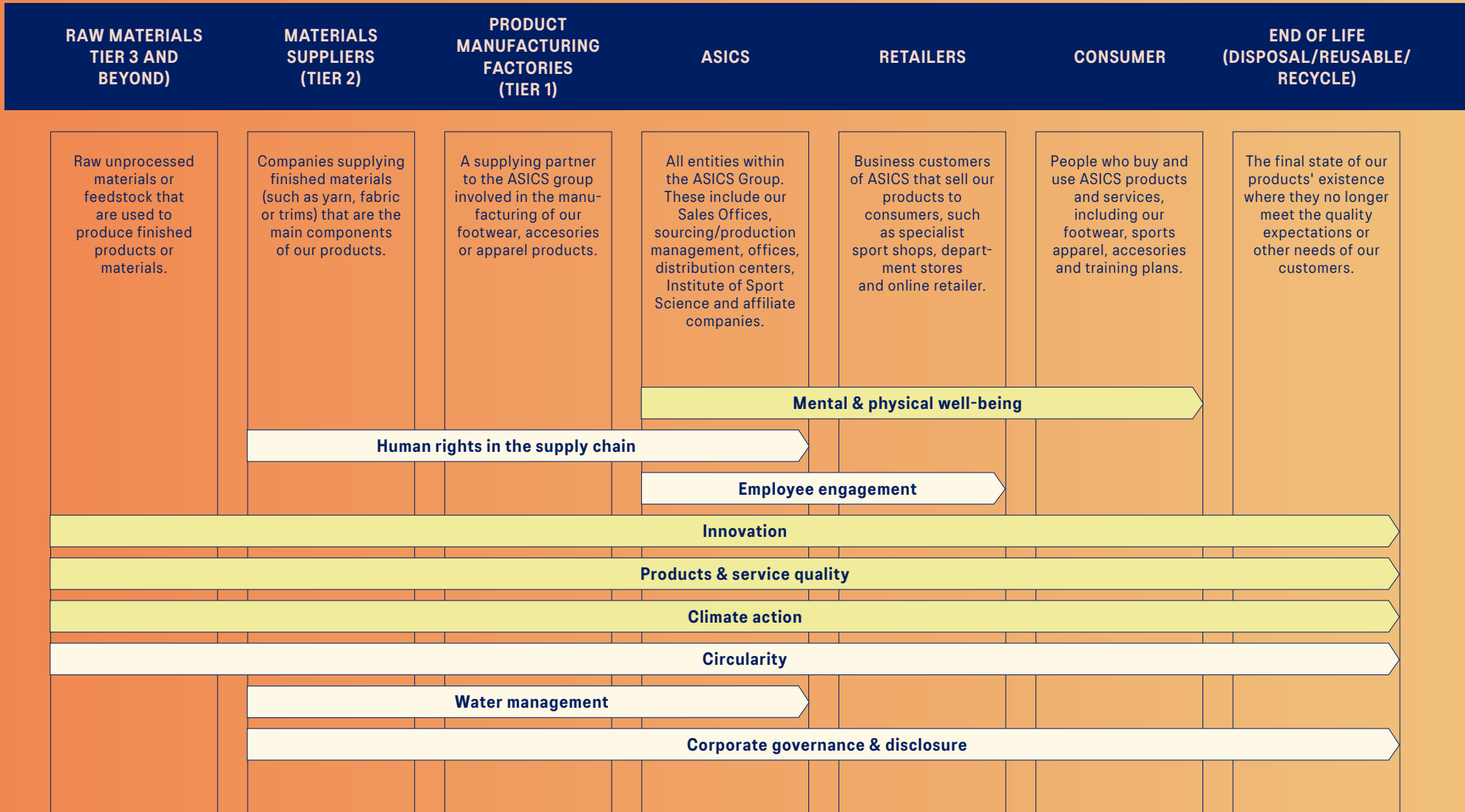
Materiality matrix



Material topics and indicators

| MATERIAL TOPIC | GRI INDICATORS AND OTHER KPIS |
|---|--|
| <p>Mental & physical well-being: ASICS' purpose has been to help people achieve a sound mind in a sound body since the company was founded in 1949. People are more aware than ever before of the importance of mental and physical health, so this is the most relevant topic to our stakeholders and our business.</p> | Local communities |
| <p>Innovation: To enable a healthy and fulfilled mind and body, we need to pursue innovation for products, services, and business models with personal, digital, and sustainable in mind as our common themes.</p> | Materials |
| <p>Products & services quality: In order to meet the expectations of our stakeholders, we need to keep enhancing the performance of our products and services while ensuring their safety.</p> | Consumer health and safety Marketing and labelling |
| <p>Climate action: Climate change is one of the most critical issues for our sustainable business and for future generations to keep achieving a sound mind in a sound body.</p> | Energy Emissions |
| <p>Human rights in the supply chain: Upholding fair business practices and improving labor conditions across our supply chain are responsibilities we take seriously.</p> | Child labor Forced or compulsory labor Human rights assessment Supplier social assessment Freedom of association and collective bargaining |
| <p>Circularity: To tackle climate change, we should shift to circular manufacturing and business model by using less and cleaner materials, making more durable products, and recycling materials and products.</p> | Materials Effluents and waste Supplier environmental assessment |
| <p>Employee engagement: To help more people achieve a sound mind in a sound body, we need a diverse team to drive innovations, and realize high performance by strong and fully engaged employees.</p> | Employment Diversity and equal opportunity Labor/management relations Training and education Nondiscrimination |
| <p>Water management: Our industry uses a significant amount of fresh water globally in its supply chain and understanding of water risks and improving water sustainability are important.</p> | Water |
| <p>Corporate governance and disclosure: ASICS is dedicated to continuous enhancement of our corporate value, to gaining the trust of all stakeholders, and to achieving highly transparent management and disclosure.</p> | Environmental compliance Socioeconomic compliance Consumer privacy Economic performance |

Material topics in our value chain



Value Chain Analysis

The second component of our materiality program is value chain analysis. 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 visual above shows where material issues occur in our value chain. The dark blue bars show the issues that are considered to be of higher priority to ASICS and our stakeholders, in line with the materiality matrix.

- ▬ High Priority Topics
- ▬ Material Topics

Appendix 3: Supporting the Task Force on Climate-Related Financial Disclosures

In June 2019 ASICS became the world's first sporting goods manufacturer to support the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). ASICS will disclose information on business risks and opportunities related to climate change based on the TCFD recommendations.

Governance

