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ASICS Corporation

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Corporate Governance Report

The status of our corporate governance is as follows:

I. Basic Policy on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Policy

The Company and its subsidiaries and affiliates (“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

[Reasons for not implementing each principle of the Corporate Governance Code]

The Group implements all of the principles set forth in the Corporate Governance Code.

[Disclosure Based on Each Principle Set Forth in the Corporate Governance Code]

The Group has established the “Basic Policy on Corporate Governance” in accordance with the “ASICS SPIRIT” and “ASICS CSR Policy” to realize sustained improvement of corporate value at a global level.

https://corp.asics.com/en/investor_relations

[Principle 1-4. 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 out of expectation for sustained growth and medium- to long-term increase of corporate value. The Company’s Board of Directors will conduct a quantitative review of individual stocks held by cross-shareholding every year, and consider selling the stocks of which annual trading amount falls below the prescribed amount and for which the cost of capital outweighs the return on investment. Stocks considered for selling shall be reviewed in a comprehensive manner, taking into account the purpose and significance of holding.

(2) Policy on Exercising Voting Rights

When exercising voting rights associated with cross-shareholdings, the judgment will be based on 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 exercise its voting rights prudently, conducting dialogue with the investee company on the proposed resolution and other related matters if necessary.

[Principle 1-7. Related Party Transactions]

When conducting transactions with Company officers that involve conflicts of interest as defined by the Companies Act, the Company will obtain approval from the Board of Directors and report back the results of the transaction.

Moreover, when the Company transacts with close relatives of its officers or with major shareholders, the Board of Directors will be informed beforehand depending on the size and importance of the transaction.

In addition, the Company has established the Conflict of Interest Management Rules which determine the matters related to preventing overall acts that involve conflicts of interest, including interested transactions. The Company strives to strengthen the system of preventing acts involving conflicts of interest that are performed by officers and employees.

[Principle 2-6. Exhibition of Functions as the Corporate Pension Asset Owner]

The Company has a defined contribution pension plan for the welfare of its employees. The Company is not directly involved in management, etc. of corporate pension funds as the asset owner. However, to provide an environment allowing employees to form their assets stably, the department in charge of the corporate pension plan coordinates with the management company to maintain appropriate assortment of products and inform thereof, and also continuously provides training on asset management.

[Principle 3-1. Fulfilment of Information Disclosure]

To ensure the disclosure of information in accordance with laws and ordinances as well as the transparency and fairness of the Company's decision-making, the Company has approved the following information by a resolution of the Board of Directors and discloses it on its website:

- (i) Management principles, management strategies, and management plans of the Company

- ASICS SPIRIT
https://corp.asics.com/en/investor_relations
- A long-term vision “VISION2030” and “Mid-Term Plan 2023”
https://corp.asics.com/en/investor_relations

- (ii) Basic ideas and basic policies related to corporate governance
- "Corporate Governance"
https://corp.asics.com/en/investor_relations

- (iii) Policies and procedures for determining the amount of compensation for senior management and Directors

The policies for the determination of the amount of compensation of senior management and Directors are set forth in the Corporate Governance Report and in other documents.

https://corp.asics.com/en/investor_relations

- (iv) Policies and procedures for appointing or dismissing senior management and nominating candidates for Directors (including those who are Audit & Supervisory Committee members)

When the Board of Directors nominates senior management, it is necessary to select and nominate suitable individuals who can realize the Company's management philosophy, execute business strategies, are well versed in the Company's business, and possess abundant experience and knowledge.

With respect to Audit & Supervisory Committee members, the Company selects individuals who possess a suitable level of insight regarding finance, accounting and legal affairs.

With respect to Outside Directors, the Company has independently established the qualification standards and independence requirements in the "Selection Criteria for Independent Outside Directors" to ensure appropriate corporate governance, and candidates are nominated accordingly. The details of nomination are described in the Corporate Governance Report (Other Matters Related to Independent Officers).

The Company's criteria for dismissing senior management are as follows:

1. Where a senior management has performed any act contrary to public order and morality;
2. Where a senior management has difficulty in continuing the performance of duties due to health reasons;
3. Where a senior management has seriously damaged the corporate value by negligence of duty; and
4. Where a senior management is not qualified to be a manager.

The Board of Directors of the Company ensures fairness and transparency in its resolutions on nomination and compensation by respecting the opinions of the Nomination and Compensation Committee composed by the majority of Independent Outside Directors and chaired by an Outside Director.

- (v) Nomination, appointment and dismissal of each individual

The information on nomination, appointment and dismissal of each individual is published on the Company's website.

https://corp.asics.com/en/investor_relations

[Supplementary Principle 4-1-1. Roles and Responsibilities of the Board of Directors]

The Board of Directors clearly sets forth the responsibilities of each Director and the procedures for performing their duties in the Rules on the Segregation of Duties, the Rules on the Limits of Authority, or other rules determined by the Board of Directors or by assigning duties to each Director or by other means. The Board of Directors also ensures that the Representative Director and Executive Officers perform their duties.

Board of Directors meetings are held regularly once a month to determine matters that legally require a resolution of the Board of Directors, important management policies of the Group, and important operational performance issues, as well as supervise the performance of duties by Directors and Executive Officers.

[Principle 4-9. Criteria for Independence and Qualification of Independent Outside Directors]

The Company has independently established its own criteria "Selection Criteria for Independent Outside Directors" in addition to the relevant requirements under the Companies Act, and candidates are nominated accordingly. The reason for selecting each Independent Outside

Director is described in the Corporate Governance Report (Other Matters Related to Independent Officers).

[Supplementary Principle 4-11-1. Preconditions for Ensuring the Effectiveness of the Board of Directors and the Audit & Supervisory Board]

When the Board of Directors nominates Director's candidates, it is necessary to select and nominate suitable individuals who can realize the Company's management philosophy, execute business strategies, are well versed in the Company's business, and possess abundant experience and knowledge.

With respect to Outside Directors, the Company has independently established the qualification standards and independence requirements in the "Selection Criteria for Independent Outside Directors" to ensure appropriate corporate governance, and candidates are nominated accordingly.

[Supplementary Principle 4-11-2. Preconditions for Ensuring the Effectiveness of the Board of Directors and the Audit & Supervisory Board]

The Company ensures that individual Directors fulfill their roles and responsibilities, regardless of whether they are holding multiple offices, by taking the following measures:

- The Company decides on an annual schedule for holding Board of Directors meetings and Audit & Supervisory Committee meetings at an early juncture and giving notice to Directors;
- The Company distributes reference materials for Board of Directors meetings at least three days prior to the date set for the meeting, in principle; and
- The Company explains the details of important matters to Outside Directors in advance or takes other measures to activate discussions at Board of Directors meetings.

The concurrent holding of positions by Directors is disclosed every year in the notice of convocation of the General Meeting of Shareholders.

https://corp.asics.com/en/investor_relations

[Supplementary Principle 4-11-3. Preconditions for Ensuring the Effectiveness of the Board of Directors and the Audit & Supervisory Board]

The Company conducted a survey (self-evaluation) of each Director in order to further ensure the effectiveness of the Board of Directors and improving the functions thereof. The Company analyzed and evaluated the effectiveness of the Board of Directors in FY2020, and the results thereof were reported to the Board of Directors and discussed in detail.

The Company promoted the efficient operation of the Board of Directors by enhancing prior explanations and regular reporting regarding important proposals to be discussed at Board of Directors meetings, newly categorizing major issues for discussion, and information sharing from those responsible for each category to Outside Directors. Highly Independent Outside Directors actively gave opinions from their professional viewpoint, contributing to constructive discussions. The Company also enhanced the reporting of IR and SR activities to reflect the shareholders' opinions. These resulted in a positive evaluation that the Board of Directors has adequately fulfilled its supervisory function.

The Nomination and Compensation Committee holds meetings timely to discuss important matters such

as the nomination of Directors and Executive Officers, performance evaluations, and changes to compensation systems. When adopting resolutions, the Board of Directors respects the opinions of the Nomination and Compensation Committee to ensure fairness and transparency.

The evaluation also identified that the Company should further enhance discussions on progress status reporting on important matters at the Board of Directors, exchange of opinions between Outside Directors and Executive Officers, and deliberations on diversity on the Board of Directors and succession planning.

The Company will improve those issues in order to further ensure the effectiveness of the Board of Directors and improve the functions thereof.

[Supplementary Principle 4-14-2. Training for Directors and Audit & Supervisory Board Members]

The Company considers it very important for Directors to have opportunities to understand their required roles and gain the knowledge necessary for performing their duties effectively.

Currently, the Company provides opportunities for internal and external training to enable newly appointed Directors to gain knowledge on 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.

