

Regarding the Recommendation from the Japan Fair Trade Commission

Shimano Inc. has received a recommendation (hereinafter referred to as “the Recommendation”) from the Japan Fair Trade Commission pursuant to the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (hereinafter referred to as “the Subcontract Act”).

We sincerely apologize for any concern or inconvenience this has caused the affected parties.

1. Summary of the Recommendation

We outsource the manufacturing of certain product parts to subcontractors defined under the Subcontract Act (hereinafter referred to as “Subcontractors”). For some of these parts, we lend molds and other equipment that we own to Subcontractors for use in production.

The Recommendation determined that our actions—specifically, requiring Subcontractors to store these molds and other equipment free of charge and conduct inventory checks to verify their condition, despite the absence of orders for parts manufactured with them over an extended period (hereinafter referred to as the “Shimano’s Conduct”)—violated Article 4, Paragraph 2, Item 3 of the Subcontract Act (Prohibition of Requests for Unjust Economic Gains).

The Recommendation applies to the Shimano’s Conduct occurring on or after December 1, 2023. The total number of affected Subcontractors and the number of molds and other equipment are 121 companies and 4,313 molds and other equipment, respectively.

2. Our Response to the Recommendation

Regarding costs incurred by Subcontractors due to the Shimano’s Conduct during the period mentioned above, we have already requested cost estimates from all affected Subcontractors. For those who requested compensation, we have completed payments after discussing with them on the amounts to be paid. For those who did not request compensation, we will continue to our discussions based on this Recommendation, as we will consult with the Japan Fair Trade Commission as appropriate, to ensure proper resolution. Furthermore, for molds and other equipment related to parts for which no specific future production schedule can be provided, we are proceeding with collection or disposal of those molds and other equipment.

We take this Recommendation seriously. To prevent any violation of the Subcontract Act, our Board of Directors will confirm that the Shimano’s Conduct cited by the Japan Fair Trade Commission was a violation of the Subcontract Act and that Shimano will not request unjust economic gains and harm the interest of Subcontractors in the future. We will also review internal compliance training and strengthen our verification systems.

We remain committed to enhancing compliance and preventing recurrence by thoroughly communicating these measures to all officers and employees.