



# IMOVEMENT™

**SUSTAINABILITY  
REPORT 2017**





# MOVING BODY AND MIND TO CREATE A STRONGER WORLD.

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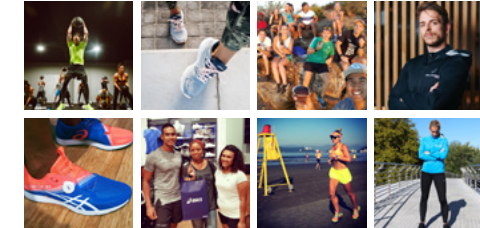
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**MOVING CONNECTS THE  
I AND THE ME. TOGETHER  
THEY BECOME UNSTOPPABLE.**

**#IMOVEME**

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

# ABOUT THIS REPORT

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

2017 saw a major milestone for ASICS with the launch of I MOVE ME™, a global movement that reimagines our vision for a new generation. I MOVE ME™ shows that there are no winners or losers in the world of ASICS – just people who move, and people we want to help start moving.

The campaign inspired us to think about our sustainability activities in a new way – and you'll see this reflected in this report.

In it, you'll find out how we **move smarter**, contributing to a healthier planet through product and service innovation, as well as by reducing the carbon footprint of our operations. You'll also see how we're engaging people to help them **move stronger** – in our workplaces, in our supply chain and in our local communities.

## External recognition



**Dow Jones Sustainability Asia/Pacific Index (DJSI)**  
– we were included for the third consecutive year.



FTSE4Good

**FTSE4Good Global Index** – we were included for the second consecutive year.



**RobecoSAM's Sustainability Yearbook 2017**  
– we were included for the second consecutive year in the world's most comprehensive publication on corporate sustainability.



**CDP (formerly Carbon Disclosure Project)** – we were rated a B-level company for the second year after the methodology changed in 2016.

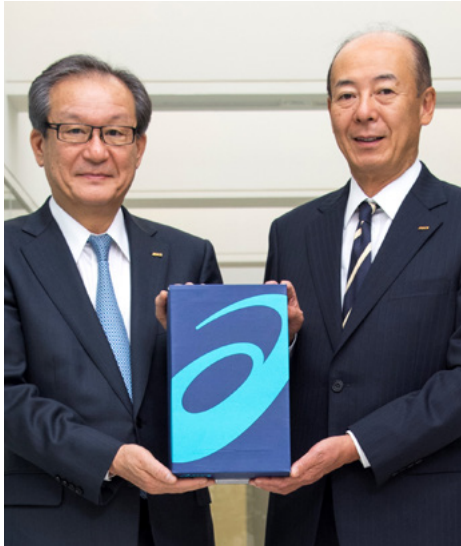


**MSCI Global Sustainability Index** – we were included for the third consecutive year.



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

# MESSAGE FROM THE TOP MANAGEMENT



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

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

“A sound mind in a sound body” has been ASICS’ Founding Philosophy for nearly 70 years. In 2017 we refined that message with the launch of I MOVE ME™, a global campaign inspiring people of all ages and abilities to be healthy and happy through movement.

As the world becomes ever more aware of the impact of physical inactivity and mental illness, I MOVE ME™ reaffirms ASICS’ decades-long commitment to supporting physical and emotional wellbeing. It also provides a fresh perspective on our broader sustainability approach. 2017 saw ASICS make significant progress in those activities in several important areas.

We set ambitious new targets to be achieved by 2030 to cut the carbon footprint of our own operations by 33% in line with the Science Based Targets initiative, and our supply chain carbon emissions per product manufactured by 55% compared with 2015. To further

assure our environmental performance, in 2017 we also partnered with bluesign® to use their world-recognized standard for safety and sustainability in textile manufacturing.

“A sound mind  
in a sound body.”

supply chain sustainability. In 2017, we took a major step forward in improving transparency by publishing our factory list for the first time. This is part of our continued efforts to uphold fair business practices, improve labor conditions and safeguard human rights throughout our supply chain.

In our communities around the world, we continued to find new, inspiring ways to get people moving. In the summer of 2017, in partnership with the IAAF World Athletics Championships in London, we launched Run the Tube, a series

We know that transparency about where and how we source our products and materials plays a vital role in ensuring

of multi-sensory events in underground tunnels celebrating movement as part of our I MOVE ME™ campaign. As many as 5,000 Londoners and visitors joined this movement.

In the US, in partnership with PHIT America, a fitness advocacy and education non-profit organization, we set up a campaign encouraging people to run for more than 60 minutes using our Runkeeper app. Through the campaign we donated \$50k to the organization, matching \$1 for each of the first 50,000 runners who completed the challenge.

At the Shareholders’ Meeting in March 2018 we welcomed a new leader, Yasuhito Hirota, as President and COO, Representative Director of ASICS Corporation. We believe his wealth of experience in corporate social responsibility will be a vital asset as we move towards our 2020 targets and beyond.

# ASICS AT A GLANCE

ASICS is one of the world’s top sports performance and lifestyle brands. We operate 57 businesses in 33 countries. Our reach extends further through our supply chain business partners, sponsored events and connections to other stakeholders worldwide.

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

**ASICS worldwide**  
(as of December 31st, 2017)

**8,586**  
employees

**57**  
global businesses

**33**  
countries where we have  
businesses established

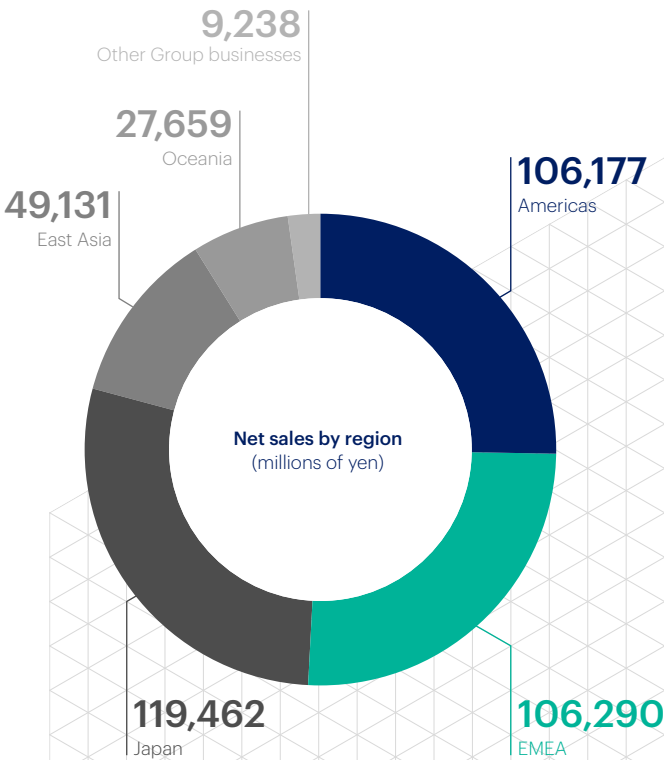
**876**  
retail stores

**20+**  
sourcing countries

FY2017  
**400,157**  
net sales (millions of yen)

FY2017  
**12,970**  
net income (millions of yen)

Net sales by product (millions of yen)



Adjustments to the total regional sales are 17,801 millions of yen. Subtracting adjustments from the total regional sales result in our consolidated net sales.



# OUR NEW SUSTAINABILITY FRAMEWORK

Following the launch of the I MOVE ME™ brand message in 2017, we've evolved our sustainability framework to align it with our brand messaging. We now have a simplified structure with two main sections: I Move Me Smarter for Planet and I Move Me Stronger for People.

## Supporting the UN's Sustainability Agenda

ASICS supports the UN's Sustainable Development Goals (SDGs), and our sustainability activities are aligned with them. In particular, our activities support goals 3, 6, 8, 12 and 13 (see below). For an overview of the priority sustainability topics that our activities cover, see our materiality program on pages 8 and 9 of this report.



## I MOVE ME™ SMARTER

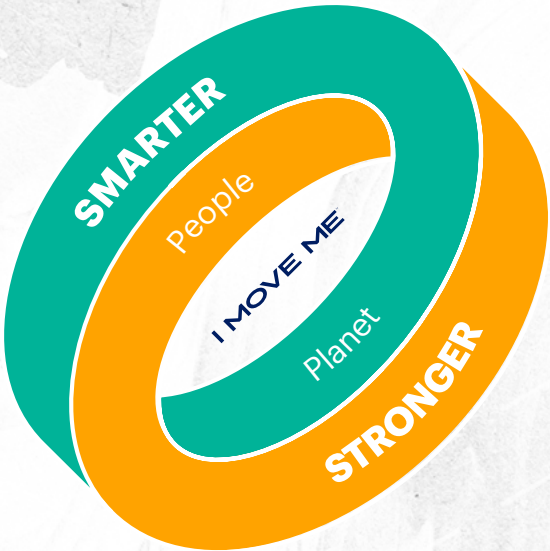
I respect the ground  
I play sport on  
and enable future  
generations  
to move too.

### Products

We innovate and educate to develop the best products and services using less.  
[Read page 15](#) →

### Operations

We are committed to continuously improving the efficiency of our own buildings, resource use, materials and distribution network.  
[Read page 22](#) →



## I MOVE ME™ STRONGER

When I move, I feel  
stronger, happier  
and sharper.

### Health and wellbeing

We help people improve their physical fitness and mental health.  
[Read page 32](#) →

### Supply chain

We build transparent, fair and ethical partnerships, and empower the people in our value chain.  
[Read page 33](#) →

### Communities

We support our employees and communities so that they can fulfill their potential.  
[Read page 39](#) →

# GOVERNANCE

Sustainability is a shared responsibility at ASICS. It involves all company divisions and colleagues at every level. As well as initiating sustainability projects and ideas in our daily operations from the bottom up, we also manage and integrate them into our organization from the top down.

Our Board of Directors has overall responsibility for sustainability oversight. Management is responsible for integrating and prioritizing sustainability in our corporate objectives. In addition, each core department integrates sustainability into its business strategy and processes.

ASICS Group has operated a CSR and Sustainability department since 2004. Composed of a global team and designated staff at regional level, the department is responsible for implementing sustainability activities and driving performance, managing progress against targets and engaging with internal and external stakeholders.

## Earning trust, ensuring compliance

The ongoing success of our business depends on growing our corporate values and earning the trust of all our stakeholders. Maintaining a highly transparent system of corporate governance is one key way we do this.

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

## CSR and sustainability policies

ASICS Global Code of Conduct sets out the basic standards we expect our colleagues to uphold in everything they do. These apply to all ASICS Group companies.

Our Policy of Engagement sets out the minimum requirements regarding human rights, labor standards, occupational health and safety, and environmental practices for any ASICS business partner.

Our Global Policy on Environment sets out our approach to managing environmental impacts in our own operations as well as in our value chain.

In addition to these formal policies, we have a range of guidelines and manuals that translate our policies into operational practice. They guide our colleagues and suppliers in making better 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 quickly and carry out corrective measures without delay.

## Find out more about our corporate governance

→ [https://corp.asics.com/en/investor\\_relations/management\\_policy/corporate\\_governance](https://corp.asics.com/en/investor_relations/management_policy/corporate_governance)

## Find out more about our system of sustainability governance and policies

→ <https://corp.asics.com/en/csr/our-approach/governance-and-policies>

# MATERIAL ISSUES

We run a continuous materiality program aligned with international standards. Through this program, we identify and evaluate the sustainability issues that are most relevant to our stakeholders and to our own business.

