

Materiality (priority issues)



Materiality Identification Process

Materiality Identification Process

1. Background of the review

To further promote sustainability management, we started examination on "formulation of Integrated Value Creation Stories," "redefinition of materiality," and "clarification of priority SDGs to be targeted" in June 2019. In October 2020, the Sustainability Operations Council redefined materiality and deliberated on the review of the materiality.

2. Deliberation and approval by management

After an individual hearing was conducted for officers and business managers by outside experts, the draft on materiality, which was formulated by the Secretariat with reference to proposals from the outside experts, was deliberated multiple times by the Sustainability Operations Council. In January 2020, it was deliberated and approved by the Board of Directors, and new materiality has been disclosed since FY 2021.

Mizuno's new materiality and major related SDGs

Materiality		Priority issues	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
Providing social value through business Beyond	Contributing to the multi-dimensional values of sports more >	Physical and mental health through sports			●	●	●													●	
		Developing communities based on sports			●	●	●														●
		Equality and diversity through sports			●	●	●						●								●
	Contributing to the resolution of social issue more >	Extending healthy life expectancy			●	●	●														●
		Improving physical fitness and athletic abilities of children			●	●	●						●								●
		Contributing to the SDGs by applying Mizuno's technologies			●	●	●					●			●	●					●
Corporate activities with responsibility associated with business Responsibility	Responsible procurement with due respect for human rights more >	Supply Chain Management	●		●	●	●	●		●		●							●		
		Climate Change			●				●	●					●	●	●	●			
	Responsibility for global environmental issues throughout the product lifecycle more >	Reduction of hazardous chemical substances			●				●	●					●	●	●	●			
		Reduction of waste			●				●	●					●	●	●	●			
		Compliance / Anti-corruption											●								●
	Responsible business practices more >	Protection of intellectual property																			●
		Protection of personal information											●								●
		Ensuring of the safety and quality of products														●					
	Responsibility for Safe and High-Quality Products more >	Communication related to products													●						
Customer service														●							

We have revised certain aspects of our materiality. We have reconsidered and updated the associated contents for the two items, "Contributing to the multi-dimensional values of sports" and "Contributing to the resolution of social issue". A comprehensive review of our materiality is planned for implementation from the fiscal year 2023 onwards.



Materiality (priority issues)



Identified Materiality

Key Performance Indicators (KPIs)

To properly manage the progress of our materiality and promote disclosure in our annual reports, we have established key performance indicators (KPIs) for our major initiatives.

List described in "Identified materiality"

Materiality	Materiality (priority issues)	Risks	Opportunities	Key Performance Indicators (KPIs) and Goals & Results
Contributing to the multi-dimensional values of sports	<ul style="list-style-type: none"> Physical and mental health through sports Developing communities based on sports Equality and diversity through sports 	<ul style="list-style-type: none"> Decrease in the population of sports competitors Stagnation of the domestic sports market 	<ul style="list-style-type: none"> Providing the value of sports' power by leveraging understanding, know-how, technology, and network related to sports 	<ul style="list-style-type: none"> Total number of users of products and services that contribute to maintaining and enhancing health (cumulative number) FY 2022 actuals: 31.2 million people (no target set) FY 2023 target: Over 33.8 million people (exceeding the number of users before the pandemic) Sales area of long-pile artificial turf in sports facilities FY 2022 actuals: 170,000 square meters (no target set) FY 2023 target: 200,000 square meters (118% compared to 2022)

