

DESCENTE



DESCENTE Group  
**CSR Report 2016**



DESCENTE LTD.

# Introduction

The DESCENTE Group has prepared this CSR Report and separate CSR website with the goal of giving our stakeholders an understanding of our approach to CSR and related initiatives, which are intended to help us attain sustainable, synergistic growth along with society.

The website provides comprehensive information about our CSR activities in general, and is designed with searchability in mind. Meanwhile, the DESCENTE Group CSR Report contains content the Company has deemed particularly important, prepared with reference to ISO26000 standards, and also includes featured sections on subjects we hope many people will be interested in reading about. As a means of deepening our dialog with our stakeholders, these feature pages also emphasize the voices of the individuals involved and those who participate in our CSR activities, with the goal of making them enjoyable, approachable reading for everyone.

We will be most happy if this report helps provide you, our stakeholders, with a greater interest in, and understanding of, the role of CSR at DESCENTE.

## ▶Corporate Philosophy

### To bring the enjoyment of sports to all

Sport is based on the idea of enjoyment through movement of the body and competing; it is through sports that DESCENTE contributes to life being lived—by everyone—to the full.

## ▶CSR Policy

1. To contribute to the physical and emotional well-being of people by supporting sports and promoting healthy lifestyles.
2. To engage in activities that benefit the community economically, socially and environmentally, with the goal of attaining sustainable, synergistic growth along with society.
3. To respect human rights in and outside Japan in line with our Code of Ethics and Ethical Conduct Standards, comply with all local, national and international laws and regulations, and act ethically and with high integrity.

## ▶Descente Group CSR Report 2016

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### Period Covered by this Report

In principle, this report covers the period between April 2015 and March 2016, but may include content regarding activities taking place before and after those dates.

## DESCENTE Recognized as a Tokyo Sports Promotion Company (December 2015)



DESCENTE has been recognized under the Tokyo Sports Promotion Company Recognition Program for inviting children in facilities for the intellectually challenged and from special-needs schools to take part in the Mejiro Road Race, something we have been doing since

1998. This program was established in 2015 by the Tokyo Metropolitan Government to recognize companies active in social contributions in the area of sports, and we will continue to contribute in this way through our business in the culture of sports.

## DESCENTE Joins the Sport For Tomorrow (SFT) Consortium (November 2015)

Promoted by the Japanese government, SFT targets over 10 million people in more than 100 developing and other countries, working to convey the value of sports and expand the Olympic and Paralympic movement to people of all generations. DESCENTE was recognized for its involvement with the World Children’s Baseball Foundation, which it has supported since 1990.

### ▶Three Pillars of SFT



1. International cooperation and exchange through sports



2. Building bases for the development of human resources in international sports



3. Support for strengthening international anti-doping infrastructure

## Participation in the United Nations Global Compact



### Network Japan WE SUPPORT

DESCENTE supports the philosophy of the United Nations Global Compact (UNGC), with its Ten Principles covering the four areas of human rights, labor, the environment and anti-corruption, and works to exert responsible leadership as a good corporate citizen.

At the same time, we regard these principles as basic guidelines for action as the DESCENTE Group moves toward greater globalization. We will continue to be even more proactive in our efforts to contribute to achieving a sustainable global society.

Masatoshi Ishimoto  
President

## Top Message



Masatoshi Ishimoto  
President

“For the DESCENTE Group, bringing the enjoyment of sports to all is the most natural and practical kind of social contribution.”

To our stakeholders, the stable continuity and growth of DESCENTE is absolutely essential. Important to achieving that ongoing, stable growth is the number of solid business foundations we have. Two is better than three, and four would ensure even greater stability, so I believe that in addition to our current bases in Japan and Korea, we must maintain our regional strategy toward putting in place an additional third and fourth pillars to support our business.

In our brand business, we have five brands—DESCENTE, le coq sportif, Munsingwear, arena and inov-8—with the potential for either Asian or global expansion. By developing these five brands into our core Group brands, diversifying risk and extending the brands in categories that play to our strengths, stable growth is possible. The sports equipment market, our primary business domain, is expected to grow, supported by the global fitness boom. I hope to build the foundations of our business around this field as we execute our growth strategy.

In Compass 2018, our new Group medium-term management plan for the three years between 2016 and 2018, we have identified the further enhancement of our product development capabilities as one of our priority strategies. We will establish a new apparel R&D center in Japan and a new footwear R&D

center in South Korea, developing high-performance products for the global market and honing our manufacturing creativity. We will also review and refine our manufacturing in Japan, ramping up capacity at our own factories to improve our development prowess and expand productivity. We will enhance our ability to create retail environments, with improved product planning, visual merchandising and customer interaction to strengthen sales, under the assumption that retail stores provide the most important point of contact between our brands and our customers.

Our social contribution activities are wide-ranging, and include those we implement on our own, as with the Sports School for Healthy Kids, as well as support for other activities, as with the World Children’s Baseball Foundation. I believe that for DESCENTE, which is in the business of sports, conveying the enjoyment of sports is the most natural and practical kind of social contribution. It is also important to give back to the community profits earned through business in that community, as DESCENTE Korea, Ltd. does through its social contribution activities in South Korea.

Nowhere throughout the entire operational flow of our business will DESCENTE products use materials processed with methods that have a harmful impact on the environment; neither will we use materials the disposal of which may significantly damage the environment. While our business itself is not one that places a significant burden on the environment, environmental measures we take in our own backyard include efforts to reduce CO<sub>2</sub> emissions from our office buildings, and to enhance employee awareness of environmental issues.

We will continue to build even better communications with our stakeholders, bring the enjoyment of sports to even more people, and work toward the sustainable development of society even as we grow as a company.

# Our Relationship with our Customers



To offer support to its customers, sports enthusiasts the world over, DESCENTE is on a constant quest to create safe, high-performance sportswear of the highest quality.

## The Source of Competitiveness: Manufacturing Creativity and the Ability to Create Retail Environments

The source of DESCENTE's competitiveness lies in our sportswear development capabilities. We listen to our customers, responding to their requests using technology and inventiveness to constantly develop new products. The retail environments that deliver our products are more than just sales floors. They are an important point of contact with the customer, and our base for disseminating information from DESCENTE. We focus on creating retail environments that are fresh, surprising, and that make the buying experience fun. By enhancing our manufacturing creativity and our ability to create these retail environments, we continue to offer products high in customer satisfaction.