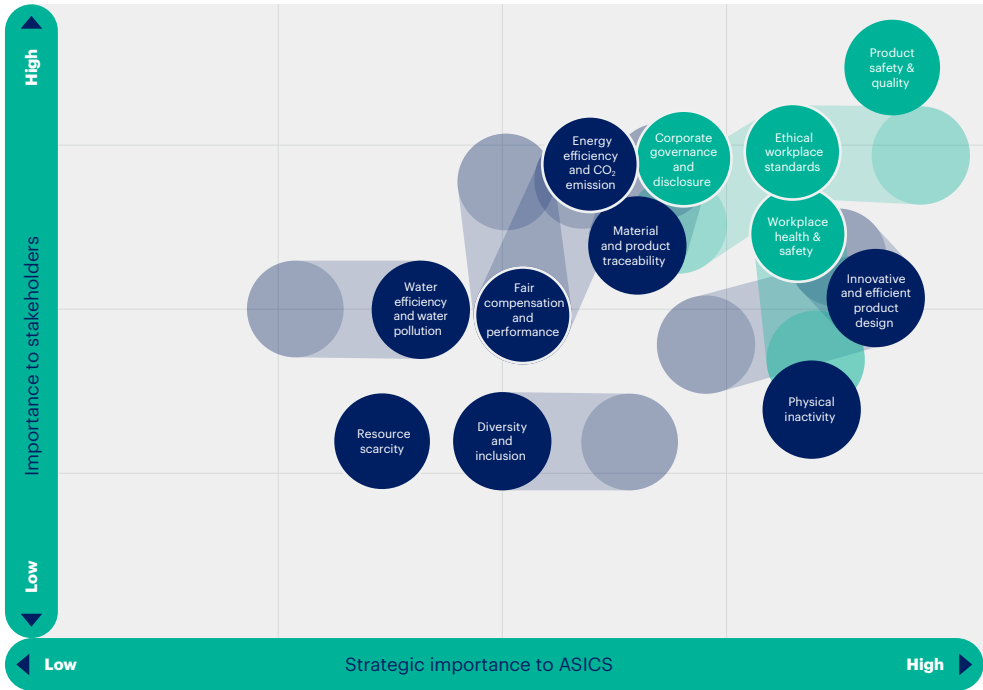
This program has two main elements: our materiality matrix, which helps us prioritize sustainability issues, and our value chain analysis, which shows us where material issues occur in our value chain. Together, these elements help us focus our attention on the issues and areas where it's needed most.

## Materiality matrix

Our materiality matrix maps out the sustainability issues identified by internal and external stakeholders according to their level of priority. We update the matrix regularly to incorporate changes both in the priorities of our stakeholders, as well as in the strategic priorities of our company. As we make progress in addressing certain issues over the years, their strategic importance to our business may decrease, giving greater priority to other topics.

The materiality matrix shown on this page is our latest version, updated from last year. It shows the 12 sustainability issues identified as most material following recent consultations with internal stakeholders across the entire global ASICS organization, as well as with external stakeholders.

As ASICS is a product-driven organization, product safety and quality remains our top priority. Since ASICS depends on a global supply chain and works with a wide range of suppliers, ethical workplace standards is another responsibility we take very seriously. Interest from various stakeholders in transparency from our organization about information related to sustainability, corporate governance and disclosure has also increased compared to previous years.

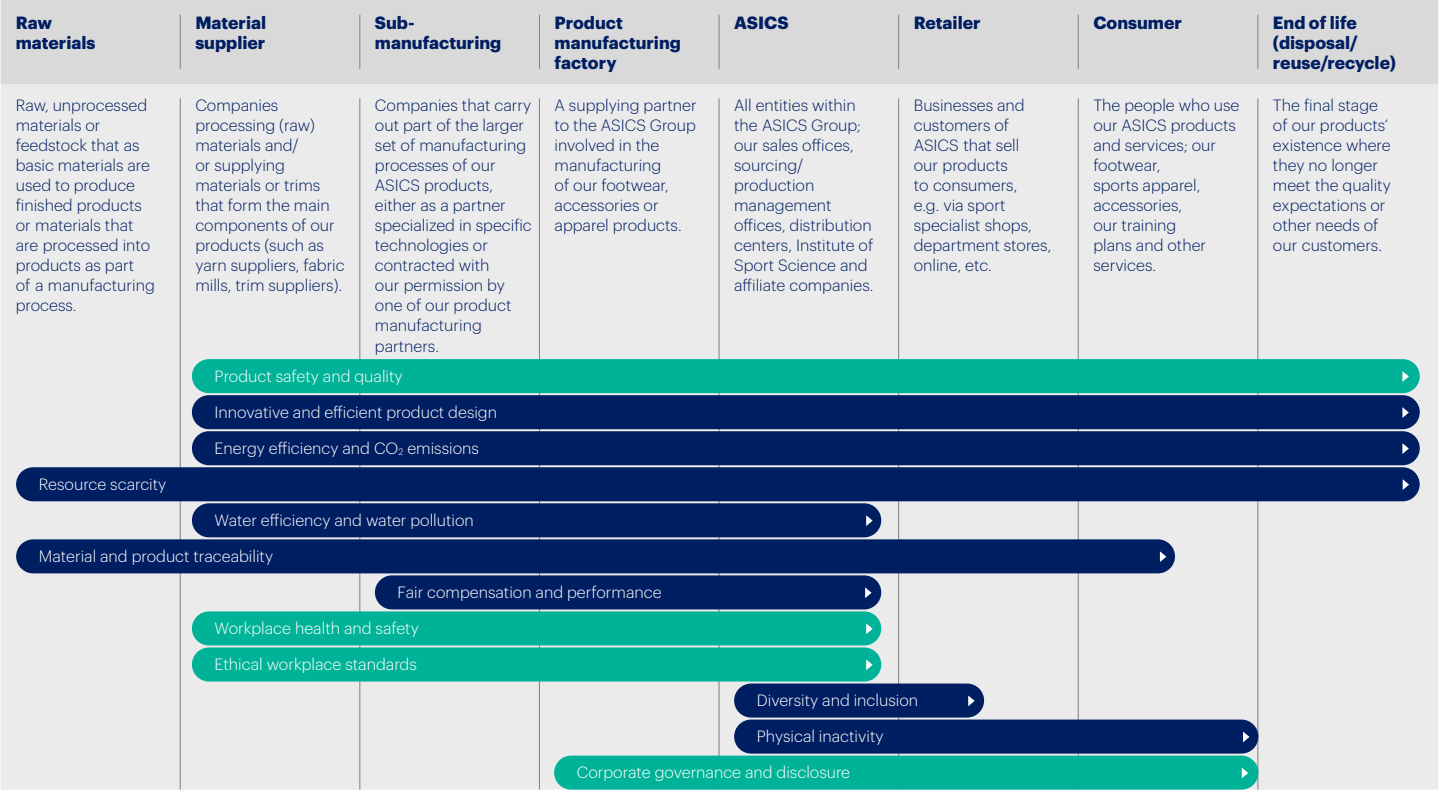




# VALUE CHAIN ANALYSIS

The second component of our materiality program is value chain analysis. Material issues may occur in different stages of our product life cycles. Some may be directly influenced by ASICS' operations while others occur elsewhere in the value chain of our products. The diagram below shows where material issues occur in our value chain.

The highlighted bars show the issues that are estimated to be of high priority to ASICS and our stakeholders, in line with the materiality matrix on the previous page.



# STAKEHOLDER ENGAGEMENT

The priorities and concerns of our stakeholders play a critical role in our sustainability plans. We engage in regular, ongoing consultation with all of our stakeholders in order to understand their concerns, and how they change over time. We use these insights as the basis of our materiality matrix, which in turn guides our short and long-term sustainability strategy.

Stakeholders	Engagement principles	Activities and interaction
Customers	Our main aim as a company is to provide products and services that add value for our customers and contribute to a healthy society.	Sustainability-related questions from customers are logged in order to ensure a timely and satisfactory response, and to track trends in subjects and interests.
Shareholders and investors	We believe in transparency in business operations throughout the ASICS Group. We will provide and disclose relevant information in a timely, appropriate, accurate and clear manner to shareholders and investors.	Shareholder meetings, sustainable investment fund surveys and inquiries.
Employees	We believe in treating one another with respect and dignity. We strive towards a corporate culture of discipline, creativity and ambition where personal development and corporate growth go hand in hand.	Employee surveys, periodic meetings, sustainability committees and business division updates.
Business partners	We are partners with our suppliers and other business partners in our value chain. Sustainability improvements depend on collaboration with and commitment from all.	Periodic supplier business alignment meetings, supplier audit and training sessions. Exploring new areas of sustainability collaboration around manufacturing, recycling and innovation.
NGOs	We maintain an open dialogue with international and local non-governmental organizations (NGOs) and non-profit organizations (NPOs), remain aware of CSR-related topics and engage in collaborative efforts to solve sustainability challenges within our industry.	Collaboration as part of local disputes of factory workers and their management, collaboration with surveys and other review/research of NGOs regarding subjects of their interest.
Regulators	All our corporate operations comply with relevant laws and regulations. We adopt processes, systems and structures to support appropriate and efficient operations and decision-making.	Direct interaction or via industry collaborations regarding upcoming legislation.
Academic partners	Our involvement with universities and other knowledge centers increases awareness and promotes the development of improved and more sustainable products and services.	Collaboration around Life Cycle Analysis of our products, our supply chains and exploring other, new areas of sustainability research and innovation.
Industry associations	We maintain memberships with several industry associations, globally and locally. Collaboration and discussion with other companies and stakeholders will result in better solutions to common challenges in our industry and value chain.	<ul style="list-style-type: none"><li>› Founding member of the Sustainable Apparel Coalition (SAC).</li><li>› Member of World Federation of Sporting Goods Industry (WFSGI) – active CR Committee member.</li><li>› Partner with ILO Better Work.</li><li>› Member of Apparel &amp; Footwear International RSL Management Group (AFIRM).</li><li>› bluesign® System Partner</li><li>› Member of American Apparel &amp; Footwear Association (AAFA).</li></ul>
Communities	While we encourage sports participation, promote health and contribute to a healthy society, we aim to fulfill our social responsibility and to help improve conditions for communities around the world.	Employee volunteering, support of communities via financial donations or in kind, collaborations with existing and potential new partner organizations.

# 2020 TARGETS AND PROGRESS

The 2017 fiscal year was the second year of our 2016-2020 Strategic ASICS Growth Plan.

- The plan sets out a series of five-year sustainability targets, prioritizing six key areas:
1. Sustainability of products and services
  2. Management of product chemical safety and traceability
  3. Operational eco-efficiency and management systems
  4. Safe and ethical workplace standards and sustainable practices at Tier 1 and Tier 2 suppliers
  5. Sound governance and disclosure, organizational efficiency and development of an engaged workforce
  6. Contributing to healthier communities in which we operate through philanthropic activities

This table shows our progress against our 2020 targets.