Materiality	Materiality (priority issues)	Risks	Opportunities	Key Performance Indicators (KPIs) and Goals & Results
Contributing to the resolution of social issue	<ul style="list-style-type: none"> • Extension of healthy life expectancy through the maintenance of motor function • Improving physical fitness and athletic abilities of children • Contributing to the SDGs by applying Mizuno's technologies 	<ul style="list-style-type: none"> • Diversification of hobbies and preferences due to the advancement of the information society • Reduction of safe and accessible outdoor play areas 	<ul style="list-style-type: none"> • Development, deployment, and promotion of unique exercise programs • Fostering diverse community communication through the use of sports facilities • Expanding opportunities for physical activity in daily life due to changes in work styles 	<ul style="list-style-type: none"> • Work Business Revenue FY 2022 Results: 9.7 billion yen FY 2025 Target: 17.0 billion yen • Support for societal health enhancement through walking ability and walking type analysis system "Motion DNA," number of measurement sessions conducted FY 2022 Results: 30 times FY 2023 Target: 50 times
Responsible procurement with due respect for human rights	<ul style="list-style-type: none"> • Supply Chain Management 	<ul style="list-style-type: none"> • Human rights and labor safety risks due to procurement from new overseas suppliers 	<ul style="list-style-type: none"> • Realization of high-quality and stable procurement and expansion of competitiveness by implementing pre-evaluation of new suppliers • Expansion of sales opportunities for products and services that respond to ethical consumption 	<ul style="list-style-type: none"> • Correction rate of critical and major non-conformance items implemented in FY 2022 FY 2022 Goal/Results: 65%/31% • Correction rate of critical and major non-conformance items to be implemented in FY 2023 FY 2023 Goal: 65%

Materiality	Materiality (priority issues)	Risks	Opportunities	Key Performance Indicators (KPIs) and Goals & Results
<p>Responsibility for global environmental issues throughout the product lifecycle</p>	<ul style="list-style-type: none"> • Climate Change • Reduction of hazardous chemical substances • Reduction of waste 	<ul style="list-style-type: none"> • Physical damage to business locations, stores, and administrative facilities due to climate change • Suspension of operations by suppliers and delays in raw material procurement due to climate change • Increased compliance costs due to tightened environmental regulations • Increased costs associated with the adoption of renewable energy • Reduction in outdoor sports due to rising temperatures and increased risk of heatstroke • Increased disposal costs due to increased waste emissions • Risks of harmful chemical leaks 	<ul style="list-style-type: none"> • Cost reduction through energy conservation, introduction of renewable energy, waste reduction, and promotion of recycling • Expansion of sales through the development and sale of environmentally friendly products and products that respond to climate change 	<ul style="list-style-type: none"> • Apparel 100% of products to be environmentally friendly by 2028 (in all categories of new products) • Footwear 100% of products to be environmentally friendly products by 2027 (in all categories of new products) • Equipment Reduce material loss in the manufacturing process, reduce energy consumption during manufacturing, and reduce / streamline use of subsidiary materials to achieve 30% reduction by 2030 (compared to 2018)

Materiality	Materiality (priority issues)	Risks	Opportunities	Key Performance Indicators (KPIs) and Goals & Results
Responsible business practices	<ul style="list-style-type: none"> • Compliance / Anti-corruption • Protection of intellectual property • Protection of personal information 	<ul style="list-style-type: none"> • Compliance violations such as corruption and bribery • Infringement of third-party intellectual property rights • Expansion of cybercrime and cybersecurity incidents 	<ul style="list-style-type: none"> • Creation of sustainable corporate value through building trust with stakeholders 	<ul style="list-style-type: none"> • Improvement in Employee Awareness of the Internal Reporting Hotline <p>Fiscal Year 2022 Goals / Results:</p> <p>① Mizuno Fair Play Hotline awareness among Mizuno employees: 100% / Not surveyed*</p> <p>② Harassment Hotline awareness: 100% / 90% (survey respondents: 915 people)</p> <p>Fiscal Year 2023 Goals: ① 100%, ② 100%</p> <p>* Mizuno Fair Play Hotline awareness was not surveyed in fiscal year 2022.</p>

