

# MODERN SLAVERY STATEMENT

June 2022

In compliance with the regulations of the California Transparency in Supply Chains Act (SB 657), the UK Modern Slavery Act of 2015 Section 54 and the 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 2021 (January 1st to December 31st 2021)



# ASICS GROUP MODERN SLAVERY STATEMENT 2021

**ASICS<sup>1</sup> is a global sports performance and lifestyle brand. ASICS manufactures ASICS, Onitsuka Tiger and Haglofs branded products with long term and strategic suppliers who demonstrate and share the same commitment to our global ethical standards. This Group Statement is covering our efforts to prevent forced labor, slavery<sup>2</sup> and human trafficking in our business activities and supply chains during the fiscal year 2021.**

**Since the onset of COVID-19 in December 2019, the pandemic has impacted businesses, economies and the lives of people globally for more than two years. While safeguarding the health of our communities is a priority, we are committed to contributing to a more resilient, and sustainable garment and footwear industry once the crisis is over. We endorse the International Labor Organization (ILO)'s COVID-19: Action in the Global Garment Industry, which aims to support manufacturers to survive the disruption caused by the COVID-19 pandemic, contribute to the financial stability of suppliers, and to protect workers' income, health and employment.<sup>2</sup>**

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. The ASICS Group strongly condemns the use of forced or involuntary labor; it is a zero-tolerance policy.

ASICS does not tolerate modern slavery<sup>3</sup> in our supply chain in any form. As part of our wider commitment to creating products safely and sustainably, we are committed to using our influence to identify and collaborate in partnership with our product manufacturers, their workers, unions and NGOs on eradicating modern slavery across our supply chains. This even extends to the areas of the supply chain where we have no direct business relationships. We do this work both independently, and together with other stakeholders within and outside the sporting goods industry.

**Business activities and our supply chains.** Headquartered and classified as a public corporation in Japan, ASICS produces, markets and sells footwear, apparel and accessories and its related services through ASICS-owned retail stores, online business, via retail accounts, independent distributors, licensees and representatives globally. We operate 52 businesses in 33 countries. We consulted with the relevant companies that we own or control in the development of this statement. Our reach extends further through our supply chain business partners, sponsored events and connections to other stakeholders worldwide.

Just over 150 direct, "Tier 1" suppliers in over 22 countries provide us with the facilities, expertise and other resources that allow us to bring the best products to our customers. Many of our Tier 1 suppliers themselves have an extensive supply chain, connecting the ASICS Group indirectly with many more operations and businesses worldwide. The majority of manufacturing of ASICS global products takes place in Southeast Asia.

The ASICS Group supports and respects human rights<sup>4</sup>. We see it as an important responsibility to use our influence as a global brand to help maintain and improve standards throughout our supply chains, both among direct and indirect suppliers. We operate a rigorous supply chain management program to increase transparency, monitor standards and ensure compliance with ASICS policies and all other relevant regulations and laws, locally and internationally

## **Governance**

The modern slavery related risk management at ASICS is led by the head of Sustainability and is an integral part of ASICS's business strategy. Therefore, it is integrated in ASICS corporate governance, is embedded throughout our businesses, and is a shared responsibility engaging all company divisions and colleagues at every level. The risk and the mitigation actions are reviewed and monitored by the Risk Management Committee, chaired by ASICS President, CEO and COO, Yasuhito Hirota, who reports to ASICS's Board of Directors.

Our Sustainability Committee, chaired by ASICS President, CEO and COO, Yasuhito Hirota, serves to advise the ASICS Board of Directors on sustainability related risks and opportunities which include modern slavery related risk.

The Sustainability team, led by the head of Sustainability, works to solve social and environmental issues through business activities. These business activities will, in turn, increase our engagement with customers and partners, increasing not only ASICS's brand value but also our contribution to a more sustainable world.

### **Policies & Code of Conduct**

We conduct our corporate activities on the basis of clear codes of conduct that are based on internationally recognized standards and conventions. Suppliers have to understand and acknowledge these standards and are formally obliged to meet them. We seek to work only with business partners who share our commitment to sustainability and fair labor practices.