Category	FY2020 target	Progress FY2017	PLAN FOR FY2018
Planet I MOVE ME SMARTER			
Products	Continue to assess footwear and apparel products with sustainability indicators and criteria aligning with the Science Based Targets and other product and material targets. <sup>1</sup>	<ul style="list-style-type: none"><li>› Defined product sustainability indicators for apparel.</li><li>› Assessed 467 footwear items with sustainability indicators.</li><li>› Set product and material related targets including the targets related to the Science Based Targets and the Leather Working Group aligning with the indicators and criteria.</li></ul>	<ul style="list-style-type: none"><li>› Continue to assess products with the sustainability indicators.</li><li>› Continue to explore and apply innovative and sustainable materials and manufacturing technologies to achieve the targets.</li><li>› Set additional product and material related targets such as cotton.</li></ul>
Products & Operations	10% reduction of CO <sub>2</sub> emissions per item related to footwear manufacturing and material (Scope 3, 2015 baseline).	<ul style="list-style-type: none"><li>› CO<sub>2</sub> emissions decreased by 6.9% for every pair of shoes manufactured (compared to 2015 baseline levels).</li><li>› Applied sustainable design practices to products manufactured in 2017 to reduce environmental impacts in our supply chain.</li></ul>	<ul style="list-style-type: none"><li>› Continue to explore and apply innovative and sustainable materials and manufacturing technologies to achieve the targets.</li><li>› Roll out the new environmental guideline to support suppliers to reduce environmental impacts.</li><li>› Begin working towards the new 2030 target, set as part of our commitment to Science Based Targets.</li></ul>
Operations	5% absolute CO <sub>2</sub> emissions reduction from direct operations (Scope 1 & 2, 2015 baseline).	<ul style="list-style-type: none"><li>› CO<sub>2</sub> emissions decreased 17.5% (compared to 2015 baseline year).</li><li>› Installed 1 MW solar panel array at our Mississippi distribution center in the US, which is expected to reduce CO<sub>2</sub> emissions by nearly 800 tons per year.</li></ul>	<ul style="list-style-type: none"><li>› Begin working towards the new 2030 target, set as part of our commitment to Science Based Targets.</li></ul>
	98% waste recovered or recycled at our direct operations. <sup>2</sup>	In 2017, ASICS diverted 90% of its waste from landfill. We decreased the total amount of waste, but did not make progress in improving the recycling rate in 2017.	<ul style="list-style-type: none"><li>› In 2018 we will develop guidance and tools to help our operations improve the recycling rates further.</li><li>› We will continue our efforts to expand the number of sites reporting waste data.</li></ul>
	Establish global ASICS Environmental Management System (including ISO 14001 at all key locations).	In 2017, all distribution centers in Europe became ISO 14001 certified under the scope of our regional HQ in Europe, while also updating the certificate to the 2015 version of the norm.	In 2018 the existing systems in Japan and Europe will be consolidated. We will work towards aligning these systems to facilitate expansion of the scope in future years.

1 Aligned indicators with the SAC Higg Product Tools. Target was updated as the original 2016 target to define criteria was achieved.  
2 Sites that are able to measure and report their waste.



2020 TARGETS AND PROGRESS  
CONTINUED

Category	FY2020 target	Progress FY2017	PLAN FOR FY2018
Planet I MOVE ME SMARTER			
Operations	90% Tier 1 strategic partner factories improve their SAC Higg Facility Environmental Module (Higg FEM) Score compared to baseline.	Requested all footwear and apparel Strategic Tier 1 suppliers to complete SAC's Higg Facility Environmental Module 3.0 (Higg FEM). Since the deadline for 2017 data entry is later than publication of this report, no completion rate can be reported yet.	Based on the outcome of the Higg FEM 3.0, the progress towards the target will be assessed and confirmed with the suppliers, developing improvement plans where this is needed.
	90% of all nominated Tier 2 suppliers improve their SAC Higg FEM Score compared to baseline.	Requested all footwear and apparel Nominated Tier 2 suppliers to answer SAC's Higg FEM 3.0. Since the deadline for 2017 data entry is later than publication of this report, no completion rate can be reported yet.	Based on the outcome of the Higg FEM 3.0, the progress towards the target will be assessed and confirmed with the suppliers, developing improvement plans where needed.
	10% reduction of water and waste impact per item produced by Tier 1 footwear factories.	Water consumption decreased by 12.5% and waste emissions decreased by 47.8% for every pair of shoes manufactured.	Roll out the new environmental guideline to support suppliers to reduce environmental impacts.
People I MOVE ME STRONGER			
Supply Chain	All Tier 1 supplier factories to meet ASICS C-Level or above.	<ul style="list-style-type: none"><li>88% of our Tier 1 supplier factories rated C-Level or above on ASICS' supplier rating scale.</li><li>In 2017, the business division continued to consolidate the suppliers.</li></ul>	90% of our Tier 1 supplier factories to meet C-Level or above.
	All Tier 1 strategic partner factories to meet ASICS B-Level or above, and self-report via Higg Facility Social Labor Module (Higg FSLM).	50% of footwear and 28% apparel Tier 1 strategic partner factories rated B-level or above.	80% of Tier 1 strategic partner factories meet B-Level or above. 70% of Tier 1 strategic partner factories meet the standard level of the Higg Facility Environmental Module. (Social Labor Module would be done in 2019)
	Tier 1 ASICS A- and B-Level Factories trained in self-governance on CSR in combination with ASICS and/or third-party verification.	In 2017, 19% of our Tier 1 suppliers rated A- and B-Levels on ASICS' supplier rating scale.	100% of Tier 1 factories rated A- and B-Level trained in self-governance in combination with ASICS and/or third-party verification.
	All nominated Tier 2 suppliers meet ASICS C-Level or above.	75% of footwear nominated Tier 2 suppliers rated C-Level or above and we decided apparel nominated Tier 2 suppliers.	80% of nominated Tier 2 suppliers meet ASICS C-Level or above.

2020 TARGETS AND PROGRESS  
CONTINUED

Category	FY2020 target	Progress FY2017	PLAN FOR FY2018
People I MOVE ME STRONGER			
Communities	Establish global ASICS HR systems and work environment.	<ul style="list-style-type: none"><li>› A regional HR dashboard was developed to track and analyze HR indicators.</li><li>› The Employee Central Service Center (ECSC) is set up to support employees in the main three global regions in all their HR requests. The system will be launched in 2018.</li></ul>	The global Talent Management Cycle will be further implemented over the next two to three years. One main step is integrating the career development programs that are part of this cycle into our global systems such as SuccessFactors.
	Female managers appointed in all business divisions of ASICS Headquarters and ASICS Japan Corporation. Ratio of females in manager and higher positions >15%.	<ul style="list-style-type: none"><li>› 12% of all managers and higher positions are female, a jump from 8.0% in 2016.</li></ul>	Continue to strengthen the programs, and develop training to leverage diversity and support the career development plans of female employees.
	Alignment on all global community engagement activities by end 2016.	Global community engagement beneficiary was set as children and youth in adversity.	To execute community activities and fundraising with partner organizations.

**55%**

We've committed to reducing our CO<sub>2</sub> emissions by 55% per product manufactured by 2030.

**33%**

We've committed to reducing CO<sub>2</sub> emissions from our direct operations by 33% by 2030, in line with Science Based Targets.

**50%**

Part of our new training apparel collection uses around 50% less water in its dyeing process compared with traditional methods.

I RESPECT THE  
GROUND I PLAY  
SPORT ON AND  
ENABLE FUTURE  
GENERATIONS  
TO MOVE TOO.

I MOVE ME™  
SMARTER

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



# OUR APPROACH TO CREATING PRODUCTS AND SERVICES



## Products

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

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

We achieve these goals through scientific research, and by integrating sustainability principles as basic considerations at each stage of product design and development. In this way we aim to create a sustainable value chain that encompasses not just our products, services and manufacturing processes, but also the activities and lifestyles of our customers.

### A new carbon target for ASICS products

We have set a new target to reduce Scope 3 CO<sub>2</sub> emissions by 55% per product manufactured by 2030\* (2015 base year) as part of our commitment to setting science-based targets.

Because our material impacts grow as our production volume increases, achieving this target will require a combination of innovation and supply chain engagement. In particular, we will focus on:

1. Innovation in product design and manufacturing
2. Shifting to materials with lower carbon impacts (such as recycled, bio-based, or waterless dyed materials)
3. Stronger engagement with key suppliers to encourage them to set ambitious targets, share best practices and shift to renewable energy

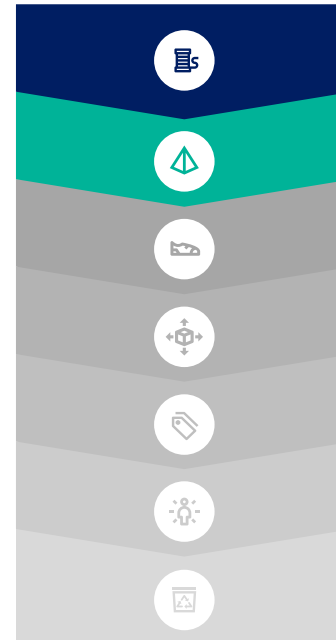
\* Target scope is 'purchased goods and services' and 'end-of-life treatment of sold products'.

### Life Cycle Assessments

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

In 2017, we kick-started a new LCA to compare the upcoming GEL-KAYANO running shoe with the previous model. We intend to integrate the findings into our design strategy in 2018.

## Value chain



### Raw materials

We actively search for more sustainable materials, such as recycled and bio-based. [Read pages 16, 18-19](#) →

### Material processing (Tier 2)

We ensure to meet our quality and safety standards. We reduce impacts in the dyeing process. [Read pages 16, 19-21](#) →

### Product manufacture (Tier 1)

We apply design improvements to reduce environmental impact during the manufacturing processes. [Read pages 17 and 29](#) →

### Distribution to market

We work with our logistics providers to transport our products to our various markets in the most efficient way. [Read page 26](#) →

### Retail

Our own retail stores are designed to use energy efficiently and to maximize the reuse of store fittings. [Read page 26](#) →

### Product use phase

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

### End of life and recycling

We are investigating in a number of projects which we hope will help us to start to 'close the loop'. [Read page 18](#) →

## OUR APPROACH TO CREATING PRODUCTS AND SERVICES CONTINUED



### Products

#### A scientific approach to sustainable product development

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

In 2017, we carried out nine sustainability research projects covering areas such as injection<sup>1</sup> and bonding technology for soles, bio-based materials, 3D printing and digital prototyping. These projects have led to several positive results: for example, our research shows that injection technology can reduce the CO<sub>2</sub> emissions associated with manufacturing midsole materials by 40%.

#### Waterless dyeing technology and bio-based materials

Developed in 2017, part of our new polyester training apparel collection is produced using around 50% less water in the dyeing process compared with traditional methods. Instead of introducing dyes through dipping and washing of fabrics, the new process avoids using water altogether by adding color to the synthetic fiber components in their liquid state before the fiber is actually produced. The technology was also applied to the apparel provided to the Japanese delegation for the Olympic and Paralympic Winter Games PyeongChang 2018 in South Korea<sup>2</sup>.

The ASICS apparel and shoes worn by the Olympic delegation also made extensive use of recycled and bio-based materials. The delegation's sports shoes were the first sports shoes to receive the Japanese Eco Mark Certificate for using over 25% of bio-based materials in their uppers.

<sup>1</sup> Injection molding is a manufacturing process which injects heated material into a mold with pressure to produce the parts.  
<sup>2</sup> ASICS is a gold partner (sporting goods) of the Japanese Olympic and Paralympic Delegation.