Materiality	Materiality (priority issues)	Risks	Oppotunities	Key Performance Indicators (KPIs) and Goals & Results
Responsibility for Safe and High-Quality Products	<ul style="list-style-type: none"> Ensuring of the safety and quality of products Communication related to products Engagement with Customers 	<ul style="list-style-type: none"> Diversification of products handled and complexity of the supply chain due to entry into new markets Compliance with global strengthening of chemical substance regulations 	<ul style="list-style-type: none"> Rapid product introduction and expansion of sales opportunities through the construction of a more flexible quality assurance system Production and sales of safe products in accordance with the laws of various countries Development of human resources through the creation of opportunities to acquire quality knowledge tailored to diverse working arrangements 	<ul style="list-style-type: none"> Quality Objectives (Defect Rate Related to Claim Returns*) FY 2022 Results: Achievement Rate ①Global Footwear Product Division: 140% ②Global Apparel Product Division: 153% ③Global Equipment Product Division: 106% FY 2023 Target: Achievement Rate 100% <p>* Calculated by dividing the number of defective returns for which manufacturing is responsible by the number of items shipped, and compared with the target values set by each division.</p>

46 issues applicable to Mizuno

When identifying priority issues (materiality) in 2015, we selected the following 46 issues. These issues were considered as applicable to us and were organized under six pillars at that time in reference to ISO 26000, the SDGs, the GRI G4 Guidelines, and other international standards deemed important as well as various reports from NGOs and research agencies.

This time, we reviewed the materiality based on these 46 issues. When reviewing the materiality, we sorted out social issues deeply related to our company and our past achievements. After much discussion on our strengths, business domains and social value provided by us with management and employees of related divisions according to the proposals of outside experts, we selected new materiality from the 46 issues.

[Please refer to the following for the process of updating the materiality disclosed in the fiscal year 2021.](#)

Promotion of sports	CSR procurement	Environment
<ol style="list-style-type: none"> 1. Improvement of the physical strength and athletic ability of children 2. Health promotion of the elderly through sports 3. Promotion of local sports through cooperation with schools and local communities 4. Support for promotion of sports for the disabled 5. Support for promotion of amateur sports 6. Training of sports instructors 7. Support for promotion of sports in developing countries 	<ol style="list-style-type: none"> 1. Environmental impacts of Tier 1 suppliers 2. Treatment of workers at Tier 1 suppliers 3. Other risks at Tier 1 suppliers 4. Prohibition and elimination of child labor 5. Environmental impacts of Tier 2 and Tier 3 suppliers 6. Treatment of workers at Tier 2 and Tier 3 suppliers 7. Understanding of other risks at Tier 2 and Tier 3 suppliers 8. Supplier capacity building 9. Disclosure of information on CSR efforts and ensuring of transparency of the information in the supply chain 10. Freedom of association and collective bargaining rights in the supply chain 11. Establishment of a complaint-handling mechanism in the supply chain 12. Disclosure of supplier information related to products 	<ol style="list-style-type: none"> 1. Reduction of greenhouse gas emissions 2. Reducation and proper control / disposal od waste 3. Reduction and proper control of chemicals hazardous to humans and the environment 4. Reduction of energy consumption 5. Increase in efficiency of water consumption and water consumption management 6. Research and development aimed at reducing the environmental impacts of products 7. Disclosure of information on the environmental impacts of products 8. Environmental considerations when holding sporting events 9. Collection and recycling of Misuno's used products
Fairness in business practices	Product liability	Employment and human resource utilization
<ol style="list-style-type: none"> 1. Enhancement of governance 2. Practice of compliance 3. Enhancement of internal control 4. Anti-corruption 5. Prevention of anti-competitive behavior 6. Protection of intellectual property 7. Protection of personal information 	<ol style="list-style-type: none"> 1. Product quality control 2. Provision of information on safe product use to consumers 3. Ensuring of the appropriateness of advertising materials 4. Ensuring of the appropriateness of product labeling 5. Responses to inquiries from consumers 6. Sincere responses regarding defective products 	<ol style="list-style-type: none"> 1. Fair evaluation system 2. Safety and headlth in workplaces 3. Realization of diverse working styles 4. Diversity 5. Wages and welfare of employees

Materiality (priority issues)



Contributing to the multi-dimensional values of sports

Why are priority issues important ? (reason for importance)

The values that sports can offer are diverse, playing a crucial role in helping people lead richer, healthier, and more comfortable lives. Mizuno believes it's essential to deliver the joy of sports to as many people as possible, allowing them to experience the spirit embodied in sports through "fair play," "friendship," and "fighting spirit." Additionally, we believe it's important to cooperate with relevant institutions to provide solutions that leverage the potential of sports to address the challenges faced by society.

