

ASICS Corporation
Basic Policy on Corporate Governance

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Chapter 1 Outline

1. Objective

The ASICS Group (hereinafter, the “Group”) establishes the “Basic Policy on Corporate Governance” (hereinafter the “Policy”) in accordance with the “ASICS SPIRIT” and “ASICS CSR Policy” to realize continual improvement of corporate value at a global level.

2. Basic Concept on Corporate Governance

The Group aims for corporate governance so that it can continually raise corporate value and realize an expeditious and highly transparent management conducive to a company that can be relied on by all its stakeholders, particularly its shareholders. As part of this, while working on the development of business management systems, the Group strives for enhancement of supervision and the audit function of corporate management and internal control, the rigorous application of compliance, the improvement of transparency of management activities, and other efforts, and it exercises care to reflect the viewpoint of shareholders in management.

Moreover, the Group’s basic policy on corporate conduct is to conduct business operations in line with the “Corporate Philosophy” set forth below in order to realize its vision to “Create Quality Lifestyle through Intelligent Sport Technology” based on the founding philosophy stated in ASICS SPIRIT, “Anima Sana In Corpore Sano: A sound mind in a sound body.”

- Provide valuable products and services through sport to all our customers
- Fulfill our social responsibility and help improve conditions for communities around the world
- Share profits brought by our sound services with our shareholders, communities and employees
- Maintain a spirit of freedom, fairness and discipline, respectful of all individuals

Chapter 2 Relations with Shareholders and Other Stakeholders

1. Basic Policy

In order to continually develop with society, the Company listens to and engages in dialogue with its stakeholders, including its shareholders, and through understanding and respecting their respective interests and the expectations placed on it, the Company is building a relationship of mutual trust and a partnership that is valuable to both parties. (General Principle 5)

2. Relations with Shareholders

(1) Significance of the General Meeting of Shareholders

The General Meeting of Shareholders is the supreme decision-making body in the Company, and it must

reflect the decision of shareholders appropriately. (1.2)

(2) Securing the Rights of Shareholders

The Company effectively secures the rights of all shareholders, including foreign shareholders and minority shareholders, and it secures effective equal treatment of shareholders by, for example, implementing the following measures:

- Providing procedures for the exercise of rights of shareholders such as minority shareholders in the Share Handling Regulations
- Setting a date for the General Meeting of Shareholders to enable a greater number of shareholders to attend
- Making efforts to send a notice of convocation earlier, and before sending it, it is disclosed by electronic methods such as by posting it on the Company's website.
- Ensuring a highly convenient environment for exercising voting rights through the implementation of a system for exercising voting rights via the Internet and the Electronic Voting Platform.
- Disclosing a reasonable scope of information in English to ensure foreign shareholders' smooth exercise of voting rights (General Principle 1, 1.2.2, 1.2.3)

(3) Dialogue with Shareholders

The Company establishes Disclosure Policy, strives to disclose information to stakeholders including shareholders and, by doing so, strives to contribute to constructive dialogue. Moreover, in addition to appointing a Director to be in charge of investor relations ("IR"), the Company designates the Corporate Strategy Department as a division in charge of IR.

Taking the request and interests of shareholders into consideration to the extent reasonable, either President, the Director in charge, or the person in charge of IR will accept interviews with shareholders.

(5.1, 5.1.1)

(4) Basic Strategy for Capital Policy

The Company carries out management by setting Group management targets based on net sales, operating income ratio, and return on equity (ROE).

Moreover, the Company recognizes the return of profit to shareholders as one of the management's top priorities and makes it a basic strategy to provide dividends corresponding to the revenue situation while giving consideration to putting the Company on a firmer footing, developing future business, and other matters. (1.3)

(5) Basic Policy on Cross-Shareholdings

1) Policy on Cross-Shareholdings

The Company engages in cross-shareholdings to build and strengthen business relationships and

generate synergies.

In addition, the Company may newly purchase shares from the viewpoint of expecting continual growth and medium- to long-term increase of corporate value.

On an annual basis, the Board of Directors of the Company will conduct quantitative review of individual stocks held by cross-shareholding, and consider as candidate for selling the stocks of which annual trading amount has not satisfied the prescribed criteria and for which the capital cost outruns the effect of investment. The stocks subject to consideration for selling shall be reviewed in a comprehensive manner, including the purpose and significance of holding, and with a view to reduce the shareholding size.

2) Policy on Exercising Voting Rights

When exercising voting rights associated with cross-shareholdings, the judgment will be based on the standard of whether or not the decision would lead to sustainable growth and medium- to long-term improvement in corporate value of both the Company and the investee company. In particular, with respect to resolutions which may have material influence on the economic profit of the Company, including but not limited to private equity placement through offering at low price and corporate reorganization, the Company will consider the exercise of its voting rights in thoughtful way such as the dialogue with the investee company on the proposed resolution and other related matters if necessary. (1.4)

(6) Anti-Takeover Measures

The Company introduces anti-takeover measures for the purpose of protecting the interests of shareholders and the corporate value of the Company from a hostile takeover that damages the corporate value.