# 50%

less water used to dye our apparel collection

# 25%

bio-based yarn in the upper of our sports shoes

- 1 **Apparel:** Apparel collection with waterless dyeing technology
- 2 **Shoes:** Delegation's sports shoes using bio-based materials



OUR APPROACH TO CREATING  
PRODUCTS AND SERVICES  
CONTINUED

Products

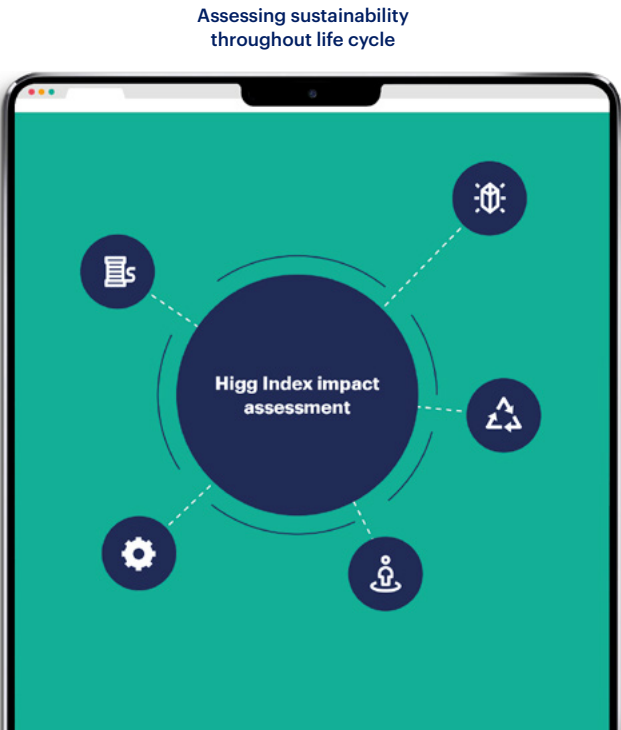
Developing and implementing  
the Higg Index

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

In 2017, we contributed to the development of the Higg Product Module (Higg PM) by providing high quality energy consumption data from our footwear manufacturing Life Cycle Assessments. We also took part in the Higg PM pilot and tested the tool with actual product and material data.

We continued to use Higg Index tools to carry out regular sustainability assessments of our key apparel and footwear materials, and 467 items from all categories of footwear products.

Higg Index approach



Environmental  
and Social Impact





## OUR APPROACH TO CREATING PRODUCTS AND SERVICES

### CONTINUED



#### Products

##### Shifting to more sustainable materials

We are committed to using more sustainable materials such as recycled, bio-based and waterless dyed materials in our products. Shifting to more sustainable materials and manufacturing technologies will play an important role in helping us meet our new carbon reduction targets for 2030.

In 2017, we used a variety of sustainable materials for more than 40,000 items distributed at ASICS-supported events. This included souvenir and official volunteer items made from bio-based polyester fabric for the Tokyo marathon, and shirts made from recycled polyester fabric for events such as the Frankfurt marathon and the Dam tot Damloop.

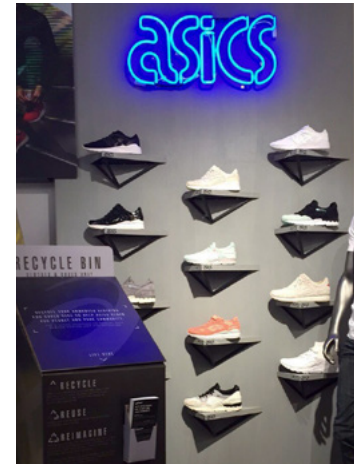
##### Closing the loop: collecting and recycling used products

At ASICS, we're committed to supporting a circular economic model where resources are reused and recycled rather than being sent to landfill. During 2017, we've been working in partnership with others on a number of projects to find new uses for used clothing and shoes of any brand at the end of their life.

In Japan, we set up a pilot program with recycled products manufacturing company JEPLAN, INC. to collect used clothes and shoes from our consumers at two of our retail stores. The clothes were recycled into new polyester resins with the same high quality characteristics and performance as virgin polyester, but with a much lower environmental footprint. The shoes were recycled to produce fuels, in collaboration with other recycling companies.

In the US, on April 22nd, ASICS America Corporation celebrated Earth Day by launching a clothing and shoes recycling pilot program with textile recycling firm I:Collect (I:CO®). Consumers dropped off any brand of clothing and shoes in collection bins at 10 retail locations. The items were then sent to an I:CO® facility to find their next best use. Wearable items were kept in the loop as second-hand goods, while unwearable items were processed to become secondary materials for new products such as cleaning cloths, insulation material and new clothing.

We donated proceeds from the pilot program to our charity partners.



'ASICS + I:CO' bins in our US stores designed for collecting used apparel and footwear.

# OUR APPROACH TO CREATING PRODUCTS AND SERVICES

CONTINUED

## Products

### Guidance on sustainable material choices

In 2017, we continued to implement the ASICS Materials Guideline. This gives guidance covering our selection of certain materials of animal and synthetic origin in ASICS' products in order to enable more sustainable choices in the materials we use.

Although aspects of the guideline are already common practice within our material selection teams, the guideline helps ensure compliance with all relevant laws and regulations, and that we can act strongly in case of any breach.

We are continually revising and updating the guideline based on research. In 2017 we carried out an analysis of our leather supply chain, and we will update the guideline based on the findings.

### Leather Working Group: Responsible leather sourcing

Consumers increasingly want to know more about the origin of branded products and materials, particularly natural materials. Although ASICS mainly uses synthetic materials for our products, leather is the most significant natural material we use in terms of volume. To gain more insight into our use of this material, in 2017 we carried out an investigation into the origin and supply of the main types of leather used in ASICS footwear products.

The findings showed that the leather supply chain is global and complex. The industry is usually not vertically integrated, as leather is not the primary driver for raising animals. Because of this complexity, brands need better traceability in order to understand and effectively manage leather supply chain risks.

In order to improve traceability in the leather supply chain, ASICS decided to join the Leather Working Group (LWG) from 2018, a multi-stakeholder group promoting sustainable leather manufacturing practices, as the first Japanese brand. Through our membership, we will help address common challenges around leather sourcing across our industry and value chain. We have also set a target to source 80% of the leather by volume we use for ASICS, ASICS Tiger and Onitsuka Tiger branded footwear from LWG medal-rated suppliers by 2020.

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

80%

of the leather by volume we use for ASICS, ASICS Tiger and Onitsuka Tiger branded footwear will be sourced from LWG medal-rated suppliers by 2020

## OUR APPROACH TO CREATING PRODUCTS AND SERVICES CONTINUED



### Products

#### AFIRM Group: facilitating industry collaboration on chemical management

Another organization in which we actively collaborate with similar companies is the Apparel and Footwear International RSL Management (AFIRM) Group. The AFIRM Group's mission is to reduce the use and impact of harmful substances in the apparel and footwear supply chain by providing a forum for industry-wide collaboration.

In 2017, ASICS hosted the fall in-person meeting of all AFIRM members at our headquarters in Kobe, Japan. During the meeting, direct collaboration and discussions took place between all member brands on the future direction of the group.

AFIRM is currently preparing a seminar in Vietnam to train suppliers on Restricted Substance List (RSL) and other chemical management-related topics, due to take place in 2018.

#### bluesign® system partnership

At ASICS, we know that many of the key sustainability challenges our industry faces require a collective, industry-wide response. In 2017, as part of our commitment to cross-sector collaboration, ASICS became the first Japanese brand to become a System Partner of bluesign®, a system uniting every part of the supply chain to improve the sustainability of textile and footwear production.

The bluesign® system brings together brands, manufacturers, converters and chemical suppliers to collaborate on chemical management. Chemical suppliers provide bluesign®-approved chemicals, manufacturers use only these chemicals to make their fabrics and trims, and these are then provided to brands as bluesign®-approved materials to make their products.

Besides the focus on chemical management, bluesign® also evaluates manufacturers' Environment, Health and Safety (EHS) management practices. Manufacturers must pass these assessments before they become bluesign®-certified.

# 1st

Japanese brand to become a System Partner of bluesign®

“Partnering with bluesign® offers us the opportunity to shift our focus from restricting hazardous chemicals towards providing insight into positive chemicals that our suppliers can use.

This positive approach is in line with our ambition to collaborate more closely with our suppliers to achieve our common sustainability goals.”

#### George Yoshimoto

ASICS CSR & Sustainability Department General Manager



At AFIRM in-person meetings, members share and discuss topics in order to achieve alignment.



Group photo of the AFIRM meeting attendees at ASICS Headquarters in Kobe, Japan.



OUR APPROACH TO CREATING PRODUCTS AND SERVICES CONTINUED

Products

Managing quality and safety

Ensuring the quality and safety of our products continues to be one of our main priorities at ASICS.

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

We communicate our quality principles and objectives to our employees. Training is an integral part of our quality assurance and management system. Besides training our own employees, we also train and certify staff within our suppliers' facilities.

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

Chemical safety

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

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

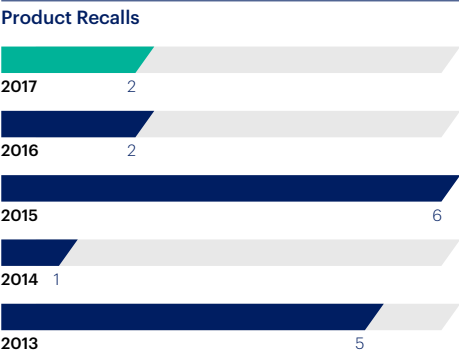
The ASICS Guideline for the Control and Use of Chemicals defines the responsibilities of ASICS and its suppliers regarding the control and use of chemicals in our product design and manufacturing processes. The guideline ensures legal compliance and is aligned with industry best practice in chemical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

Reducing 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 Volatile Organic Compounds (VOCs) have been used in the manufacture of athletic shoes. However, in 2011 we recognized that the negative impact of those solvents on our factory workers and on the environment needed to be addressed.

In the past we focused on switching to water-based adhesives to decrease VOC emissions. However the changes in production steps and process time that this switch required led to a significant environmental impact in terms of energy use.

Because of this we have approached this topic more broadly in 2017 and considered other methods besides water-based adhesives to reduce our VOC emissions. These methods include innovative production technologies such as microwave-made soles, and designing shoes that require fewer parts and therefore less adhesive.



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

Data from 2013 tracked as per Japanese fiscal year (April 1st until March 31st the next year). Data on 2014 tracked from April 1st until December 31st 2014. 2015, 2016 and 2017 data is based on calendar year.

# OUR APPROACH TO MANAGING OPERATIONS

## Operations

We are committed to continuously improving the efficiency of our own buildings, resource use, materials and distribution network.

As well as integrating sustainability design considerations into the products we offer to consumers, we are also committed to continuously improving the efficiency and reducing the environmental impacts of our direct ASICS operations. This includes our offices, distribution centers and retail stores.

We manage our environmental and sustainability performance using Environmental Management Systems accredited to the ISO 14001 international standard. In Japan and Europe our systems have been ISO 14001-certified for 17 years and eight years respectively.

In 2017, ASICS Europe successfully included its European distribution centers into the ISO 14001 certificate scope. We also upgraded our systems in Europe and Japan to the new version of the ISO 14001 standard released in 2015. The new version is more aligned with the broad scope of our sustainability activities, taking into account a wide range of impacts beyond solely environmental impacts.

