

# MODERN SLAVERY STATEMENT

June 2023

In compliance with the regulations of the California Transparency in Supply Chains Act (SB 657), the UK Modern Slavery Act of 2015 Section 54, the Norwegian Transparency Act 2021 and the Australian Modern Slavery Act 2018 (Cth), the following document discloses the ASICS Group's policies in place and actions taken to prevent forced labor, slavery and human trafficking in our business activities and supply chains during the fiscal year 2022 (January 1st to December 31st 2022)



# ASICS GROUP MODERN SLAVERY STATEMENT 2022

**ASICS<sup>1</sup> is a global sports brand that strives to promote healthy and active lifestyles for people around the world. Upholding ethical business practices, improving labor conditions and working to prevent human rights violations throughout our organization and in our supply chain are responsibilities we take very seriously.**

**Our commitment to sustainability is anchored in our philosophy of "sound mind, sound body," which emphasizes the interconnectedness of physical and mental well-being. This Group statement outlines our continued commitment to decent working conditions, upholding fundamental human rights and preventing forced labor, modern slavery<sup>2</sup> and human trafficking and specific action to address these during the fiscal year 2022.**

## **Our Sound Mind, Sound Body Philosophy**

At ASICS, we believe in the power of sport to inspire and bring people together. Our Sound Mind, Sound Body philosophy underpins our commitment to promoting physical and mental health and wellbeing, as well as our efforts to prevent modern slavery in our operations and supply chain.

Our Sound Mind, Sound Body philosophy extends to our supply chain, where we aim to promote the health and wellbeing of workers by ensuring safe and healthy working conditions, fair wages, and the elimination of modern slavery risks.

Modern slavery not only violates human rights but also has a detrimental impact on workers' physical and mental health. We recognize our responsibility to respect human rights, including the elimination of modern slavery and other forms of human rights abuses in our operations and supply chains. We also recognize modern slavery is a complex issue that requires a multifaceted approach. As part of our wider commitment to creating products safely and sustainably, we are committed to using our influence to identify and collaborate in partnership with our product manufacturers, their workers, unions and NGOs on eradicating modern slavery across our supply chains. We do this work both independently, and together with other stakeholders within and outside of the sporting goods industry.

## **Our business and supply chain**

ASICS is a multinational corporation with operations in many countries. We manufacture and distribute sports apparel, footwear, and accessories worldwide. Our products are sold through our own retail stores, third-party retailers, and online channels.

We work with a diverse range of suppliers, including manufacturers, raw material suppliers, and logistics providers, to ensure we can provide quality products to our customers.

ASICS recognizes that managing its supply chain is a critical element in addressing modern slavery risks and human rights violations. We operate a rigorous supply chain management program, which includes due diligence assessments and risk assessments, to increase transparency, monitor standards and ensure compliance with ASICS policies and all other relevant regulations and laws, locally and internationally. During the reporting period, ASICS continued implementation of its supply chain management program and to expand its due diligence program beyond Tier 1 to include key Tier 2 and Tier 3 suppliers.

## **Governance**

Human Rights related risk management, which includes Modern Slavery, at ASICS is led by the head of Sustainability and is an integral part of ASICS's business strategy. Therefore, it is integrated in, is embedded throughout our businesses, and is a shared responsibility engaging all company divisions and colleagues at every level.

In 2022, ASICS established and disclosed Human Rights Policy on its corporate website. This policy guides our approach to human rights-related risks and activities, including our efforts to combat modern slavery and human trafficking. To ensure effective implementation of our Human Rights Policy, we established a Human Rights Committee as a governance body. This committee comprises senior leaders from across our organization and is responsible for mitigating human right risks based on the policy, including our efforts to combat modern slavery.

The committee meets semi-annually to review and assess our progress in addressing human rights-related risks and activities. Our Human Rights Policy and Committee are key components of our approach to modern slavery risk management, ensuring that we uphold our responsibility to respect human rights and prevent modern slavery in all aspects of our business.

To ensure effective oversight and management of human rights related risks and activities, Human Rights Committee reports to Risk Management Committee, chaired by ASICS President, CEO, and COO, Yasuhito Hirota, which regularly reviews and monitors these risks and mitigation actions, which includes modern slavery related risks. ASICS Board of Directors oversees both Risk Management Committee and Sustainability Committee on sustainability-related risks and opportunities.