### Manufacturing Creativity

#### ► ISPO Award Gold Winner Four Years Running



DESCENTE  
Mizusawa Down Jacket "Storm"



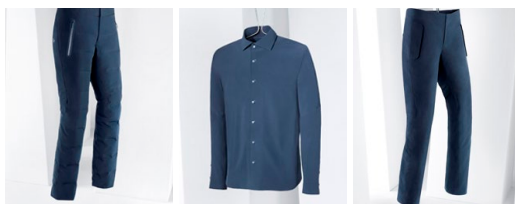
inov-8  
AT/C Thermoshell HZ (outer)

At the ISPO Munich 2015 awards held in Munich, Germany in February 2015, the DESCENTE brand was named a Gold Winner for its Mizusawa Down Jacket "Storm." At ISPO Munich 2016, held in January 2016, the inov-8 branded AT/C Thermoshell HZ was also honored as a Gold Winner. This marks the third consecutive Gold award for the DESCENTE brand since 2013, and the first for the inov-8 brand since its inclusion in the DESCENTE Group.

#### ► ALLTERRAIN and inov-8 Also Recognized

At ISPO Munich 2016, three products from the DESCENTE ALLTERRAIN brand, as well as a Race Ultra Boa backpack from the inov-8 brand were also recognized.

##### DESCENTE ALLTERRAIN



Mizusawa Down  
Pants "Chrome"

S.I.O. Seamless  
Shirt

BOA Unifit Pants

##### inov-8



Race Ultra BOA  
(backpack)

##### About the ISPO Awards

ISPO is the world's largest sports equipment trade fair, with exhibits by about 2,500 brands from over 50 countries. The ISPO awards, held for the fifth time in 2016, are given to outstanding products after strict screening in areas such as product concept, design, technology and attention to environmental concerns.

##### inov-8 Joins the DESCENTE Group

inov-8, established in England in 2003, is renowned for the superior functionality of its products, and has several ISPO awards not only for its off-road running shoes which "feel like running barefoot," but also for its apparel and equipment. DESCENTE began distributing the brand in 2013, and in August 2015, made inov-8 a Group subsidiary. Our aim is to leverage our mutual strengths as we expand the business globally.

#### ► In-house DESCENTE Design Award Program (Begun June/December 2015)

To strengthen our design capabilities, we have created the DESCENTE Design Awards, an in-house contest held every six months. The contest focuses on key items in each of our brands, selecting the most outstanding designs for consideration. The first contest was for 2015 fall/winter products, and the second was for 2016 spring/summer products. The winners were decided by votes from more than 100 magazine editors outside the Group. We will continue to conduct this in-house contest in addition to our participation in outside award programs, as we work to refine our manufacturing creativity and ability to create retail environments, and deliver products to delight as many people as possible.



##### 1st Contest Grand Prize

Cutter & Buck  
Woolrich Collaboration  
Designers: Takashi Numao, Masato Yamaguchi, Yosuke Takeuchi



##### 2nd Contest Grand Prize

DESCENTE ALLTERRAIN  
Streamline Shell Jacket  
Designer: Mitsuru Yamada

## Our Relationship with our Customers

### The Ability to Create Retail Environments

#### ▶DESCENTE BLANC, a New Format Directly Run Store Opens in Tokyo, Fukuoka, and Osaka

DESCENTE BLANC is a new format, directly run store offering integrated lifestyle suggestions to discerning urban men and women from the viewpoint of a sports brand. The store design is characterized by a dynamic use of space, with racks that move up and down and displays that are changed daily. The stores utilize simple interiors that play off of the buildings' original forms, fitting comfortably into their surroundings, with a focus on conveying the true essence of the products by displaying them neatly just as is.

Store offerings currently center on the DESCENTE ALLTERRAIN sportswear category, which brings together many of DESCENTE's key technologies, as well as the new DESCENTE PAUSE brand, an original product category for everyday casual wear that will be available only at DESCENTE BLANC.

##### DESCENTE BLANC New Format Directly Run Stores

No. 1	DESCENTE BLANC Tokyo	Opened September 11, 2015
No. 2	DESCENTE BLANC Fukuoka	Opened September 19, 2015
No. 3	DESCENTE BLANC Osaka	Opened November 19, 2015 (in LaLaport EXPOCITY)

#### ▶DESCENTE Global Flagship Store Opens in London, England (November 2015)

Two key issues set forth in Compass 2015, our medium-term management plan for the period ending March, 2016, were the globalization of DESCENTE as a company, and the expansion of the DESCENTE brand as a business. In line with these goals, we opened a global flagship store in London, as a first step in the expansion of the DESCENTE brand worldwide.

As one of the world's leading cities London occupies a vital position as a source of information on the latest fashion trends, and is particularly important in transmitting trends in sporting goods. DESCENTE SHOP London is located in the Carnaby Street area, a major shopping district that attracts young people and visitors from around the world. The store targets people in their 20s and 30s, and aims to become the "No. 1 Premium and Authentic Sports Brand" by offering a wide range of products, from performance apparel to lifestyle sportswear



Interior of DESCENTE BLANC Daikanyama, Tokyo



Exterior of DESCENTE BLANC Fukuoka



Exterior of the DESCENTE SHOP London store



DESCENTE ALLTERRAIN on the ground floor

# Our Relationship with the Community



DESCENTE contributes to the creation of a healthy lifestyle, improving the physical and mental well-being of the children who represent our future, students and local citizens through sports-related events and career education. At the same time, we continue our efforts to collaborate with NPOs and to assist those in disaster-affected regions.

Feature

1

## Sports School for Healthy Kids: Support for Tohoku 2015

The Sports School for Healthy Kids is a hands-on sports program for children intended to encourage fitness by teaching children to enjoy sports. Children today have fewer opportunities to participate in sports, and their physical strength and athletic ability have declined as a result. We call on top athletes, including former Olympians, to serve as instructors, and provide opportunities for the children to experience sports at a high level. Participation is free. The program, now 10 years old, is run by the Sports School for Healthy Kids Executive Committee set up by DESCENTE in 2006.

The DESCENTE Group set the direction of its fiscal 2015 CSR activities by establishing a goal of enriching sports opportunities for children, and has actively promoted this goal through efforts to increase such opportunities at schools and in the community. As part of our support for the earthquake and tsunami devastated Tohoku region, in fiscal 2015 we began holding the Sports School for Healthy Kids in the Tohoku area, visiting Ishinomaki in Miyagi Prefecture in September 2015, followed by Miyako, Iwate Prefecture and Iwaki, Fukushima Prefecture in February 2016.

### Program Description

#### School Visits

**Instructor: Hikaru Tanaka**  
Doctor of Education,  
Professor at Ryutsu Keizai University



A former gymnast, Hikaru Tanaka competed in the Atlanta Olympics, performing an original technique on the parallel bars (with an F degree of difficulty), and was a silver and bronze medalist at the World Championships. He currently conducts research and mentors students in the fields of early childhood and health education.