We are currently working to align our systems in Japan and Europe. This will allow us to expand the system into other regions more efficiently in the future, as well as including more key offices and distribution centers into the certification scope.

In the U.S., the main Distribution Center in Mississippi, BDC, earned the ENERGY STAR award for the third year in a row. This award by the U.S. Environmental Protection Agency recognizes superior energy performance and fewer greenhouse gas emissions compared to similar buildings across the nation.



### Tracking performance data

In 2017 we continued using EcoStruxure™ Resource Advisor (RA) by Schneider Electric – a cloud-based sustainability performance management system – to track the environmental performance of our offices, stores and distribution centers, as well as our Global Footwear Tier 1 suppliers. In order to gain a more complete picture of the environmental impact of our own operations, we expanded the system's data coverage of our key locations in 2017 to include key indicators such as energy, waste and water use.

For supply chain partners further up the chain, we will track performance using SAC's Higg Facility Environmental Module 3.0, which was released at the end of 2017. One of the key advantages of the Higg platform is that suppliers can share performance data in a standardized way among all the brands they work with, making the process much more efficient.

ASICS has set science-based targets for carbon emissions reductions, which include Scope 3 (supply chain) targets as well as Scope 1 and 2 targets. Using the Higg tool to collect accurate supply chain data will be critical for tracking progress against our Scope 3 emissions targets.

As more and more brands and suppliers set science-based targets, we believe that the Higg platform has a vital role to play in helping them share environmental performance information in order to track progress against these targets.

### Energy efficiency and carbon emissions

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

OUR APPROACH TO  
MANAGING OPERATIONS  
CONTINUED

Operations

Reducing the carbon footprint  
of our direct operations

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

Science Based Targets

The Science Based Targets (SBT) initiative aims to encourage companies to pursue bolder carbon targets by helping them determine the level by which they must cut emissions to help prevent the worst impacts of climate change. Emission reduction targets are considered science-based if they are aligned with the level of decarbonization required to keep global temperature increase below 2°C, compared with pre-industrial temperatures.

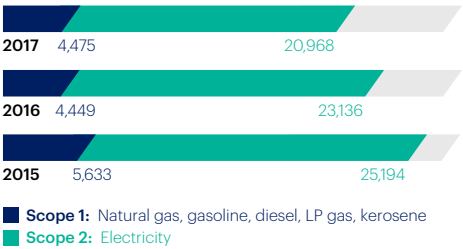
Find out more about Science Based Targets  
→ <http://www.sciencebasedtargets.org>

In 2017, since we continued a number of energy efficiency projects, CO<sub>2</sub> emissions decreased 17.5% from the baseline year in spite of the slight increase in the number of our own retail stores from 867 to 876. Looking in detail at our Scope 1 and 2 emissions, we see that our non-renewable fuel use has gone down to 17,644 MWh (from 18,987 MWh in 2016) and similarly the purchased gray electricity has gone from 55,114 MWh in 2016 to 49,653 MWh in 2017. At the same time the purchased green electricity and solar power generated by ASICS has grown dramatically from 5,222 MWh in 2016 to 8,289 MWh in 2017. Comparing our total emissions to our business revenue shows an increase in our efficiency. The CO<sub>2</sub> emissions intensity per unit revenue has decreased by 11.6% from the baseline year. It is clear that in 2018 we need to continue our sustainable energy projects to both increase efficiency and reduce the absolute emissions.

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

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

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



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

Note: In 2017, ASICS identified a number of retail stores that should be counted within our Scope 1 and 2, based on the financial control approach. We have operated these stores since 2015, so we have added their GHG emissions into our Scope 1 and 2 in the base year (2015).

## OUR APPROACH TO MANAGING OPERATIONS CONTINUED



### Operations

Another project related to energy efficiency in 2017 was that the ASICS Europe Group continued the energy procurement project that started in 2016. The focus was to centralize energy procurement in Europe with the aim of generating cost savings as well as switching to renewable electricity contracts for our direct operations locations. In 2017 approximately 3,500,000kWh of electricity was switched to electricity from renewable sources, thereby more than doubling the renewable electricity use compared to 2016. This saved 725 tonnes of CO<sub>2</sub> emissions. The benefit of this project was therefore two-fold, resulting in cost savings as well as CO<sub>2</sub> emission reduction. The energy procurement project and the related transition to increase the sourcing of renewable energy in our direct operations will continue in 2018.

# 725

tonnes of CO<sub>2</sub> emissions saved in 2017  
by switching to renewable electricity

In 2017 we made significant progress in our carbon strategy. During the year, ASICS America Corporation partnered with EnterSolar to install a wholly owned 1 MW (megawatt) rooftop solar panel array at our distribution center in Byhalia, Mississippi. The largest private solar system in Mississippi, it will cover 25% of the site's annual energy needs over the next 25-30 years, while reducing carbon emissions by nearly 800 tons of CO<sub>2</sub> equivalent units per year.

The installation consists of roughly 3,000 solar panels capable of generating up to 1,330 MWh of the Distribution Center's current annual energy needs – equivalent to the power consumed by 126 homes per year. The solar panels used for this project were manufactured by Trina Solar and were specifically selected for their top sustainability ranking over the past five years by the Silicon Valley Toxics Coalition (SVTC).

# 25%

of the Byhalia site's annual energy  
needs over the next 25-30 years  
will be covered by the largest  
private solar system in Mississippi



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



OUR APPROACH TO  
MANAGING OPERATIONS  
CONTINUED

Operations

Reducing Scope 3 emissions

We know from our life cycle assessments of footwear products that manufacturing, material procurement and end-of-life management play the most significant role in our products’ carbon footprint, accounting for more than 80% of the overall impact.

To address this impact, we have set a target to reduce our indirect (Scope 3) CO<sub>2</sub> emissions from purchased goods and services and end-of-life treatment of sold products by 55% per product manufactured by 2030 (2015 base year).

Since we have reduced the emissions from our footwear manufacturing based on our past target, the biggest hotspot within our Scope 3 emissions is now related to footwear and apparel material procurement. We will continue to measure our Scope 3 CO<sub>2</sub> emissions across global operations in order to assess the impact of changes in business operations.

See pages 16 and 18 for more detail about how we are shifting to materials with lower impacts, and page 29 and 30 for how we are engaging with our suppliers.

Scope 3 CO<sub>2</sub> Emissions 2017:

Scope 3 Category	CO <sub>2</sub> tonnes	%	Scope
1. Purchased goods and services	631,797	81.6	Global footwear manufacturing CO <sub>2</sub> data (Tier 1), and ASICS Group companies’ purchases of footwear material, apparel, equipment, marketing and sales. (Calculation method <sup>1</sup> )
2. Capital goods	32,426	4.2	ASICS Group companies.
3. Fuel-and-energy-related activities	1,309	0.2	ASICS Group companies.
4. Upstream transportation and distribution	38,097	4.9	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	223	0.03	ASICS Group companies.
6. Business travel	5,214	0.7	ASICS Group companies.
7. Employee commuting	797	0.1	ASICS Group companies in Japan.
8. Upstream leased assets	–	–	Not assessed.
9. Downstream transportation and distribution	6,546	0.8	ASICS Group companies.
10. Processing of sold products	–	–	Not assessed.
11. Use of sold products	16,797	2.2	ASICS Group companies.
12. End-of-life treatment of sold products	41,379	5.3	ASICS Group companies.
13. Downstream leased assets	–	–	Not assessed.
14. Franchises	11.5	0.001	ASICS Group companies in Japan.
15. Investments	–	–	Not assessed.
<b>Total</b>	<b>774,597</b>	<b>100</b>	

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

1. Calculation method of Category 1 Footwear Tier1: (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, Equipment, marketing and sales: (price of purchased goods and services) X (emission factor of each purchased goods and services<sup>2</sup>)

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

# OUR APPROACH TO MANAGING OPERATIONS CONTINUED

## Operations

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

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

We continue to make our distribution network more efficient, and to maximize the use of energy-efficient transportation modes like sea and rail. Shipping from our own factory in Japan directly to overseas subsidiaries rather than via our distribution centers is one way to reduce unnecessary journeys, and in 2017 we expanded the scope of direct shipment to nine countries. We estimate that this has resulted in a reduction in our road freight CO<sub>2</sub> emissions of around 11%.

11%

reduction in road freight CO<sub>2</sub> emissions  
by expanding the scope of direct  
shipment to nine countries

We will continue to increase the efficiency of our distribution network globally through measures such as consolidating our distribution centers and selecting efficient vendors.

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



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

### Sustainable retail

During 2017 we continued to expand our retail footprint across our regions while making our retail locations more sustainable. Activities included installing energy-efficient lighting, using more recycled and recyclable materials in our displays and minimizing single-use materials by developing structures that can be used in several ways.

In Europe, we continued to switch to more green electricity contracts for our retail locations. During the year we consolidated energy contracts (electricity and natural gas) for offices, distribution centers and retail locations across the region following an assessment carried out in each country in collaboration with Schneider Electric. In many cases this provided an opportunity to us to switch to green electricity while still saving money compared to the old contracts. Some of the contracts had already been adjusted in 2016 when the project started, but most contracts were changed in 2017 and some will still change in 2018 to switch to green electricity.

After this successful case in Europe, we are investigating whether the same consolidation could be performed in other regions such as the US and Asia, to further reduce costs and carbon emissions related to energy use.

We believe that our retail locations are an opportunity to support communities by inspiring people to get moving and engage with sport. In our new retail concept we introduced community spaces where local people can take part in activities such as yoga lessons or strength training for runners. It's a way for people to get fit and healthy while meeting new people and having fun.



ASICS store, Regent Street, London

OUR APPROACH TO  
MANAGING OPERATIONS  
CONTINUED

Operations

Resource efficiency improvement

We're committed to improving our resource efficiency by reducing the amount of waste sent to landfill, with an overall target to recover or recycle 98% of the waste at our direct operations by 2020. We do this by increasing our waste recycling and recovery rate, and most importantly by avoiding creating waste in the first place.

The disposal and final destination of waste is dependent on local laws, local infrastructure and the availability of recycling options for various types of materials. While we provide our operations with general information on efficient waste management and proper disposal, we focus on preventing waste by reducing packaging earlier in the supply chain and by encouraging the reuse of materials.

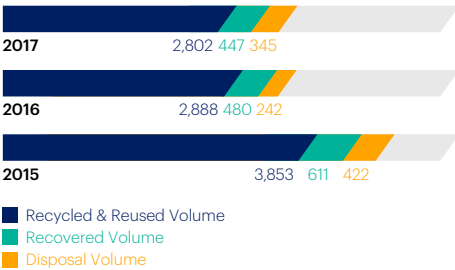
In 2017 our total waste decreased slightly from 3,610 to 3,594 metric tonnes, while the recycling and recovery rate also decreased to 90%. Overall, most sites that report waste have reduced their waste volume in 2017. Some small office locations stopped reporting waste, while larger locations with more waste volume have started reporting their waste, keeping the overall amount similar to last year.

Although coverage in number of locations and employees working in those locations is smaller than last year, we are covering more relevant locations in

the waste reporting scope. We acknowledge however that the newly reporting sites currently send relatively large volumes to landfill.

We will intensify our efforts to make sure the waste we generate is reused, recycled and recovered as much as possible, especially in the case of moving to a new building or terminating activities at a location, which currently seems to generate a relatively high proportion of waste going to landfill.

