

CSR

Compliance / Prevention of corruption (thorough fairness in business practices)

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Compliance/Prevention of corruption (thorough fairness in business practices)

Materiality

Working in line with the Mizuno Corporation Ethical Standards, Mizuno both encourages and requires strict compliance under the supervision of its CSR Committee and Risk Management Committee. Mizuno educates its employees to deepen their

understanding of related laws and to prevent problems from occurring. Mizuno also has a whistle-blowing system, the Mizuno Fair Play Hotline, for detecting and solving problems soon after they arise. In FY2018, there were no major non-compliance cases, including anti-competitive action, and no legal action on these issues.

Enhancing the awareness of employees

Compliance education

The enhancement of employee understanding and awareness is essential to thorough and strict compliance. In FY2018, Mizuno provided compliance education as part of companywide education for the purpose of helping trainees acquire the basics of legal knowledge and thinking associated with their duties, and provided education on legal matters to be noted in planning and development, sales and other functions to the relevant departments. It regularly provides compliance education in an effort to ensure that knowledge and awareness take root among all staff members. Furthermore, with the aim of enhancing the awareness of employee compliance, we post comments on a monthly basis on the corporate bulletin board within our group, where all employees can learn about the Anti-Monopoly Act, the Act against Unjustifiable Premiums and Misleading Representations, the importance of contracts, contract administration, the preservation of evidence and author's copyright.

Training	Descriptions	Trainees	No.of Participants
New employee training	Basic legal knowledge that working adults and Mizuno staff should be aware of	New employees[*b]	76
Compliance education	Information of activity report about fairness in business practices and reaffirming the Mizuno Corporation Ethical Standards	All employees[*b]	Approx.3000
Whistleblowing education	Information (raising awareness) of Mizuno's whistleblowing system and reporting on its implementation status	All employees[*b]	Approx.3000
Information security education	Education on rules for the handling of personal and confidential information, and the collecting of information on the handling of information at the site	All employees[*b]	2161
Security Leaders	Implemented to protect personal information, improve security in departments, check confidential information in departments and respond to audits	Security leader of each department [*d]	54
Legal education about joint research and development	Introduction of legal cautions when promoting joint research and development with other companies	Research and Development Department [*c]	31
Legal education for sales employees	Introduction of points to note when entering into sales contracts with other companies	Sales Department [*c]	30
Education about the Act against Unjustifiable Premiums and Misleading Representations	Sharing internal guidelines about misleading representations in the Act against Unjustifiable Premiums and Misleading Representations	Quality Assurance Department / Representative of Sales Supervision Department[*c]	28
Study for QC verification	Basic Study related to quality control	Planning & Development Division[*c]	327

Education for facility manager	Education on legal risks at designated management facilities	Sales section of Sports Facility Department/p>	10
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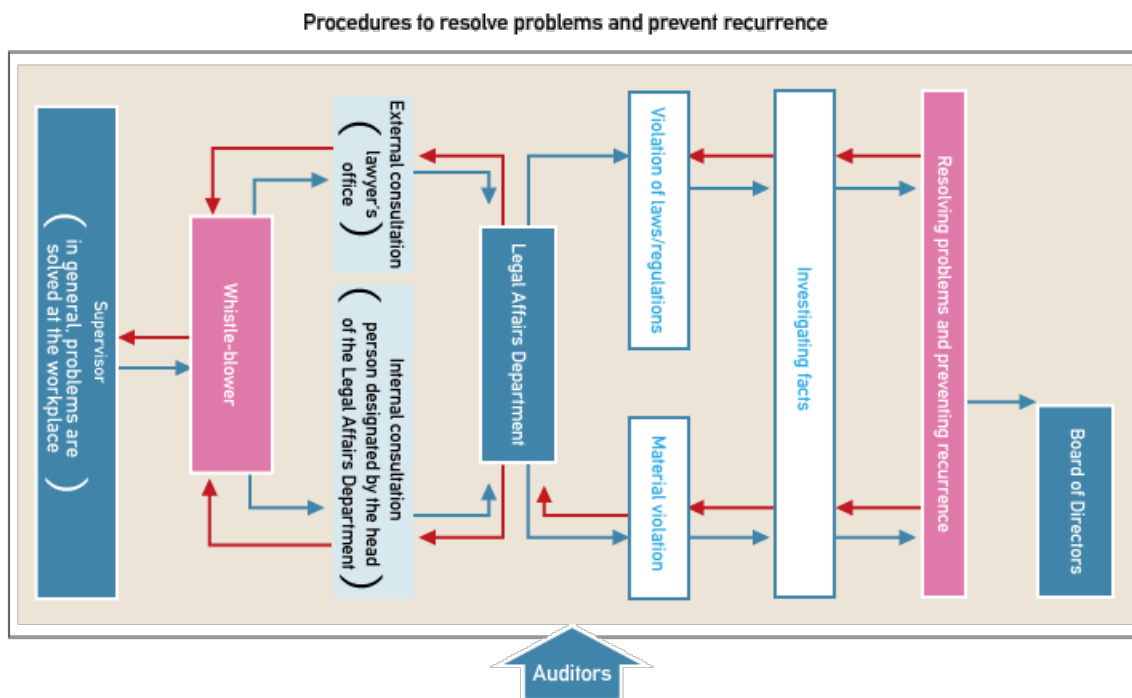
Operating the whistle-blowing system