The Company also provides opportunities for Independent Outside Directors to learn the details of business specific to the Company through explanation of the Company's business strategies or observation and other forms of participation at key business premises, sports events and other venues in various regions around the world.

After their appointment, the Company provides opportunities to learn the latest knowledge about revisions of laws and other matters through seminars conducted by lawyers or other experts, as well as other opportunities to supply information required by Directors.

The Company will continue strengthening the content of training to ensure meaningful learning.

[Principle 5-1. Policy for Constructive Dialogue with Shareholders]

The Company has established the Disclosure Policy to disclose information to stakeholders including shareholders speedily, accurately and fairly, thereby contributing to constructive dialogue. The Company has appointed an Executive Officer and department in charge of investor relations (IR). Upon a request for interview from shareholders, the department in charge of IR will take appropriate actions by discussing the issue with the President and the Executive Officer in charge of IR.

2. Capital Structure

Percentage of shares held by overseas investors	Over 30%
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[Principal Shareholders]

Name	Number of Shares Held (Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,700,400	7.48
MUFG Bank, Ltd.	7,858,405	4.29
Custody Bank of Japan, Ltd. (Trust Account)	6,806,800	3.72
Sumitomo Mitsui Banking Corporation	6,607,913	3.61
Nippon Life Insurance Company	5,679,066	3.10
JP MORGAN CHASE BANK 385632	5,445,373	2.97
THE BANK OF NEW YORK MELLON 140044	4,057,800	2.22
STATE STREET BANK AND TRUST COMPANY 505001	3,762,086	2.06
Barclays Securities Japan Limited	3,253,200	1.78
Custody Bank of Japan, Ltd. (Trust Account 7)	2,917,900	1.59

Controlling shareholders (except parent company)	None
Parent company	None

Supplemental Remarks

3. Corporate Attributes

Listed stock market and market section	First Section of Tokyo Stock Exchange
Fiscal year-end	December
Industry	Other products
Number of employees (consolidated) as of the end of the previous fiscal year	1,000 or more
Sales (consolidated) as of the end of the previous fiscal year	¥100 billion or more and less than ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	50 or more and less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

None

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

None

II. Organizational Structure for Managerial Decision-Making, Execution, Supervision and Other Corporate Governance Structures

1. Organizational Structure and Operational Management

Type of organization	Company with Audit & Supervisory Committee
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[Board of Directors]

Maximum number of Directors stipulated in the Articles of Incorporation	14
Directors' term of office stipulated in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairperson (excluding the case where the person concurrently serves as President)
Number of Directors	8
Appointment of Outside Directors	Yes
Number of Outside Directors	5
Number of Outside Directors designated as Independent Directors	5

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Hitoshi Kashiwaki	From another company												
Kazuo Sumi	From another company												
Makiko Yamamoto	Lawyer												
Miwa Suto	Certified Public Accountant												
Yasushi Yokoi	Certified Public Accountant												

* Categories for relationship with the Company

* "○" when the director presently falls or has recently fallen under the category. "△" when the director fell under the category in the past.

* "●" when a close relative of the director presently falls or has recently fallen under the category. "▲" when a close relative of the director fell under the category in the past.

a. Executive of the Company or any of its subsidiary

b. Executive or non-executive director of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property

- from the Company besides director compensation
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
 - h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e and f) (the director himself/herself only)
 - i. Executive of an entity, between which and ASICS outside directors are mutually appointed (the director himself/herself only)
 - j. Executive of an entity that receives a donation from the Company (the director himself/herself only)
 - k. Others

Relationship with the Company (2)

Name	Audit & Supervisory Committee member	Independent Director	Supplemental information on corresponding items	Reason for appointment
Hitoshi Kashiwaki		○	—	<p>Mr. Kashiwaki has appropriately engaged in decision-making and supervision with respect to management based on his abundant experience and professional perspective as a corporate manager in the information services industry. As a chair of the Nomination and Compensation Committee, he has endeavored to administer the active discussion of the Committee and proactively stated his opinions to increase fairness and transparency of the Company.</p> <p>Because there is no relationship between the Company and Mr. Kashiwaki involving the receipt of cash, etc., other than the payment of compensation for Directors, there is no danger of a conflict of interest with ordinary shareholders.</p> <p>Although the Group has entered into official supplier contracts etc. with the Japan Volleyball Association, for which he acts as board member, for popularizing and promoting volleyball, he is not an executive member of the Association. There is no conflict of interest between the Company and the principal companies he serves concurrently.</p> <p>Therefore, Mr. Kashiwaki satisfies the Company's "Selection Criteria for Independent Outside Directors" and is deemed to be independent.</p>

Kazuo Sumi		○	—	<p>Mr. Sumi has appropriately engaged in decision-making and supervision with respect to management based on his abundant experience and professional perspective as a corporate manager in the passenger railway industry. As a member of the Nomination and Compensation Committee, he has proactively stated his opinions to increase fairness and transparency of the Company.</p> <p>Because there is no relationship between the Company and Mr. Sumi involving the receipt of cash, etc., other than the payment of compensation for Directors, there is no danger of a conflict of interest with ordinary shareholders.</p> <p>There is no conflict of interest between the Company and the principal companies he serves concurrently.</p> <p>Therefore, Mr. Sumi satisfies the Company's "Selection Criteria for Independent Outside Directors" and is deemed to be independent.</p>
Makiko Yamamoto		○	—	<p>Ms. Yamamoto has appropriately made decisions and provided supervision with respect to management based on her abundant experience and professional perspective related to international and corporate legal affairs as an international attorney at law. As a member of the Nomination and Compensation Committee, she has proactively stated her opinions to increase fairness and transparency of the Company. Because there is no relationship between the Company and Ms. Yamamoto involving the receipt of cash, etc., other than the payment of compensation for Directors, there is no danger of a conflict of interest with ordinary shareholders.</p> <p>Although the Company entrusts legal work to other attorneys at Law at TMI Associates, at which Ms. Yamamoto serves as a partner, the compensation paid by the Company to TMI Associates amounts to less than 1% of the law office's total compensation, and therefore, TMI Associates does not qualify as an organization that receives large amounts of money or other financial assets from the Group. There is no conflict of interest between the Company and the principal companies she serves concurrently.</p> <p>Therefore, Ms. Yamamoto satisfies the Company's "Selection Criteria for Independent Outside Directors" and is deemed to be independent.</p>

Miwa Suto	○	○	—	<p>At the Board of Directors meetings and the Audit & Supervisory Committee meetings, Ms. Suto has appropriately commented based on her abundant experience and professional perspective as a management consultant and certified public accountant.</p> <p>Because there is no relationship between the Company and Ms. Suto involving the receipt of cash, etc., other than the payment of compensation for Directors, there is no danger of a conflict of interest with ordinary shareholders.</p> <p>Although the Group has entered into official supplier contracts etc. with the Japan Volleyball Association, for which she acts as board member, for popularizing and promoting volleyball, she is not an executive member of the Association. There is no conflict of interest between the Company and the principal companies she serves concurrently.</p> <p>Therefore, Ms. Suto satisfies the Company's "Selection Criteria for Independent Outside Directors" and is deemed to be independent.</p>
Yasushi Yokoi	○	○	—	<p>At the Board of Directors meetings and the Audit & Supervisory Committee meetings, Mr. Yokoi has appropriately commented based on his abundant experience and professional perspective as a certified public accountant, and appointed him as an Outside Director (Audit & Supervisory Committee member).</p> <p>Because there is no relationship between the Company and Mr. Yokoi involving the receipt of cash, etc., other than the payment of compensation for Directors, there is no danger of a conflict of interest with ordinary shareholders.</p> <p>Although he is managing Yokoi Yasushi Certified Public Accountant's Firm, there is no conflict of interest between the firm and the Company.</p> <p>Therefore, Mr. Yokoi satisfies the Company's "Selection Criteria for Independent Outside Directors" and is deemed to be independent.</p>

[Audit & Supervisory Committee]

Committee Composition and Attributes of the Chairperson

	All committee members	Full-time members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	3	1	1	2	Inside Director

Any Directors and employees who are to assist the performance of duties of the Audit & Supervisory Committee	Yes
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Matters concerning Independence of these Directors and Employees from the Executive Directors

To assist the performance of duties of Audit & Supervisory Committee members and the Audit & Supervisory Committee, the Audit & Supervisory Committee Secretariat has been established under the Audit & Supervisory Committee.

The Audit & Supervisory Committee Secretariat may, based on instructions from the Audit & Supervisory Committee, request each department or each subsidiary to provide information necessary for audit, etc. The Audit & Supervisory Committee Secretariat liaise with and makes adjustments between the Internal Audit Department and the audit & supervisory board members of subsidiaries based on instructions from the Audit & Supervisory Committee, and assists the sharing of information on audit, etc.