Waste volume (metric tonnes)



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

Reducing our water use

Water is a critical resource for all living beings on this planet, and one of the resources we need to make the materials for our products. To ensure a sustainable supply of water in the communities where we operate, we are committed to reducing our water use as much as possible.

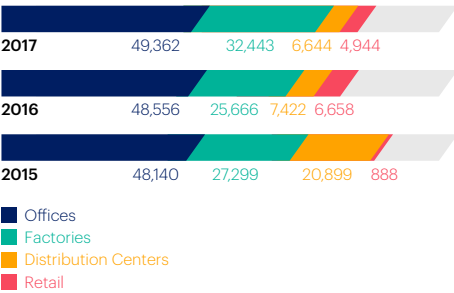
In 2017 we used 6% more water than in the previous reporting year. Most of this increase was measured in our factory in Japan, where water use increased by 25%. Investigation showed that this was not related to production, but to garden maintenance. When our factory moved to a new location in mid-summer, the new plants and trees around the factory needed intensive watering to have a good start. We expect that this water use will be lower next summer. Our other operations in offices, distribution centers and retail locations have all shown a reduction in water use in 2017 compared to 2016. In order to help our operations to reduce their water use further, we will share best practices and focus on our most water-intensive operations for efficiency improvements.

Besides tracking the volume of water used in our own operations, we have also investigated the source of the water we used, in order to get more insight into our impact on the local environment through water use. Water provided by municipal utilities is estimated

to be well managed and has a lower impact and risk on the environment than water from a nearby river or lake or groundwater.

As expected, we were able to confirm that we are using water from municipal water utilities in all our operations. In one of our locations in Germany we are saving water by using rain water for sanitary purposes. We are evaluating whether this can be applied in other locations to decrease our water use.

Water Volume (m³)



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)

## OUR APPROACH TO MANAGING OPERATIONS

CONTINUED



### Operations

#### Environmental Accounting

Since 2010 we have calculated our investment in environmental preservation at our two key corporate locations in Japan. We introduced Environmental Accounting in order to reflect the cost-effectiveness of the investment in management decision-making.

In future we plan to integrate Environmental Accounting more fully into our reporting to support our long-term ambition of integrated reporting.

2017 (2017.1.1-2017.12.31)		(thousand Yen)		
Cost Category	Key Activity and Outcome	Investment	Cost	Estimated Annual Savings
1. Business area		0	81,574	0
	Pollution prevention	0	21,250	0
	Global environmental conservation	0	42,212	0
	Resource circulation	0	18,112	0
2. Upstream/downstream	Green procurement, etc.	0	4,505	0
3. Administration	Implementation of ISO14001, etc.	0	22,417	0
4. R&D	Eco-friendly product development, etc.	78,035	54,350	0
5. Social activity	Support of local environment, donations, etc.	0	717	0
6. Environmental remediation	Remediation of pollution from civil engineering projects, etc.	0	0	0
7. Other		0	0	0
<b>Total</b>		<b>78,035</b>	<b>163,563</b>	<b>0</b>



OUR APPROACH TO  
MANAGING OPERATIONS  
CONTINUED

Operations

Managing manufacturing  
environmental impacts

Because we outsource the manufacturing of apparel, footwear and accessories, the most significant part (more than 80%) of our overall environmental impacts exist in our supply chain. Our product Life Cycle Assessment (LCA) research shows us that the largest environmental impacts for footwear relate to manufacturing processes, whereas for apparel the impacts are shared between fabric and garment manufacturing processes as well as product use phase (due to washing).

We recognize we have a responsibility to use our influence within our supply chain to help reduce these impacts. We seek to source from suppliers that share our commitment to operating in an environmentally responsible manner.

Reducing the environmental  
impact of direct factories

Between 2011 and 2017 we worked closely with our footwear suppliers to improve the efficiency of our product design so that manufacturing environmental impacts could be reduced.

We also encourage our suppliers to implement best practice environmental management systems. In 2017, CO<sub>2</sub> emissions per pair of shoes manufactured in our footwear Tier 1 suppliers decreased 6.9%, compared to the 2015 baseline. In addition, a decrease of 12.5% for water use and a decrease of 47.8% for waste per pair of shoes were registered.

We remain committed to helping our suppliers measure their key environmental indicators and further reduce their impacts, thereby also reducing the environmental footprint of ASICS' products. In 2018, we will create a new environmental guideline to further support our suppliers in this direction. Although at present we track environmental impacts related solely to footwear manufacture, we intend to extend this to include our global apparel business in the near future.

YEAR	UNIT	2015	2016	2017
CO <sub>2</sub> emissions	kg/pair	2.45	2.17	2.28
Water	m <sup>3</sup> /pair	0.034	0.030	0.030
Waste	kg/pair	0.02	0.03	0.03
Recycled or recovered waste	tonnes	12,606	9,324	5,095

The data in this table is based on 16 factories in China, Vietnam, Indonesia, Cambodia and Thailand, which together produce over 95% of all our footwear. The 2015 and 2016 data are restated due to updated data and factors and improved estimates.

Note: In 2017, we have used more appropriate CO<sub>2</sub> emission factors for steam purchased, so the CO<sub>2</sub> emission data reported previously has been updated.

**27,025**  
tonnes of waste recycled or recovered  
at footwear tier 1 suppliers since 2015

## OUR APPROACH TO MANAGING OPERATIONS CONTINUED



### Operations

#### Water risk mapping in the supply chain

The apparel and footwear industry is a significant user of freshwater globally. In terms of water impacts, material sourcing is of the highest profile and risk to brands, due to its geographical location typically being in developing countries with limited infrastructure and regulation on water use and pollution.

As a company selling footwear and apparel predominantly based on synthetic materials, ASICS' exposure to water risk in its supply chain is not as high as brands selling significant quantities of product made from natural materials like cotton. However, we are still exposed to water risks from dyeing and tanning processes in our supply chain.

In 2017 we performed a water risk scan focused on footwear and apparel Tier 1 and 2 suppliers, in order to understand where the highest water risks and opportunities are. The scan assessed risk based on the geographical location of each factory using the Global Water Tool, a publicly available resource created by the World Business Council for Sustainable Development.

The assessment showed that there are water scarcity risks for both our footwear and apparel suppliers due to limitations in water supply or high variability between seasons. These factories might face an increased risk in the future to secure adequate water for production, or the water used for production could be competing with water availability to the community and factory workers.

As a result, ASICS will strengthen the focus on water management in future audits at these suppliers, contact them to stress the importance of water management and request more information on their current water management practices.

#### Environmental compliance in our supply chain in China

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

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

As a result of our progress, in 2017 we were listed for the second time in the Corporate Information Transparency Index (CITI) system, ranking within the Top 30. Jointly developed by IPE and the Natural Resources Defense Council (NRDC), the index evaluates brands' supply chain environmental performance based on information that is made public, such as government compliance data, online monitoring data and third-party environmental audits. This index is frequently updated when brands share more information publicly, and the ranking can therefore change regularly.

We are continuing to work on the environmental compliance project with the aim of creating a new supplier monitoring system and guidelines, in order to improve our performance in environment management and protection. ASICS will also maintain a partnership with IPE to further align our environmental compliance program.

#### For more about supply chain compliance.

[Read page 33](#) →

I FEEL HAPPIER,  
SHARPER AND  
CONNECTED  
TO THE WORLD  
IN WHICH WE  
ALL MOVE.

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

**88%**

of our Tier 1 Supplier Factories rated C-Level or above on ASICS' supplier rating scale

**103**

participants from 59 suppliers receiving training and capacity building

**\$774,138**

invested in community contributions and donations in kind

**I MOVE ME™  
STRONGER**



# ENABLING HEALTHY LIFESTYLES

## Health and wellbeing

We help people improve their physical fitness and mental health.

Promoting health and wellbeing through sport has always been at the heart of what we stand for as a company. From sponsoring international competitions and national education campaigns to local grass-roots events, we support a wide range of initiatives that encourage participation in sports and contribute to a health-conscious society.

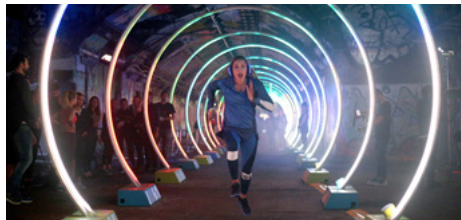
### I MOVE ME™

ASICS stands for Anima Sana In Corpore Sano, a Latin phrase that translates as 'a sound mind in a sound body'. The idea behind this phrase – that sport and physical wellbeing brings benefits not just for our bodies, but also our minds – has been at the core of our vision for nearly 70 years. In 2017, we were excited to unveil I MOVE ME™, a major new global brand message for ASICS that reinterprets our founding philosophy for a new generation.

I MOVE ME™ is about inspiring people of all ages and abilities to be healthy, happy and energized through sport. Throughout the year, we launched a number of high profile initiatives and events to introduce the campaign and get people involved in the movement.

### #IMoveLondon

The first of many local manifestations of the I MOVE ME™ initiative, the #IMoveLondon campaign was a series of events designed to inspire Londoners to swap the routine of the daily commute for the benefits of getting outside and moving more. #IMoveLondon ran at the same time as the city hosted the IAAF World Championships and encouraged commuters to switch their train tickets for trainers. As many as 5,000 Londoners and visitors enjoyed the immersive experience, which involved music, dance and movement in brightly illuminated underground tunnels.



Run The Tube event during the #IMoveLondon activities in 2017.

### A new way to move with ASICS Studio

Fitness classes and gym memberships can be expensive and difficult to fit into busy lifestyles. To find a way around the problem, we introduced ASICS Studio, a mobile fitness app motivating people to move and offering unlimited access to on-demand workouts. The experience features trainer-led audio, curated playlists and visual cues to help users keep their bodies moving and their heads in the game – wherever and whenever they have time to work out.

Every workout is carefully crafted by a top-rated professional trainer, then paired with a curated music playlist that complements the tone and energy of the workout.



Workout using ASICS Studio app.

### Communities to get the world moving

#### SMSB (Sound Mind, Sound Body) Crew

At ASICS, we want to bring together great products, creativity and community to inspire a new generation to move. In 2017, we launched a series of events in six cities in partnership with the SMSB Crew – a global community of sport enthusiasts and creative influencers who share our 'Sound Mind, Sound Body' philosophy.

The Big Chase was one of the events led by members of SMSB. Combining physical fitness and street smarts, this was an interactive urban adventure run on the streets of Los Angeles that put participants in the role of old-school L.A. detectives.

#### FrontRunner

Launched in 2010, our FrontRunner project creates communities of running enthusiasts in which runners share their passion for the sport to inspire others to take part. The project has now expanded to more than 30 countries and involves 700 athletes.



# OUR APPROACH TO OUR SUPPLY CHAIN

## Supply chain

We build transparent, fair and ethical partnerships and empower the people in our value chain.

Upholding fair business practices and improving labor conditions across our supply chain are responsibilities we take very seriously. To continuously raise and safeguard standards, we're committed to working in close partnerships with our suppliers, their workers and other supply chain stakeholders.

We conduct our corporate activities on the basis of 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.

### Supply chain management: compliance and commitment

Our supply chain management program is based on the principle of compliance when needed, commitment where possible.