#### Ishinomaki, Miyagi Prefecture

School	Date	Program
Koyo Elementary School	Sept. 4, 2015 (Fri.)	Rhythmic calisthenics, mat exercises, vaulting box
Kitamura Elementary School	Sept. 4, 2015 (Fri.)	Rhythmic calisthenics, mat exercises, vaulting box



#### Miyako, Iwate Prefecture

School	Date	Program
Hanawa Elementary School	Feb. 15, 2016 (Mon.)	Rhythmic calisthenics
Sentoku Elementary School	Feb. 15, 2016 (Mon.)	Rhythmic calisthenics, mat exercises, vaulting box
Sakiyama Elementary School	Feb. 17, 2016 (Wed.)	Rhythmic calisthenics, "Saki Training", vaulting box
Taro Daisan Elementary School	Feb. 17, 2016 (Wed.)	Rhythmic calisthenics, vaulting box

\*Saki Training: An exercise program unique to Sakiyama Elementary School



#### Iwaki, Fukushima Prefecture

School	Date	Program
Taira Daiichi Elementary School	Feb. 22, 2016 (Mon.)	Rhythmic calisthenics, mat exercises, vaulting box
Akai Elementary School	Feb. 22, 2016 (Mon.)	Rhythmic calisthenics, mat exercises, vaulting box

All of the schools conducted the rhythmic calisthenics program devised by Dr. Tanaka, as well as mat exercises and the vaulting box, in accordance with requests from the schools. For the rhythmic calisthenics, Dr. Tanaka got up on stage to lead the 20-minute non-stop program himself. The children all followed along with his movements and got plenty of exercise. During the mat exercises, Dr. Tanaka himself delivered a precise model performance, which was met with enthusiastic applause from the children.

Only a limited number of schools could be visited, and with only a half-day at each, only a small amount of instruction

could be provided, but Dr. Tanaka carefully helped the children to understand the enjoyment of exercise and the importance of working hard without giving up. Although time was short, the gym soon reverberated with his enthusiastic instructions, and the laughter and cheers of the children as they responded. At the end of each program, the schools were provided with a DVD to use as instructional material, so that they can continue implementing the program on their own. DESCENTE plans to continue these kinds of activities so that as many children as possible can participate in the program and have the opportunity to experience for themselves the enjoyment of sports.

## Our Relationship with the Community

### Voices: Teachers



**016**  
**Shigeto Okuda,**  
Principal  
Koyo Elementary  
School, Ishinomaki

In education, it can be difficult to help children become physically fit. For the teachers as well, mastering physical education, music, arts and crafts and all the other subjects is no easy feat. This program not only helped improve the children's physical fitness, but was good training for our teachers, too.

Dr. Tanaka was very good at motivating the children. Teachers in school tend to react to everything their students say and do, but Dr. Tanaka just plowed ahead without worrying about the small stuff. This is harder than it sounds, and was very helpful to see. The children became more and more absorbed by the program, which was conducted without breaks and got progressively more difficult. I hope there will be many more opportunities like this one. The school schedule is usually packed with functions, but this program is good for the children, and I plan to work hard alongside them so that they develop into kids who really love exercise.



**017**  
**Toru Komatsu,**  
Principal  
Ishinomaki Municipal  
Kitamura Elementary  
School

When I heard about the program from our Board of Education, I discussed it with our teachers, who agreed it was an excellent initiative. While we've seen a few other activities like this in the past, we're grateful that this program was willing to hold a session at a small elementary school like ours. Dr. Tanaka incorporated his own performance into the program, and worked very well with the students. He showed them some tricks for using the vaulting box, too, so I'm hoping we will perhaps see some children decide they want to become gymnasts.



**018**  
**Koichi Sawa,**  
Principal  
Iwaki Municipal Taira  
Daichi Elementary  
School

During the difficulties following the disaster, I found myself hoping that all our children would dream big and work hard to make their dreams a reality. At the same time, there are fewer opportunities to participate in sports, raising concerns about declining physical fitness, and I felt strongly that we needed to let all of our students enjoy the fun of exercise.

I sensed that this program really gave the children something to aspire to by offering the chance to interact directly with a top athlete with Olympic experience will really be a plus for the children. I'm grateful to the program for arranging this rare opportunity, and I hope the program continues to be held in other schools.



**019**  
**Hiroko Hirahara,**  
Principal  
Iwaki Municipal Akai  
Elementary School

All of Fukushima Prefecture is working together to promote physical fitness, and it's something we work on year-round at our school, too, in the morning, during recess and in our classes. Classes led by outside instructors can, of course, stimulate motivation and improve technique, but they can also help develop social skills. I think having the opportunity to learn from a top athlete with Olympic experience will really be a plus for the children.

Dr. Tanaka offered a fun, appealing program, but he was also convincing when he spoke about how his own dreams came true—and his experiences with failure. I think this was something that really resonated with the children, particularly the sixth-graders who were on the verge of graduating. I hope this program will continue to teach the enjoyment of exercise, and offer even more children the opportunity to learn how important it is to dream and to make those dreams come true.

### Regional Visits (Headmaster: Sakiko Nozawa)

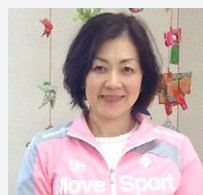
## Gymnastics Class for Children

**Location:** Machi no Yoriaiyo Umebatake  
**Date/Time:** Saturday, September 9, 2015 10:00 – 11:00 a.m.  
**Open to:** 15 children at elementary school age who use the Umebatake library in Ishinomaki City.  
**Description:** Rhythmic dance

Sakiko Nozawa served as the Instructor for this program. A gymnast who competed in the Montreal Olympics as the youngest athlete ever, and who was also selected to represent Japan at the Moscow Olympics, although Japan did not participate, she guided the class in dance to music she arranged herself. She divided the participants into three groups according to age and dance experience, and led each group slowly and carefully. The best dancer in each group acted as leader, and even children who were a bit awkward at the beginning soon began moving with the rhythm of the music. At the end, each group presented a signature piece they created themselves.



### Voices: Instructor



**020**  
**Sakiko Nozawa,**  
Instructor  
Manager,  
Total Olympic Ladies

The original request came to me through Total Olympic Ladies, an organization I manage. Since I was looking for a chance to offer something based on my experience competing in the Olympics, this sounded to me like a great opportunity to help children learn the enjoyment of physical movement through rhythmic gymnastics.