An employee of the Audit & Supervisory Committee Secretariat is not subject to the instructions and orders of any Director (excluding those who are Audit & Supervisory Committee members) regarding the operations within the scope of an order given by Audit & Supervisory Committee members. Furthermore, before any such employee is subject to transfer, personnel evaluation or disciplinary action, the prior approval of the Audit & Supervisory Committee is required.

Cooperation between the Audit & Supervisory Committee, Accounting Auditor, and Internal Audit Department

In performing the following roles and responsibilities, the Audit & Supervisory Committee has a system to provide appropriate judgment from an independent and objective standing, in light of its fiduciary duty to the shareholders.

(1) Audit of the performance of duties of the Board of Directors

The Company ensures highly independent auditing system as follows:

- Appoint a full-time Audit & Supervisory Committee member from among the Audit & Supervisory Committee who regularly exchanges opinions with the Representative Director;
- A full-time Audit & Supervisory Committee member attends important executive meetings including Executive Board meeting and states his/her opinions to perform highly effective audit;
- The Audit & Supervisory Committee cooperates with the Internal Audit Department and the Accounting Auditor to perform effective audit regularly; and
- The Audit & Supervisory Committee cooperates with the Outside Directors such as by exchanging opinions with them as needed.

(2) Appointment and Dismissal of Outside Accounting Auditor

As the Company is operating business around the world, it is desirable to appoint as an Accounting Auditor an auditing firm who is capable of performing high-quality audit using its networks of member

firms throughout many countries and regions of the world. For this end, the Audit & Supervisory Committee assesses the performance status of audit and evaluates the audit quality through audit reports, etc. of the Outside Accounting Auditor. It also examines independence and expertise of the Outside Accounting Auditor through exchange of opinions with the Outside Accounting Auditor and the confirmation of performance status of audit by the Outside Accounting Auditor.

[Voluntary Committees]

Any voluntary committee equivalent to the Nomination Committee or the Compensation Committee	Yes
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Establishment of Voluntary Advisory Committees, Committee Composition, and Attributes of the Chairperson

	Committee	All committee members	Full-time members	Inside Directors	Outside Directors	Outside experts	Others	Chairperson
Voluntary committee equivalent to the Nomination Committee	Nomination and Compensation Committee	7	0	2	5	0	0	Outside Director
Voluntary committee equivalent to the Compensation Committee	Nomination and Compensation Committee	7	0	2	5	0	0	Outside Director

Supplemental Remarks

The Company has the Nomination and Compensation Committee to ensure fairness and transparency in decisions on nominating and compensating Directors and Executive Officers. The majority of the members of the Nomination and Compensation Committee shall be Independent Outside Directors, and when the Board of Directors adopts a resolution to nominate and compensate Directors and Executive Officers, it shall do so respecting the opinions of the Nomination and Compensation Committee. The Chairperson shall be appointed from among Independent Outside Directors by a resolution of the Nomination and Compensation Committee.

(Activities in 2020)

Number of meetings held: 5

Main items for deliberation:

- Performance evaluation and performance-linked bonus for Directors and Executive Officers in FY2019
- Setting of objectives for Directors and Executive Officers in FY2020
- Selection of Director candidates and Executive Officer candidates
- Review of the compensation systems for Directors and Executive Officers
- Examination of succession plans

(Composition of the Nomination and Compensation Committee)

Outside Director Hitoshi Kashiwaki (Chairperson of the Committee)
Outside Director Kazuo Sumi
Outside Director Makiko Yamamoto
Outside Director Miwa Suto
Outside Director Yasushi Yokoi
Chairperson and CEO, Representative Director Motoi Oyama
President and COO, Representative Director Yasuhito Hirota

[Independent Officers]

Number of independent officers	5
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Other Matters Relating to Independent Officers
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The Company designates all of outside officer who satisfies the qualification as an independent officer.

In order to ensure proper corporate governance, the Company prescribes its own unique “Selection Criteria for Independent Outside Directors” concerning the aptitude and independence of outside Directors. The contents of these provisions are as follows.

Article 1 (Requirements of Outside Directors)

1. The requirements of an Outside Director the Company are prescribed herein.
2. The requirements of Outside Directors shall be satisfied at the time of election and during the period of office.

Article 2 (Requirements concerning the Aptitude of Outside Directors)

An outside officer shall possess a proven track record, abundant experience and expertise as a corporate executive, attorney at law, certified public accountant, or an academic, as required to carry out business expansion at a global level while strengthening corporate governance in the Company and its subsidiaries and affiliates (“Company Group”) that operates its business globally.

Article 3 (Requirements concerning the Independency)

1. In order to secure the outside officer’s independence from the Company Group, each of the following items shall be satisfied.
 - (1) The Outside Director shall have never been an officer, executive officer (“Officer”), accounting advisor, or employee of the Company Group.
 - (2) The outside officer shall not be and have not been over the past five years;
 - a. (i) A major shareholder of the Company Group (a shareholder who holds 10% or more of total voting rights, including indirect holding), or an employee, etc. (i.e., executive Director or employee who executes business) of an organization that is a major shareholder of the Company Group
 - (ii) An employee, etc. of an organization for which the Company Group is a major shareholder (the same shall apply hereinafter)
 - b. A main lender of the Company Group (a lender to whom the Company Group owes, at the end of respective fiscal year, the amount equivalent to or more than 2% of the value of the Company’s consolidated total assets; the same shall apply hereinafter), or an employee etc. of a main lender of the Company Group (if the main lender is a corporate group, then the group shall satisfy this item; the same shall apply hereinafter)
 - c. An employee, etc. of a lead-manager securities company of the Company Group

- d. (i) A major business partner of the Company Group (a business partner with 2% or more of consolidated net sales during one fiscal year; the same shall apply hereinafter) or an employee, etc. of a major business partner
 - (ii) A person for whom the Company Group is a major business partner or an employee, etc. of an organization for whom the Company Group is a major business partner
 - e. A person belonging to the auditing firm that is the Accounting Auditor of the Company Group
 - f. A person who receives from the Company Group large amounts of money or other financial assets (10 million yen or more in one fiscal year) as a consultant, accounting specialist or legal expert besides the remunerations as an outside Director, or a person belonging to an organization that receives large amounts of money or other financial assets (1% or more of net sales for one fiscal year of the aforesaid organization) from the Company Group
 - g. A person who receives a large donation (10 million yen or more in one fiscal year) from the Company Group or a person belonging to an organization that receives a large donation from the Company Group
 - h. A person in a reciprocal relationship with the Company Group concerning the status as officers
- (3) The outside officer shall not be a close relative (i.e., spouse or relative within two degrees of kinship) of the following persons.
- a. A person who is currently or was an officer or important employee of the Company Group
 - b. A person who falls under any items listed in Sub-paragraph (2), Paragraph 1 of Article 3 (excluding unimportant employees and those who belong to such an organization)
2. Notwithstanding the Paragraph above, if a person is recognized as not having any conflict of interest with ordinary shareholders were the person to become an outside Director, and unanimously agreed by other outside Directors who satisfy the requirement stipulated in the Paragraph above, such person may be appointed outside Director, pursuant to the Companies Act. In this case, such facts and the reasons for appointment shall be stated in the Reference Documents for General Meeting of Shareholders, the Securities Report and other relevant documents.

[Incentives]

Implementation of measures to provide incentives to Directors

Introduction of a performance-linked compensation plan and stock option system

Supplemental Remarks on This Item

The 65th Ordinary General Meeting of Shareholders held on March 28, 2019 approved the introduction of Restricted Share Compensation plan. The content of this plan is as follows.

1. Purpose of introducing the plan

For Directors (excluding Outside Directors) to further share benefits with shareholders and to provide Directors with incentives to contribute to the sustainable growth of the Company and improve corporate value, the Company has introduced this compensation plan to allot common shares of the Company that are subject to provisions for a certain transfer restriction period and acquisition by the Company without consideration, etc. (hereinafter referred to as "Restricted Shares") in lieu of the current stock compensation-type stock options.

2. Overview of the plan

(1) Allotment of Restricted Shares and payment therefor

The Company provides the Directors (excluding Outside Directors) of the Company with monetary compensation claims not exceeding the amount of compensation approved at the 59th Ordinary General

Meeting of Shareholders held on June 21, 2013 (800 million yen per year) as compensation concerning Restricted Shares, based on a resolution of the Board of Directors of the Company. Each Director is allotted the Restricted Shares through in-kind contribution, etc. of the monetary compensation claims.

