

ESG Sheet

January 1 through December 31, 2022

Company Profile

Company Name SHIMANO INC.
Head Office 3-77 Oimatsu-cho, Sakai-ku, Sakai City, Osaka 590-8577, Japan
Date of Establishment February 1921
Date of Incorporation January 1940

Paid-in Capital JPY 35.6 billion
Number of Employees SHIMANO INC. only: 1,620 Consolidated: 11,364
Main Business Development, production, and distribution of bicycle components, fishing tackle, and rowing equipment

Basic policy regarding sustainability

To achieve our corporate mission, "To promote health and happiness through the enjoyment of nature and the world around us," the Shimano Group seeks to contribute to sustainable economic growth and the resolution of environmental and social issues as a corporate citizen of global society that possesses shared global ethics and a spirit of legal compliance, and to continue to be a Value Creating Company that provides captivating products loved by people around the world. The Group has therefore formulated a Code of Conduct that outlines policies to be observed by all individuals within the Group in their daily business activities, to contribute to developing a sustainable society through sound business practices and be even more highly trusted by all stakeholders including customers, shareholders, and business partners. (For more information regarding the Code of Conduct, please visit <https://www.shimano.com/en/company/regulatory-compliance.html>.)

Main items related to sustainability

Environment

3-1 We undertake environmental protection activities.

Social

4-1 We appreciate diversity and prohibit discrimination and harassment.
 4-2 We maintain a sound workforce, promote cooperation, and provide a safe work environment.



Environmental initiatives

Preserving a beautiful global environment

The Shimano Group places a high priority on improving and preserving the global environment as a setting where customers can enjoy using our products.

To contribute to creating a beautiful and hospitable global environment, the Shimano Group believes we need to think continuously about how to reduce our environmental impact. We see activities that contribute to creating a sustainable society as also leading to enhanced competitiveness for the Shimano Group and proactively pursue them.

We promote the following initiatives to identify in our business activities any risks and opportunities presented by climate change, endorse resource recycling as part of our responsibility in value creation as a development-oriented digital manufacturing company, and contribute to realizing a sustainable society.

1. Addressing climate change

We are striving to reduce CO₂ emissions by creating a highly efficient value creation structure that eliminates waste, by reducing energy consumption, and by promoting a transition to renewable energy.

- Constructing a new factory in Singapore that achieves highly efficient manufacturing and energy savings
- Switching from equipment that burns fossil fuels to electrical equipment
- Purchasing renewable energy certificates at certain overseas factories
- Continued in 2022 the purchase of electricity generated by renewable sources that began in roughly the summer of 2021 and having renewable energy-derived electricity account for 99% of electrical power used at domestic manufacturing sites

2. Promoting resource recycling (3Rs)

We are proactively working to reduce, reuse, and recycle disposable plastic.

- Reducing the amount of plastic used in packaging for bicycle replacement parts and fishing rods
- Recycling packaging materials used in distribution (stretch film, etc.)
- Reusing plastic pallets



Social initiatives

Supporting healthy and safe daily lives of people

Our position as a company is for the Shimano Group to be an ideal corporate citizen that supports the safety and well-being of all people and coexists with all others for mutual benefit.

1. Safety and health activities

Dedicated to occupational health and the spirit of "safety and health taking precedence over any other and all other things," the Shimano Group considers it important to create places where employees can work in safety and with peace of mind.

In July 2018, we launched a project focusing on safety at SIP (Sakai Intelligent Plant) with the aim of zero work-related injuries or deaths. We then extended this project to the Shimano Saki Factory in March 2020 and are currently preparing to roll out the project to overseas factories.

2. Employee-friendly workplace environments

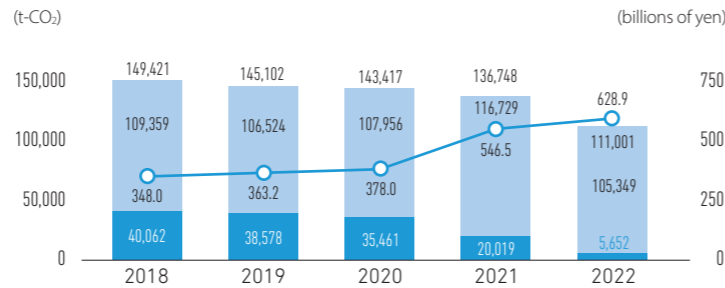
In line with our business policy of "striving to provide a fair and vibrant work environment where all can share in the pleasure and satisfaction that come with achievement," we are diligently working to create employee-friendly workplace environments. We are striving to address each employee's diverse work-style needs and achieve a favorable work-life balance.