The session was held in Ishinomaki, Miyagi Prefecture, a region that suffered enormous damage in the Great East Japan Earthquake, a fact which roused strong feelings in me as well. After the earthquake, I had been wondering if I could be of help in some way, so I really looked forward to interacting with the children of Ishinomaki through this program. Since I didn't have much experience working with children of such different ages—from first through sixth graders—I wasn't sure how it would go, but all of them did their best at their respective levels of ability. Some high school girls also volunteered to help, so it ended up being a very friendly session that went smoothly.

It was refreshing for me to spend time having fun with such adorable children. They all had such cute smiles. I hope these promising children will go on to have many other experiences. I also hope many such other events will be held in regions around the country, expanding the program's possibilities.

# Our Relationship with the Community

DESCENTE contributes to the creation of a healthy lifestyle, improving the physical and mental well-being of the children who represent our future, students and local citizens through sports-related events and career education. At the same time, we continue our efforts to collaborate with NPOs and to assist those in disaster-affected regions.

Feature

2

## Inspiring People Through Sports “Dreams Come True” 2015: School Career Education Assistance Program

Working with J League soccer team Gamba Osaka, DESCENTE held a “Dreams Come True School” career education event at Otemon Gakuin High School in Ibaraki, Osaka Prefecture.

This Dreams Come True School targeted 108 first through third year high school students in Otemon’s Sports Course, and was intended to give participants an understanding of the roles and duties of a company like ours in the sports industry, and to

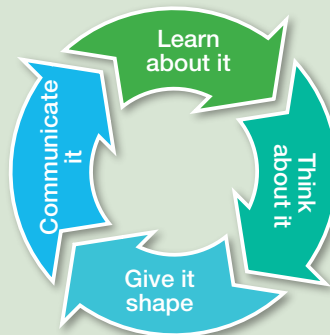
further their interest in sports.

Otemon’s Sports Course offers enhanced athletic training to young men and women aiming for the 2020 Tokyo Olympics, and includes athletes in men’s and women’s soccer, American football, and women’s rugby. Athletes on the men’s soccer team also belong to Gamba Osaka’s Youth Team.

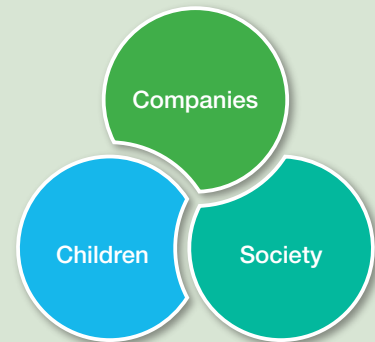
### Program Overview

The goal of Dreams Come True School 2015 is to encourage young people deeply involved in sports to develop the motivation and attitude they need toward the profession and toward work, by engaging them in dialogue and communication with adults who have a positive approach to working in the world of sports. The program was largely moderated by an NPO the Japan Academy of Entrepreneurship (JAE), a winner of the Ministry of Economy, Trade and Industry (METI) Minister’s Award at the 2012 Career Education Awards.

### Four-step hands-on learning



### JAE acts as coordinator and facilitator



### Program schedule for 2015

October 31 (Saturday)	2nd and 3rd period	1st and 3rd year orientation
November 14 (Saturday)	1st, 2nd and 3rd period	1st and 3rd year class
	1st period	2nd year orientation
November 28 (Saturday)	1st and 2nd period	2nd year class

### Curriculum

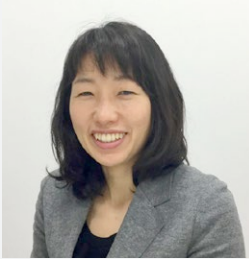
1st year: 38 students	<ul style="list-style-type: none"> <li>•Orientation: Dreams Come True School objectives, team building</li> <li>•The sports industry (DESCENTE HR staff)</li> <li>•Work at a sports company and examples of specific duties</li> <li>•Group work and presentations: Estimate a price based on hints about a shoe’s performance and features</li> </ul>
2nd year: 37 students	<ul style="list-style-type: none"> <li>•Orientation: Dreams Come True School objectives, team building</li> <li>•The science of sportswear (DESCENTE Development Division staff)</li> <li>•Sportswear for competition and a description of functionality</li> <li>•Group work and presentations: Develop your dream sportswear and shoes for 2020</li> </ul>
3rd year: 33 students	<ul style="list-style-type: none"> <li>•Orientation: Dreams Come True School objectives, team building</li> <li>•Gamba Osaka company introduction (Gamba Osaka Business Division)</li> <li>•Club team operating structure and role in society</li> <li>•Group work: Come up with a strategy for revitalizing the club in the next year</li> </ul>





## Our Relationship with the Community

### Voices: Facilitators



**Yuki Arakawa**,  
Program Moderator, JAE Education Coordinator

#### “Broad Possibilities for Sports-related Jobs”

In ordinary classes, there aren't many opportunities to talk about how children should utilize what they learn every day in real life, or how what they learn connects to their futures. And the fact is that opportunities to learn about working, whether through community activities or in the home, are also few. Unless children can find a connection between study and work, between their lives now and in the future, they grow increasingly uncertain as they mature. The goal of Dreams Come True School is to connect the learning young people experience everyday with the future.

The 2015 classes targeted students in the Sports Course who are aiming to become professional athletes. In reality, only a handful of them will make it as professionals. We hope this program offers a chance for them to learn that even if they don't become professional athletes, there are many options for sports-related jobs, and broad possibilities for the future. The Dreams Come True School is designed to give students the ability to realize their dreams, and I hope that we can reach many children, providing them the opportunity to talk about their own dreams and make many new friends they can share those dreams with.

021

022

**Tomohisa Yoshimura**,  
Organizer and instructor  
Partner Sales Department,  
Business Division  
Gamba Osaka Co., Ltd.

Not only are DESCENTE and Otemon Gakuin our partners, but some students in the Sports Course also belong to the Gamba Osaka Youth Team, so our participation in the Dreams Come True School is very meaningful for us.

During the class group work, the students discussed how to enhance Gamba Osaka's value, attract customers, and build the brand. They came up with numerous ideas and suggestions, so the program was a great opportunity for me, as well. Going forward, we are considering offering students opportunities for more practical experience from an occupational perspective, including a one-day hands-on session on how a professional sports team runs its matches.

023

**Otemon Gakuin  
High School**  
Program Host

The Dream Come True School not only offers classroom study, but actual hands-on activities, and the students participated enthusiastically. For first-year students, it was an opportunity to learn about work; for second-year students, an opportunity to begin thinking more specifically about the course they will take after graduation; and for some of the third-year students, the program was a chance to think about their futures.

While limited by other coursework, no doubt it would have been effective if the students had been offered more time to drill down further through the final presentation process. We will keep an eye on how the students who participated mature, conducting student-led classes, for example, and putting the program to use in our own instruction. I look forward to the changes we'll see in the students through group work and presentations.