As a minimum, our suppliers must comply with our own codes and policies as well as all relevant local and international regulations. But where possible, we encourage our suppliers to move beyond compliance

and commit to continuously raising standards through training and capacity building, in ongoing, open partnership with ASICS, labor organizations and other industry stakeholders.

The program consists of four building blocks: Monitoring and Risk Management; Governance and Transparency; Training and Capacity Building; and Stakeholder Engagement.

### Influence and responsibilities

More than 150 direct, Tier 1 suppliers in more than 20 countries provide us with the facilities, expertise and other resources that allow us to bring the best products to our customers. Many of our Tier 1 suppliers themselves have an extensive supply chain, connecting the ASICS Group indirectly with many more operations and businesses worldwide.

As a major global sporting goods brand, we have significant influence on the suppliers in our supply chain. We recognize that this role and responsibility extends even to the areas where we have no direct relationship. Through our partnership approach, we aim to help improve standards not just among our direct suppliers, but in all areas where our business has influence.

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

OUR APPROACH  
TO OUR SUPPLY CHAIN  
CONTINUED

Supply chain

Monitoring our supply chain

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

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

Internal audits

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

Commissioned audits

This type of audit is carried out by specialized, accredited third-party monitors who are well versed in local laws, regulations, culture and languages. They can gather information that is otherwise hard to obtain through an internal audit, for example through worker interviews in their local language.

Partner audits

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

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

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

Audit criteria and supplier ratings

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

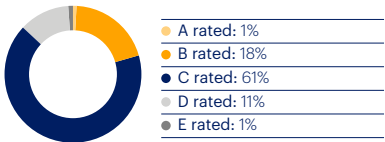
Each criterion is scored on a five-point scale, from 1 (below standard) to 5 (best practice). Audit criteria covering forced labor, child labor, abuse and harassment, wages, discrimination and hours of work are defined as zero tolerance criteria, and we act strongly in cases of non-compliance within these areas.

We award each supplier an overall rating from A to E, based on its performance against the 17 criteria. The table below shows how our suppliers rated in 2017 compared with previous years.

Year	Internal ASICS audit	Commissioned audits	Partner audits	Total
2014	93	34	5	132
2015	80	52	7	139
2016	62	46	14	122
2017	66	31	16	113

Data on 2014 tracked from April 1st until December 31st 2014. 2015, 2016 and 2017 data is based on calendar year.

Tier 1 supplier ratings 2017



The remaining 8% suppliers are members of the factory improvement program of Better Work or Better Factories Cambodia provided by ILO. To raise the level of working conditions, the factories are receiving assessments and advice from the programs. We rate the factories under those programs as C level.

## OUR APPROACH TO OUR SUPPLY CHAIN CONTINUED

### Supply chain

#### Addressing non-compliance

When our assessments identify non-compliance issues, we categorize them as major or minor according to the severity of the violation and the level of risk to workers, and impose sanctions accordingly. These range from terminating the business relationship in the case of serious and persistent violations, to reviews of future orders, third-party investigations and formal warnings. Zero tolerance issues include child labor, forced labor, abuse and harassment and discrimination.

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

#### Tools for transparency

Transparency regarding our supply chain impacts is vital, both for ASICS and for our external stakeholders. To improve transparency of information, we have introduced new tools and improved internal systems in order to give us more insights into our supply chain management.

One example is Schneider Electric's EcoStruxure™ Resource Advisor (RA), our cloud-based sustainability performance management system. We use this tool to track our global operations' energy, water and waste data (see page 22), and since 2016 we expanded it to include supply chain management data from our footwear Tier 1 suppliers.

As well as using technical tools, we also gather information about our supply chain performance through industry bodies such as the Sustainable Apparel Coalition, and through NGO partners such as ILO Better Work.

#### 2017 factory disclosure

In October 2017, in a major step forward in supply chain transparency, we published our full list of direct Tier 1 suppliers for the first time. The list covers key Tier 1 suppliers in 19 countries responsible for the manufacturing of ASICS, ASICS Tiger and Onitsuka Tiger products; footwear, apparel, accessories and equipment. Together, they account for more than 90% of our global volume of product manufactured annually.

#### Download the full list

→ [https://corp.asics.com/en/csr/partnering\\_with\\_our\\_supply\\_chain/transparency](https://corp.asics.com/en/csr/partnering_with_our_supply_chain/transparency)

#### Expanding our audit scope

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

The potential impact of Tier 2 suppliers is considerable, as this is the part of the supply chain responsible for fabric dyeing and other industrial processes involving potentially harmful chemicals and a relatively large water and energy use. Auditing Tier 2 also helps us ensure compliance around critical issues such as human rights throughout our supply chain.

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

## OUR APPROACH TO OUR SUPPLY CHAIN CONTINUED

### Supply chain

#### Supply chain management: responsibilities, procedures and policies

Along with our global CSR and sustainability division, several other departments, procedures and policies play a role in making sure our operations are safe, ethical and sustainable.

#### Production and sourcing divisions

Our production and sourcing divisions make a major contribution to building understanding of our supply chains 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.

#### Staff training

To make sure our supply chain management work is as coordinated and effective as possible, we carry out regular cross-divisional training and awareness-raising sessions around supplier engagement and assessment. Sharing information in this way allows us to form joint action plans, mitigate challenges, improve future performance and make better business decisions regarding our suppliers.

#### Country risk assessments

We carry out a country risk assessment prior to entering any new sourcing country, in collaboration with our CSR & Sustainability Division and relevant internal and external stakeholders. Analysis of human rights risks and particular industry/sector and geographical risks forms an integrated part of this risk analysis. Based on the country risk assessment, a country and thus all facilities in that country can be restricted to be used for ASICS production.

#### Supplier assessments

Before entering into a partnership agreement with any new supplier, we assess their social and environmental sustainability performance against ASICS Human Rights and Safe and Ethical Standards. We only partner with suppliers who meet our minimum standards. We continue to audit suppliers over the course of our partnership to ensure standards remain high and in line with ASICS' requirements.

#### Policies and guidelines

Our corporate activities are guided by clear codes of conduct based on internationally recognized standards and conventions.

All of our suppliers and business partners must comply with our Code of Conduct and our Policy of Engagement. We also have a separate Environmental Policy that covers issues related to environmental management, human health and safety.

Suppliers must understand and acknowledge these standards and are formally obliged to meet them. We seek to work only with business partners who share our commitment to sustainability and fair labor practices.

We continuously improve the audit functions and internal controls of our corporate management. We also encourage employees and business partners to report code or policy violations using our confidential, anonymous whistleblowing services. This allows us to detect the first signs of wrongdoing quickly and carry out corrective measures without delay.

#### For more information and to download our policies

→ <http://corp.asics.com/en/csr/our-approach/governance-and-policies>

#### Modern slavery due diligence and risk assessment

ASICS does not tolerate modern slavery in our supply chain in any form. We are committed to eradicating all forms of modern slavery from every part of our supply chain. This extends even to the areas of the supply chain where we have no direct relationship. We do this work both independently, and in collaboration with other stakeholders within and outside the sporting goods industry.

To ensure due diligence, we have robust policies and procedures in place to assess the risk of human rights abuses and forced labor, both in the selection and management of supply chain partners and in our selection of potential sourcing countries.

In 2017, ASICS released a public statement in response to the launch of the UK's Modern Slavery Act.

#### To read and download the statement

→ [http://www.asics.com/gb/en-gb/modern-slavery-act/trafficking\\_statement.html](http://www.asics.com/gb/en-gb/modern-slavery-act/trafficking_statement.html)

#### To read and download the statement related to The California Transparency in Supply Chains Act of 2010 (SB657)

→ <http://www.asics.com/us/en-us/california-laws>



## OUR APPROACH TO OUR SUPPLY CHAIN CONTINUED

### Supply chain

#### Training and capacity building

We provide training for our Tier 1 and Tier 2 suppliers so that they can continuously improve labor and environmental performance over time.

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

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

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

In 2017, we provided two capacity-building sessions for suppliers. These covered a range of subjects including supervisory skills, fire safety, compensation and benefits, social compliance, and the rights and responsibilities of workers and unions.

We made additional capacity building sessions available to suppliers as part of their participation to the ILO Better Factories Cambodia program or ILO Better Work (Vietnam, Indonesia).

“As members of the ASICS garment supply chain, we do everything to satisfy ASICS' high standards, meet consumer needs, and follow ASICS DNA.

Great thanks to ASICS for conducting and encouraging environmental protection and well treated labor. This helps us improve and to have a more sustainable base, to grow with ASICS and win respect from our employees, their families, and society.

Thanks to ASICS for giving us the right working direction and production opportunities, so that we can have stable orders coming from ASICS and have more chances to take care of local labor.”

**WINNING SPORTSWEAR CO., LTD.**  
an apparel factory in Vietnam supplying ASICS

#### Shanghai and Guangzhou, China

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

**85**

Participants attended

**51**

Suppliers



Internal CSR training at WINNING SPORTSWEAR CO., LTD. an apparel factory in Vietnam supplying ASICS.

#### Jakarta, Indonesia

- › Grievance systems management
- › Occupational health and safety
- › Management, worker and workers representatives relations
- › ASICS Compliance Guideline Training

**18**

Participants attended

**8**

Suppliers



Staff of WINNING SPORTSWEAR CO., LTD. attending the training provided by Better Work Vietnam.

## OUR APPROACH TO OUR SUPPLY CHAIN CONTINUED

### Supply chain

#### NGO and industry partnerships

To help raise supply chain sustainability standards throughout our industry, ASICS engages and partners with a wide range of NGOs and other industry stakeholders.

Our NGO collaborations range from partnerships to raise supplier standards through training and capacity building, to projects designed to ensure human rights responsibilities are respected in the planning of large sports events.

Through our industry associations, we partner with other brands to develop industry alignment around common sustainability standards, in consultation with labor unions and NGOs in manufacturing regions.

#### China Textile Federation forum

In 2017 the China Textile Federation hosted a forum on textile manufacturing sustainability involving a range of stakeholders including NGOs, suppliers, and industry bodies. ASICS was invited to the forum to share its approach on supply chain management.

#### ILO Better Work Program/Better Factories Cambodia

Founded by the International Labour Organization (ILO) and the International Finance Corporation (IFC), the Better Work Programme improves labor standards

and competitiveness in global supply chains. ASICS has been a partner of Better Work (BW) and Better Factories Cambodia (BFC) since 2014, collaborating on monitoring and raising standards in our supplier factories in Cambodia, Vietnam and Indonesia. In 2017, we collaborated with ILO on several factory-level activities, including regional and country buyer forums as well as knowledge sharing around industry-wide human rights activities.

#### The Institute of Public & Environmental Affairs (IPE) Corporate Information Transparency Index (CITI) meeting

IPE raises standards of waste water management in Chinese manufacturing facilities, with a particular focus on dyeing houses. At the annual CITI meeting in October 2017, ASICS was ranked in the Top 30 within the index as a result of its collaboration, communication and transparency with IPE.

#### Oxfam

ASICS has been a signatory of the Freedom of Association (FOA) protocol in Indonesia since 2011. As part of this we continue to update and communicate with Oxfam in the region. In 2017 ASICS took part in a survey to monitor FOA protocol implementation among our suppliers, reporting the results to Oxfam.

#### Sustainable Apparel Coalition (SAC)

As a founding member of SAC, we have been closely involved in the organization's efforts to align industry sustainability standards at a global level. In 2017, ASICS actively engaged suppliers to help them integrate the Higg index into their systems.