The Board of Directors of the Company determines the paid-in amount of Restricted Shares based on the closing price of the Company's common shares at the Tokyo Stock Exchange on the business day immediately prior to the day on which the Board of Directors resolves to issue or dispose of the Restricted Shares (if the Company's common shares are not traded on that day, the closing price on the trading day immediately prior to it), within a range that is not particularly favorable to Directors who subscribe the Restricted Shares.

The above monetary compensation claims are provided on the condition that the Directors (excluding Outside Directors) of the Company have consented to the above in-kind contribution and have executed the Restricted Share Allotment Agreement containing the provisions set forth in (3) below.

(2) Total number of Restricted Shares

In each fiscal year, the total number of Restricted Shares allotted to Directors (excluding Outside Directors) of the Company shall not exceed 800,000.

However, on or after the day this proposal is resolved, the total number of Restricted Shares may be adjusted reasonably if the Company's common shares are split or consolidated (including allotment of the Company's common shares without consideration) or similar circumstances requiring the adjustment of the total number of allotted Restricted Shares arise.

(3) Content of the Restricted Share Allotment Agreement

The Restricted Share Allotment Agreement to be executed between the Company and a Director who will be allotted the Restricted Shares based on a resolution of the Board of Directors shall include the following provisions:

(i) Provisions for transfer restriction

A Director who is allotted the Restricted Shares shall not transfer, pledge, establish a security interest by way of assignment, advance, bequeath or otherwise dispose of the Restricted Shares allotted to him or her to any third party during a period specified by the Board of Directors of the Company within the range of three to five years (hereinafter referred to as the "Restricted Period").

(ii) Acquisition of Restricted Shares without consideration

The Company shall automatically acquire the Restricted Shares allotted to a Director of the Company without consideration (hereinafter referred to as the "Allotted Shares") if the Director who is allotted the Restricted Shares resigns or retires from all of the positions as a Director, Executive Officer or an employee of the Company or its subsidiaries before the Restricted Period expires, except in cases where there are any reasons considered justifiable by the Board of Directors of the Company.

Of the Allotted Shares, if there are shares for which the transfer restriction has not been released in accordance with the grounds to release the transfer restriction as set forth in (iii) below at the time when the Restricted Period expires, the Company shall automatically acquire these shares without consideration.

(iii) Release of the transfer restriction

The Company shall release the transfer restriction on all or part of the Allotted Shares at the time when the Restricted Period expires, in accordance with the Company's performance such as net sales and operating income ratio as well as the level of attainment of other indicators set by the Board of Directors of the Company for the fiscal year in which the Allotted Shares are allotted, provided that the Director who is allotted the Restricted Shares held any of the positions as a Director, Executive Officer or an employee of the Company or its subsidiaries throughout the Restricted Period.

However, if the Director resigns or retires from all of the positions as a Director, Executive Officer or an employee of the Company or its subsidiaries before the Restricted Period expires for any reasons that the Board of Directors of the Company considers justifiable, the number of Allotted Shares for which the transfer restriction is released and the timing thereof shall be adjusted reasonably as necessary.

(iv) Treatment in case of reorganization, etc.

The Company shall reasonably adjust the number of Allotted Shares for which the transfer restriction is released, and the timing thereof by a resolution of the Board of Directors of the Company, in cases where the General Meeting of Shareholders of the Company approves, during the Restricted Period, a proposal for a merger agreement under which the Company becomes the disappearing company, a share-exchange agreement or share-transfer plan under which the Company becomes a wholly-owned subsidiary, or any other proposal regarding reorganization, etc. (or the Board of Directors of the Company approves it, if such reorganization, etc. does not require the approval of the General Meeting of Shareholders of the Company).

(v) Other matters to be determined by the Board of Directors

Other matters relating to the Restricted Share Allotment Agreement shall be determined by the Board of Directors of the Company, and such matters shall constitute the Restricted Share Allotment Agreement.

Personnel eligible to receive stock options	Internal Directors, Directors of Subsidiaries, Employees of Subsidiaries, Others
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Supplemental Remarks on This Item

At the 59th Ordinary General Meeting of Shareholders held on June 21, 2013, it was approved to allot stock acquisition rights as stock compensation-type stock options to the Directors of the Company (excluding Outside Directors). The details of the plan are as follows.

Note that no new stock compensation-type stock option has been issued to the Directors of the Company after the introduction of Restricted Share Compensation plan in 2019.

1. Class of shares subject to the stock acquisition rights
Ordinary shares

2. Number of shares

The total number of the Stock Acquisition Rights allotted to Directors within one year from the date of an Ordinary General Meeting of Shareholders of each business year shall not exceed 1,500. The number of shares subject to each Stock Acquisition Right shall be 100.

Note that the Company shall adjust the number of shares as deemed necessary if the Company's common shares are split or consolidated (including allotment of the Company's common shares without consideration).

3. Payment at the time of Exercising the Stock Acquisition Rights

The amount to be paid upon the exercise of the Stock Acquisition Rights shall be 1 yen per share granted times the number of the shares granted.

4. Exercise Period of the Stock Acquisition Rights

The exercise period shall start from the date following three years past the allotment of the Share Acquisition Rights to the date within 30 years from the date following the allotment and as determined

by the Board of Directors.

5. Conditions for Exercising the Stock Acquisition Rights

Conditions for exercising the Stock Acquisition Rights shall be determined by the Board of Directors meeting at which offering of the Share Acquisition Rights is determined.

6. Matters concerning Transfer of the Share Acquisition Rights

Acquiring the Share Acquisition Rights by transfer requires approval by the resolution of the Board of Directors.

[Compensation of Directors]

Disclosure (of compensation of individual Directors)	The amount of compensation for some individual Directors is disclosed.
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Supplemental Remarks on This Item

With respect to the persons who receive a total of 100 million yen or more as compensation, etc., the total amount and breakdown of compensation, etc. for such persons are described in the Annual Securities Report.

Are there decision-making policies relating to compensation amounts and calculation methods?	Yes
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Disclosure of Decision-making Policies Relating to Compensation Amounts and Calculation Methods

1. Basic Policies regarding Compensation, etc. for Directors (excluding those who are Audit & Supervisory Committee members)

The Company shall have a compensation system for five (5) Directors (excluding those who are Audit & Supervisory Committee members) that provides them with incentives to contribute to the sustainable growth of the Company and improve corporate value within the compensation range, which is no more than 800 million yen per year (100 million year for Outside Directors) as approved at the 66th Ordinary General Meeting of Shareholders held on March 27, 2020.

It is the Company's basic policy to ensure fairness and transparency in determining compensation for Directors, respecting the opinions of the Nominating and Compensation Committee.

Based on this policy, the Company, at the Board of Directors' Meeting held on February 18, 2021, established the following policy regarding determination of each Director's compensation pursuant to the provision of Article 361, Paragraph 7 of the Companies Act.

2. Outline of policies on determining components (ratio) and details of compensations, etc. for respective Directors (excluding those who are Audit & Supervisory Committee members) and details of each compensation

(1) Compensation, etc. for Directors (excluding Outside Directors)

Compensations for Directors are composed of the fixed compensation, performance-linked bonus, and the Restricted Share Compensation Plan, and the level of the overall compensations shall be determined appropriately taking into consideration the market level. The ratio of the performance-linked bonus and

the Restricted Share Compensation Plan shall be set so that such ratio will be greater as their degree of contribution to the business performance becomes larger in line with their job responsibilities and roles, and the details of each compensation, etc. shall be determined as follows:

(i) Basic compensation (for a single fiscal year)

It is a monetary compensation paid monthly in the fixed amount as determined based on the range of compensation amounts set according to grades, considering the market standard and inflation rate.

(ii) Performance-linked bonus (for a single fiscal year)

It is a monetary compensation paid annually at a certain time as a general rule to provide with incentives to improve corporate value, which is calculated in accordance with each individual's quantitative and qualitative evaluation.

The quantitative evaluation takes into account each individual's performance index (operating income ratio and net sales), and the qualitative evaluation takes into account the rate of achieving the targets set for each individual.

If the level of achieving quantitative targets is below the level set by the Board of Directors, the performance-linked bonus is not paid.

(iii) Restricted share compensation (medium- to long-term)

It is a compensation paid in share in order for Directors to share benefits with shareholders and provide them with incentives to contribute to the sustainable growth of the Company and improve corporate value.

As a prepayment of the annual amount of compensation, the Company allots the number of Restricted Shares calculated with the target achievement rate as 150% for which the transfer restriction period is three (3) years from allotment. Provided, however, the number of Restricted Shares for which the transfer restriction is released will be determined in accordance with rate of achieving performance (operating income ratio, net sales, and ROA) targets for the fiscal year in which the Restricted Shares are allotted. Target achievement rate shall be 70% - 150%, and if it is below 70%, the transfer restriction will not be released and the Company shall acquire all of the shares without consideration, and if it is 150% or more, the transfer restriction will be released with regard to all of the shares.