### Voices: Organizer and Instructor



**024**  
**Yoshiyuki Kato**  
Organizer and instructor  
CSR Promotion Office, DESCENTE, Ltd.

I was surprised that when I asked how many wanted to be professional athletes, almost all of the students raised their hands. This program is an opportunity for those of us who make a living from sports to interact with students whose dreams are about sports, and so, unlike traditional visiting lectures where a working instructor provides career education in the form of one-way input, this is an interactive class between users (the students), the manufacturer (DESCENTE) or professional athlete, and the club team (Gamba Osaka), a format I found preferable.

While the classes were short, I think the students were able to broaden their previously narrow outlook on sports by learning about the world of sports in general, the work done by employees at sports-related companies, and how club teams are run.



**025**  
**Eriko Baba**  
Organizer, instructor  
HR Department, Human Resources and  
General Affairs Office, DESCENTE, Ltd.

In my class, I used a “Guess the price of soccer spikes” quiz and other tools to explain how DESCENTE develops its products. These are products the students ordinarily use, but I was particularly impressed with the astuteness with which they caught on to the products' features.

It can be difficult to convey to high school students what jobs mean, or what it means to work. I think a program like the Dreams Come True School is significant because the classes take the perspective of showing how what the students are learning in school today can be useful to them in the future. They were also given exposure to subjects already familiar to students in the Sports Course, including how sporting goods are developed and how clubs are run. I felt it was important that we get them interested in learning what kinds of jobs make these businesses possible, and what kinds of people do those jobs.



# Our Relationship With Our Employees

DESCENTE is working on new measures centered on addressing human resource development and diversity, focusing on developing personnel compatible with increased globalization, promoting a more active role for women through our “Saishoku Kembi Project,” and other measures.

## ▶The Type of People DESCENTE Seeks

### •People willing to take on challenges

Those who are customer-centric, set high goals for themselves, have a strong sense of responsibility and contribute to enhancing corporate value.

### •People who are able to change

Those who are sensitive to changing times and conditions, are constantly aware of the need for reform and improvement without fear of failure, and bring a sense of urgency to creating or changing mechanisms to strengthen the organization.

### •People who work to communicate

Those who work to understand others’ thoughts and feelings, to respect them while clearly conveying their own intentions, and who can engage in essential dialog.

### •People who can perform globally

Those who value a global perspective, are interested in and willing to learn other languages and cultures, who exhibit curiosity, energy and ambition, and who can fulfill their potential anywhere, at home or abroad.

## ▶Human Resource Development

DESCENTE offers education and training intended to expand horizons and enhance business performance, specialized knowledge and the ability to think, with the goal of developing the human resources needed to ensure the Company’s enduring growth.

### •Cultivating “Sports Science Specialists” (SSSs), strengthening human resource development with the goal of further enhancing customer service

Since 2013, DESCENTE has offered a Sports Science Specialist in-house certification program, where employees acquire basic knowledge of sports science, learn the unique features of each sport, and study consumer behavior and other subjects. To date, a total of 198 employees have been certified as Sports Science Specialists.

DESCENTE’s strengths lie in manufacturing and product development. To enhance those strengths, those in charge of planning and development, but also marketing and sales staff who engage directly with the customer, work to deepen their knowledge of our products and their functions. This in turn leads to better marketing and customer service.

### •Developing globally capable human resources

In Compass 2015, the Descente Group’s medium-term management plan, we presented a basic policy of promoting “Five Globalization Efforts.” A key priority of that policy is to develop human resources capable of playing an active role globally.

Specifically, we provide language training for those who wish to learn business English and basic business skills, as well as support for language study and management school training where employees can enhance their ability to think logically.

### Key Examples:

- As an international business trainee, study marketing in English at the University of Washington in Seattle, U.S.A.
- As an overseas business trainee, experience business first-hand at affiliates in Shanghai, South Korea and Hong Kong.

## Education and Training System

Stratified Training		Functional Training		Others		
By grade	By age	Quality enhancement	Overseas business	Open recruiting	Self-development support	All employees
Women leader (development training) (new) <span style="border: 1px solid red; padding: 2px;">Key points</span> Advisor development training New section head training Management skills improvement training (new) <span style="border: 1px solid red; padding: 2px;">Key points</span> Company-wide general manager training	Career design training for 40-year olds Fifth year assigned reading training Second year follow-up training New employee training	TES qualification project <span style="border: 1px solid red; padding: 2px;">Key points</span> New MD (quality assurance) training	External seminar training TOEIC score improvement project Foreign language skill improvement for overseas businesspeople (new) <span style="border: 1px solid red; padding: 2px;">Key points</span>	Globis Graduate School of Management (MBA) Overseas business training (Chinese language) International business training (business English)	Joint seminar for women and their supervisors Sports Science Specialist training (4th class) Cross-industry exchange training (corporate exchange) <span style="border: 1px solid red; padding: 2px;">Key points</span>	Compliance training DESCENTE Academy Self-development support

  Selective     Key points

## Our relationship with our employees

### ► Diversity

To become a stronger and more competitive company, it is essential that we raise the skill levels of all our employees. We are working to build and put in place human resource programs and a workplace environment that will enable everyone, regardless of gender or age, to play an active role.

#### •Promoting greater roles for women The “Saishoku Kembu Project”

As society’s attitudes toward women have changed, and as those attitudes have changed in the workplace as well, women’s own attitudes toward work are also changing. This project is being conducted to enable flexible adaptation to these changes, putting female employees at the center of an effort to consciously aim for more diverse roles for themselves.

In March, 2015, the following project targets were announced.

By 2020, 20 females in core management positions (SP, MG), and 30 L-grade (leader level) females hired on a general career track

To achieve these targets, a year was spent considering the following measures.

#### •Measures for core management positions

- ① Review of on-the-job training and introduction of a mentorship system  
Incorporate a mentorship system built on both the traditional vertical relationship between employee and supervisor, as well as diagonal relationships, advancing preparations for core management positions.
- ② Appointment to projects  
By having women participate in company-wide projects, expand the range of duties and compensate for lack of experience.
- ③ President’s message  
Bring together women who have been promoted to core management positions to hear a message directly from the president.
- ④ Training curriculum  
Conduct training designed to go beyond practical administrative duties, improving team management skills to achieve objectives.

#### •Measures for women hired on a general career track

- ① Human resource development utilizing job rotation
- ② Developing skills required for L-grade (leader level)  
Review teaching methods to ensure fairness and provide accurate feedback
- ③ Suggest opportunities for training  
Offer opportunities for both in-house and outside training, changing attitudes by encouraging women to aim for the next step up.