The Board of Directors oversees both climate-related risks and opportunities in our sustainability governance model. The Risk Management Committee manages climate-related risks and the Sustainability Committee manages climate-related opportunities. The President and COO is the chair of both committees and the Executive Officers are the members. The Executive Officers and the Senior General Managers are responsible for monitoring the progress of our science-based and other targets. They also are responsible for reporting to the Board of Directors and to both committees, which meet twice a year. Climate change is also included in the regular reports by the Senior General Manager of the Sustainability Division to the President and COO. (You can read more on governance on page 7.)

Strategy

We listed a variety of risks and opportunities and evaluated the impact of each one on our company. This analysis has been applied across our businesses. Examples of risks identified include carbon taxes, price increases of raw materials (oil prices), and some physical risk such as the disconnection of the distribution network due to natural disasters. Opportunities we identified include the development of new products or services through R&D and innovation.

When analyzing the risks and opportunities, we used 2030 as the time horizon as it is close enough to ensure strategic relevance. Considering the time horizon of 2030 and the impact from the climate change at that time, we decided to start referring to the IEA scientific scenarios which are more related to transition risk. This includes the expecta-

tion that similar temperature changes would occur in the 2°C and 4°C scenarios as of 2030, with a larger impact of physical risk in the years after 2030.

We referred to the multiple IEA scientific scenarios, the IEA 450 Scenario for a +2°C increase and IEA New Policy Scenario for a +4°C increase to investigate the resilience of our corporate strategy. We implemented the scenario analysis with relevant departments such as the Corporate Strategy, Finance, Legal and Sustainability Department and concluded that the biggest risk would be a reputation risk if we would not be able to meet our consumers' and stakeholders' requirements and expectations. The results of the scenario analysis were shared with management including the President and COO and the Executive Officers and subsequently integrated into our business strategy. We will continue to proactively commit to bold and ambitious goals, and to accurately and regularly communicate our environmental actions related to climate-related risks and opportunities, to meet the expectations of our stakeholders. (You can read more about our targets on page 28.)

Risk Management

The Risk Management Committee has the authority to operate ASICS group's risk management by identifying the risks and allocating the management resources to mitigate the risks. The Risk Management Committee reports to the Board of Directors. The Division Risk Owners are appointed, in principle, from the Senior General Managers in each division and/or General Managers, and lead to mitigate the risks and report the progress of mitigating actions. The Risk Management Team carries out activities to maintain our Risk Management operations and monitor their effectiveness and relevance. The Risk Management Team co-work with the Internal Audit Department.