Related to the SDGs



Mizuno's Risks and Opportunities

The decrease in the population of sports competitors due to the decline in the domestic population, and the stagnation of the domestic sports market, are recognized as risks by Mizuno.

Utilizing our group's understanding, know-how, technology, and network related to sports, Mizuno aims to maximize the power of sports, delivering its value to more people around the world, and will continue to aim for global business expansion.

■ Risks

- Decrease in the population of sports competitors
- Stagnation of the domestic sports market

■ Opportunities

- Providing the value of sports' power by leveraging understanding, know-how, technology, and network related to sports

Key Performance Indicators (KPIs) and Goals & Results

- Total number of users of products and services that contribute to maintaining and enhancing health (cumulative number)
FY 2022 actuals: 31.2 million people (no target set)
FY 2023 target: Over 33.8 million people (exceeding the number of users before the pandemic)
- Sales area of long-pile artificial turf in sports facilities
FY 2022 actuals: 170,000 square meters (no target set)
FY 2023 target: 200,000 square meters (118% compared to 2022)

Approach to priority Issues

With the aim of promoting sports and increasing the number of people involved in sports, we will provide "opportunities," "venues," and "services" to respond not only to "participating in sports" but also to "watching sports" and "supporting sports." In doing so, we will create "joy, excitement, and dreams" that contribute to the revitalization of the community.

Main Initiatives

Please refer to the following links for initiatives related to "Contributing to the multi-dimensional values of sports" :

Link: [Physical and mental health through sports](#)

Link: [Developing communities based on sports](#)

Link: [Equality and diversity through sports](#)

Moving Forward

We will continue to research and develop products and services that allow diverse individuals to enjoy sports and exercise together, transcending differences in age, gender, or any physical differences.

Materiality (priority issues)



Contributing to the resolution of social issue

Why are priority issues important ? (reason for importance)

Mizuno is expanding its business not only in competitive sports products but also in everyday life and work business, catering to various scenes. Leveraging the strengths cultivated in the sports field, we are committed to contributing to the resolution of social issues and the healthy development of local communities. This includes enhancing physical and mental well-being and fostering diverse communication within the community.

Related to the SDGs



Mizuno's Risks and Opportunities

With the advancement of the information society and the automation of various tasks, convenience has been enhanced, and changes in work styles have made comfortable living possible. Mizuno is expanding the definition of sports beyond competitive scenes to include physical activities in everyday life. We view this as an opportunity to create new businesses that solve social issues through the power of sports and will actively pursue this approach.

■Risks

- Diversification of hobbies and preferences due to the advancement of the information society
- Reduction of safe and accessible outdoor play areas

■Opportunities

- Development, deployment, and promotion of unique exercise programs
- Fostering diverse community communication through the use of sports facilities
- Expanding opportunities for physical activity in daily life due to changes in work styles

Key Performance Indicators (KPIs) and Goals & Results

- Work Business Revenue
FY 2022 Results: 9.7 billion yen
FY 2025 Target: 17.0 billion yen
- Support for societal health enhancement through walking ability and walking type analysis system "Motion DNA," number of measurement sessions conducted
FY 2022 Results: 30 times
FY 2023 Target: 50 times

Approach to priority Issues

Mizuno group is focusing on improving children's physical and athletic abilities, and extending the healthy lifespan of seniors. For the enhancement of children's physical and athletic abilities, it is crucial to get them accustomed to physical movement from early childhood. In an aging society like today, there are hopes for extending healthy lifespans through sports. We will deploy our original programs developed by our group as community revitalization programs aimed at increasing the number of children who love to exercise and active seniors.