With regard to the trigger for anti-takeover measures, arbitrariness of the Board of Directors is eliminated, and by doing so eliminates the possibility of the measures being triggered as an act of self-protection of managers. (1.5)

(7) Related-Party Transactions

When conducting transactions with Company officers that involve conflicts of interest as defined by the Companies Act, approval is obtained from the Board of Directors, and the results of the transaction are reported to the Board of Directors.

Moreover, when the Company conducts transactions with close relatives of the Company officers, or with major shareholders, a report will be made to the Board of Directors beforehand, corresponding to the size and importance of the transaction. (1.7)

3. Cooperation with Stakeholders

(1) ASICS CSR Policy

The “ASICS CSR Policy” is set forth to realize health and happiness of people in the world and a sustainable society and environment through sport-related products and services.

The Group establishes the “ASICS Global Code of Conduct” and global policies, in which the “ASICS CSR Policy” specifically informs the conduct of each individual officer and employee, as the basis for the corporate conduct that is considered acceptable and respected by all. To strive for rigorous application of the “ASICS CSR Policy,” “ASICS Global Code of Conduct” and global policies, a division in charge of compliance is established based on the Compliance Policy and the roles of this division are to take comprehensive and cross-organizational supervision of initiatives for compliance of the Group, to assist officers and employees in carrying out appropriate business operations, and to carry out education, instruction and the like through training and other activities. (2.2)

(2) Relations with Stakeholders

In order to become a more “sustainable company,” the Group respects the interests of the various stakeholders, primarily the customers, employees, and suppliers, and aims for better activities together.

(3) Initiatives for Diversity

The Company aims that diverse employees feel fulfilled in the corporate culture which lets them perform at peak, and contribute sustainable growth of the business and the organization under the slogan “One Team” – Stronger through Diversity” (2.4)

(4) Whistleblowing System

The Group has in place a Global Whistleblowing Line targeting the Group pursuant to the “Global Policy on Protected Disclosure (Whistleblowing).”

The Global Whistleblowing System, which enables the use of hotline that is independent from the senior management, is provided to enable reporting by not just officers and employees of the Company but also by its business partners when they know the conduct that violates the “ASICS CSR Policy,” “ASICS Global Code of Conduct” and global policies or when they discover another important fact regarding compliance. After such report, Compliance Committee investigates promptly and takes corrective measures. From time to time, the Compliance Committee shall report the situation to the Audit & Supervisory Committee or Selected Audit & Supervisory Committee Member. Furthermore, the Company takes care to ensure that people providing it with information are not mistreated. (2.5)

Chapter 3 Ensuring Appropriate Information Disclosure and Transparency

The Company has established the Disclosure Policy and information disclosure policies pursuant to “ASICS SPIRIT,” “ASICS CSR Policy,” and “ASICS Global Code of Conduct,” and it timely and

appropriately discloses not just the matters it is legally obliged to disclose but also information considered valuable for the various stakeholders. (General Principle 3)

Chapter 4 Responsibilities of the Board

1. Organizational Structure

The Company has chosen for its organizational structure under the Companies Act to be a Company with Audit & Supervisory Committee, aiming to promote prompt decision-making by clearly separating the supervision and execution functions of management. To increase the vigilance of management and strengthen the supervisory function of the Board of Directors, the majority of the board is comprised of Outside Directors. With these measures, the Company will increase corporate value over the medium- to long-term through effective corporate governance.

Furthermore, the Company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors to ensure fairness and transparency in decisions on important matters of corporate governance; namely, nomination and compensation of Directors and Executive Officers. (4.4, 4.8, 1.1.2)

2. Board of Directors and Directors

(1) Roles and Responsibilities of the Board of Directors

As well as the Company's Board of Directors performs important business execution, the Board performs supervision of business execution mainly through the actions of the independent Outside Directors for the purpose of realizing the sustainable growth of the Company and improving corporate value in the medium and long term based on the responsibilities and accountability entrusted to it by the shareholders. (General Principle 4)

(2) Composition and Qualification Standards

The number of Directors of the Company is limited to a maximum of 9 Directors, and the majority shall be independent Outside Directors.

To ensure the Board of Directors fulfills their roles and responsibilities, the respective Directors should be suitable individuals who can realize the Company's management philosophy and execute business strategies, and they are required to be well versed in the Company's business, and to possess abundant experience and knowledge. (4.8)

To ensure appropriate corporate governance, the Company has independently established the qualification standards and independence requirements of independent Outside Directors in the "Selection Criteria for Independent Outside Directors" and candidates are nominated accordingly. (4.11.1)

The Company ensures fairness and transparency in decisions on Director candidates by respecting the opinions of the Nomination and Compensation Committee. (3.1)

(3) Term of Office

In order to clarify the management liability of each Director and establish a management system that swiftly responds to changes in the business environment, the term of office of a Director (excluding an Audit & Supervisory Committee member) shall be set at one year. The term of duty of a board member as an Audit & Supervisory Committee member is two years. (1.1.2)

(4) Compensation

The Company has established a compensation system for the compensation for Directors that incentivizes Directors to aim for the sustainable growth of the Company and improvement of its corporate value.