#### •Putting a platform in place

##### ① Assign dedicated staff

Dedicated staff will be assigned in the Human Resources and General Affairs Office beginning FY2016.

Progressively eliminate the “Saishoku Kembu Project,” replacing it with a committee that will continue implementing activities.

##### ② Promoting hiring of people with disabilities

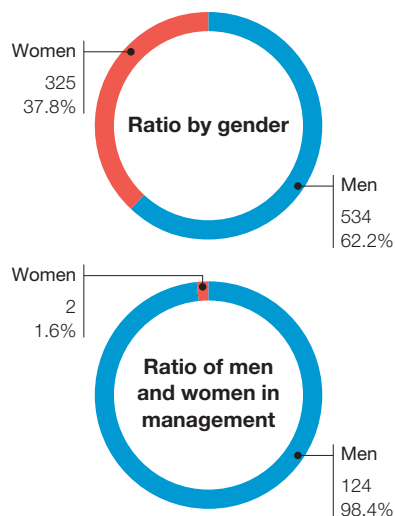
DESCENTE aims to create a workplace environment in which those with disabilities can work on an equal footing with the non-disabled. While the statutory quota for employment of the disabled was raised to 2.0% in FY2015, we aim to further expand our hiring of those with disabilities, and continue working to create a more accessible workplace.

##### ③ Utilization of senior personnel

At DESCENTE, we are working to enhance our re-hiring program for retirees, supporting senior personnel so that they can continue to act as a valuable resource in our business.

#### Workforce Composition

(as of the end of March, 2016)



▲Osaka office  
Communication stairwell connecting each floor

## Initiatives Overseas

# Social Contributions by DESCENTE Korea, Ltd.

### ▶Activities of the DESCENTE SPORTS FOUNDATION

The DESCENTE SPORTS FOUNDATION, established by DESCENTE Korea in 2013, works to popularize sports by expanding physical education infrastructure. It contributes to the regional development of sports through the following activities.

#### •Support for Aspiring Athletes

**Commencement:** March, 2015

**Description:** Assists outstanding athletes from economically disadvantaged backgrounds who have the competitive ability to place in the top three in national championships, by providing them with KRW10 million per year and sporting goods.

**Significance:** Supports the development of aspiring athletes who show potential to grow despite their challenging environments.

#### •Support for Child and Youth Sports Activities

“MOVE SPORT,” a program designed to revitalize exercise

**Period:** May through November, 2015

**Description:** Support for middle and senior high school sports programs in the Seoul region (teaching materials, teacher and instructor fees, supplies, etc.)

**Significance:** Provides opportunities for sports activities with the goal of encouraging the physical and mental health of young people.

#### •Support for Establishment of Sports Facilities

By assisting in the establishment and operation of sports facilities, the foundation supports the development of regional sports.

- JAMSIL MOVE FUTSAL PARK (Since August 2015)
- NODEULNARU MOVE FUTSAL PARK (Since January 2016)
- SONGHAKDAE MOVE SPORT PARK (Since January 2016)

#### •Providing Sporting Goods in South Korea and Abroad

Baseball equipment provided to support the efforts of the Korean Baseball Organization (KBO) to spread baseball in Laos.

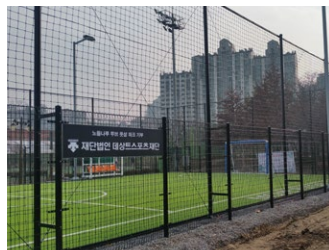
**Period:** January through April, 2016

**Description:** A total of 26,022 pairs of shoes and gloves were provided through equipment assistance from the Good Neighbor Service, KBO Baseball Development Committee, Laos Ministry of Education and Sports, and the City of Seoul.

**Significance:** Cultivates a culture of sharing the enjoyment of sports by supporting sports activities in developing countries.



▲Support for aspiring athletes



▲Sports facility (SONGHAKDAE)

### ▶SAVE THE PENGUIN Campaign

A variety of environmental campaigns under the title SAVE THE PENGUIN are being conducted worldwide in response to global climate change challenges. Descente Korea, Ltd is contributing to



▲Campaign poster

#### •Green Challenge

##### ▶Plant for the Planet

**Date:** April 3, 2015

**Description:** Tree planting

**Location:** Jamsil Hangang Park

**Participants:** 126 officers and employees of DESCENTE Korea under the auspices of the United Nations Environment Programme (UNEP)

**Objective:** Environmental protection

##### ▶Protecting the Environment of Yangjae Citizens' Park and Busan Citizens' Park

**Period:** April through June, 2015

**Description:** Environmental protection activities

**Location:** Yangjae Citizens' Park and Busan Citizens' Park

**Participants:** 276 officers and employees of DESCENTE Korea

**Objective:** Environmental protection

##### •Environmentally Friendly T-shirt Sales and Donation of Proceeds

**Period:** April through June, 2015

**Description:** Campaign t-shirts were produced using recycled fibers and environmentally friendly dyeing methods. T-shirts were sold at individual brand outlets nationwide, and the entire proceeds donated.

##### •Collaboration Talent Donation (volunteer activity)

**Period:** April through June, 2015

**Description:** A donation collaboration with celebrities (the team from the KBS comedy program “Gag Concert”) to advertise the campaign. The team served as models for advertising.

##### •Sponsorship of Ecological Research in Antarctica

**Period:** Since April 2015

**Description:** With the UNEP National Committee of Korea, co-sponsored UNEP GRID-Christchurch ecological research in Antarctica. Support focused particularly on the changing population of penguins and ecological research projects, and research into the impact of climate change on penguins in the Antarctic (ecological environment monitoring).