ASICS CSR and Sustainability team, led by the Head of Sustainability, is responsible for driving efforts to address social and environmental issues through our business activities. By integrating modern slavery and human trafficking considerations into our supply chain management and procurement processes, we seek to increase our engagement with customers and partners, contributing not only to the strengthening of the ASICS brand but also to the creation of a more sustainable world. We believe that our commitment to human rights, including the elimination of modern slavery and human trafficking, is a core aspect of our corporate governance and business operations, and we remain committed to upholding these values across all levels of our organization.

### Our Policies and Procedures

Our corporate activities are guided by clear codes of conduct based on internationally recognized standards and conventions. We seek to work only with business partners who share our commitment to sustainability and fair labor practices. Various policies and activities apply throughout this chain, from raw materials suppliers (tier 3 and beyond), through manufacture and retail all the way to consumers and the product’s end of life. We operate specific policies that provide guidance to our employees, suppliers and other stakeholders in support of our sustainability efforts.

Our Human Rights Policy outlines our commitment to respect human rights in all aspects of our business, including our supply chain. It includes provisions on forced labor, child labor, and human trafficking, and we require all employees and suppliers to adhere to it.

Our Policy of Engagement (PoE), which is our supplier Code of Conduct, sets out our expectations for our suppliers to meet the highest ethical and environmental standards. It covers issues such as child labor, forced labor, and human trafficking, and we require all suppliers to adhere to it. We assess our suppliers against our code of conduct and prioritize engagement with high-risk suppliers to address any identified risks.

<p><b>ASICS</b></p> <ul style="list-style-type: none"> <li>• <u>CSR Policy</u></li> <li>• <u>Code of Conduct</u></li> <li>• <u>Policy on Anti-Trust and Competition</u></li> <li>• <u>Policy on Anti-Bribery and Anti-Corruption</u></li> <li>• <u>Policy on Environment</u></li> <li>• <u>ASICS Human Rights Policy</u></li> <li>• <u>Policy on Protected Disclosure</u></li> </ul>	<p><b>Our suppliers &amp; other business partners</b></p> <ul style="list-style-type: none"> <li>• <u>Policy of Engagement (Supplier Code of Conduct)</u></li> <li>• <u>Global Business Continuity Policy</u></li> <li>• <u>ASICS Privacy Policy</u></li> </ul>	<p><b>Our materials and products</b></p> <ul style="list-style-type: none"> <li>• <b>Restricted substances policy</b></li> <li>• <b>Policy on animal derived materials</b></li> <li>• <b>Conflict mineral policy</b></li> <li>• <b>Recycled material policy</b></li> <li>• <b>Cotton policy</b></li> <li>• <b>Sustainable Packaging Policy</b></li> </ul>
--	---	---

Overview of ASICS Policies and Procedures, applying to ASICS Corporation, its subsidiaries and affiliates, to our suppliers & other business partners and further specific policies on materials and products

## Our Due Diligence Process

We recognize that modern slavery risks may exist in our supply chain and have implemented [due diligence processes](#) to identify and address these risks. Our due diligence process includes the following:

1. **Risk Assessment:** We conduct a risk assessment of our suppliers to identify potential modern slavery risks or other human rights violations. We prioritize engagement with high-risk suppliers to assess their compliance with our policies and identify any potential risks.
2. **Supplier Engagement:** We engage with our suppliers to communicate our expectations and requirements regarding modern slavery risks. We provide training and support to help them understand and address these risks.
3. **Remediation:** We work with our suppliers to address any identified risks and support them in developing remediation plans to improve their compliance with our policies.
4. **Monitoring:** We monitor our suppliers' compliance with our policies on an ongoing basis to ensure they maintain their commitment to respect human rights.

In addition to information from our own on-the-ground supplier visits, and information from our internal sourcing and product development divisions and local sourcing partners, ASICS also utilizes information from external resources. This includes information from authorities such as the U.S. government, NGOs and industry partners such as ILO (International Labor Organization) Better Work, and The Institute for Human Rights and Business or industry bodies (for example, the Social Responsibility Committee of the American Apparel & Footwear Association (AAFA) and the Sustainable Apparel Coalition (SAC)).

## Monitoring our supply chain

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

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

We use both internal and external auditors to ensure our auditing process is independent and credible. ASICS is a signatory of SLCP (Social & Labor Convergence Program), a non-profit multi-stakeholder initiative that aims to eliminate audit fatigue in the apparel & footwear industry. SLCP provides the tools and system for a high-quality comparable data set on working conditions that can be used by all industry stakeholders. This increases transparency in supply chains, reduces the need for social audits and allows users to redeploy resources to help suppliers improve working conditions.

