**Responsible business practices**

**Management approach for priority issues**

**Why are priority issues important? (reason for importance)**

We recognize that fair play is important in sports, and this also applies to business activities. Our motto is to conduct business activities through fair competition in consideration of compliance with laws and regulations, social norms, ethics, internal regulations and other rules, and of the adverse effects of compliance violations on society.

**Management policy**

Based on the Mizuno Corporation Ethical Standards, we make company-wide efforts to ensure thorough compliance throughout the Group.

Please click here for details of the Mizuno Corporation Ethical Standards.

**Management system**

We have established the Risk Management Committee, chaired by the President (CEO), to implement management through which we regularly understand risks, including compliance violations, that affect our business and take remedial measures effectively and efficiently. We also audit business operations through the Internal Audit Office and work to detect fraud and misconduct in an early stage through the internal hotlines and resolve issues as needed.
Compliance risk management system

We operate three hotlines under the whistle-blowing system to prevent and early detect misconduct, including legal violations, unethical behavior, and dishonest behavior, to improve the company’s self-purification capability, and to ensure social trust.

1. Mizuno Fair Play Hotline
2. Compliance Hotline (Senoh Group)
3. Mizuno Global Hotline (for especially serious cases at overseas bases; The number of overseas bases covered by this system is planned to be gradually increased.)

Please click here for details of the whistle-blowing system.

Performance highlights

- Development of the electronic contract system
  In addition to the recent development of the information society, the spread of the COVID-19 pandemic has increased the momentum for the widespread adoption of the electronic contract system both inside and outside the company. While streamlining the existing contract system as much as possible, we expanded the scope of application of electronic contracts in FY 2020, ensuring harmonization with governance as a responsible business entity.
Materiality
Compliance / Anti-corruption

Based on the Mizuno Corporation Ethical Standards, we make company-wide efforts to ensure thorough compliance throughout the Group. We strive to prevent compliance issues by providing education to employees to deepen their understanding of laws and regulations. We have also established the whistle-blowing system to detect and resolve issues at an early stage.

In FY 2020, there were no cases of serious compliance violations, including anti-competitive behavior, or no cases subject to legal action.

Enhancement of employee awareness

Provision of compliance education

To ensure thorough compliance, it is essential to raise the understanding and awareness of individual employees. In FY 2020, we continued to provide compliance education [*b] as part of company-wide education to help employees acquire the basics of legal knowledge and ideas related to business operations. We also provided education on legal matters to be noted by the planning and development division, the business division, and the other relevant divisions. We work to help employees acquire knowledge and awareness of compliance by providing regular compliance education.

<table>
<thead>
<tr>
<th>Name of training program</th>
<th>Details</th>
<th>Target person</th>
<th>No. of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New employee training</strong></td>
<td>Basic legal knowledge to be recognized by employees as members of society and the staff of Mizuno</td>
<td>New employees (full-time employees of the Group) [*b]</td>
<td>40</td>
</tr>
<tr>
<td><strong>Compliance education</strong></td>
<td>Report on our activities for fair business practices and reconfirmation of the Mizuno Corporation Ethical Standards</td>
<td>All employees [*b]</td>
<td>Approx. 3,000</td>
</tr>
<tr>
<td>Name of training program</td>
<td>Details</td>
<td>Target person</td>
<td>No. of participants</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Whistle-blowing education</td>
<td>Provision of information on the whistle-blowing system (publicity activity) or report on their implementation status (feedback activity)</td>
<td>All employees[*b]</td>
<td>Approx. 3,000</td>
</tr>
<tr>
<td>Intellectual property management skill test education</td>
<td>Basic education related to intellectual property</td>
<td>Planning and development division / Business division (all employees) [*c]</td>
<td>15</td>
</tr>
</tbody>
</table>

**Operation of the whistle-blowing system**

We operate the whistle-blowing system (Mizuno Fair Play Hotline [*c], Compliance Hotline*, etc.) to prevent and early detect misconduct, including legal violations, unethical behavior, and dishonest behavior, to improve the company’s self-purification capability and to ensure social trust. We also continue to conduct an awareness survey to grasp the current status and issues of compliance and work to publicize the whistle-blowing system by providing company-wide education and distributing portable cards that contain detailed information on the hotlines to all employees. Thus, we strive to provide a greater understanding of the system and improve its reliability so that we can detect and appropriately respond to compliance issues at an early stage.

