

MODERN SLAVERY STATEMENT

June 2019

In compliance with the regulations of the California Transparency in Supply Chains Act (SB 657), the UK Modern Slavery Act of 2015 Section 54 and the Australia Modern Slavery Act 2018, the following document discloses the ASICS Groups policies in place and actions taken to prevent forced labor, slavery and human trafficking in our business activities and supply chains during the fiscal year 2019 (January 1st 2019 till December 31st 2019)



ASICS GROUP MODERN SLAVERY STATEMENT 2019

ASICS¹ is a global sports performance and lifestyle brand. For the manufacturing of our ASICS and Onitsuka Tiger products, the ASICS Group depends on a large supply chain that includes material and product manufacturers, their workers, unions, NGOs and others.

The current COVID-19 pandemic is having a major impact on business, economies and the lives of people globally. While the ASICS Group is working hard on recovering our own business, we are committed to contributing to a more resilient, sustainable garment and footwear industry once the crisis is over. We endorse the International Labor Organization (ILO)'s COVID-19: 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.

With COVID-19 becoming a pandemic causing disruption globally since the start of 2020, this Group Statement is covering our efforts to prevent forced labor, slavery and human trafficking in our business activities and supply chains during the fiscal year 2019.

Upholding fair business practices, improving labor conditions and work to prevent the violation of human rights throughout our organization and in our supply chains are responsibilities we take very seriously. The ASICS Group strongly condemns the use of force or involuntary labor.

We take a zero-tolerance approach to this issue and deploy a rigorous supply chain management program to ensure compliance throughout our supply chains.

ASICS does not tolerate modern slavery in our supply chain in any form. As part of our wider commitment to creating products safely and sustainably, we are committed to using our influence to identify and collaborate with our partners on eradicating modern slavery across our supply chains. This extends even to the areas of the supply chain where we have no direct business relationships. We do this work both independently, and together with other stakeholders within and outside the sporting goods industry.

Business activities and our supply chains.

Headquartered and classified as a public corporation in Japan, ASICS is producing, marketing and selling its footwear, apparel and accessories products and its related services through ASICS-owned retail stores, online business, via retail accounts, independent distributors, licensees and representatives globally. We operate 60 businesses in 33 countries. Our reach extends further through our supply chain business partners, sponsored events and connections to other stakeholders worldwide.

More than 150 direct, Tier 1 suppliers in over 22 countries provide us with the facilities, expertise and other resources that allow us to bring the best products

to our customers. Many of our Tier 1 suppliers themselves have an extensive supply chain, connecting the ASICS Group indirectly with many more operations and businesses worldwide. The majority of manufacturing of ASICS global products is taking place in Southeast Asia.

The ASICS Group supports and respects human rights, as set out in the Universal Declaration of Human Rights. We see it as an important responsibility to use our influence as a global brand to help maintain and improve standards throughout our supply chains, both among direct and indirect suppliers.

We operate a rigorous supply chain management program to increase transparency, monitor standards and ensure compliance with ASICS policies and all other relevant regulations and laws, local and international

Governance and Policies

Our system of governance ensures that our human rights principles and objectives are embedded throughout our business. This is a shared responsibility involving all company divisions and colleagues at every level. We conduct our corporate activities on the basis of clear codes of conduct that are based on internationally recognized standards and conventions. Suppliers have to understand and acknowledge these standards and are formally obliged to meet them. We seek to work only with business partners who share our commitment to sustainability and fair labor practices.

Our [Policy of Engagement](#) (PoE), which at ASICS is our supplier Code of Conduct, sets out the minimum requirements regarding human rights, labor standards, occupational health and safety and environmental practices for any ASICS business partner. The requirements include specific expectations that address

forced labor and child labor and human trafficking. Our PoE requires any partner involved in the manufacturing of ASICS Group branded products to:

- Respect worker rights and be in full compliance with all laws, regulations and administrative instructions applicable to their business operations.
- Maintain all relevant documents necessary to demonstrate compliance with our policies. When deemed necessary ASICS or its contracted independent monitors shall be allowed, regardless of prior notice, to conduct compliance assessment audits.
- Employees shall be provided with safe and decent working conditions, fair wages and secondary benefits and be treated with respect.
This also means that our partners:
- Shall not use forced labor, whether in the form of prison labor, indentured labor, bonded labor, or otherwise. No Employee can be compelled to work through force, the threat of force or intimidation of any form.
- Employees should not bear the cost for their employment whether in the form of recruitment fees or other; should retain control of their travel documents and have full freedom of movement.