Other examples are SMETA 4 pillar assessments in accordance with SEDEX's Associate Auditor Group's Best Practices and The Customs Trade Partnership Against Terrorism (CTPAT) program.

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

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

More information on our FY2022 supply chain management program can be found in our [FY2022 Sustainability Report](#).

Information from both our higher-level risk assessments and specific facility level insights from our supply chain monitoring program inform and allow us to, when needed, adjust our business strategies. We maintain an open, constructive relationship with unions, NGOs and other advocacy groups that focus on human rights in our supply chains like KnowTheChain and Transparentem. Further, ASICS is a signatory to the AAFA/FLA's Commitment to Responsible Recruitment.

To specifically address potential migrant worker issues, we have a grievance mechanism for factories with migrant workers in place since 2019 in target factories in Vietnam, Indonesia and Japan. The mechanism provides workers with a confidential channel to raise concerns around compliance issues in workers' own language.

The ASICS Group [publicly shares a list](#) of its direct Tier 1 and key Tier 2 suppliers responsible for the manufacturing of ASICS and Onitsuka Tiger products, footwear, apparel, accessories and equipment.

Together, they account for more than 90% of our global volume of products manufactured annually. We feel that sharing basic information on our supply base will enhance transparency both for business partners, investors, labor organizations and our customers.

### **Our Training and Awareness**

Training and awareness are essential to upholding safe and ethical workplace conditions and to prevent human rights violations including modern slavery in our operations and supply chain. We provide training and awareness programs to our employees and suppliers to help them understand and identify modern slavery risks. These programs cover issues such as forced labor, debt bondage, human trafficking, and child labor, as well as our policies and procedures for addressing these risks.

In 2022, training was conducted for all levels of the ASICS Group, including human rights training for new employees, and divisions involved in procurement and production, and directors. In addition, debriefing sessions are held twice a year with each of the procurement and production departments of Footwear, Apparel & Equipment, and Onitsuka Tiger to share information and discuss human rights related risk trends and responsible purchasing.

ILO Better Work is a key partner to improve compliance standards at individual factories in Vietnam, Cambodia and Indonesia.

In Indonesia, we put specific focus on social dialogue, establishing communication mechanisms between workers and factory management and the effective

implementation of grievance mechanisms.

More information on our FY2022 activities with regards to training and awareness, can be found in our [FY2022 Sustainability Report](#).

### **Our Impact and Progress**

We recognize that addressing modern slavery in our operations and supply chain is an ongoing journey. Therefore, we regularly assess our progress and impact to identify areas for improvement and ensure we are meeting our commitments.

#### Performance Indicators

We regularly monitor our performance to ensure that we are making progress in our efforts to combat modern slavery. We track a range of key performance indicators, including:

- The number of suppliers who have signed our Supplier Code of Conduct
- The number of supplier audits conducted each year
- The number of workers trained on our policies and procedures, part of them related to modern slavery
- The number of reported incidents of modern slavery

We use these performance indicators to identify areas where we need to improve and to measure our progress over time.

In 2022, we achieved the following milestones:

1. We conducted risk assessments of our direct suppliers in order to understand potential modern slavery risks.
2. We engaged with all our direct suppliers to communicate our expectations regarding modern

slavery risks and provided training and support to help them understand and address these risks.

1. We worked with our suppliers to develop remediation plans to address identified non-compliances and monitored mitigation process to be completed.
2. We provided training and awareness programs to our employees and suppliers on modern slavery risks, our Human Rights policy and our other policies and procedures with regards to fair, ethical and safe workplace conditions.
3. The vast majority of ASICS products are of a synthetic nature but, while our use of cotton is limited, it is a material associated with high environmental and social impact and we aim to source 100% sustainable cotton<sup>5</sup> by 2025. In FY2022 we have further improved our cotton procurement policy in our Material Selection Guidelines, requiring suppliers to understand their supply chain and maintain documentation of material certification and allow for traceability and transparency.

In 2023, we will continue to focus on addressing modern slavery risks in our supply chain and promoting health and wellbeing among workers. We are also committed to enhancing our transparency and traceability as part of our efforts to prevent modern slavery in our operations and supply chain.

We believe that increased transparency and traceability can help us identify and address modern slavery risks more effectively and improve our overall sustainability performance.