Aside from the internal hotline established at each overseas base for overseas employees, we established a system in January 2020 that allows employees at some overseas bases to report especially serious compliance violations directly to the internal hotline of the Head Office of Mizuno Corporation (Mizuno Global Hotline). We plan to gradually increase the number of overseas bases covered by this system in the future.

*Name of the whistle-blowing system in the Senoh Group*
System for the Mizuno Fair Play Hotline

Usage status of the whistle-blowing system[^b]

Our investigation in FY 2020 found no serious compliance violations.

<table>
<thead>
<tr>
<th>(FY)</th>
<th>Total No.</th>
<th>Environment</th>
<th>Human Rights</th>
<th>Governance/Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4</td>
<td>0</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>9</td>
<td>0</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>2016</td>
<td>11</td>
<td>1</td>
<td>6</td>
<td>4</td>
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<tr>
<td>2017</td>
<td>13</td>
<td>1</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>2018</td>
<td>6</td>
<td>0</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>2019</td>
<td>17</td>
<td>0</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>2020</td>
<td>11</td>
<td>0</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>
System for ensuring fair trade

Many suppliers and business partners, including small factories, are involved in the manufacture of our products. To build good relationships with business partners and ensure fair trade, we provide education to inform the employees of the relevant divisions of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Act). In addition, the Internal Audit Office continues to check whether our business transactions are fair to major business partners. As one of the efforts to ensure fair competition, we hold a regular meeting with corporate lawyers specializing in the Antimonopoly Act every two months to receive advice on product distribution strategies and have them check whether on-site transactions are properly conducted.

We also hold a CSR procurement briefing session for all relevant suppliers of our products prior to transactions to explain our approach to fair trade so that they will comply with the Mizuno CSR Procurement Regulations, which contain anti-corruption provisions. In addition, we regularly audit our suppliers to check for corruption in transactions.

Internal regulations on anti-corruption

We have recently worked to expand sales in B-to-B and global business. Meanwhile, many countries have tightened their crackdown on corruption, which may generally occur as a result of these business activities, and global companies are required to respond to such a crackdown. We therefore need to pay attention to the risk of corruption, including bribery of public officials, in our business activities.

In January 2020, we established and put into effect the Anti-Bribery Rules for our group companies in Japan and overseas. We explained the purpose and content of the rules individually to the managers of overseas bases in a face-to-face manner and informed employees in Japan through an in-house training video that the rules had come into effect.

Enhancement of compliance throughout the Group on a global scale

In order for us to further grow globally, it is necessary to enhance compliance throughout the Group on a global scale. Assuming that the following risks are compliance risks that may have a significant impact on our overseas business continuity and business performance, we are taking measures against these risks. In FY 2020, there were no cases subject to legal action regarding bribery throughout the Mizuno Group.
Major potential risks in overseas business

- Risk of fraud and misconduct by employees and related persons of overseas subsidiaries and agents and overseas business travelers
- Information leakage risk due to inadequate IT management and information security at overseas subsidiaries (especially risk related to compliance with the EU General Data Protection Regulation (GDPR) in Europe)
- Consideration for diversity and human rights (religion, race, etc.) in global product development

Major risk countermeasures

In FY 2020, we conducted a unified and comprehensive questionnaire survey for risk inventory targeting all domestic and overseas bases as well as domestic business establishments, including our operating facilities and stores, for the purpose of risk management on a global scale, and found no significant risk. From FY 2021 onward, we plan to continue this initiative while considering refining the survey method to make it more effective as needed.

Future issues to be addressed

In response to an increase in transactions with various business partners and the growing importance of information and evidence preservation and management for unexpected legal risks and dispute resolution, we will take the following measures:

- Provision of education to improve the basic ability of employees to respond legally
- Modeling of fair and competitive transactions
- Establishment of an information system / Introduction of forensic technology

In addition, we will take the following measures based on our policy that governance should be strengthened for global efforts toward a sustainable society.

- Enhancement of the Sustainability Operations Structure in a top-down fashion
- Expansion of the application of the whistle-blowing system to overseas bases
- Review of the CSR procurement audit system
Section “6. Intellectual property” of the Mizuno Corporation Ethical Standards stipulates that “1) Implementing thorough measures for protecting intellectual property created by the company” and “2) Respecting all third party intellectual property and not infringing on the intellectual property rights of others.” For our own intellectual property, we actively acquire and use intellectual property rights, including patents, utility models, designs, and trademarks, in Japan and overseas. We also strive to detect counterfeit products to ensure our brand value and user safety. For the intellectual property of others, we have established guidelines and various screening systems to prevent infringement on their intellectual property rights.