Note that, taking into consideration performance index, etc. for "Mid-Term Plan 2023," performance evaluation index shall be operating income ratio and net sales for the performance-linked bonus, and operating income ratio, net sales, and ROA for the Restricted Share compensation.

(2) Compensations, etc. for Outside Directors

Compensation for Outside Directors shall be composed solely of basic compensation.

3. Compensation, etc. for Directors who are Audit & Supervisory Committee members

The amount of compensation for Directors who are Audit & Supervisory Committee members shall be determined by consultation of Directors who are Audit & Supervisory Committee members within the compensation range (within 80 million yen per year) approved at the 66th Ordinary General Meeting of Shareholders held on March 27, 2020.

[Support System for Outside Directors]

(Outside Directors excluding Audit & Supervisory Committee members)

The Governance Team of the Corporate Strategy Department performs administration for the Board of Directors meetings as well as communication with Outside Directors.

(Outside Directors who are Audit & Supervisory Committee members)
 To assist with the performance of duties by Audit & Supervisory Committee members, the Audit & Supervisory Committee Secretariat has been established under the Audit & Supervisory Committee.

The Audit & Supervisory Committee Secretariat may, based on instructions from Audit & Supervisory Committee members, request each department or each subsidiary to provide necessary information for an audit by Audit & Supervisory Committee members.

The Audit & Supervisory Committee Secretariat communicates and coordinates with the Internal Audit Department and the audit & supervisory board members of subsidiaries based on instructions from Audit & Supervisory Committee members and assists with the sharing of information on audits and supervision.

[Status of Persons Who Have Retired as President and Representative Director, etc.]

Name, etc. of the Consultants, Advisors, etc. who Formerly Served as President and the Representative Director, etc.

Name	Title and position	Content of duties	Type and conditions of employment (full-time, part-time, paid or unpaid, etc.)	Date of retirement as President, etc.	Term of office
—	—	—	—	—	—

Total number of consultants, advisors, etc. who formerly served as President and the Representative Director, etc.	0
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Other Matters

The Company may appoint a person who has retired from the office of Director as a consultant or advisor (hereinafter "Consultant, etc.") in accordance with the internal rules.

Duties of a Consultant, etc. are to provide advice or support to solve various management problems of the Company upon request by the president. A Consultant, etc. is not required to attend Board of Directors meetings.

The appointment of a Consultant, etc. is determined by a resolution of the Board of Directors, respecting the opinions of the Nomination and Compensation Committee to ensure fairness and transparency in the procedure.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nominating and Compensation Decisions, etc. (Overview of Current Corporate Governance System)

The Board of Directors consists of eight Directors (including five Outside Directors), and The Board clearly sets forth the responsibilities of each Director, and the procedures for the performance of their duties in the Rules on the Segregation of Duties and the Limits of Authority or by the assigning of duties to Directors, etc. The Board of Directors also ensures that the Representative Director, and Executive Officers perform their duties.

Based on the long-term vision and the mid-term plan established by the Board of Directors and the management plan for each business year, the Representative Director and Executive Officers set objectives for the whole company and also detailed objectives for each department and each subsidiary, and manage the achievement of objectives on a monthly and quarterly basis.

The Board of Directors is held regularly to determine matters that legally require a resolution of the Board of Directors, important management policies of the Group, and important operational performance issues, as well as supervise the performance of duties by the Representative Director and Executive Officers.

In order to discuss the matters requiring a resolution of the Board of Directors and other important management issues of the Group, as well as to enhance the functions of the Board of Directors and achieve a flexible management decision-making system, the Company holds an Executive Board meeting regularly that includes Chairperson, President, and those who are appointed by Chairperson and President.

In addition, in order to respond to the expansion of our business and changes in the global management environment, the Company aims to accelerate management and strengthen systems for business operations by using the executive officer system. There are twenty-two Executive Officers.

The Company passes resolutions on the nomination of and compensation for Directors and Executive Officers respecting the opinions of the Nomination and Compensation Committee. The majority of the members of the Nomination and Compensation Committee are Independent Outside Directors to ensure fairness and transparency. The Chair is nominated from among the Independent Outside Directors by resolution of the Nomination and Compensation Committee. The Company is one with Audit & Supervisory Committee, and two out of three Directors who are Audit & Supervisory Committee members are Outside Directors.

Audit & supervisory committee members identify the overall status of the Group's corporate management by attending important meetings such as meetings of the Board of Directors, the Executive Board and the Risk Management Committee, by exchanging information with the Group's officers and employees, and by reading internal approval documents and reports, etc. In addition, the Audit & Supervisory Committee consults with Accounting Auditors as necessary and receive necessary reports on the following matters from Directors (excluding those who are Audit & Supervisory Committee members) or the Board of Directors as necessary:

- Misconduct by Directors and employees in the course of their duties, violations of the law and the Company's Articles of Incorporation, and other compliance issues;
- Facts that may cause serious loss or damage to the Company;
- Important information to be disclosed; and
- Matters of which the Global Whistleblowing System has been informed.

Pursuant to Article 427, paragraph 1 of the Companies Act, the Company has executed an agreement for limiting the liability for damages as provided in Article 423, paragraph 1 of the Act with Outside Directors, and the limit of liability for damages under such agreement is the amount stipulated in laws.

The Company has executed an audit agreement with Ernst & Young Shin Nihon LLC and receives an Accounting Audit. The name of the certified public accountants who performed the duties, name of their audit corporation, and the number of years of continuous audit are as follows.

Designated limited liability partner and executive partner Certified Public Accountant Hiroyuki Koichi
Designated limited liability partner and executive partner Certified Public Accountant Kazuma Miwa
Composition of assistants for Accounting Audit operations 11 certified public accountants and 38 others

3. Reasons for Selecting the Current Corporate Governance System

With the approval by resolution at the 66th Ordinary General Meeting of the Shareholders held on March 27, 2020, the Company made a transition to a company with Audit & Supervisory Committee, promoted prompt decision making by clearly separating the supervision and execution functions of management, and increased the vigilance of management and strengthen the supervisory function of the Board of Directors with Outside Directors holding the majority. With such transition, the Company will increase corporate value over the medium- to long-term through effective corporate governance.

Based on the responsibilities and accountability entrusted to it by the shareholders, the Company's Board of Directors, in addition to executing important businesses, supervises business execution mainly through the actions of the Independent Outside Directors in order to realize the sustainable growth of the Company and to increase corporate value in the medium- and long-term. The Board of Directors consists of eight Directors, the majority, five, of which is Outside Directors. Note that the term of office is one year for Directors (excluding those who are Audit & Supervisory Committee members) and two years for Directors who are Audit & Supervisory Committee members 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 Company's Audit & Supervisory Committee undertakes the following roles from an independent and objective standing, in light of its fiduciary duty to the shareholders. The Audit & Supervisory Committee consists of three members, and the majority, two, of which are Independent Outside Directors, to further enhance auditing and supervising functions.

- (i) Audit and supervision of execution of duties of the Board of Directors and Executive Officers;
- (ii) Appointment and dismissal of Accounting Auditor; and
- (iii) Exercising the authorities relating to audit compensation.

The Board of Directors adopts a resolution to nominate and compensate Directors and Executive Officers respecting the opinions of the Nomination and Compensation Committee. The majority of the members of the Nomination and Compensation Committee are Independent Outside Directors to ensure fairness and transparency. The Chairperson is appointed from among Independent Outside Directors by a resolution of the Nomination and Compensation Committee.

III. Implementation Status of Measures Concerning Shareholders and Other Interested Parties

1. Measures to Vitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

	Supplemental remarks
Early sending of the notice of convocation of the General Meeting of Shareholders	The notice of convocation of the General Meeting of Shareholders is sent three weeks prior to the date set for the meeting, and the relevant disclosure is made on the Company's website and the Tokyo Stock Exchange's website four weeks before the date.
Avoidance of a peak day when scheduling the General Meeting of Shareholders	In 2021, the General Meeting of Shareholders was held on March 26.
Electronic voting	The Company has adopted electronic voting since the 59th Ordinary General Meeting of Shareholders (in June 2013).
Participation in the Electronic Voting Platform and other measures to improve the environment in which institutional investors can exercise their voting rights	The Company has registered with the Electronic Voting Platform managed by ICJ, Inc. since the 59th Ordinary General Meeting of Shareholders (in June 2013).
Provision of a convocation notice (summary) in English	It is posted on the Company's website and registered with the Tokyo Stock Exchange.

