



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 2021 to prevent modern slavery and human trafficking in its business and supply chains.

### **Introduction**

For Mizuno, “good manufacturing” does not simply mean producing high quality, safe and reliable items. We believe that the manufacturing processes should meet international criteria in terms of respect for human rights, labor practices, and environmental conservation. As Mizuno productions involve a variety of partners in Japan and overseas, it is essential to cooperate with these partners regarding “good manufacturing”.

For this reason, Mizuno examines the respect for human rights, the safety of the working environment, and environmental, as well as legal compliance with suppliers, and is committed to undertake improvements if there are any problems. We commenced CSR procurement activities in 2004 in order to maintain a proper 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 to provide the benefits of production efficiency and strengthened competitiveness, and have a positive impact in communities.

### **Our organization's structure, business and supply chains**

The Mizuno Group, comprising of the Mizuno Corporation, its 24 subsidiaries and nine affiliated companies, is primarily engaged in the manufacturing and the selling of sporting goods.

Mizuno works with a number of external organizations in an effort to supply better sporting goods. Sports shoes, sportswear, golf clubs and other goods are manufactured at its own factories and at contracted factories, which are mainly located in China, South Korea, Taiwan, Indonesia, Vietnam, Thailand, the Philippines, Myanmar and Cambodia.

Mizuno conducts its CSR procurement activities in compliance with the Mizuno CSR Procurement Code of Conduct. After Mizuno confirms that the factories fully understand the content of these activities, it conducts CSR procurement audits at contracted factories so that Mizuno makes corrective measures if Mizuno identifies any problems related to human rights, occupational safety and health, and the environment. Mizuno monitors the situation of human rights, labour practices and the environment through the implementation of CSR audits of more than 177 key factories, and also expects them to respect the Mizuno Code of Conduct for Suppliers.

## **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.

We respect the Universal Declaration of Human Rights and the labor-related international code of conduct, including the ILO core labour standards. We comply with all labor-related laws and regulations, which govern working hours, compensation, trade union choice, collective bargaining rights, working conditions, and other job issues, of the countries where we operate, and we aim to create a workplace where individuals are treated with dignity, fairness, and respect. We have established the Mizuno Code of Conduct for Suppliers, which adopts the perspective of ISO 26000, international guidance on social responsibility, to convey our CSR approaches to suppliers, and we ask them to comply with its principles.

The Mizuno Code of Conduct for Suppliers has been translated into the language of each country where major factories are located, and we ask them to post it so that workers in the factories can understand its content.

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 utilizing 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.

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

Our CSR procurement covers not only Mizuno Corporation but also overseas branches / subsidiaries and licensed sales agencies. CSR procurement activities are composed of two parts: CSR evaluation of suppliers before the commencement of business and regular CSR audits of suppliers doing business with us. In a CSR evaluation before the commencement of business, we evaluate major new suppliers from the aspects of human rights, labor practices, and the environment based on the Mizuno Code of Conduct for Suppliers to ensure that we can undertake procurement from suppliers that meet our criteria for commencing business\*. We also hold CSR procurement briefing sessions in Japan and overseas to explain our approach to CSR procurement. For CSR audits of suppliers doing business with us, we conduct regular audits of factories, selected based on our own criteria, on a three-year cycle.

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. For CSR audits of suppliers doing business with us, we conduct regular monitoring (CSR audits on a three-year cycle) of compliance with the Mizuno Code of Conduct for Suppliers based on the Mizuno CSR Procurement Regulations, targeting more than 180 factories that serve as our major suppliers. In FY 2020, 22 factories were audited (Tier 1 factory: 21; Tier 2 factory: 1).

We are advancing efforts to understand the status of human rights, labor, and environmental impacts at Tier 1 suppliers that have a direct relationship with us and to take corrective action as needed as our top priority initiatives.

For Tier 2 and Tier 3 suppliers that do not have direct transactions with us but deliver parts and materials to our subcontracted factories, we are also proceeding with efforts, focusing on areas with high risk of significant human rights and labor issues and environmental impacts. Since FY 2017, we have begun to grasp the current status of Tier 2 and Tier 3 suppliers that perform plating of iron heads for golf clubs, dyeing of textile materials, and leather tanning for baseball gloves and shoes, which are considered to be high risk.

- FY 2017: We visited a metal processing factory in Japan and fabric dyeing processing factories in Thailand to understand the actual situation of Tier 2 and Tier 3 suppliers.
- FY 2018: We conducted a CSR audit of a plating factory in China, a leather tanning Factory, a shoe upper material factory, and a shoe rubber sole material factory in Vietnam.
- FY 2019: We conducted a CSR audit of a golf parts factory, an upper material factory, an upper material processing factory, and a sole material factory. (The audit results of three factories – the golf parts factory, the sole material factory, and the upper material processing factory – fell below the standards.)
- FY 2020: We conducted a follow-up audit of two factories out of the four factories that had been below the standards in FY 2018 and FY 2019. (No audits were conducted for the remaining two factories because we closed transactions with them.) The two factories that underwent a follow-up audit were evaluated as A rank due to the implementation of corrective actions. In FY 2020, we also planned to conduct an initial audit of four factories (a golf club parts factory and three shoe material factories). However, since we closed transactions with the three shoe material factories, only the golf club parts factory was audited.