In March 2019, our Policy of Engagement was updated to reflect our continuously evolving ambitions and expectations to suppliers. This included specific updates relating to forced labor and migrant workers.

Over and above ASICS' Policy of Engagement and other supplier requirements and expectations, our [ASICS Code of Conduct](#) sets out the basic standards by which all members of ASICS Group must comply during their daily activities and with each business decision. All directors, officers and employees in the ASICS Group are required

to review, understand and comply with this Code.

We continuously improve audit functions and internal controls of our corporate management. Our aim is to create a management approach that goes beyond compliance and reflects the perspectives of our stakeholders.

We encourage employees and business partners to report code or policy violations using our confidential, anonymous [whistleblowing](#) services. This allows us to detect the first signs of wrongdoing quickly and carry out corrective measures without delay.

Due Diligence and assessment of Modern Slavery Risk

ASICS operates a Group-wide risk management system to identify, analyze, evaluate, mitigate, monitor and report risks. This includes the risk of human rights violations.

The human rights related risk mitigation planning is owned by the head of CSR & Sustainability Division. The risk and the mitigation actions are reviewed and monitored in the Risk Management Committee led by President and COO Yasuhito Hirota.

In addition to ASICS' Risk Management Committee, ASICS established in 2019 a new Sustainability Committee led by ASICS President and COO Yasuhito Hirota to advise the Board of Directors on sustainability specific risks and opportunities.

The Sustainability Committee will work to solve social and environmental issues through business activities. These business activities will, in turn, increase our engagement with customers and partners, increasing not only ASICS' brand value but also our contribution to a more sustainable world.

We have a list of over 22 approved sourcing countries. Before our sourcing divisions can enter product and material sourcing arrangements with any new country outside our approved list, they must first carry out a country risk assessment in collaboration with our CSR & Sustainability Department and other internal and external stakeholders. This includes analysis of human rights risks, as well as particular industry/sector and geographical risks. All sourcing divisions within our Group are aware of this guideline.

Prior to entering any partnership agreement with a new footwear, apparel or accessories supplier, we assess the supplier's social and environmental sustainability performance against ASICS standards. Only if the supplier meets our minimum standards on human rights, safety and ethics we will consider engaging with them in a business relationship.

In addition to information from our own, on the ground supplier visits, information from our internal sourcing and product development divisions and local sourcing partners, ASICS also utilizes information from external resources. These include information from authorities such as the U.S. government from NGO partners such as ILO Better Work and The Institute for Human Rights and Business or industry bodies (the Social Responsibility Committee of the American Apparel & Footwear Association (AAFA) and the Sustainable Apparel Coalition (SAC)). We maintain an open, constructive relationship with unions, NGOs and other advocacy groups that focus on human rights in our supply chains like Know the Chain and Transparentem. Further, ASICS is a signatory to the [AAFA / FLA Commitment to Responsible Recruitment](#).

Monitoring our supply chain

ASICS continuously monitors Tier 1 and major Tier 2 suppliers to evaluate compliance with its company standards including standards to prevent the incidence of modern slavery, human trafficking and child labor in our supply chains.

Our audits are both announced, and semi announced and are performed by a combination of internal specialists in this field or by qualified third party auditing companies. In addition, ASICS will consider third party certification schemes or internationally recognized certification programs. SMETA 4 pillar assessments in accordance with SEDEX's Associate Auditor Group's Best Practices and The Customs Trade Partnership Against Terrorism (CTPAT) program in our supplier facilities to determine the areas of highest risks in our supply chain is such an example.

Since January 2014, ASICS has been an official partner of ILO Better Work and they are a valuable partner for us in Cambodia, Indonesia and Vietnam

When our assessments find instances of non-compliance with our standards, we categorize them by different levels of urgency. Depending on the nature of the noncompliance, we impose sanctions that vary in severity, ranging from the termination of the business relationship in case of zero tolerance violations, to third party investigations or formal warnings. We consider the use of force or involuntary labor as a zero-tolerance violation.