Our Policy of Engagement (PoE), which at ASICS is our supplier Code of Conduct, sets out the minimum requirements regarding human rights, labor standards, occupational health and safety, and environmental practices for any ASICS business partner. The requirements include specific expectations that address forced labor, human trafficking and child labor. Our PoE requires any partner involved in the manufacturing of ASICS Group branded products to:

- Respect worker rights and be in full compliance with all laws, regulations and administrative instructions applicable to their business operations.
- Maintain all relevant documents necessary to demonstrate compliance with our policies. When deemed necessary, ASICS or its contracted independent monitors shall be allowed, regardless of prior notice, to conduct compliance assessment audits.

- Employees shall be provided with safe and decent working conditions, fair wages and secondary benefits, and be treated with respect.

This also means that our partners:

- Shall not use forced labor, whether in the form of prison labor, indentured labor, bonded labor, or otherwise. No Employee can be compelled to work through force, the threat of force or intimidation of any form.
- Employees should not bear the cost for their employment whether in the form of recruitment fees or other; should retain control of their travel documents; and have full freedom of movement

Over and above ASICS's Policy of Engagement and other supplier requirements and expectations, our ASICS Code of Conduct sets out the basic standards by which all members of the ASICS Group must comply during their daily activities and with each business decision. All directors, officers and employees in the ASICS Group are required to review, understand and comply with this Code. The code's standards include but are not limited to the fundamental conventions of the ILO and topics such as anti-bribery, anti-corruption and fair and transparent decision making and payment. We continuously 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.

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

**Due Diligence and assessment of Modern Slavery Risk**  
We are fully committed to responsible sourcing regardless of geography, products, or materials. We strictly prohibit all forms of modern slavery violation, and work closely with our business partners to enhance transparency and traceability throughout our value chain.

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

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

ASICS conducts ongoing due diligence to identify and address potential risks and to prevent forced labor, slavery and human trafficking in our business activities and supply chains. 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.

These include 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)).

In recent years, there has been increased attention given to alleged forced labor risks, linked to cotton production. 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. We have reinforced our cotton sourcing policies and requirements accordingly to ensure compliance and continue to increase transparency and traceability, including requirements for suppliers to hold documentation on material origin certification.

### **Monitoring our supply chain**

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

Our audits are both announced and semi announced and are performed by a combination of internal specialists in this field or by qualified third-party auditing companies. In addition, ASICS will consider third party certification schemes or internationally recognized certification programs.

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 into improving 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 in the case of zero tolerance violations, to third party investigations or formal warnings. We consider the use of force or involuntary labor as a zero-tolerance violation.

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 additional grievance mechanism for factories with migrant workers in place since 2019. The mechanism provides workers with a channel to raise concerns around compliance issues in workers own language. In 2021 one harassment issue has been raised by a factory worker through the system which has been remediated immediately.

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

At ASICS, we value long term relationships with our suppliers. These stable partnerships give us the opportunity to work together with our supply chain partners to identify and collaborate on eradicating modern slavery in every part of our supply chain. The supplier list can be viewed via this link.

### **Training and Capacity Building**

Along with our global Sustainability staff, many other departments and ASICS Group divisions play a vital role in making sure our operations are safe, ethical and that human rights are always respected. Production and sourcing divisions make a major contribution to building an understanding of our supply chain and improving the performance of our manufacturing partners. Because these teams work closely with our supplier partners, they are ideally positioned to help with monitoring, raising issues, and identifying opportunities and training requirements.

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

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

### **Evaluating program performance and efficiency**

ASICS continues to evaluate the effectiveness of programs on eradicating modern slavery across our supply chains. The ASICS Group has been reporting on its efforts with regards to corporate responsibility and sustainability for more than 12 years in the form of a public sustainability report.

Our [2021 sustainability report](#) gives details on our most recent activities in areas such as supply chain management, training and capacity building, and protecting human rights.

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

This statement was approved by the [ASICS Board of Directors](#) on June 10, 2022.

Signed,



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

<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>Our full statement on ASICS's COVID-19 response to supplier facilities and workers.

<sup>3</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>4</sup>Human rights, as described but not limited to those in the Universal Declaration of Human Rights, ILO Labour Standards and Convention C029, P029, C105, R203, The Palermo Protocols

<sup>5</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.