In April 2022, we expanded our flextime program, introduced a system for taking hourly paid leave, and implemented a remote work program to allow for flexible work styles without regard to "time" or "place." We also set targets for other initiatives in April 2022, which we are working to achieve. Please refer to the following Ministry of Health, Labour and Welfare website (in Japanese only) for more information.

https://urldefense.com/v3/https://positive-nyouritsu.mhlw.go.jp/postivedb/detail?id=18006_!!1NKBYK8f17TZiU9C2fP LXiPbe2F1wDUlvoGNA4gIYDOQjNroKRVintagNrap9g170Kc0IAZmEeV3E3fEfBCrCCK41nokItHwNQ7j3uuvWS

CO₂ emissions (scope 1 + scope 2)

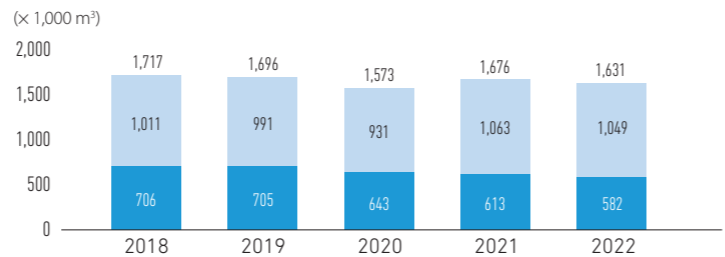
*Scope of aggregation: All domestic and overseas manufacturing sites



*2022 CO₂ emissions are calculated using actual amounts for January through November and an estimate for December.

Water intake

*Scope of aggregation: All domestic and overseas manufacturing sites



*2022 water intake is calculated using actual amounts for January through November and an estimate for December.

*Aqueduct and on-site surveys showed that, as of 2022, no locations were deemed to be at high risk of water shortages.

3. Investment in human capital

We have built an internal network system that introduces content to promote understanding of Shimano's history and goals, facilitates the sharing of specialist expertise and experience among employees, and provides opportunities for employees to study on their own and deepen their knowledge. Specifically, we dispatch employees to bicycle races and retailers of bicycle and fishing products around the world to experience firsthand how they are sold and used. We have also set up an internal college (Shimano Campus) to teach Shimano's philosophy and introduce the appeal of bicycling culture and fishing culture, and are continuously hiring career-track staff to create environments in which employees with diverse backgrounds can seamlessly use their talents.

4. Consideration of human rights in transactions with business partners

In addition to viewing our business partners as our equals, we believe that captivating products start with building relationships of mutual support and sharing joy as a corporate citizen.

We revised our Vendor Code of Conduct in 2021 and have been working to obtain its acceptance and understanding by business partners in Japan and overseas, and have received written agreements to observe the code from roughly 96% of the suppliers of Shimano products. We are also putting in place a monitoring system (written evaluations using self-survey forms, on-site audits and visits, etc.) to ensure that business partners comply.

5. Activities to contribute to society

We also consider building relationships of trust and continuing coexistence with local communities part of our responsibility as a corporate citizen and therefore engage in ongoing activities to make steady social contributions to communities around the world where the Shimano Group has business locations. During 2022, Shimano Malaysia provided antigen test kits, masks, disinfectant, and other items to local schools and communities, and donated personal computers and monitors that could no longer be used in offices to schools.



