

ESG Sheet

FY2024 (January 1 through December 31, 2024)

Company Profile <small>(as of December 31, 2024)</small>	Company Name	SHIMANO INC.	Paid-in Capital JPY 35.6 billion
	Head Office	3-77 Oimatsu-cho, Sakai-ku, Sakai City, Osaka 590-8577, Japan	
	Date of Establishment	February 1921	
	Date of Incorporation	January 1940	
		Number of Employees	SHIMANO INC. only: 1,748   Consolidated: 13,314
		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.

Environment

Working to achieve the SDGs

12 Responsible consumption and production13 Climate action15 Life on land

Environmental initiatives

Preserving a beautiful global environment

The Shimano Group places a high priority on preserving and improving 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.

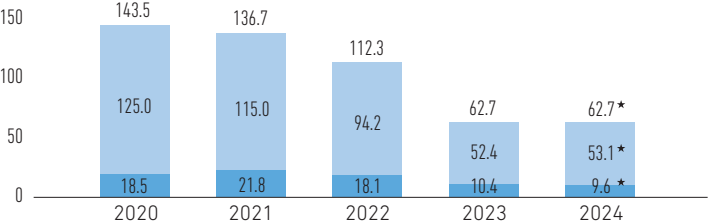
We promote the following initiatives to identify in our business activities any risks and opportunities presented by climate change, endorse resource recycling as part of our responsibility in value creation as a development-oriented digital manufacturing company, and contribute to realizing a sustainable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

1. Addressing climate change
- We are striving to reduce CO<sub>2</sub> emissions by creating a highly efficient value creation structure that eliminates waste by reducing energy consumption and by promoting a transition to renewable energy.
- Switching from equipment that burns fossil fuels to electrical equipment
  - Using renewable energy-derived electricity for all electrical power used at domestic manufacturing sites
  - Purchasing renewable energy certificates at certain overseas factories
2. Promoting resource recycling
- We are proactively promoting resource recycling through reducing, reusing, and recycling plastic.
- Reducing the amount of plastic packaging used for bicycle replacement parts and fishing rods
  - Reusing plastic pallets
  - Promoting the recycling\*<sup>1</sup> of packaging materials used in distribution (PE, PP, PS, PET, etc.) and plastic materials emitted by manufacturing processes, and developing products through closed recycling\*<sup>2</sup>

CO<sub>2</sub> emissions (Scope 1 + Scope 2)

Boundary of aggregation: Manufacturing sites of Shimano Inc. and Group manufacturing sites in Japan and overseas (Thousand t-CO<sub>2</sub>)

■ Scope 1 ■ Scope 2 ★ Assured by an independent assurance provider



(Notes) • Simple sums and total figures shown may differ because of rounding off.  
• The ESG Sheet for fiscal 2023 showed CO<sub>2</sub> emissions as t-CO<sub>2</sub>: broken down for Japan and overseas, but the ESG Sheet for fiscal 2024 shows CO<sub>2</sub> emissions as thousand t-CO<sub>2</sub>: broken down for Scope 1 and Scope 2.

Reduction targets	
2030	55% reduction in CO <sub>2</sub> emissions (Scope 1 & 2) from 2013 levels at domestic and overseas manufacturing sites
2050	Groupwide carbon neutrality

\*1. Melting, etc., waste materials to recover and reuse materials  
\*2. A recycling system in which the entire process from materials procurement to use, disposal, and reuse is done within a closed cycle among users

3. Preserving lush green spaces
- We consider the protection of “green spaces” as settings where customers can enjoy our products essential for achieving our mission. The Shimano Group promotes the appropriate and effective preservation of forests as a way of contributing to the realization of a sustainable society.
- The Shimano MTB Clothing Forest campaign in cooperation with Treedom
  - The 1 million tree project of the Jane Goodall Institute's (JGI) Roots & Shoots environmental program
- (Examples of projects in which the Group participates)

needed, and investing in human resources to contribute to the medium- to long-term enhancement of corporate value, based on the Shimano Competencies formulated in 2009, as a basic policy for human resources development that embodies our corporate philosophy and goals, to be an important part of the Company's management.

Following this thinking, as part of our human resources development, we strive to create a climate in which employees can learn autonomously, together with opportunities for employees to discover, implement, and experience new knowledge and connect with their colleagues.

The establishment of the Shimano Campus, an internal college, is one specific initiative. This program creates venues for dialogue with management as a way to deepen ties among employees and impart the Company's history and goals. The program also includes training for future leaders and is working to increase operational efficiency and productivity by introducing generative artificial intelligence (AI) like Microsoft Copilot and DeepL.

3. 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.