A recent example is how insights from both human rights advocacy groups and own observations in 2018 contributed to ASICS recognizing Malaysia as a high risk region for migrant worker issues.

With this country being already non-strategic to the ASICS Group and our production volumes being negligible on a global scale, such information can contribute to the decision to consolidate our supply base and focus on other, existing partnerships in other regions.

To specifically address potential migrant workers issues in relation to Olympic and Paralympic Games Tokyo 2020, we introduced a grievance mechanism for migrant workers in factories located in Thailand and Japan. Produced in partnership with the NGO Global Alliance for Sustainable Supply Chain (ASSC), the mechanism provides workers with a channel to raise concerns around compliance issues. ASSC is a Japan based NGO that focuses on business related human rights and labor rights issues in supply chains of Japanese businesses, and facilitates partnerships with businesses, labor unions, civil society/NGOs and overseas initiatives.

The ASICS Group publicly shares a list of its direct Tier 1 suppliers responsible for the manufacturing of ASICS and Onitsuka Tiger products; footwear, apparel, accessories and equipment. Together, they account for more than 90% of our global volume of product manufactured annually.

We feel that sharing basic information on our supply base will enhance transparency both for business partners, investors, labor organizations and our customers.

At ASICS, we value long term relations with our suppliers. These stable partnerships give us the opportunity to work together with our supply chain partners to identify and collaborate on eradicating

modern slavery in every part of our supply chain. The full list can be reviewed via this [link](#).

Training and Capacity Building

Along with our global CSR & Sustainability staff, many other departments and ASICS Group divisions play a vital role in making sure our operations are safe, ethical and that human rights are respected at all times.

Production and sourcing divisions make a major contribution to building understanding of our supply chain and improving the performance of our manufacturing partners. Because these teams work closely with our supplier partners, they are ideally positioned to help with monitoring, raising issues, and identifying opportunities and training requirements.

We carry out regular cross-divisional training and awareness sessions around supplier engagement and assessments to ensure the necessary participants in supply chain management are knowledgeable and aware of the issues and concerns surrounding the supply chain, including human trafficking, slavery, and worst forms of child labor, with a particular focus on mitigating risks. ASICS also supports employees involved in our supply chain to participation in external training programs and seminars on social compliance issues, human trafficking, slavery, and worst forms of child labor.

ASICS also provides training and capacity building for our Tier 1 and 2 suppliers in standards, legal requirements and industry best practice, so that they can continuously improve their performance over time. This includes training to prevent modern slavery and other human rights abuses. Supplier training can be provided by our own staff but sessions are also set up in collaboration with partner organizations such as ILO Better Work.

Evaluating program performance and efficiency

ASICS continues to evaluate the effectiveness of programmes on eradicating modern slavery across our supply chains.

The ASICS Group has been reporting on its efforts with regards to corporate responsibility and sustainability for many years in the form of a public sustainability report. Our [2019 sustainability report](#) gives details on our most recent activities in areas such as supply chain management, training and capacity building, and protecting human rights.

ASICS remains dedicated to work towards creating safe and sustainable products, and a fair and environmentally sound sporting goods industry where human rights are respected at all times.

This statement was approved by the ASICS [Board of Directors](#).

Signed



Yasuhito Hirota
President and COO,
Representative Director

¹ This statement applies to the ASICS Group, including but not limited to ASICS Oceania Pty. Ltd., ASICS America Corporation and ASICS UK Ltd. which fall within the scope of respectively the Australia Modern Slavery Act 2018, The California Transparency in Supply Chains Act (SB 657) and provision 54 of the UK Modern Slavery Act 2015

² Modern Slavery is a term used in this statement by the ASICS Group to encapsulate both offences that include: slavery, servitude and forced or compulsory labor; and human trafficking. The offences are set out in:

- Section 1 and section 2 of the UK Modern Slavery Act 2015.
- Division 270 or 271 of the Australia Criminal Code; or an offence under either of those Divisions if the conduct took place in Australia.
- Article 3 of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, done at New York on 15 November 2000 ([2005] ATS 27).