Protection of our own intellectual property

Encouragement of intellectual property acquisition

We hold various technical patents and trademarks and strive to protect them. We provide intellectual property education to employees involved in intellectual property. In FY 2020, 11 employees acquired qualification as a Certified Specialist of Intellectual Property Management.

We also encourage the active acquisition of patents and other intellectual property rights by conducting invention promotion activities in which we present an award for patent application, utility models, and designs. In FY 2020, a registration award was presented to 39 patents and seven designs.

Detection of counterfeit products

The sale of inferior counterfeit products of the Mizuno brand not only leads to the loss of the company’s social credibility but also has a great impact on the safety of users, including causing an accident.

We have requested a crackdown on counterfeit products at customs, and in the countries where such products are sold, we collect information in cooperation with our subsidiaries at each overseas base and conduct investigations to detect counterfeit products as needed. Recently, in response to changes in commercial transactions, including an increase in internet sales, we have continued to investigate the sales status of counterfeit products on major global e-commerce and social networking sites and to take measures, including requiring the suspension of listing of counterfeit products. In FY 2020, we requested the deletion of more than 1800 counterfeit products listed on sales websites.
Respect for the intellectual property of others

System for respecting the intellectual property of others

We conduct business activities using many intellectual properties, including brands, designs, patents, and portraits of famous athletes. In order not to use the intellectual property of others without permission at any stage, from development to sales, we established the Guidelines on Intellectual Properties Managed by Mizuno (Intellectual Property Guidelines) in August 2008 and posted the Mizuno Design Order Guidelines on our website in 2016. Through this, we ensure that the importance of intellectual property rights is understood by employees. We also ask our business partners to understand their importance and comply with intellectual property rights rules.

For advertising materials as well as products, we have established a system for conducting a preliminary check on compliance with various rights, including portrait rights and trademark rights, and with the Act against Unjustifiable Premiums and Misleading Presentations and other laws and regulations so that we will not commit any violations. We have established and operate a system in which all advertising materials, including magazine advertisements, web advertisements, and storefront posters, should be approved on the database by the evaluation and judgment division before being released to the public.

When entering a new product domain, we pay more attention to the scope of technology rights of others and check any violation of the rights at design review meetings at the planning and development stages.

Future issues to be addressed

- We will continue to share values on intellectual property among all employees by further making them realize how our intellectual property is involved in business activities, thereby raising their interest in intellectual property. We believe that this will lead to the effective protection of our intellectual property.
- We will expand the scope of investigation on the sales status of counterfeit products on e-commerce sites to grasp the situation in Southeast Asian countries, where our brand exposure is increasing strategically, and take measures, including requiring the suspension of shipment of counterfeit products.
Materiality
Protection of personal information

Positioning the information security management policy (security policy) as an important management issue, we have formulated basic policies and measures for information security in general and have continued to manage and operate them.

In particular, strongly recognizing the importance of the protection of personal information, we have established personal information protection regulations to strictly manage information and prevent its leakage outside of the company. The officer in charge of human resources and general affairs oversees the management of personal information and takes measures to ensure proper management, including providing educational training to the staff who handle personal information, implementing safety measures, and updating the inventory of personal information.

For the collection of personal information, we make it necessary to clarify the purpose of use, the collection method, and other matters and obtain prior approval from the responsible personnel in the company. We also specify how to manage and dispose of collected personal information and conduct a regular audit to check whether personal information is handled properly. In addition, we continue to provide training on how to handle personal information, targeting all employees.

With an increased movement toward the protection of personal information in Europe, in order to respond to the enforcement of the EU General Data Protection Regulation (GDPR), we have clarified how the Group handles personal information in Europe and transfers it outside of Europe and have made the necessary preparations, including preparing related forms and establishing and updating in-house guidelines and administrator manuals.

Since we manage a large amount of personal information and sensitive information collected through the holding of sports events, the operation of sports facilities, and the implementation of experiments by the R&D Department, we are working to establish a system that helps to prevent major accidents related to personal information.

In FY 2020, there were no cases of violations of customer privacy or loss of customer data by the Group.
Future issues to be addressed

Amid the tightening of global regulations on and growing global interest in the use of information assets, including personal information, the Mizuno Group will refine its information strategy in group management to make it more responsive to changes and will rebuild the way we use information more appropriately. Specific efforts are as follows:

- Strengthening and systematizing GDPR compliance in Europe
- Deploying these efforts horizontally to other regions