2. IR-related Activities

	Supplemental remarks	Explanation by the representative
Preparation and publication of the disclosure policy	The Company determines the Basic Disclosure Principle and publishes it on its website.	
Regular briefing sessions for individual investors	The Company holds a briefing session for individual investors.	Yes
Regular briefing sessions for analysts and institutional investors	The Company holds a briefing session for institutional investors and securities analysts after publishing the results of the term-end settlement of accounts and the second-quarter settlement of accounts.	Yes

Posting of IR materials on website	The Company posts the information on settlement of accounts (in Japanese and English), materials to be disclosed in a timely manner other than the information on settlement of accounts (in Japanese and English), annual securities reports, annual reports (in English), etc.	
Establishment of IR-related department (person in charge)	Finance and IR Team of Finance Department	

3. Measures for Respecting the Position of Stakeholders

	Supplemental remarks
Provisions of the Internal Rules, etc. concerning due respect for the position of stakeholders	The Company has stipulated respect for the position of stakeholders in the ASICS CSR Policy, the ASICS Global Code of Conduct, and the Basic Policy on Corporate Governance.
Implementation of environment preservation activities, CSR activities, etc.	The Company has prepared a sustainability report describing the content of environment preservation activities and corporate social responsibility and has posted the report on its website.
Formulation of policies on the provision of information to stakeholders	The Company has determined the policy, etc. for providing information to stakeholders in the ASICS Global Code of Conduct, the Basic Policy on Corporate Governance, and the Basic Disclosure Principle, and has posted it on its website.
Other	<p>(Promotion of Diversity and Inclusion)</p> <p>The Company globally promotes diversity & inclusion aiming to realize truly better lifestyles for people by respecting and encouraging diversity.</p> <ul style="list-style-type: none"> • Important targets of diversity and inclusion <ol style="list-style-type: none"> (1) To utilize varied human resources as power for innovation. (2) To develop a culture in which different opinions are appreciated and encouraged. (3) To increase the ratio of female managers to 35.0% in 2023 (globally) *including anyone (including stores) having subordinates to evaluate.

IV. Matters Related to Internal Control Systems

1. Basic Approach and Development and Operation Status Related to the Internal Control

The Group maintains and develops the following systems to ensure the appropriateness of its operations in accordance with the following, which collectively form the basis of the Company's corporate philosophy: the ASICS SPIRIT, the ASICS Corporate Social Responsibility Policy and ASICS Basic Policy on Corporate Governance and based on the Companies Act, and the Ordinance of Enforcement of the Companies Act.

The Group operates its business with the objective of realizing its vision, “Create Quality Lifestyle through Intelligent Sport Technology,” which is based on the Company’s business philosophy as described in the ASICS SPIRIT, “Anima Sana In Corpore Sano (a sound mind in a sound body),” and the following corporate philosophy:

- 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; and
- Maintain a spirit of freedom, fairness and discipline, respectful of all individuals.

Based on the basic policy above, the Group has sets forth its ideal for corporate behavior in the ASICS Corporate Social Responsibility Policy—mainly with regard to compliance and corporate ethics—and also has provided the ASICS Global Code of Conduct and the Global Policies which regulate the behaviors of individual officers and employees. These policies and code are the basis for our achieving corporate behavior that can be accepted and respected by people all over the world.

In order to ensure compliance with the ASICS Corporate Social Responsibility Policy, the ASICS Global Code of Conduct and the Global Policies, the Compliance Committee both comprehensively and cross-departmentally manages compliance measures of the Group under the Compliance Policy, supports officers and employees in operating in an appropriate manner, and gives education and guidance through training and other means.

The Internal Audit Department is directly controlled by President of the Company and audits the status of compliance of the Group individually or in cooperation with Audit & Supervisory Committee members and the Accounting Auditor, and reports the result directly to President, the Directors, Executive Officers, and the Audit & Supervisory Committee, or Audit & Supervisory Committee members selected by the Committee (“Selected Audit & Supervisory Committee Members”).

The Group has established a Global Whistleblowing System under the Global Policy on Protected Disclosure (Whistleblowing). Officers, employees and business partners who have become aware of any act violating the ASICS Corporate Social Responsibility Policy, the ASICS Global Code of Conduct or the Global Policies, or of any other important compliance- related matter can directly send information to and consult with the internal or external contact via e-mail, telephone or in writing and so forth.

In response to the internal or external contact then the Compliance Committee will investigates promptly and takes corrective actions. The Compliance Committee reports the situation to the Audit & Supervisory Committee or the Selected Audit & Supervisory Committee Members. Furthermore, the Company takes care to ensure that people providing it with information are not mistreated.

In addition, the Group will never enter in any form of relationship whatsoever with anti-social forces and other organizations that threaten public order and safety.

The Board of Directors clearly sets forth the responsibilities of each Director, and the procedures for the performance of their duties in the Rules on the Segregation of Duties and the Limits of Authority or by the assigning of duties to Directors, etc. The Board of Directors also ensures that the Representative Director and Executive Officers perform their duties.

Based on the long-term vision and the mid-term plan established by the Board of Directors and the management plan for each business year, the Representative Director and Executive Officers set objectives for the whole company and also detailed objectives for each department and each subsidiary, and manage the achievement of objectives on a monthly and quarterly basis.

The Board of Directors is held regularly to determine certain matters that legally require a resolution of the Board of Directors, important management policies of the Group, and important operational performance issues, as well as supervise the performance of duties by the Representative Director and Executive Officers.

In order to discuss in the matters requiring a resolution of the Board of Directors and other important management issues of the Group, as well as to enhance the functions of the Board of Directors and achieve a flexible management decision-making system, the Company holds an Executive Board meeting regularly that includes Chairperson, President, and those who are appointed by Chairperson and President.

In addition, in order to respond to the expansion of our business and changes in the global management environment, the Company aims to accelerate management and strengthen systems for business operations by using the executive officer system.

Pursuant to the Risk Management Policy, the Group has established the Risk Management Committee chaired by President and the Risk Management Team. To avoid crisis and mitigate losses arising from it, the Risk Management Committee manages the risks comprehensively by identifying business risk that needs to be dealt with priority and assigning the division in charge. The Committee reports its activities to the Board of Directors twice a year. The Risk Owners, appointed by each divisions, lead to mitigate the assigned risks and manage their progress. The Risk Management Team monitors the effectiveness and appropriateness of our Risk Management operations.

The Group appoints an Officer in charge of crisis management in accordance with the Crisis Management Policy. When the Officer in charge of crisis management becomes aware of an incident and accident that can potentially develop into a crisis, the Officer promptly reports it to Chairperson and President in the methods and procedures provided in such Policy and establishes a Crisis Management Center depending on the emergency level predetermined in such Policy.

The Officer in charge of crisis management decides anti-crisis measures and communication strategies, and so forth, and supervises negotiations with external bodies and publication, and directs the implementation of measures to deal with the crisis and remedial measures.

The Internal Audit Department periodically audits the risk management status.

The Group stores information on the performance of duties, minutes and relevant materials, and other important information and documents in accordance with the law and internal rules. These documents are always available to Directors, the Audit & Supervisory Committee, and the Selected Audit & Supervisory Committee Members.

Information management is performed in accordance with the Information Security Policy and other internal rules on information management.

Under the Limits of Authority, certain matters are approved through *ringi*, a process in which an internal memo is circulated to the Board of Directors and other persons with approval authority, who then authorize the matter in question by signing off on it. In regards to such matters, the Group has created a computerized system that visualize contents of application and situation of decision, and also stores records of approvals by those with approval authority as electronic data.

The directors, auditors and heads of each department for each Group company are assigned from the Company's Executive Officers or heads of departments. This is done so that the Group companies operate in an appropriate manner and so that the group can exert its strength collectively and that such strength is controlled. Group companies may make decisions on important matters at their respective Board meeting. However, regarding the important matters for the entire Group at a global level and each company's management plan and, the Group companies are required to report to the Company, and obtain the Company's approval. In addition, the representative of each Group company has the authority and responsibility to operate that business efficiently in accordance with the Limits of Authority provided by each company in compliance with the Company's standards, but each Group company president must report to the Company itself and obtain its approval on individual important issues whose reporting is required by the Company.

The Internal Audit Department conducts internal audits on the status of control over the general operations of the Group, and reports its audit results directly to President, the Directors, Executive Officers, and the Audit & Supervisory Committee or the Selected Audit & Supervisory Committee Members.

Furthermore, in order to ensure the appropriateness of financial reporting, the Company has developed and maintains an internal control system for the Group's financial reporting, carries out regular and continuous assessments of this system's operations, and has established mechanisms for the maintenance and improvement of the system.