ASICS group's risk management system implements the identification, analysis, evaluation, mitigation, monitoring and reporting of the risks and the climate-related risks are integrated into this regular risk management process. Aligning with our business strategy, our Risk Management Team gathers risk information from each division regularly so that we can take existing and emerging regulatory requirements into account. The Risk Management Committee decides the priority risks based on the business impact and assigns Division Risk Owners for each risk. The mitigation plan for each risk is led by the Division Risk Owners.

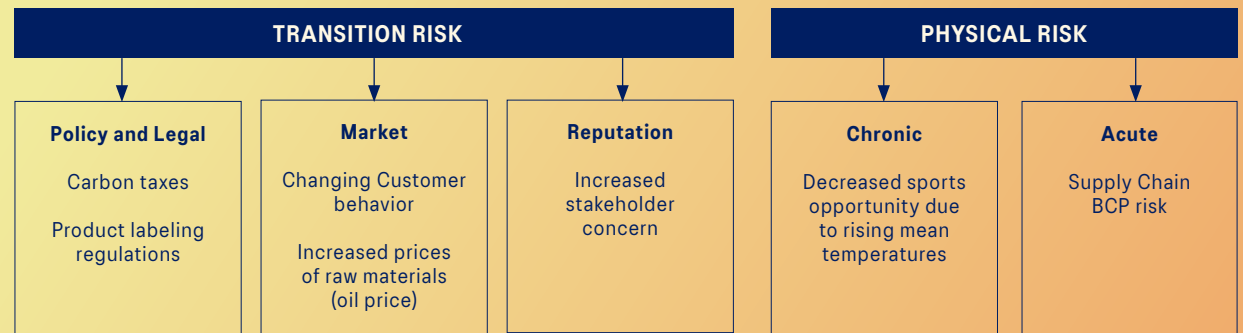
The Risk Management Team advises them and monitors its progress. With regard to climate-related risks, we identified reputation risk and the Supply chain BCP risk. (You can read more on page 7.)

Metrics and Targets

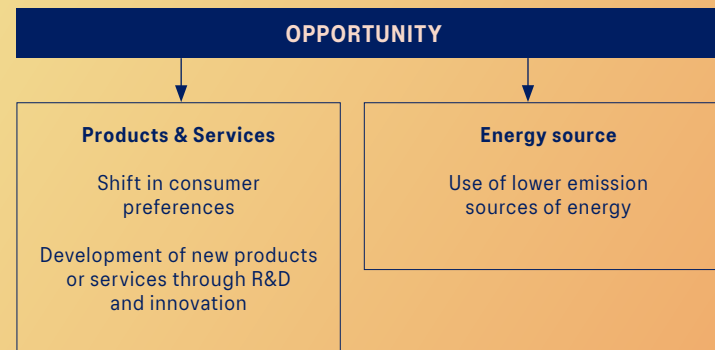
We newly committed to reduce our absolute Scope 1 and 2 greenhouse gas (GHG) emissions 63% across its direct operations, aligned with a 1.5°C pathway, and also committed to reduce the absolute Scope 3 GHG emissions from purchased goods and services and end-of-life treatment of sold products 63% by 2030 (vs the 2015 base year), with the aim of achieving net-zero emissions by 2050. Our new targets have been officially approved by the Science Based Targets initiative (SBTi). We have each scope GHG emissions data from 2015 to 2020 in this report. (You can read more about the reduction in our emissions on page 37 and 39.)

Based on the TCFD recommendations, we will continue to evaluate the climate-related risks and opportunities for our businesses and disclose relevant information from the four perspectives of Governance, Strategy, Risk Management and Metrics and Targets.

Climate-related Risks



Climate-related Opportunities



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, 2020 (the "Sustainability Information") included in the "Sustainability Report 2020" (the "Report") prepared by ASICS Corporation (the "Company"):

- the ratio of female managers at the Company as of December 31, 2020, in the chart "Ratio of female managers by region" on page 24;
- the 2020 amounts in the graph "CO₂ emissions from our locations (tons)" on page 37;
- the 2020 total in the graph "Energy Volume by Type (GWh)" on page 38; and
- the CO₂ TONS for "1. Purchased goods and services" in the chart "Scope 3 CO₂ Emissions 2020" on page 39.

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 24, 37, 38 and 39 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.
- Performing interviews of responsible persons and inspecting documentary evidence 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

June 30, 2021

Member of
Deloitte Touche Tohmatsu Limited