Corporate governance initiatives

Sound, sustainable business activities

1. Initiatives to strengthen Group governance

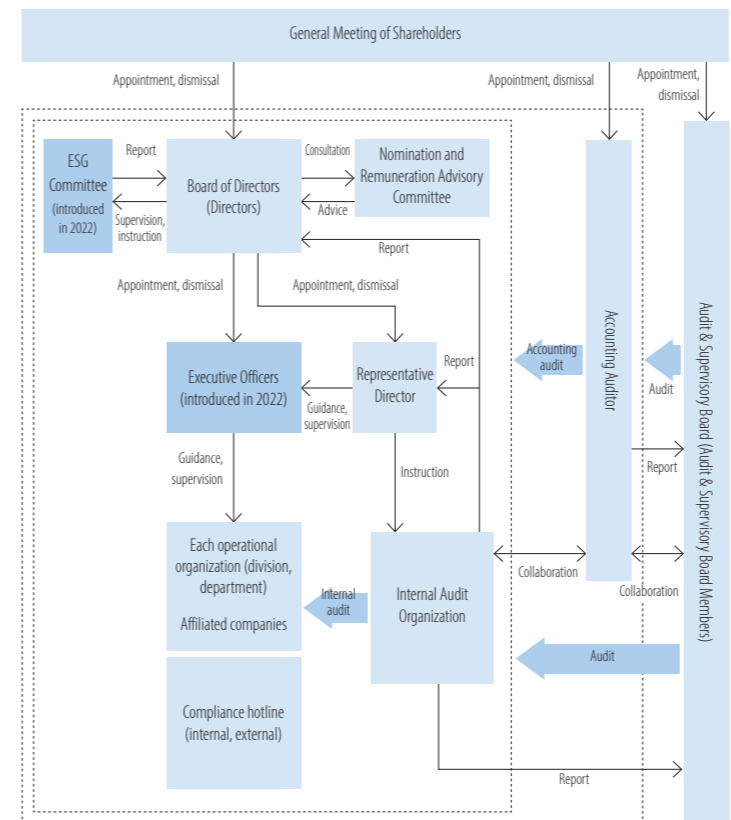
Introduction of executive officer structure

An executive officer structure was introduced in April 2022 to separate management decision-making and oversight functions from execution, with the aims of clarifying responsibility and authority for operational execution and enabling swift responses to changes in the operating environment.

Launch of ESG Committee

In May 2022, we established an ESG Committee under the direction of the Corporate Governance Division, which was set up in January 2022 to strengthen Groupwide corporate governance. The ESG Committee, whose members are executive officers, is chaired by the Deputy President and functions as the deliberative body to consider policies and countermeasures with regard to environmental and social issues and potential and existing risks. The committee met three times in 2022, and the results of its deliberations were reported to the Board of Directors.

We established three committees under the ESG Committee—the Legal Compliance Committee, the Internal Control Committee, and the Central Safety and Health Maintenance Committee. Each committee is chaired by an accountable executive officer and deliberates themes under its jurisdiction.



Internal audits at Group companies

The Corporate Governance Division's Internal Audit Organization carried out audits of major sales and manufacturing sites in 2022 to rebuild an effective Group governance structure. The results of these audits will be used to create a new structure.

2. Compliance education

In addition to internal e-learning training to teach and instill understanding of Shimano's Code of Conduct (the basic guidelines to be followed by employees in their business activities), we are working to incorporate human rights considerations internally through such measures as training on human rights due diligence for divisions involved in procurement.

	2020	2021	2022	2023*
Total directors	16	15	8	9
Outside directors	3	3	3	4
Female directors	0	0	0	1
Foreign directors	1	1	1	1
Total auditors	4	4	4	4
Outside auditors	2	2	2	2
Female auditors	1	1	1	1

*To be formally decided at the 116th Ordinary General Meeting of Shareholders, scheduled for March 29, 2023

	2020	2021	2022
Number of Board of Directors meetings	13	13	13
Average number of agenda items discussed	5	6	6
Attendance rate for outside directors	100%	100%	100%
Attendance rate for outside auditors	100%	100%	100%
Number of Nomination and Remuneration Advisory Committee meetings	2	2	2
Attendance rate for inside directors	100%	100%	100%
Attendance rate for outside directors	100%	100%	100%
Cross-shareholdings	26 issuers	23 issuers	23 issuers
Percentage of net assets held as cross-shareholdings	1.6%	1.4%	1.4%