To assist the performance of duties of the Audit & Supervisory Committee Members and the Audit & Supervisory Committee, the Audit & Supervisory Committee Office has been established under the Audit & Supervisory Committee.

The Audit & Supervisory Committee Office may, based on instructions from the Audit & Supervisory Committee, request each department or each subsidiary to provide necessary information for an audit. The Audit & Supervisory Committee Office liaise with and makes adjustments between the Internal Audit Department and the audit & supervisory board members of subsidiaries based on instructions from the Audit & Supervisory Committee and assists with sharing information on audits.

An employee of the Audit & Supervisory Committee Office is not subject to the instructions and orders of any Director (excluding those who are Audit & Supervisory Committee members) regarding the operations within the scope of the order given by the Audit & Supervisory Board Members.

Furthermore, before any such employee is subjected to transfer, personnel evaluation or disciplinary action, the prior approval of Audit & Supervisory Committee is required.

The Selected Audit & Supervisory Committee Members identify the overall status of the Group's corporate management by attending important meetings (including those of the Board of Directors, the Executive Board and Risk Management Committee), by exchanging information with the Group's officers and employees, and by reading internal approval documents and reports. Audit & Supervisory Committee also consult with the Accounting Auditor accordingly and receive reports from Directors (excluding those who are Audit & Supervisory Committee members) or the Board of Directors on the matters listed below:

- Misconduct by Directors and employees in the course of their duties, violations of the law and the Company’s Articles of Incorporation, and other compliance issues;
- Facts that may cause serious loss or damage to the Company;
- Important information to be disclosed; and
- Matters of which the Global Whistleblowing System has been informed.

The Group has developed a system that enables officers and employees to provide information speedily and seamlessly in response to request from the Audit & Supervisory Committee or the Selected Audit & Supervisory Committee Members, and does not mistreat any officer or employee who has provided information.

Upon request of the Audit & Supervisory Committee or the Audit & Supervisory Committee Members, the Company pays in advance the expenses incurred for the execution of duties by the Audit & Supervisory Committee Members (limited to those in relation to execution of duties of the Audit & Supervisory Committee) (including the expenses incurred for obtaining advices from lawyers, certified public accountants and other external experts), reimburses such expenses and settles the payment of debts.

2. Basic Approach to Excluding Antisocial Forces and Establishment of Relevant Structures

In the ASICS Global Code of Conduct, the Group states "ASICS refuses to have any relationships with antisocial forces or groups that may disturb the order and safety of civil society." The Compliance Committee supervises it in a comprehensive and cross-sectional manner by ensuring compliance by relevant departments within the Company and cooperation with external expert organizations.

V. Other

1. Anti-takeover Measures

Adoption of anti-takeover measures	Yes
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Supplemental Remarks on This Item

Basic Policy Regarding Control of the Company

1. Basic Policy Regarding Control of the Company

The Company, as a listed company, respects freedom to trade the shares of the Company on the market. Therefore, the Company does not necessarily reject even the so-called “hostile takeover,” which is carried out without the consent of the Board of Directors, as long as the takeover contributes to the corporate value and the common interests of the shareholders of the Company. The Company considers that the decision whether the shares of the Company should be sold in response to a large-scale purchase, etc. of the Company's shares by a specific person or not should be in the end entrusted to the shareholders of the Company.

Meanwhile, rooted in the good relationships built with stakeholders, including shareholders, customers, business partners and employees, the Company and the Group considers its strength to be trust in its “technology,” “products,” and “brand” cultivated over many years in business fields centered on sports, and believes its maintenance and promotion will contribute to ensuring and improving the corporate value and the common interests of the shareholders of the Company. As a result, the Company believes that it would be inappropriate for a person who controls the decision-making of financial and business policies of the Company not to have sufficient information and understanding concerning these matters,

since the corporate value and the common interests of the shareholders of the Company that can be realized in the future may be damaged in such case.

2. Status of the Company and Measures to Improve Corporate Value

The Company has developed a long-term vision “VISION2030” for a ten-year period to 2030. This pictures the desirable ASICS in the future from a long-term viewpoint.

The founding philosophy of “A sound mind in a sound body.” exactly describes our hope that people all over the world will live mentally and physically healthy lives. The Company is confident that this founding philosophy is, in this changing world, needed even more than ever for society and people. Keeping this aspiration as the core, the Company will provide products, services, and environments that will contribute to improve physical and mental health from a wider perspective.

Over the next ten years, ASICS plans to grow its business in three business domains: “Product: Personalized products;” “Facility and Community: Best environment and connection with people;” and “Analysis and Diagnosis: Coaching based on personal data.”

All three business domains share common themes, “digital,” “personal,” and “sustainable.” The Company will develop and provide, utilizing evolving “*digital*,” products and services “*personalized*” for individuals, in “*sustainable*” and environment-conscious methods.

Through these three themes, the Company will develop each of the three business domains, which, when overlapped with each other, will create synergy, thereby maximizing their value. The Company envisions to realize healthy and varied lifestyles by providing the value best suited to each of our customers from all perspectives.

Furthermore, targeting beyond 2020, in order to realize ASICS’ vision “Create Quality Lifestyle through Intelligent Sport Technology,” the Company is promoting management reform to improve the mid-long term corporate value by setting new business fields “Training & Service” and “Health” in addition to the existing product field.

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.

3. Measures to prevent control over the decision on the Company's financial and business policies by inappropriate parties in accordance with the Basic Policy Regarding Control of the Company

At the Ordinary General Meeting of Shareholders held on March 27, 2020, the Company decided to partially amend the policy for handling large-scale purchases of the Company's shares and continue it for three years (hereinafter, the amended policy for handling large-scale purchases of the Company's shares is referred to as the "Handling Policy").

The following is an overview of the Handling Policy.

The Board of Directors considers that it would contribute to enhancing both the corporate value and common interests of the shareholders of the Company if large-scale purchases are conducted in accordance with reasonable rules for the provision of information by large-scale purchasers and announcement of opinions of the Board of Directors about large-scale purchases; therefore, it has determined certain rules for the prior provision of information (hereinafter referred to as the "Large-Scale Purchase Rules").

The following is an outline of the Large-Scale Purchase Rules.

- (1) A large-scale purchaser is required to provide the Board of Directors of the Company with necessary and sufficient information (hereinafter referred to as the "Necessary Information") in writing before a large-scale purchase so that the Company's shareholders may make decisions and the Board of Directors may form its opinion on such a large-scale purchase. When the Board of Directors judges that a large-scale purchaser has provided the Necessary Information required and sufficient for the Board of Directors to assess, examine and form an opinion, etc., the Board of Directors will immediately notify the large-scale purchaser to that effect, as well as promptly disclose it to shareholders of the Company. In light of accelerating the provision of information from the large-scale purchaser and avoiding arbitrary actions by the Board of Directors such as prolonging the information-providing period by persistently requesting information, the maximum number of days for the information-providing period shall be sixty days after the receipt of a letter of intent, and shall be non-extendable.
- (2) The Board of Directors shall set, as the period for assessment, examination, negotiation, formation of its opinion and preparation of an alternative plan by the Board of Directors (hereinafter referred to as the "Board Assessment Period"), a sixty-day period (in the case of the purchase of all the Company's shares by a tender offer in which the consideration shall be paid in cash [Japanese yen] only) or a ninety-day period (in the case of any other large-scale purchase) after the Board of Directors announces that the large-scale purchaser has completed the provision of the Necessary Information to the Board of Directors. The Board Assessment Period shall be non-extendable.

The large-scale purchase, therefore, shall commence after the Board Assessment Period has elapsed. During the Board Assessment Period, the Board of Directors will consult with the Independent Committee and sufficiently assess and examine the provided Necessary Information considering advice from outside professionals, etc. as necessary, and carefully form its opinions about matters including whether to take countermeasures or not, paying full respect to the recommendations of the Independent Committee, and adopt resolutions and make announcements on such matters.

The following is an outline of the Handling Policy in the case of a large-scale purchase:

In cases where the large-scale purchaser complies with the Large-Scale Purchase Rules, the Board of Directors just provides the shareholders of the Company with materials necessary to make a decision on whether to accept such proposed purchase, and in principle will not take countermeasures against such large-scale purchase unless the requirements for taking countermeasures against the large-scale purchase are satisfied.

