



MIZUNO CORPORATION MODERN SLAVERY STATEMENT FY2018

This statement has been published in accordance with the Modern Slavery Act 2015. It describes the measures taken by Mizuno Corporation and its group (hereinafter 'Mizuno') during the fiscal year ending 31 March 2019 to prevent modern slavery and human trafficking in its business and supply chains.

Introduction

We believe that our manufacturing processes should meet international criteria in terms of respect for human rights, labour practices, and environmental conservation. As Mizuno productions involve a variety of partners in Japan and overseas, it is essential to cooperate with these partners in terms of 'good manufacturing'. We commenced CSR procurement activities in 2004 in order to maintain an appropriate working environment. We recognize that our manufacturing affects people working in factories and communities, and we promote CSR procurement based on trust and cooperation with our suppliers, asking them to improve their management and working environment so that they can provide the benefits of production efficiency and strengthened competitiveness, and have a positive impact on communities.

Our organization's structure, business and supply chains

The Mizuno Group, comprising Mizuno Corporation, its 22 subsidiaries and seven affiliated companies, is primarily engaged in the manufacturing and the selling of sporting goods. Mizuno manufactures sporting goods including shoes, apparel and golf clubs that are made by its own factories and more than 400 contract suppliers and factories located in Japan, China, Korea, Taiwan, Indonesia, Vietnam, Thailand, the Philippines, Myanmar and Cambodia, among others. Mizuno monitors the situation of human rights, labour practices and the environment through the implementation of CSR audits of more than 163 key factories, and also expects them to respect the Mizuno Code of Conduct for Suppliers.

In addition to the relationship with suppliers, in 2011, Mizuno signed the "Global Framework Agreement" with the International Textile, Garment & Leather Workers' Federation (ITGLWF) (now IndustriALL), UI ZENSEN (now UA ZENSEN) and the Mizuno Workers' Union in order to improve human rights protection and the working conditions of workers in manufacturing factories.

Our policies in relation to slavery and human trafficking

Mizuno is basing on CSR Basic Philosophy, CSR vision, and ISO26000, guidance on social responsibility to proceed with CSR activities.

Mizuno respects the labour-related international code of conduct, including the Universal Declaration of Human Rights and the ILO core labour standards. We comply with all labour-related laws and regulations, including working hours in each country, remuneration, union options, right to collective bargaining, and working conditions, and we aim to achieve a workplace where each individual's dignity and fairness are respected. Mizuno determines the CSR code of conduct for suppliers, adding the perspective of ISO 26000, the international guidance on social responsibility, conveys Mizuno's approach to our suppliers, and requests that they adhere to these principles. Mizuno has included an article on respecting human rights (10th article) in the Mizuno Corporation Ethical Standards, in which we express the intent to avoid utilising forced labour or child labour. Along with this, we express the prohibition of child labour and forced labour by including an article on human rights in the Mizuno Code of Conduct for Suppliers (2nd article; 1st item). Mizuno regards slavery and human trafficking as one of the risks inherent in child labour and forced labour, which is why we express the prohibition of child labour and forced labour, and we are aiming to achieve it through CSR procurement. In terms of human rights risk some labour-intensive factories hire foreign workers from this program, such as sewing factories. The CSR auditor of Mizuno Corporation visits such factories directly and undertakes audits of them.

For migrant workers and cross-border workers from neighbouring countries, a special audit was conducted in December 2018, with information provided by NGOs on human rights issues for workers from Myanmar at a sewing factory near the Myanmar border in Thailand.

As a result, we could identify nonconformities at the factory. We have been tracking the operation of this factory to ensure corrections of the issues while maintaining a business relationship. In 2018, Mizuno investigated the use of substances defined as conflict minerals due to human rights concerns and identified the products for which these minerals were used. Mizuno confirmed that parts that contain these minerals were not procured from the above-mentioned regions, and are “Conflict Mineral Free.” Specifically, tungsten is used for golf club heads, as a weight for the weight balance of soft tennis rackets, and for the edges of baseball carbide spikes.

The due diligence processes in relation to slavery and human trafficking in our business and supply chains

Regarding CSR audits for suppliers with which business is undertaken, based on the Mizuno CSR procurement regulations we implement regular (every three years) monitoring (CSR audits) of compliance with the contents of the Mizuno Code of Conduct for suppliers for about 163 key factories, which constitute our main contract manufacturing. Monitoring consists of on-site inspections, document examinations, and interviews with employees, usually with multiple auditors over the course of one day to several days. In FY2018, we audited 33 factories.

Currently we give the top priority to Tier 1 suppliers of Mizuno that have a direct relationship with us, so we undertake CSR audits of them regarding human rights, labor and the environment, and request them to correct noncompliance if necessary. On the other hand we identified Tier 2 and 3 suppliers that were considered to be high risk, such as plating of golf club iron heads, dyeing of textiles, and leather tanning for baseball gloves and shoes. In FY 2017, we visited a metal processing factory in Japan and a fabric dyeing factory in Thailand to determine the current state of affairs. In FY 2018, we conducted CSR audits at a plating factory in China, a leather tanning factory in Vietnam, a shoe upper materials factory, and a rubber sole factory for shoes. Because only the upper factory for Vietnam’s shoes was evaluated at C, which is below the standard, we are currently working to correct the nonconforming items.

The parts of our business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps that have been taken to assess and manage this risk

Mizuno adds its own perspective based on the World Governance Indicators published by the World Bank, and if the factories are located in countries that are considered to have high human rights risks, the factories must have a CSR audit on a regular basis. This work is reviewed annually based on the latest World Governance Indicators.

The factories are exempt from a CSR audit if they are located in countries that are highly ranked in terms of indicators such as Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption.

Although the factories in Japan are exempt from a CSR audit, Mizuno conducts CSR audits for factories that employ foreign technical intern trainees based on related human rights concerns.

Its effectiveness in ensuring that slavery and human trafficking is not taking place in our business or supply chains, measured against such performance indicators as it considers appropriate

We use a common monitoring sheet based on ISO 26000, and classify the audit items into three groups known as Critical, Major and General, and utilize the point addition method in implementing the audit so that we could confirm compliance.

The CSR auditor confirms if there is no child labour or forced labour, which is classified as Critical, by checking the ID cards and other documents and by carrying out worker interviews. We have stipulated that the auditor must inform the CSR section in the Legal Affairs Department of Mizuno headquarters, regardless of the evaluation of any other items, and handle the situation in accordance with the instructions provided by the CSR section if an auditor discovers child labor or forced labor (slavery and human trafficking) during a CSR audit.

The training on slavery and human trafficking available to our staff

We hold explanatory meetings and seminars inside and outside Mizuno as required in each country to ensure our way of thinking regarding CSR procurement are thoroughly understood. Inside Mizuno, we hold explanatory meetings for the production department as well as an employee training program for all members of the company.

We have also established a program for explaining the Mizuno CSR procurement activities in seminars held outside the company. In addition, we visit the countries in which our suppliers and factories are located, and hold seminars for them.

In FY2018, we held the CSR Procurement Seminar for our suppliers in Mizuno HQ as a capacity-building activity. Six participants from four companies attended the seminar to deepen their understanding of the global trends of CSR and sustainability, the main nonconformities in past CSR audits and how to bring about the corrections.

This statement was approved by the Board of Directors of Mizuno Corporation.

Signed



Akito Mizuno

President

Mizuno Corporation

30 September 2019