

ESG Sheet

January 1 through December 31, 2021

Company Profile (as of December 31, 2021)

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: 1,526 Consolidated: 13,198
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	Social
3-1 We undertake environmental protection activities.	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 carry out the following activities.

- We are reducing our climate change-causing CO₂ emissions. (In June 2021, the Head Office Factory and Shimano Kumamoto began using electricity from renewable energy sources, as did the Shimonoeki Factory in July 2021, and certain overseas factories are purchasing renewable energy certificates.) Electricity from renewable energy sources accounts for 99% of the electricity used for the business activities of our three factories in Japan.
- We are reducing the amount of disposable plastic used. (We began reducing the use of plastic bags and others for packaging in 2021.)
- We are tracking our water intake and minimizing the effect of water shortages and other water-related risks. (We are identifying and mitigating risks from water shortages by continuously monitoring our water intake, using Aqueduct^{*1}, and conducting surveys at business locations. As of 2021, no business locations were deemed to have any high water shortage-related risks.)

*1 Aqueduct is a set of water risk-related tools developed by the World Resources Institute, an international environmental NPO.

Reducing the amount of disposable plastic used



Reducing the use of disposable plastic film for packaging

Reducing the use of disposable plastic covers

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.

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. We are pursuing steady, ongoing improvement with the aim of having zero workplace accidents. Shimano Inc. also obtained ISO 45001 certification in September 2021.

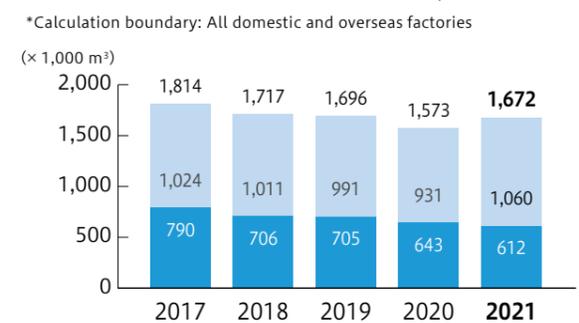
In addition to viewing our business partners as our equals, we believe that captivating products start with building relationships of mutual support and sharing joy as a corporate citizen. In line with these concepts, in 2011, we implemented the Vendor Code of Conduct, which stipulated practices for overseas

CO₂ emissions (scope 1 + scope 2)



*Calculation boundary: All domestic and overseas factories
*2021 CO₂ emissions are calculated using actual amounts for January through November and an estimate for December.
*The way of applying the CO₂ emission factor was changed in 2021. This change has been applied retroactively to figures for previous years.

Water intake



*Calculation boundary: All domestic and overseas factories
*2021 water intake is calculated using actual amounts for January through November and an estimate for December.

partners for apparel products including protecting the environment and prohibiting the use of child labor and forced labor. More recently, in addition to the adoption of the Sustainable Development Goals and changes in the external environment including the rapid pace of digitalization, our businesses have expanded both by location and in scope. We therefore revised the Vendor Code of Conduct in August 2021, applying it to all business partners and having it reflect international norms, and posted the revised code on our corporate website. The Shimano Group is currently working to have all our business partners in Japan and overseas understand and endorse the Vendor Code of Conduct.

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. In 2021, Shimano Indonesia donated 120,000 masks to the Indonesian government, and Shimano Brazil provided more than six tons of food to orphanages and other facilities and organizations. (For more information, please refer to our Social Activity Report at https://www.shimano.com/en/csr/social_activity_report.html.)

Corporate governance initiatives

We believe that establishing an effective corporate governance structure creates a solid management base that increases the soundness and sustainability of the Company's business activities.

In November 2021, we decided that Shimano Inc. would list on the Prime Market under the Tokyo Stock Exchange's new market segments.

With regard to the revised Corporate Governance Code, we believe it is important to separate management execution and oversight, and intend to address "enhancing Board independence" from our own unique perspective to create a management base that supports sound and sustainable business activities. In terms of "promoting diversity," in January 2022, a woman was appointed general manager of the division responsible for product design. We are also paying "attention to sustainability and ESG" by analyzing and identifying the risks and opportunities of climate change and other environmental and social issues, holding in-depth discussions on how to respond to them at Board of Directors meetings, and steadily implementing those responses in ways that address sustainability. (Information regarding our response to the Corporate Governance Code^{*2} and our sustainability initiatives^{*3} is posted on our corporate website.)

To further enhance our Group governance, in January 2022, we established the Corporate Governance Division, which is independent of the Bicycle Components Business and the Fishing Tackle Business and reports directly to the representative directors. This strengthens the Shimano Group's structure for identifying, overseeing, and responding to important issues in our business activities and carrying them out worldwide with a shared sense of ethics and compliance, working as a unified Group to address issues.

As we pursue business activities underpinned by this corporate governance structure, the Shimano Group is proactively investing in Shimano Digital Transformation (SDX), including Shimano Digital Manufacturing (SDM), as a "development-oriented digital manufacturing company," to increase our operational efficiency and competitiveness through extensive operational reforms and digitalization. At the same time, to continue offering customers captivating products, we completed construction of a new state-of-the-art factory in January 2022 at Shimano Singapore that will not only increase productivity but also reduce our environmental impact, and we are installing equipment to increase production capability at Shimano Malaysia and highly efficient equipment to boost capacity at Shimano Philippines.

Going forward, we will work to make the Shimano Group's corporate governance structure even stronger and pursue sound business activities that contribute to developing a sustainable society.

*2 For more information about Shimano's corporate governance, please visit <https://www.shimano.com/en/ir/corporategovernance/index.html>

*3 For more information about Shimano's sustainability activities, please visit <https://www.shimano.com/en/csr/index.html>

*4 The number of issuers for cross-shareholdings is for listed companies only.

Sound, sustainable business activities

	2018	2019	2020	2021
Total directors	16	16	16	15
Outside directors	2	3	3	3
Female directors	0	0	0	0
Foreign directors	1	1	1	1
Total auditors*	4	4	4	4
Outside auditors*	2	2	2	2
Female auditors*	1	1	1	1

Note: Upon the conclusion of the 115th Ordinary General Meeting of Shareholders, scheduled for March 30, 2022, the Company will have eight directors, three of them outside directors.

	2018	2019	2020	2021
Number of Board of Directors meetings	13	12	13	13
Average number of agenda items discussed	5	5	5	6
Attendance rate for outside directors	100%	97%	100%	100%
Attendance rate for outside auditors*	100%	100%	100%	100%

	2018	2019	2020	2021
Number of Nomination and Remuneration Advisory Committee meetings	—	1	2	3
Attendance rate for inside directors	—	100%	100%	100%
Attendance rate for outside directors	—	100%	100%	100%

	2018	2019	2020	2021
Cross-shareholdings*4	25 issuers	25 issuers	26 issuers	23 issuers
Percentage of net assets held as cross-shareholdings	2.0%	1.9%	1.6%	1.4%

*Audit & Supervisory Board members

Domestic compliance activities

Progressive training	Target: New employees and new managers
E-learning training	Number of topics: 12 (human rights, etc.) Participation rate: 97%
Awareness-raising activities	Raising awareness through monthly morning broadcasts and theme-specific tips posted on the Company's electronic bulletin board
Specialized committee activities	Quarterly meetings to ensure compliance with the Sub-contractor Act

Compliance activities carried out both domestically and overseas

E-learning training	Target: All managers Number of topics: 1 (CSR and ESG) Participation rate: 91%
Other activities	At overseas locations, launch of training on 22 topics covered in Japan