In addition to the case where the large-scale purchaser does not comply with the Large-Scale Purchase Rules, or even if it does comply with such Rules, only when the Board of Directors judges that the relevant large-scale purchase seriously impairs the corporate value and common interests of the shareholders of the Company and it is reasonable to take countermeasures, the Board of Directors may, upon obtaining the approval of the shareholders at a General Meeting of Shareholders, take countermeasures against the large-scale purchaser by issuing stock acquisition rights by allotment without consideration to protect the interests of the shareholders of the Company. When making such judgment, the Company shall take into consideration the opinions of outside professionals, etc. sufficiently assess and examine the provided Necessary Information, and give full respect to the recommendations of the Independent Committee. In addition, except in cases where it is extremely difficult to hold a General Meeting of Shareholders before taking countermeasures, the Board of Directors shall convene a General Meeting of Shareholders to confirm the will of shareholders with respect to such countermeasures. No countermeasures will be taken unless the Company obtains the approval of a majority of the voting rights of the shareholders present at the above meeting to confirm

the will of the shareholders. In such case, the large-scale purchaser cannot commence the large-scale purchase until the will of the shareholders of the Company is confirmed and a decision is made about whether to take countermeasures.

4. The above measures are taken in accordance with the Basic Policy Regarding Control of the Company and are consistent with the Company's corporate value and common interests of the shareholders of the Company. They are not for the purpose of maintaining the status of the Company's officers.

Firstly, the Handling Policy has been adopted in accordance with the Basic Policy Regarding Control of the Company. The purpose of the Handling Policy is to acquire sufficient information and time for the Board of Directors to present an alternative proposal, in the case of a large-scale purchase of the Company's shares, so that the shareholders of the Company can decide whether to accept a large-scale purchase proposal or the Board of Directors' alternative, thereby enabling negotiation with the large-scale purchaser in the interests of the shareholders of the Company. This policy ensures and improves the corporate value and common interests of the shareholders of the Company.

Secondly, the Handling Policy provides that countermeasures may be taken with the approval of the shareholders of the Company obtained at a General Meeting of Shareholders only when the large-scale purchaser does not comply with the Large-Scale Purchase Rules, or when it complies with the Large-Scale Purchase Rules but such large-scale purchase seriously impairs the corporate value and common interests of the shareholders of the Company and it is reasonable to take countermeasures. This policy ensures a system that prevents any arbitrary measure, etc. taken by the Board of Directors.

In addition, the Handling Policy provides that the Board of Directors shall consult with the Independent Committee, which comprises Independent Outside Directors about implementing countermeasures, etc. under this Handling Policy, giving full respect to the recommendations of the Independent Committee. The Board of Directors must also disclose information to the shareholders of the Company in an outline of its decision. This ensures a system for fair and transparent operation of the Handling Policy to serve the corporate value and common interests of the shareholders of the Company.

Lastly, the Handling Policy is to be continued under the condition that the shareholders of the Company approve it at a General Meeting of Shareholders, thereby reflecting the will of the shareholders to continue the Handling Policy. If a General Meeting of Shareholders adopts a resolution to amend or abolish the Handling Policy, the Handling Policy will be amended or abolished in accordance with the resolution. This means that determination on continuing, abolishing, or amending the Handling Policy will reflect the opinions of the Company's shareholders.

Moreover, the term of office of Directors of the Company is one year, and it is through the annual election of Directors that the will of the shareholders of the Company is reflected in decisions on continuing, abolishing or amending the Handling Policy.

These measures ensure that the Handling Policy is consistent with the corporate value and common interests of the shareholders of the Company in accordance with the Basic Policy Regarding Control of the Company. It is not for the purpose of maintaining the status of the Company's officers.

2. Matters Related to the Corporate Governance System, etc.

(Outline of the Timely Disclosure System)

The Company's internal system for timely disclosure of corporate information is described in the Basic Disclosure Principle as follows:

I. Basic Principle

The Company has established the Basic Disclosure Principle and the Disclosure Policy and ensures timely, correct and fair release and disclosure of company information from the viewpoints of all stakeholders, including but not limited to shareholders and investors, for the purpose of compliance with

the Companies Act, the Financial Instruments and Exchange Act, the rules stipulated by the Tokyo Stock Exchange, and other laws and regulations relating to the disclosure of company information. In addition to disclosure required by the laws and regulations and other applicable rules, the Company also ensures timely and appropriate release and disclosure of information that has material influence on investment decisions and/or is beneficial to stakeholders.

II. Disclosure Committee

The Company has established the Disclosure Committee chaired by the Disclosure Officer, to manage and disclose material information in an integrated manner. The responsibilities and duties of the Disclosure Committee are as follows:

- to establish the Group level strategies concerning release and disclosure of information;
- to ensure the establishment and operation of an information disclosure system pursuant to the Basic Disclosure Principle and the Disclosure Policy; and
- to propose revision and abolishment of the Basic Disclosure Principle and the Disclosure Policy.

III. Methods of Disclosure

1. Disclosure of Timely Disclosure Information

Pursuant to the Disclosure Policy, Disclosure Officer will determine whether or not certain information reported by the Information Manager of the Company division or a Group company constitutes Timely Disclosure Information. Then, in case of applicable, Disclosure Officer makes timely disclosure with the approval of the President or the Board of Directors and the Management Meeting.

2. Disclosure of information other than Timely Disclosure Information

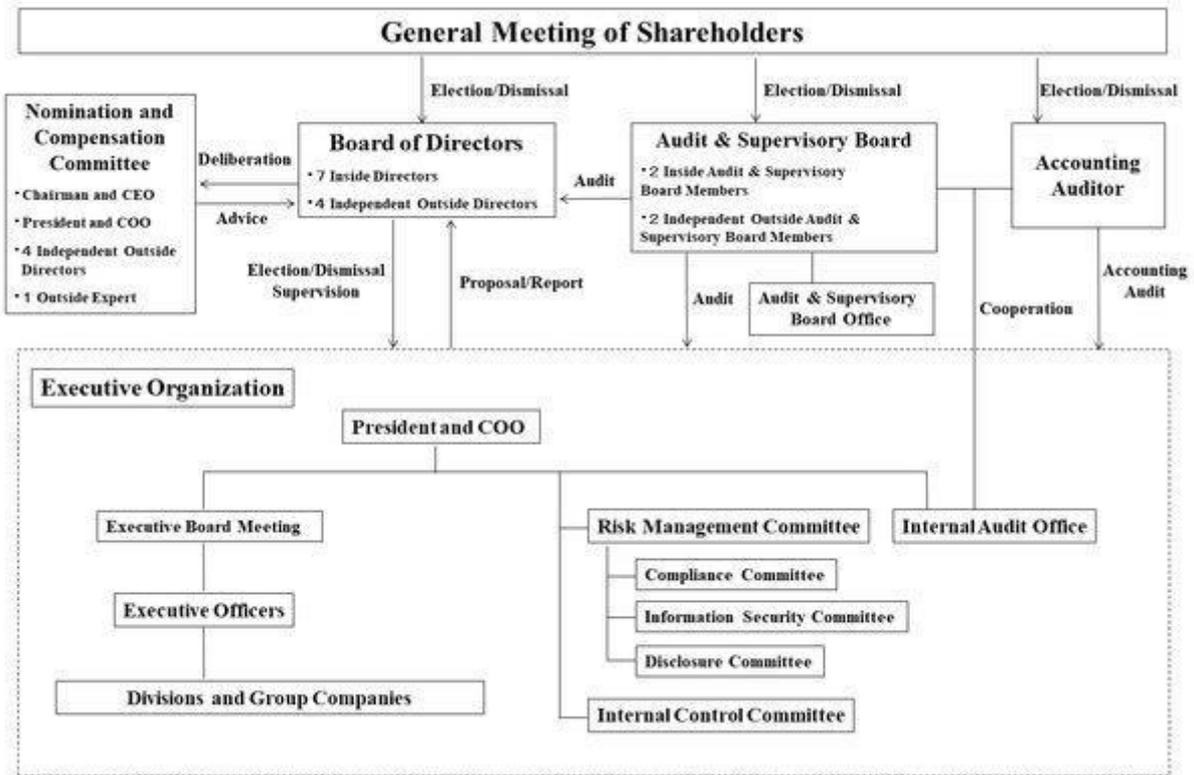
In addition to disclosure required by the laws and regulations and other applicable rules, the Company will also disclose via the Company's website information that does not constitute Timely Disclosure Information but has material impact on investment decisions and/or is beneficial to stakeholders.

IV. Silent Period

The Company will not respond to any inquiries regarding financial result and other related matters for the period from the day immediately following the closing day of each fiscal quarter to the day of public announcement of the quarterly financial result. However, in case the performance forecasts are anticipated to be greatly revised during the period stated above, the Company will make a timely disclosure.

V. Future performance forecasts

The performance forecasts and other information about the future is based on the information available as of the date thereof and certain assumptions believed to be reasonable. The forecasts are not meant to warrant the achievement of such forecasts. Moreover, actual financial results may differ from stated forecasts due to changing business conditions or other factors.



(The Outline of System for Timely Disclosure)