Since 2022, we have been obtaining written agreements from our domestic and overseas product suppliers stating that they comply with our Vendor Code of Conduct, and we continue to engage with suppliers through written surveys, individual dialogue and visits, and other means.

In 2024, we held briefings and made visits to suppliers of our factories in Japan, China, and Southeast Asia regarding respect for human rights.

We are also working to ensure respect for human rights throughout the Shimano Group's supply chain, following the UN's Guiding Principles on Business and Human Rights. In July, we formulated and posted to our website the Shimano Group Human Rights Policy.

As the Human Rights Policy expresses, we are working to ensure that our human rights due diligence and remediation hotline function appropriately as we strive to have our business activities respect human rights throughout our supply chains.

Governance

Corporate governance initiatives

Sound, sustainable business activities

Management conscious of cost of capital and stock price

On the basis of the three management principles of (1) strengthening core competence and narrowing market focus, (2) creating cycling and fishing cultures and strengthening the brand, and (3) enhancing corporate value, the Board of Directors makes investment decisions including capital investment for continuous growth, investment in research and development, and investment addressing environmental, social, and governance (ESG) issues. At the same time, we comprehensively take into account factors including the effect on earnings strength and capital efficiency based on the cost of capital and return on equity (ROE) as well as the economic environment, with the aim of growing as a Value Creating Company that continuously provides captivating products.

We place importance on returns to shareholders as a management issue under a basic policy of continuously maintaining a stable dividend and distributing profits in line with business results. We strive to return profits to shareholders while further enhancing corporate value, strengthening our financial position, and rationalizing our capital structure. At the same

time, we consider it important that all shareholders and investors gain an understanding of the Company's management through constructive dialogue.

Sustainability management

In May 2022, we introduced an ESG Committee (chaired by the Deputy President and comprising all executive officers) as a structure to consider sustainability issues related to the environment and society that affect our corporate value and business activities and discuss issues.

Three subcommittees—an Environment Committee, a Social and Ethics Committee, and a Governance Committee—were established under the auspices of the ESG Committee in 2024 to add depth to the quality of deliberations and ensure effective discussion.

The deliberations of these committees address climate change, resource recycling, respect for human rights, crisis management structures, and the strengthening of internal controls. The results of those deliberations were reported to the Board of Directors. Using those reports, the board is providing oversight and guidance to promote various measures appropriately.

	2022	2023	2024	2025*
Total directors	8	9	9	10
Outside directors	3	4	4	5
Female directors	0	1	1	2
Foreign directors	1	1	1	1
Total auditors	4	4	4	4
Outside auditors	2	2	2	2
Female auditors	1	1	1	1

\* Plans are in place for official decisions at the 118th Ordinary General Meeting of Shareholders, scheduled to be held on March 27, 2025.

	2022	2023	2024
Number of Board of Directors meetings	13	13	13
Average number of agenda items discussed	6	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%
Number of ESG Committee meetings	3	4	4
Cross-shareholdings	23 issuers	23 issuers	21 issuers
Percentage of net assets held as cross-shareholdings	1.4%	1.6%	1.8%

Social

Working to achieve the SDGs

8 DECENT WORK AND ECONOMIC GROWTH

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.

Having completed the rollout at the Shimonoseki Factory of a project focusing on safety, with the aim of zero work-related injuries or deaths, launched at the SIP (Sakai Intelligent Plant) in 2018, we are currently introducing the project to overseas factories. We are also building a framework that promptly shares information about work-related injuries or deaths and examples of accidents at all factories in Japan and overseas.

2. Investment in human capital

In line with the spirit of “Harmony and Integrity,” we have since our founding promoted career development for human resources with diverse values and strengths. We believe it is important to create environments in which employees can fully use their own skills and abilities, an initiative that will enable employees to grow autonomously by motivating them to encourage one another to improve and work diligently.

To achieve this, we consider fully using every employee's abilities, developing capabilities as

# Greenhouse gas emissions (Scope 1 and 2) calculation methodology

- Calculate using “the Greenhouse Gas Emissions Calculation and Reporting Manual (Ver.5.0)” (2024) published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan, and GHG protocol “The Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard Revised Edition”.
- Scope 2 is calculated based on market standards
- Emission factors: use the latest emission factors available at the time of calculation

Uncertainty of GHG emissions quantification

GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

## Scope 1: Direct emissions from business sites due to the use of fossil fuels, etc.

**CO<sub>2</sub> emissions from fuel used by vehicles traveling outside the premises and non-energy-derived greenhouse gas emissions are not included in the calculation.**

### CO<sub>2</sub> emission factors for fossil fuels

#### Japan

Ministry of the Environment and Ministry of Economy, Trade and Industry of Japan “List of Calculation Methods and Emission factors for the Calculation, Reporting, and Disclosure System”