The Company ensures fairness and transparency in decisions on the compensation for Directors by respecting the opinions of the Nomination and Compensation Committee. (4.2)

(5) Ensuring Effectiveness of the Board of Directors

The Company ensures the individual Directors fulfill their roles and responsibilities by, for example, taking the following measures:

- Deciding on an annual schedule for Board of Directors meetings at an early juncture and giving notice to Directors.
- Distributing reference materials for Board of Directors meetings beforehand.
- Explaining the details of important matters to Outside Directors beforehand. (4.11.2)

(6) Evaluating Effectiveness of the Board of Directors

At a decided point in time every year, the Board of Directors requires each Director to complete questionnaires (for self-evaluation), among other requirements. This information is analyzed to evaluate the effectiveness of the Board of Directors, and a summary of these results will be disclosed. (4.11.3)

(7) Succession Planning

As a key management priority, the Board of Directors establishes a plan to develop successors who can respond to tumultuous changes in the business environment and realize the management philosophy and management strategies of the Company in order for the Company to continue to have sustainable growth with respect of the opinions of the Nomination and Compensation Committee. (4.1.3)

3. Nomination and Compensation Committee

The Company ensures fairness and transparency in decisions on the nominations and compensations of Directors and Executive Officers by establishing the Nomination and Compensation Committee.

The majority of the members of the Nomination and Compensation Committee shall be independent Outside Directors. Chairman of the Committee shall be elected from Independent Outside Directors.

The Board of Directors shall respect the opinions of the Nomination and Compensation Committee in deciding the matters regarding nomination of and compensation for Directors and Executive Officers.

(4.10)

4. Audit & Supervisory Committee and Audit & Supervisory Committee members

(1) Roles

The Audit & Supervisory Committee members of the Company take into consideration the responsibilities entrusted to them by the shareholders and carry out the following roles from an independent and objective standpoint:

- 1) Audit and supervision of the execution of duties of the Board of Directors and Executive Officers.
- 2) Appointment and dismissal of the Accounting Auditor
- 3) Exercise of authority concerning audit compensation

(2) Qualification Standards

Audit & Supervisory Committee members must possess the sufficient experience and expertise to perform the appropriate auditing of business execution, and in particular, at least one of the elected Audit & Supervisory Committee members must possess a suitable level of insight regarding finance, accounting and legal affairs. (4.4, 4.11)

5. Internal Control

In addition to establishing basic policy on internal control, the Board of Directors regularly receives reports on the status of the overall operation of internal control, and takes efforts to confirm such reports.

(4.3.4)

6. Accounting Auditor

The Company recognizes the Accounting Auditor's responsibilities toward shareholders and investors, and it takes suitable action to ensure appropriate auditing.

As a consideration to specific standards of qualification for the Accounting Auditor, the Company's preference is given to one that enables the carrying out of high-quality audits by utilizing a network of member firms present in various countries and regions because the Company is developing its business in various locations globally. (4.4)

7. Support System for Directors and Audit & Supervisory Committee members

(1) Establishment of the Secretariat of the Board of Directors and the Audit & Supervisory Committee Office

To support the directors, the Company has established the Governance Team in the Corporate Strategy Department to serve as the secretariat of the Board of Directors. Moreover, the Company also established the Audit & Supervisory Committee Secretariat under the Audit & Supervisory Committee to support the Audit & Supervisory Committee Members.

(2) Ensuring Provision of Information

The Board of Directors and the Audit & Supervisory Committee carry out confirmation regarding the support systems and the provision of information when performing supervision or auditing of the operations of the internal control system.

(3) Burden of Costs

The Company ensures a system to perform advance payment or reimbursement of costs (including costs to obtain advice from outside experts such as lawyers and certified public accountants, etc.) and handling of liabilities that arise in the execution of duties, in response to the requests from Directors. (4.13, 4.13.2)

8. Training

The Company provides opportunities for training by outside training bodies to enable newly appointed Directors and Executive Officers to gain the knowledge required as an officer or member of management related to business (financial accounting, corporate value evaluation, leadership, organizational reforms, management strategies, and business creation), laws and regulations related to the Companies Act, and risk management. Moreover, the Company provides opportunities for independent Outside Directors to learn the details of business specific to the Company through explanation of the Company's business strategies and observation and other participation at key business premises, sports events and other venues in various regions around the world.

Also, after their appointment, the Company provides opportunities to learn the latest knowledge on revisions to laws, etc., or for other information provision required by Directors through seminars conducted by lawyers or other experts. (4.14)

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