Mizuno has set up a whistle-blowing system, which is called the Mizuno Fair Play Hotline[*c] and the Compliance Hotline*. The system is intended to prevent as well as quickly detect law violations, unethical behavior, unjust acts, and other kinds of misconduct. In addition, all employees are asked to take part in regular surveys in an effort to understand the current situation and problems. Mizuno is committed to enhancing the level of understanding and reliability of this system through company-wide education, providing a portable card containing the contact details of the Hotlines to all employees, and other propagation activities. In this way, we ensure that problems are quickly detected and addressed.

From FY 2019, we will gradually introduce a system that allows overseas employees to directly report to the head office's internal reporting contact for particularly serious matters, in addition to the internal reporting contact for overseas employees at each overseas base.

*The name of whistle-blowing in Senoh Group

Structure of the Mizuno Fair Play Hotline



Use of the Mizuno Fair Play Hotline[*b]

In FY2018, most of the calls pertained to personnel and labor affairs. There was no report on serious dishonest acts or violations of laws and ordinances.

	Total number of cases	Details		
		Environment	Human rights	Governance
2013	5	0	2	3
2014	4	0	3	1
2015	9	0	6	3

2016	11	1	6	4
2017	13	1	3	9
2018	6	0	2	4

Measures to ensure fair trade

Many suppliers and partners, including small factories, are involved in Mizuno's products. To protect suppliers and ensure fair trade, Mizuno teaches employees of related divisions about the Subcontractors Act (Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors). Whenever a person from Mizuno's Internal Audit Office visits a supplier, he/she checks whether fair trade is being practiced there. With regard to prohibiting unfair competition, we have regular meetings once every two months with a corporate lawyer who is an expert on the Anti-Monopoly Act, and we receive advice from him on commercial distribution strategy and confirmation as to whether a commercial transaction on a site is proper.

In addition, we hold CSR procurement briefings in a variety of locations and explain Mizuno's perspective on fair trade to allow all applicable Mizuno product suppliers to comply with the CSR Procurement Code of Conduct, which includes the articles of the anti-corruption statement. Furthermore, Mizuno staff in charge of the suppliers confirm the actual situation of whether actions for anti-corruption are properly implemented through regular audits and factory visits.

Internal regulations on anti-corruption

We are aiming to expand sales in B to B business and the global market as foreign governments have been strengthening control on corruption. Consequently, the risk of bribery of public officials will increase in the future. We are currently reviewing internal regulations on the prohibition of bribery of public officials in the related departments to be established within FY2019.

Enhancement of global compliance within the Mizuno Group

It is necessary to enhance global compliance within the Mizuno Group so that we can grow further on a global level. We are taking measures against possible risks that have a serious impact on business continuity and performance in the overseas business as below.

Besides, in FY2018, there were no legal measures taken against bribery.

Potential risks in the overseas business

- Risk of injustice and misconduct by employees, personnel concerned and business travellers of subsidiary companies and distributing agents.
- Risk of divulging information through inadequate information security.
- Lack of attention to diversity and human rights (religion, race and so on) in global product deployment.

Countermeasures against risks

For the purpose of risk management on a global scale, we conducted a questionnaire survey to identify possible risks for all business bases and offices worldwide in FY2018.

In FY2019, we plan to formulate specific measures based on the survey results (under analysis as of June 2019), and plan to implement further actions. In addition, we believe that we can achieve effective risk management by globally expanding the above mentioned whistle-blowing system and strongly expressing our anti-corruption policy.

Future issues to be addressed

In accordance with the increase in transactions with various stakeholders, the control of information and evidence become more important in unexpected legal risk and dispute settlement. We will therefore take the following measures:

- Education to improve the basic abilities of employees in terms of legal issues
- Modeling of fair trade transactions
- Establishment of an information management system

In addition, we realize that it is necessary to have a policy of corporate governance so that we can build a sustainable society. We will therefore take the following measures:

- Rebuilding of the CSR organization using a top-down approach
- Launching the whistle-blowing system for overseas business bases
- Reviewing the monitoring system for suppliers

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