#### Unions

ASICS engages with several unions worldwide. In 2017, ASICS communicated with IndustriALL Global Union, which represents 50 million workers in 140 countries, about our supply chain activities. We also joined several meetings held by Japanese industrial union UA ZENSEN to update a key issue resolution.

#### The World Federation of the Sporting Goods Industry (WFSGI)

ASICS is a gold member of the WFSGI, the global body for the sporting goods industry. As an active participant to its sustainability committee, we take part in several of its committee meetings as well as the WFSGI Manufacturing Forum, where sustainability in manufacturing is a key focus area. In 2017 we contributed to several WFSGI sustainability position papers.

“We are delighted to inform you that the Sabrina factory in Cambodia has been confirmed as one of the first factories to achieve Better Work Stage II status.

This is both a landmark moment and a not insignificant achievement as it required the factory to consistently demonstrate:

- › high levels of compliance,
- › a mature level of social dialogue,
- › effective management systems; and
- › a commitment to learning.

We hope that we can increase the suppliers which achieve Better Work Stage II status in cooperation with you.”

#### Juliet Edington

Business Programme Manager at ILO Better Work

# CONNECTING WITH OUR COMMUNITIES

## Communities

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

### Investing in our people

At ASICS, we believe that personal development and corporate growth go hand in hand. Through our Human Resources programs, we create a working environment that encourages inclusion and diversity and supports each employee to fulfill their potential.

In 2017, we launched two major employee wellbeing programs based on achieving a sound mind in a sound body: Be Well in Europe, and the work style reform program in Japan.

### Be Well

In Europe, we partnered with De Atletfabriek to create Be Well, a pilot employee wellness program for our European headquarters. The program promotes both physical and mental wellness by offering a variety of classes at different times during the day, so that employees can fit them around busy work schedules. Classes include sports training sessions suitable for all fitness levels, stress and digital detox clinics, and advice about food and nutrition.

### Work style reform

Working culture in Japan has a reputation for long hours and highly dedicated employees. While we value the dedication of our employees, we also want to support them to achieve a healthy work-life balance – essential for creating an appealing, productive and innovative workplace.



Launched in 2017, our work style reform program promotes physical, mental and social wellbeing among our employees and their families. The program includes several components, including:

- › encouraging our employees to use their annual leave days by introducing Sports Leave for employees who want to use their leave to compete in sporting events
- › encouraging our employees to finish their working day on time, and assigning targets to managers for overtime hours in their teams
- › adjusting our systems to support flexible working hours and teleworking for our employees
- › introducing “summer time” working hours, shifting the working day one hour towards the morning to enable employees to enjoy the summer days with their families after work
- › joining the nation-wide Premium Friday initiative by leaving the office at 3 PM on the last Friday of each month to enjoy leisure activities with colleagues, friends or family, and spend time for personal development.

“I was expecting a holy grail for avoiding jet lag, but I learned that it’s not that simple. To me this Masterclass highlighted the importance of planning and discipline, and touched upon much more than just avoiding jet lag.”

### ASICS Europe employee

Who attended a Masterclass on international traveling as part of the Be Well program.

CONNECTING WITH  
OUR COMMUNITIES  
CONTINUED



Developing talent and leadership

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

ASICS Academy

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

Strategic Leaders supports senior executive level managers to advance their leadership skills, grow their network and prepare to take on a global role in our organization. The program runs globally including in the three major regions: Japan, EMEA and Americas. In 2017 nine colleagues completed this track of the program, and five of them have since moved to more advanced positions within the organization.

Change Leaders is focused on developing regional leaders, and consists of both global and regional elements. This track enables participants to develop their leadership skills while also learning about aspects and challenges that are specific to the region they operate in.

Leading Leaders and Developing Leaders cultivate leadership skills for people with functions in local entities and departments.

“I am inspired to make use of my learnings from the ASICS Academy to achieve positive change with our team that can make society move!”

ASICS Academy student  
Developing Leaders track



## CONNECTING WITH OUR COMMUNITIES

### CONTINUED

#### Communities

##### Global mobility

The experience of working and living in different parts of the world can be a valuable asset to our colleagues' careers. Learning about different cultures, both in business and in our personal life, enhances mutual understanding and allows different views and best practices to be shared across different regions.

In 2017, we launched our global mobility policy, providing a clear structure to all employees who are interested in gaining such an experience. The policy is implemented in all regions and provides a framework for long-term assignments of two to five years, as well as for extended business trips of three to six months. Since the launch, we have seen a rise in the number of applications from people looking to gain international experience within our company.

##### Fostering a diverse working culture

At ASICS, we believe that encouraging diversity in our workplace is an essential part of being a successful business. A workforce that represents a broad diversity of backgrounds and experiences is more innovative, can attract the best candidates from a wider talent pool, and can serve our diverse customers more effectively. Diversity is an important focus area and a Diversity and Inclusion manager is appointed by the Talent Management Department.

Within ASICS Headquarters (AHQ) and ASICS Japan Corporation (AJP), one of our main focuses is on promoting gender equality and female empowerment through activities that support employees to combine family life with career development.

Activities in 2017 consisted of:

- Internal career design training for future female talents and role model sessions for female leaders.
- Management leader talk sessions for employees to ensure that diversity is a key strategic driver for innovation.
- A cross-industrial project to inspire female staff in our sales division to develop their careers.

Currently, the percentage of women in manager and higher positions at AHQ and AJP together is 12%, an increase from 8% in 2016. This achievement was recognized with a 3-star Eru-Boshi certification.

Our goal for 2020 is for 15% of our manager and higher positions to be held by women, and for this figure to reach 30% in the future. We also want female leaders in all business divisions at AHQ and AJP by 2020. We will continue to strengthen these programs to increase diversity and support female career development.

##### Community involvement

We're committed to contributing to society and being a positive influence on our local communities. As well as encouraging active, healthy lifestyles through our products and services, we support communities through charitable donations, volunteering, disaster relief and empowerment through sport and movement.

In 2017, our contributions to society included a wide range of activities close to home, in the communities around our local offices as well as in developing countries. During the fiscal year 2017, our community contributions totalled more than \$774,138 in financial contributions and donations in kind (such as footwear, apparel, sports accessories or equipment).

##### Employee volunteering

At ASICS, we encourage our employees to be involved in communities through volunteering. Many of our employees volunteer in sporting activities and events.

For example in 2017, 18 employees took part in the two-day Special Olympics Nippon National Athletics Meeting in Japan. In Amsterdam, 28 employees from ASICS Europe volunteered at a special one-day sports event for 1,200 children from disadvantaged backgrounds during the Olympic Sports Week in Amsterdam, organised by Amsterdam Cares and Combiwell.



##### USA hurricane relief

In the summer of 2017, hurricanes Harvey, Irma and Maria hit the southern part of United States leaving tens of thousands of people deprived of basic needs such as food, water and shelter. ASICS America Corporation and its employees supported the victims by donating cash and products.

The company contributed \$15,000 in cash through the Two Ten Footwear Foundation, a footwear industry-wide charity foundation. The company and its employees also jointly donated \$10,630 to American Red Cross.

In addition ASICS America Corporation distributed product donations via non-profit organizations working for relief such as Soles 4 Souls and Kiwanis International. The donations included brand new footwear and socks with a retail value of over \$100,000.



## CONNECTING WITH OUR COMMUNITIES CONTINUED

### Communities



By supporting sports activities in the Tohoku area, children can enjoy sports while the area's reconstruction is ongoing.

#### **ASICS Tomorrow Project**

In Japan, the ASICS Tomorrow Project supports communities affected by the Great East Japan Earthquake in 2011. Due to ongoing reconstruction in the Tohoku area, many local children have limited access to spaces and facilities to enjoy sports. Since 2011, we've been supporting children's participation in sports in Tohoku by arranging sports events and sending athletes and coaches to the area.

In 2017 we provided sports activities to more than 2,000 children across the Tohoku area. These included rugby, volleyball, baseball, running and a triathlon challenge.



ASICS Athlete, Lolo Jones, during a PHIT America event at an elementary school in Boston.

#### **PHIT America**

Physical inactivity has become one of the major causes of ill health in the developed world, and the scale of the challenge is increasing. To address the issue, ASICS America Corporation has joined forces with PHIT America, an organization promoting active, healthy lifestyles among young Americans.

In the lead-up to Global Running Day in June 2017, we launched a campaign in partnership with PHIT America to challenge people across the country to run for a total of 60 minutes using the popular Runkeeper app. For each completed challenge, ASICS donated \$1 to PHIT America, resulting in a total contribution of \$50,000. Around 58,000 runners took part in the challenge, running a total of 670,000 miles.

During the year, ASICS America also continued to support many of PHIT America's ongoing activities in schools all year round.

## CONNECTING WITH OUR COMMUNITIES CONTINUED

### Communities

#### Adopt a School

In 2017, ASICS EMEA continued its partnership with Tag Rugby® Association's Adopt-a-School program supporting disadvantaged primary school children in South Africa.

Adopt-a-School provides children in disadvantaged communities with the opportunity to learn a new sport, have fun, and find a positive outlet for their energy. Through the partnership, we sponsored six primary schools, providing sports kit and coaching sessions for 4,347 children.

#### Right To Play

Right To Play (RTP) is a global organization that uses the transformative power of sport to educate and empower children facing adversity around the world. RTP has been a charity partner of ASICS Europe B.V. for 10 years.

In 2017, for the fourth consecutive year, RTP was chosen as a priority charity of the Dam tot Damloop, the biggest running event in the Netherlands. ASICS is the proud sponsor of this race and supported several fundraising activities, together with other main sponsors.

At the end of 2016, ASICS organised a fundraising campaign for RTP across our retail locations and online shops in Europe. Through the campaign, consumers and employees raised more than €80,000 for the charity. The company donated an additional €20,000, making a total contribution of €100,000.

In June 2017, the cheque was handed to RTP ambassador and retired Olympic athlete Jeroen Straathof at the closing ceremony of the company's annual Sports Day. Employees were involved in the event, which featured several sports and play activities facilitated by RTP. More than 200 employees from across ASICS Europe B.V. took part in the activities, learning how RTP uses the same games to support children from disadvantaged backgrounds.

“This contribution enables children who need it most to participate in our sport and play programs.”

**Marije Dippel**  
Director of Right To Play Netherlands



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 CO<sub>2</sub> emissions information for the year ended December 31, 2017, stated in "CO<sub>2</sub> emissions from our locations" (Scope 1 and 2) and the CO<sub>2</sub> emissions information under Category 1 "Purchased goods and services" (Scope 3, Category 1) stated in "Scope 3 CO<sub>2</sub> Emissions 2017" as presented in the *Sustainability Report 2017* (the "Report") prepared and posted by ASICS Corporation (the "Company") on its website (collectively referred to as "CO<sub>2</sub> Emissions Information").

**The Company's Responsibility**

The Company is responsible for the preparation of the CO<sub>2</sub> Emissions Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the CO<sub>2</sub> Emissions Information included on page 23 and 25 in the Report). The CO<sub>2</sub> Emissions Information quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emission factors and numerical data.

**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 CO<sub>2</sub> Emissions 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"), and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB.

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 reperforment the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

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

**Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's CO<sub>2</sub> Emissions 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.  
3-3-1, Marunouchi, Chiyoda-ku, Tokyo, Japan  
May 30, 2018