[https://ghg-santeikohyo.env.go.jp/files/calc/itiran\\_2023\\_rev4.pdf](https://ghg-santeikohyo.env.go.jp/files/calc/itiran_2023_rev4.pdf)

Ministry of the Environment and Ministry of Economy, Trade and Industry of Japan “Emission Factors by Gas Supply Companies (for Calculating Greenhouse Gas Emissions by Specific Emitters) - 2023 Fiscal Year Supply Performance”

[https://ghg-santeikohyo.env.go.jp/files/calc/r06\\_gas\\_coefficient\\_rev2.pdf](https://ghg-santeikohyo.env.go.jp/files/calc/r06_gas_coefficient_rev2.pdf)

#### Overseas

If emission factors are provided by the suppliers, use those emission factors.

If not, use emission factors or official calculation guidelines published in the country where the business sites are located.

[Czech Republic] Natural gas

UNFCCC National Inventory Submissions Czechia

<https://unfccc.int/documents/644956>

[United States] Natural gas

EIA (U.S. Energy Information Administration) Carbon Dioxide Emissions Coefficients by Fuel

[https://www.eia.gov/environment/emissions/co2\\_vol\\_mass.php](https://www.eia.gov/environment/emissions/co2_vol_mass.php)

If none of the above are available, use the “List of Calculation Methods and Emission Factors for the Calculation, Reporting, and Disclosure System” published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan.

[https://ghg-santeikohyo.env.go.jp/files/calc/itiran\\_2023\\_rev4.pdf](https://ghg-santeikohyo.env.go.jp/files/calc/itiran_2023_rev4.pdf)

## Scope 2: Indirect emissions due to the use of electricity, steam, and hot water supplied from outside the business sites

### CO<sub>2</sub> emission factors for electricity

#### Japan

Ministry of the Environment and Ministry of Economy, Trade and Industry of Japan, “Emission Factors by Electricity Supply companies (for Calculating Greenhouse Gas Emissions by Specific Emitters) - Fiscal Year 2022 Results”, adjusted emission factors for each electric utility listed therein.

[https://policies.env.go.jp/earth/ghg-santeikohyo/files/calc/r06\\_denki\\_coefficient\\_rev10.pdf](https://policies.env.go.jp/earth/ghg-santeikohyo/files/calc/r06_denki_coefficient_rev10.pdf)

#### Overseas

If emission factors are provided by the suppliers, use those emission factors.

If not, use the country-specific emission factors for 2022 listed in “IEA Emissions Factors 2024” provided by the International Energy Agency (IEA).

### CO<sub>2</sub> emission factors for energy supplied from outside the business sites other than electricity (steam, hot water)

#### Japan and overseas

If the emission factors for the region where energy is supplied can be confirmed, use those emission factors.

If not, use the “Emission Factors by Heat Supply Companies (for Calculating Greenhouse Gas Emissions by Specific Emitters) - Fiscal Year 2022 Supply Performance” published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan.

[https://policies.env.go.jp/earth/ghg-santeikohyo/files/calc/r06\\_heat\\_coefficient\\_rev3.pdf](https://policies.env.go.jp/earth/ghg-santeikohyo/files/calc/r06_heat_coefficient_rev3.pdf)

## **Independent Practitioner's Limited Assurance Report**

To the President of SHIMANO INC.

### **Conclusion**

We have performed a limited assurance engagement on whether selected environmental performance indicators (the “subject matter information” or the “SMI”) presented in SHIMANO INC.’s (the “Company”) ESG Sheet (FY 2024) (the “ESG Sheet”) for the year ended December 31, 2024 have been prepared in accordance with the criteria (the “Criteria”), which are established by the Company and are explained on the ESG Sheet. The SMI subject to the assurance engagement is indicated in the ESG Sheet with the symbol “★”.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company’s SMI for the year ended December 31, 2024 is not prepared, in all material respects, in accordance with the Criteria.

### **Basis for Conclusion**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the “Our responsibilities” section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Other information**

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as “other information”). We have read the other information but have not performed any procedures with respect to the other information.

### **Responsibilities for the SMI**

Management of the Company is responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

## **Inherent limitations in preparing the SMI**

As described in the “Calculation methodology of the greenhouse gas emissions (Scope 1, 2)” in the ESG Sheet, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

## **Our responsibilities**

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management.

### *Summary of the work we performed as the basis for our conclusion*

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures / trend analysis;
- identifying and assessing the risks of material misstatements;
- performing site visits at one of the Company’s domestic sites which were determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

*/s/ Keisuke Inoue*

***Keisuke Inoue, Director***

***KPMG AZSA Sustainability Co., Ltd.***

***Osaka, Japan***

***April 22, 2025***

Notes to the Reader of Independent Assurance Report:

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.