▲Plant for the Planet



▲Campaign t-shirt

# Corporate Governance and Compliance

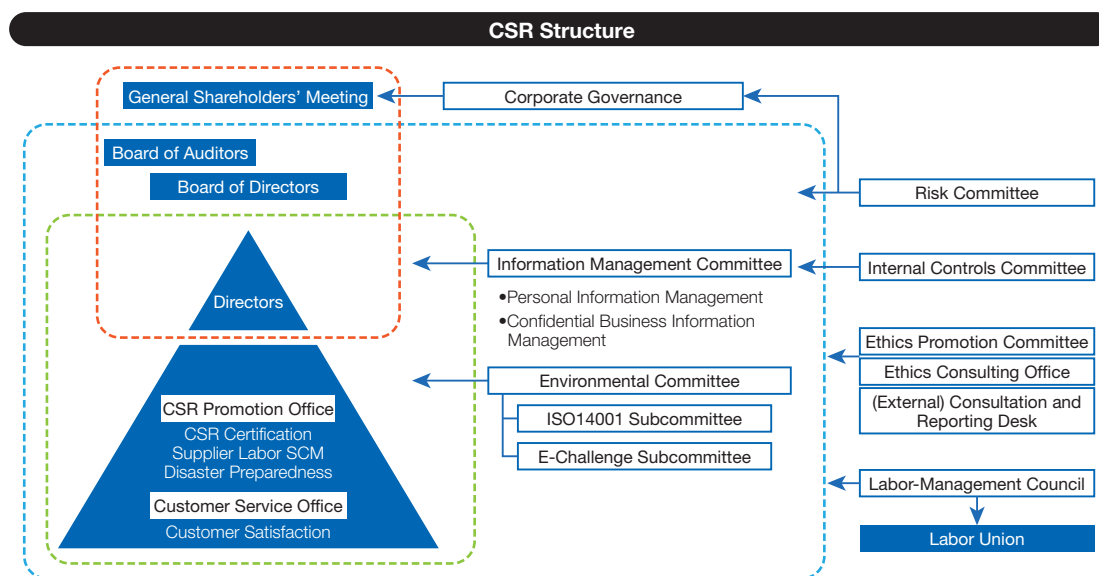


To respond to the trust given us by our stakeholders, DESCENTE has built a structure for corporate governance and internal controls, advancing efforts to both maintain the sustainability of the company and enhance corporate value, while ensuring a mutual relationship between the two.

## ►Corporate Governance

“To bring the enjoyment of sports to all.” In line with this corporate philosophy, and in accordance with law and corporate ethics, we recognize that our social responsibility as a corporate citizen is to conduct an honest, fair and transparent business. Through our efforts to enhance corporate governance, we have positioned the continual improvement of corporate value as one of the most important issues for management.

To achieve this, we have established the DESCENTE Code of Ethics and the DESCENTE Standards of Ethical Behavior, working to build a positive relationship with stockholders, suppliers, communities, employees and a variety of other stakeholders. We also actively take a variety of other steps to enhance corporate governance, in addition to the legally stipulated functions of the general shareholders’ meetings, Board of Directors and Board of Auditors.



## ►Compliance

While the DESCENTE Code of Ethics sets forth our fundamental approach to our business activities, the DESCENTE Standards of Ethical Behavior have been established to provide a guideline for each of our employees in their work. To promote compliance with the Code and Standards, we have established an Ethics Promotion Committee, and work to nurture a sound corporate culture. In addition, to respond to problems that may be difficult to resolve within the organization and to handle employee requests for advice regarding unethical behavior by other employees, we have also put in place an in-house DESCENTE Ethics Consulting Office, and have designated an external attorney’s office to act as an independent consultation desk.

### FY2015 Ethics Promotion Committee Activities

Held in June, August, and October, and in February 2016  
**Main activities:** Preparation of rules for handling ethical problems in each department, and drafting of proposals for company-wide training  
**Subcommittee:** Divided into three groups, each of which considered different themes. Meetings were held as needed, with a general review held in February 2016.  
**April:** Compliance training held for management  
**November:** Company-wide compliance training held  
**As needed:** Salesforce compliance training

## ►Risk Management

To prevent the occurrence of situations which could have a significant impact on the Company, to minimize any damage or impact in the event such situations do occur, and to ensure the sustainability and appropriate nature of our business, DESCENTE has established a set of Risk Management Regulations and Risk Management Operating Rules. In accordance with these, the Risk Committee works to visualize overall risk, put in place preventive measures and countermeasures, and monitor and review the implementation of those measures by the director responsible, before reporting to the Board of Directors.

In FY2015, items considered material risks for DESCENTE on a non-consolidated basis numbered 43, with actual risk evident for three of those items, in response to which countermeasures and improvements were implemented.

## ►Information Management

In addition to formulating its Confidential Business Information Management Regulations and Confidential Business Information Management Standards, DESCENTE offers orientation to all management staff through a concise “Confidential Business Information Guidebook,” intended to encourage and ensure the proper management of information. In addition, to ensure the protection of personal information and specific personal information we hold, DESCENTE has set forth those policies in its Personal Information Protection Regulations and Personal Information Protection Rules. Each year, we perform a company-wide inventory of personal information, which provides us with an understanding of the number and attributes of personal information files, who manages them and how they are stored.

There were no incidents of leaked confidential business information or personal information in FY2015.

# Supply Chain Management

DESCENTE aims to build mutually beneficial and sustainable equitable partnerships with its suppliers, improving human rights and working conditions and cooperating in environmental preservation. To do this, we ask all of our suppliers to enter into the DESCENTE Supplier Code of Conduct (COC), and also engage in CSR monitoring of their factories.

## ▶ Results of Third Party CSR Monitoring in FY2015

In FY2015, CSR monitoring was conducted at 13 factories. In each case, we collaborated with both the agent and the factory in addressing the findings, working to prepare a plan of correction and institute improvements.

### Items monitored

1. Child and underage labor 2. Forced labor 3. Health and safety 4. Freedom of association 5. Discrimination 6. Disciplinary practices 7. Hours of work 8. Wages 9. The environment

### Factories monitored by country

China 8, Vietnam 3, Indonesia 1, Myanmar 1

### Non-conformance Rates by Item

Production Item	FY2015 No. of factories monitored	No. with fewer than 10% non-conforming items	No. with more than 10% nonconforming items	Number with 20% or more nonconforming items
Apparel	10	7	2	1
Shoes	1	1	0	0
Accessories	2	1	0	1
Total	13	9	2	2

## ▶ Cumulative totals for FY2010~FY2015

### Factories monitored by country

China 59, Vietnam 15, Indonesia 6, Myanmar 6, Thailand 2

### Non-conformance Rates by Item

Production item	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	No. with fewer than 10% non-conforming items	No. with between 10-19% non-conforming items	No. with 20% or more non-conforming items
Apparel	2	11	19	11	14	10	35	21	11
Shoes	0	1	2	4	1	1	3	3	3
Accessories	0	0	5	4	1	2	7	4	1
Total	2	12	26	19	16	13	45	28	15

### • DESCENTE Supplier Code of Conduct (COC)

<http://www.descente.co.jp/company/csr/post0143.html>

Based on the Code of Conduct of the World Federation of the Sporting Goods Industry (WFSGI), the DESCENTE Supplier Code of Conduct sets forth the following.