**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**

Audits are usually conducted in the form of two-party audits, in which multiple auditors from external specialized agencies perform audits based on our criteria. Our CSR audits are conducted with the aim of preventing the occurrence of problems. If a problem is found during an audit, we discuss appropriate corrective actions to improve the situation and then ask the relevant supplier to take these actions. Thus, we place emphasis on feedback after an audit. We believe that to improve the CSR procurement status of overseas subcontracted factories, it is effective to work jointly with organizations that have knowledge in the field of CSR procurement and other companies in the same industry. Accordingly, we actively work to collaborate with outside organizations to improve the CSR procurement status of suppliers. Since a CSR audit consists of on-site audits, document audits, and employee interviews, it is usually conducted by multiple auditors over one to several days. To check the compliance status of suppliers, a globally common monitoring sheet based on ISO 26000 is used. The audit items on the monitoring sheet are classified into three categories – “critical,” “major,” and “general” – depending on the degree of importance and urgency. If the item requirements are met, the points set for each category are aggregated and quantified for evaluation.

**Initiatives on conflict minerals**

Unlike a U.S. listed company, we are not obliged to report and disclose information on the use of conflict minerals. In 2018, however, we investigated the use of substances defined as conflict minerals and identified the products using them. Specifically, it was found that tungsten was used for the heads of golf clubs, weights for weight balance of soft tennis rackets, and the tips of baseball carbide spikes. We have confirmed that the parts using the relevant minerals are “conflict-mineral free,” that is, do not contain minerals procured from conflict areas.

**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.**

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 labour or forced labour (slavery and human trafficking) during a CSR audit.

Based on the Worldwide Governance Indicators, we select countries where we conduct a CSR audit, and

basically we do not conduct a CSR audit of factories located in Japan. However, NGOs and other organizations have expressed concern that Japan's foreign technical intern training program and Japan's way of treating migrant workers overseas have problems in terms of human rights and working conditions. Accordingly, for factories that employ foreign workers, our CSR procurement staff directly conduct a CSR audit as an exception.

#### Survey of audited factories that employ foreign technical intern trainees

Our OEM factories in Japan total 120, 44 of which employ a total of 457 foreign workers. Of these factories, 25 factories have become subject to a CSR audit based on our criteria, where a total of 213 foreign workers are employed. In FY 2020, we planned to audit eight of these factories. However, due to the impact of COVID-19, only one factory was audited. The factory which underwent a CSR audit in FY 2020 employed 19 Chinese technical intern trainees. We conducted interviews with two of its representatives in the audit and confirmed that there were no problems.

#### Participation in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society

It is reported that there are approximately 1.66 million foreign workers in Japan (of which approximately 380,000 are foreign technical intern trainees) and that approximately 240,000 establishments employ foreign workers\*. Foreign workers have become important members of the Japanese economy and society. Toward 2030, which is the target year for the SDGs, we have voluntarily participated in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society to promote the improvement of the work and living environments of foreign workers together with companies and organizations that agree with and implement the Platform Principles of Conduct, which meet international standards. We hope that employers and organizations will accept foreign workers steadily and responsibly while complying with laws and regulations.

#### **The training on slavery and human trafficking available to our staff**

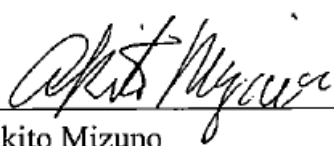
We hold explanatory meetings and seminars internally and externally, in order for our stakeholder to thoroughly understand our CSR procurement policy. For our employee, we hold explanatory meetings for the production department individually as well as an employee training program for all members of the company. In FY 2020 we conducted 7 seminars in total for new staff, new manager, trainee dispatched overseas and staff from our subsidiary. Currently, in Southeast Asia, where many of our subcontracted factories are located, environmental problems and labor-management disputes are more likely to occur

than ever before due to the rapid economic growth of the region.

Under such circumstances of social changes, it is difficult to resolve fundamental human rights, labor, and environmental issues simply by correcting non-conformities identified in CSR audits. Accordingly, we need to focus on capacity building (capacity improvement) of factories as activities other than CSR auditing in the future. In FY 2020, we were unable to implement capacity-building activities due to the impact of COVID-19.

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

October 2021



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Akito Mizuno

President and Representative Director  
Mizuno Corporation