Main Initiatives

For initiatives related to "Contributing to Solving Social Issues," please refer to the following links:

Link: [Extension of healthy life expectancy through the maintenance of motor function](#)

Link: [Improving physical fitness and athletic abilities of children](#)

Link: [Contributing to the SDGs by applying Mizuno's technologies](#)

Moving Forward

We are applying the technology and materials developed in the field of competitive sports. With that foundation, we aim to create a society where everyone enjoys moving their bodies and to realize a world where the power of sports can solve social issues.

Materiality (priority issues)



Responsible procurement with due respect for human rights

Why are priority issues important ? (reason for importance)

The Asia-Pacific region, where many of our subcontracted factories are located, is generally said to be a region of great concern in terms of human rights, labor, and the environment. Mizuno promotes CSR procurement based on the belief that "good manufacturing" can be achieved by ensuring that its production process meets the international standards with regard to human rights, labor, and the environment as well as by producing high-quality, safe, and reliable products. In particular, we recognize that respect for human rights is even more important for expanding our business globally in the future, and we will work on "responsible procurement with due respect for human rights" as one of the priority issues (materiality).

Related to the SDGs



Mizuno's Risks and Opportunities

With further globalization of the supply chain, increased procurement from new overseas suppliers can also lead to risks related to human rights and labor safety. At Mizuno, by continuously ensuring the pre-evaluation of new suppliers, we aim to realize high-quality and stable procurement, expand our competitiveness, and increase sales opportunities for products and services that cater to ethical consumption.

■ Risks

- Human rights and labor safety risks due to procurement from new overseas suppliers

■ Opportunities

- Realization of high-quality and stable procurement and expansion of competitiveness by implementing pre-evaluation of new suppliers
- Expansion of sales opportunities for products and services that respond to ethical consumption

Key Performance Indicators (KPIs) and Goals & Results

- Correction rate of critical and major non-conformance items implemented in FY 2022
FY 2022 Goal / Results: 65% / 31%
- Correction rate of critical and major non-conformance items to be implemented in FY 2023
FY 2023 Goal: 65%

Approach to priority Issues

The Asia-Pacific region, where many of Mizuno's contract factories are located, is generally considered a region with major concerns in terms of human rights, labor, and environmental aspects. Mizuno has established the "Mizuno CSR Procurement Code of Conduct", which incorporates perspectives from ISO26000, an international guidance on social responsibility, and we convey our thoughts to our suppliers while also demanding their adherence to these principles.

Main Initiatives

For initiatives related to "Responsible procurement with due respect for human rights", please refer to the following.

Link: [Respect for Human Rights \(Policies and Systems\)](#).

Link: [Supply Chain Management](#)

Moving Forward

Suppliers manufacturing products for multiple brands are burdened with individual audits demanded by each brand, each requiring different points of compliance. There have been calls from these suppliers for improvements to mitigate these overlapping audits. In response, industry associations and other initiatives have begun efforts to share information. Mizuno will continue to address issues such as overlapping CSR audits.

Materiality (priority issues)



Responsibility for global environmental issues throughout the product lifecycle

Why are priority issues important ? (reason for importance)

The earth's environment faces various issues, including global warming and pollution due to waste. The world economy could become adversely affected due to climate change and suspension of manufacturing facilities caused by an increase in natural disasters. Mizuno recognizes the importance of reducing environmental burden, such as greenhouse gas, in conducting its business. It also recognizes the importance in developing and offering environmentally friendly products and services so as to help the world lead worry-free lives and pass on to future generations an environment where everyone can actively enjoy sports.

Related to the SDGs



Mizuno's Risks and Opportunities

At Mizuno, we have identified climate change, waste, and chemical substances as important issues, and we are advancing the analysis of risks and opportunities for each. In response to the growing societal interest in natural capital, including biodiversity, we will work to enhance understanding within the company. We will also build a structure that enables us to report the impact of our group's initiatives, as well as our business, strategy, and finance.