#### 1. Legal Compliance

#### 2. Working Conditions

- ① Forced Labor
- ② Discrimination
- ③ Freedom of Association and Collective Bargaining
- ④ Wages
- ⑤ Hours of Work
- ⑥ Rights and Breaks
- ⑦ Child labor
- ⑧ Health and Safety
- ⑨ Harassment or Abuse

#### 3. The Environment

#### 4. Community Involvement

#### 5. Company-specific Standards

#### 6. Verification

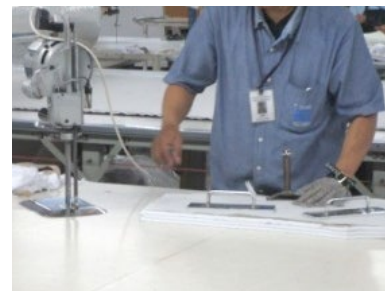
#### 7. Compliance



▲ Appropriate work environment in a clothing factory (ironing phase)



▲ Appropriate work environment in a clothing factory (product inspection phase)



▲ All workers wear protective gloves when cutting fabric



▲ Wearing personal protective gear, including goggles and gloves



▲ Appropriate placement and identification of a first aid kit in the work place



# Proactive Environmental Initiatives

As guidelines for environmental management, DESCENTE has established both the DESCENTE Basic Environmental Philosophy and the DESCENTE Environmental Policy, as well as an Environmental Committee primarily comprised of company directors. To promote environmental preservation activities, under that Committee we have put in place an ISO 14001 Subcommittee and an E-Challenge Subcommittee. These are part of our proactive and ongoing actions to reduce and prevent environmental impact and risk.

## ► Basic Environmental Philosophy and Policy

### DESCENTE Basic Environmental Philosophy

Recognizing that preserving the global environment is a globally important issue, DESCENTE will engage in proactive, ongoing actions to take environmental preservation into consideration across all of our business activities.

### DESCENTE Environmental Policy

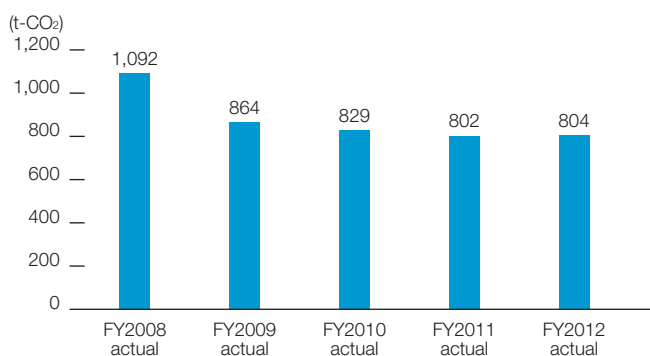
Based on the DESCENTE Basic Environmental Philosophy, we have set forth the following items to promote environmental preservation activities, and to take proactive, ongoing actions to reduce and prevent environmental impact and risk.

1. We will establish an Environmental Committee to promote environmental preservation activities.
2. We will work to preserve the environment, complying with all environment-related laws, regulation and treaties.
3. We will work to conserve resources and energy, recycle, and reduce waste across all fields of business.
4. We will work to accurately grasp the impact our business activities have on the environment, and will, to the extent technically and economically possible, establish objectives and goals toward which all of us will strive, regularly reviewing the results and working to continually improve and enhance our efforts.
5. We will develop and manufacture low environmental impact products.
6. We will conduct environmental monitoring and work to maintain and improve our environmental management.
7. We will conduct environmental education, ensuring all employees understand these environmental policies and work to raise awareness of the environment.
8. We will disclose our Basic Environmental Philosophy, Environmental Policy and the status of their implementation as required.

## ► CO<sub>2</sub> Emissions Reduction Targets

Our target for CO<sub>2</sub> emissions in FY2015 was 792 t-CO<sub>2</sub>. This represented a target of reducing emissions by 10t-CO<sub>2</sub> from FY2014, but actual emissions were 804t-CO<sub>2</sub>, and the target was not achieved. While we succeeded in reducing emissions by 290t-CO<sub>2</sub> between FY2008 and FY2014, emissions increased year on year in FY2015, primarily due to increased use of electric power related to air conditioning equipment. Our goal to reduce our day to day emissions remains unchanged and we will continue to invest in energy efficient equipment.

### Change in CO<sub>2</sub> Emissions



### FY2015 CO<sub>2</sub> Emissions By Domestic Office

(Unit: t-CO<sub>2</sub>)

Office	Actual emissions
Osaka Office	306.9
Tokyo Office	455.8
Sapporo Branch Office	15.2
Sendai Branch Office	6.4
Nagoya Branch Office	13.1
Hiroshima Branch Office	2.0
Fukuoka Branch Office	4.6
Company Total	804.0

### Emissions by Source

(Unit: t-CO<sub>2</sub>)

Source	Actual emissions
Electricity	573.3
Gas	207.1
Water	4.7
Waste	18.9
Total	804.0

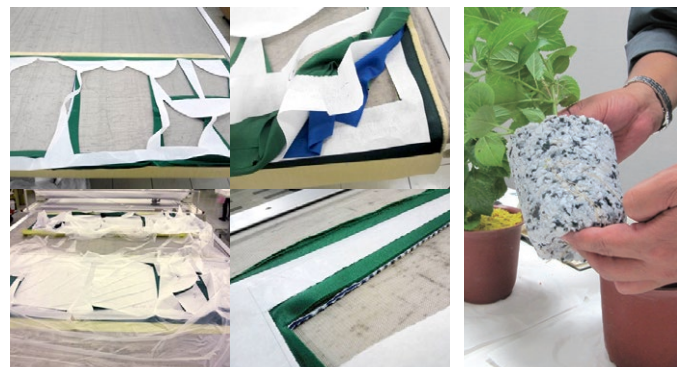
## ► Examples of Environmental Preservation Activities

### Optimum running of Solar power generation system installed at Saito Factory

The amount of electricity generated by the solar power system installed at DESCENTE LTD.'s Saito Factory was approximately 57,100 kWh (103% of initial projections). This represents about 14% of the total electric power consumed by the Saito Factory in a year.

### Waste fiber being recycled and reused as lightweight soil

Fabric remnants and discontinued cloth from DESCENTE's apparel factories are collected as part of our participation in an effort to recycle them for use as lightweight soil for growing plants. In FY2015, we converted a total of approximately eight tons to recycled soil.



▲ Fabric remnants from a clothing factory

▲ A planter with lightweight soil made from recycled fabric remnants

**DESCENTE**



### **Origin of the Corporate Symbol Mark**

DESCENTE is the French term for downhill skiing. The logo represents the three basic skiing techniques of schussing, traversing and sliding. It embodies our quest to be the best in all we do, and our focus on the future.



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

**For inquiries regarding this report:**  
**DESCENTE LTD. CSR Promotion Office**  
TEL: 81-6-6774-0327 / FAX: 81-6-6774-2605

**DESCENTE CSR website:**  
<http://www.descente.co.jp/company/en/csr/>