We will achieve this through the following actions:

1. **Supplier Mapping and Risk Assessment:** We have conducted a comprehensive mapping of our supply chain to identify all our direct and indirect suppliers. We have also conducted risk assessments of our suppliers to identify potential modern slavery risks and prioritize engagement with high-risk suppliers.
2. **Supplier Engagement:** We have engaged with our suppliers to communicate our expectations regarding modern slavery risks and provided training and support to help them understand and address these risks.
3. **Auditing and Monitoring:** We conduct regular audits of our suppliers to assess their compliance with our policies and identify any non-compliances with our standards. We also monitor our suppliers' performance through ongoing supplier performance evaluations.
4. **Traceability:** We are investing in and implementing a traceability program to enhance our ability to digitally track our products and materials throughout our supply chain. This program will help us to ensure that materials are sourced responsibly and without the use of forced labor or other forms of modern slavery.
5. **Reporting and Disclosure:** We are committed to being transparent about our sustainability performance and regularly report on our progress in addressing modern slavery risks and promoting responsible sourcing. We publish annual sustainability reports that provide detailed information on our sustainability initiatives and progress.

We believe that these measures will help us enhance our transparency and traceability and enable us to identify and address modern slavery risks more effectively.

We also believe that our commitment to transparency and traceability will help us build trust with our stakeholders, including our customers, employees, and suppliers.

### **Conclusion**

At ASICS, we are committed to preventing modern slavery in our operations and supply chain. We recognize that addressing modern slavery risks requires a multi-faceted approach, including risk assessment, supplier engagement, auditing, remediation, and capacity building. In 2023, we will continue to build on our progress and take actions to address modern slavery risks and promote health and wellbeing among workers in our supply chain as part of our broader efforts to create a sustainable and responsible business. We will also continue to assess our progress and impact to ensure we are meeting our commitments and contributing to a world free from modern slavery.

As part of our commitment to transparency, we will publish regular updates on our progress in addressing modern slavery risks in our operations and supply chain. We will also continue to collaborate with other stakeholders, including NGOs, industry peers, and government bodies, to drive collective action to prevent modern slavery.

We recognize that our commitment to addressing modern slavery risks is not only a legal and ethical obligation but also a business imperative. It is crucial for our brand reputation, customer loyalty, and long-term success to ensure that our products are made responsibly and with respect for human rights. Therefore, we encourage our customers, employees, and other stakeholders to join us in our efforts to prevent modern slavery.

We invite feedback and suggestions on how we can improve our approach and contribute to a world free from modern slavery.

In conclusion, our commitment to preventing modern slavery in our operations and supply chain is an ongoing journey that requires continuous effort and improvement. We are committed to taking actions to address modern slavery risks and promote health and wellbeing in our supply chain, and we will continue to assess our progress and impact to ensure we are meeting our commitments. By working together with our stakeholders, we believe we can make a positive impact and contribute to a sustainable and responsible future for all.

This statement was approved by the ASICS Board of Directors on June 13, 2023

Signed,



Yasuhito Hirota  
President, CEO and COO,  
Representative Director  
ASICS Corporation Representative

Footnotes:

<sup>1</sup>This statement applies to the ASICS Group, including but not limited to ASICS Oceania Pty. Ltd., ASICS America Corporation and ASICS UK Ltd., which fall within the scope of respectively the Australian Modern Slavery Act 2018(Cth), The California Transparency in Supply Chains Act (SB 657) and provision 54 of the UK Modern Slavery Act 2015. Since the ASICS Group takes a globally consistent approach to the aforementioned, this document is set up describing our activities at a Group level, even though not all entities may be subject to the California Transparency in Supply Chains Act, the UK Modern Slavery Act or the Australian Modern Slavery Act (Cth).

<sup>2</sup>Modern slavery is a term used in this statement by the ASICS Group to encapsulate offences that include: slavery, servitude and forced or compulsory labor; and human trafficking. The offences are set out in: section 1 and section 2 of the UK Modern Slavery Act 2015. Division 270 or 271 of the Australian Criminal Code; or an offence under either of those Divisions if the conduct took place in Australia.

<sup>3</sup>Human rights, as described but not limited to those in the Universal Declaration of Human Rights, ILO Labour Standards and Convention CO29, P029, C105, R203, The Palermo Protocols

<sup>4</sup>Better Cotton, Organic cotton (GOTS certified), Fairtrade certified, Recycled cotton (GRS certified), Cotton Made in Africa (CmiA) certified, U.S. Cotton Trust Protocol certified.