■ Risks

- Physical damage to business locations, stores, and administrative facilities due to climate change
- Suspension of operations by suppliers and delays in raw material procurement due to climate change
- Increased compliance costs due to tightened environmental regulations
- Increased costs associated with the adoption of renewable energy
- Reduction in outdoor sports due to rising temperatures and increased risk of heatstroke
- Increased disposal costs due to increased waste emissions
- Risks of harmful chemical leaks

■ Opportunities

- Cost reduction through energy conservation, introduction of renewable energy, waste reduction, and promotion of recycling
- Expansion of sales through the development and sale of environmentally friendly products and products that respond to climate change

Mizuno's Long-term Environmental Target

To accelerate its efforts aimed at reducing climate change, in August 2020, Mizuno reexamined its long-term environmental target and decided to achieve carbon neutrality by 2050. At the same time, in addition to its existing Scope 1 and 2 emissions reduction target for 2030, Mizuno set a Scope 3 emissions reduction target and announced it in May 2021.

2050

Aiming to achieve carbon neutrality

2030 (CO₂ emissions; compared to 2018)

Scope1 & 2 : Reduce CO₂ emissions by 30%

Scope3 : Reduce CO₂ emissions by 50% (per product)

Key Performance Indicators (KPIs) and Goals & Results

- Apparel 100% of products to be environmentally friendly by 2028 (in all categories of new products)
- Footwear 100% of products to be environmentally friendly products by 2027 (in all categories of new products)
- Equipment Reduce material loss in the manufacturing process, reduce energy consumption during manufacturing, and reduce/streamline use of subsidiary materials to achieve 30% reduction by 2030 (compared to 2018)

For more details, please refer to the link below:

Link: <https://corp.mizuno.com/en/articles/0031>

Approach to priority Issues

In Mizuno's entire business activities, indirect emissions known as Scope 3 account for approximately 97% of greenhouse gas emissions. Specifically, "purchased products and services" make up about 80% of the total, making the reduction of greenhouse gas emissions through products essential. We will continue to promote product planning and development aimed at reducing greenhouse gas emissions.

Main Initiatives

For initiatives related to "Responsibility for global environmental issues throughout the product lifecycle," please refer to the following links:

Link: [Policies and Systems](#)

Link: [Environmental Management System](#)

Link: [Mitigation of Environmental Impact in Products](#)

Link: [Climate Change](#)

Link: [Water Use and Management](#)

Link: [Reduction of hazardous chemical substances](#)

Link: [Reduction of waste](#)

Link: [Business activities and environmental burden](#)

Moving Forward

Towards realizing carbon neutrality by 2050, we will continue to advance initiatives such as innovating manufacturing processes and utilizing renewable energy. In addition, we will accelerate environmentally conscious efforts, such as promoting recycling, reducing waste, and using water efficiently.

Materiality (priority issues)



Responsible business practices

Why are priority issues important ? (reason for importance)

Mizuno believes that it is in a position to fulfill its social responsibilities as a corporation by complying with all laws and international rules in its business activities, maintaining good relationships with stakeholders such as local communities, customers, and suppliers, and will continue to strive for responsible business practices.

Related to the SDGs



Mizuno's Risks and Opportunities

Should there be compliance violations by employees, such as corruption and bribery, or infringements by suppliers, it can lead to severe damage to the company's reputation and have significant negative impacts on the business activities. Furthermore, we recognize the infringement of third-party intellectual property rights, the expansion of cybercrime, and cybersecurity incidents as risks that could potentially threaten the continuity of our business. We are committed to responsible business practices as we strive to create sustainable corporate value through building trust with our stakeholders.

■Risks

- Compliance violations such as corruption and bribery
- Infringement of third-party intellectual property rights
- Expansion of cybercrime and cybersecurity incidents

■Opportunities

- Creation of sustainable corporate value through building trust with stakeholders

Key Performance Indicators (KPIs) and Goals & Results

- Improvement in Employee Awareness of the Internal Reporting Hotline
Fiscal Year 2022 Goals / Results:
 - ① Mizuno Fair Play Hotline awareness among Mizuno employees: 100% / Not surveyed *
 - ② Harassment Hotline awareness: 100% / 90% (survey respondents: 915 people)
- Fiscal Year 2023 Goals: ① 100%, ② 100%

* Mizuno Fair Play Hotline awareness was not surveyed in fiscal year 2022.

Approach to priority Issues

Mizuno adheres to laws, social norms, ethics, and internal regulations in its business activities, and takes action to prevent violations of compliance by implementing initiatives under the themes of "Compliance / Anti-corruption," "Protection of Intellectual Property," and "Protection of Personal Information."

Main Initiatives

For initiatives related to "Responsible Business Practices," please refer to the links below:

Link: [Compliance / Anti-corruption](#)

Link: [Protection of Intellectual Property](#)

Link: [Protection of Personal Information](#)

Moving Forward

In response to the expansion of business areas globally, there is a need to strengthen governance in themes such as compliance, intellectual property, and personal information protection. Therefore, we will implement measures (such as employee education, internal organizational changes, and system reviews) tailored to the current challenges faced by the organization.

Materiality (priority issues)



Responsibility for Safe and High-Quality Products

Why are priority issues important ? (reason for importance)

"Create best products for customers." Having cherished these words of the founder Rihachi Mizuno, we believe that it is important to manufacture and sell safe and superior products. Defects in product safety and quality may damage the trust of customers. We will endeavor to offer better products by providing information that helps customers to use our products properly and safely and by continuing efforts to use the feedback of our customers to improve our products.

Related to the SDGs



Mizuno's Risks and Opportunities

In response to the diversification of products handled and the complexity of the supply chain due to entry into new markets, we are considering building a more flexible quality assurance system. Additionally, to address the global trend of stricter chemical substance regulations, we are advancing the construction of a global quality assurance system in collaboration with our overseas group companies. To provide safe and high-quality products, we will set up opportunities for quality knowledge education that correspond to various working arrangements.

■Risks

- Diversification of products handled and complexity of the supply chain due to entry into new markets
- Compliance with global strengthening of chemical substance regulations

■Opportunities

- Rapid product introduction and expansion of sales opportunities through the construction of a more flexible quality assurance system
- Production and sales of safe products in accordance with the laws of various countries
- Development of human resources through the creation of opportunities to acquire quality knowledge tailored to diverse working arrangements

Key Performance Indicators (KPIs) and Goals & Results

- Quality Objectives (Defect Rate Related to Claim Returns*)

FY 2022 Results: Achievement Rate

①Global Footwear Product Division: 140%

②Global Apparel Product Division: 153%

③Global Equipment Product Division: 106%

FY 2023 Target: Achievement Rate 100%

* Calculated by dividing the number of defective returns for which manufacturing is responsible by the number of items shipped, and compared with the target values set by each division.

Approach to priority Issues

We conduct various reviews and inspections to ensure product safety and quality control. Through reviews, we check various items related to product quality, including product design, materials to be used, safety during use, and labeling. In design reviews before the start of manufacturing of new products, we check their structure and materials as well as technical aspects based on the checklist. After products are manufactured, we conduct a pre-shipment inspection before they are shipped from a factory to make a final check for defects in individual products.

Main Initiative

For initiatives related to "Responsibility for Safe and High-Quality Products," please refer to the following:

Link: [Product Safety and Quality \(Policies and Systems\)](#)

Link: [Ensuring of the safety and quality of products](#)

Link: [Communication related to products](#)

Link: [Engagement with Customers](#)

Moving Forward

We will continue to work to provide safe and high-quality products through the improvement of our quality assurance system from a global perspective and the development of human resources.