

Team Shimano

Social Activity Report

[January 1 – December 31, 2011]



SHIMANO



Issuance of Social Activity Report	3
--	---

Enhancing Corporate Value	4
Providing “Captivating Products”	
Developing Human Resources for Shimano	
Enhancing Internal Control	



Creating Exhilarating Joy	8
Bicycle Museum Cycle Center	
Fishing Café Project & Shimano TV	
Life Creation Space “OVE”	
Other Activities	



Taking Care of the Environment	14
Shimano Green Plan	
Initiatives to Preserve Local Environment	
Initiatives to Reduce Environmental Impact	
Promoting Bicycle Commuting among Team Shimano Members	
Other Activities	



Building Confidence	20
Learning and Thinking with Children	
Toward Safe and Enjoyable Use of Bicycles	
Corporate Citizenship Activities	
Initiatives Taken on the 90th Anniversary	
Donations and Relief Activities	
Local Community Activities	

Some Thoughts about the Social Activity Report	26
The Team Shimano Philosophy	27

Issuance of Social Activity Report



To promote health and happiness through the enjoyment of nature and the world around us.

This is the mission that all Team Shimano members must constantly keep in mind.
The statement also demonstrates the essential role that the Company must fulfill.

Under the current severe social and economic environment,
each company must ask itself what value it can create for society.
In other words, every company is required to pursue and prove its corporate value in a definite manner.
In this social climate, Shimano will continue to adhere to its basic obligation
as a development-oriented manufacturing company based in Japan,
and will continue to develop and supply attractive new products to our customers.

In March 2011, Shimano celebrated its 90th anniversary.
We are grateful that throughout its long history,
the Company has received generous support from so many stakeholders.

In keeping with its founding spirit, Shimano will long remain a Value Creating Company.
Through the development and marketing of what we call “Captivating Products,”
we will continue to promote the cycling and fishing cultures.

In the light of the above perspective, we will remain committed to our CSR activities,
faithfully fulfilling our roles and duties as a corporate citizen,
and contributing to society to an extent commensurate with our capabilities.

It is my sincere hope that this report will deepen your understanding of Shimano’s
wide-ranging commitment to social responsibility.

Yozo Shimano
President, SHIMANO INC.

Enhancing Corporate Value

— Providing “Captivating Products”

Shimano supplies what we call “Captivating Products,” including bicycle components that ensure comfortable riding and ease of operation, fishing tackle characterized by a fusion of technology and human sensitivity, and sportswear and shoes that further enhance the enjoyment of outdoor activities. By promoting cycling and fishing, both enjoyed in the natural environment, Shimano aims to help enrich the lifestyles of all those who use our products.

Bicycle Components

■ Evolution of electronic shifting systems

The Dura-Ace 7970 series, which incorporates electronic shifting systems, has proved its exceptional performance in various road races. By adopting its excellent performance and improving ease of operation, Shimano has developed the Ultegra 6770 series, which ensures stress-free, comfortable riding for a wider range of cyclists.

■ DEORE XT, an evolved MTB component

Into the DEORE XT (components for mountain bike), Shimano introduced Dyna-Sys, a next generation 10-speed rear drivetrain that enables highly efficient power transfer. Incorporating the highest grade, cutting-edge technology, Dyna-Sys enhances both efficiency and stability for any rider.

■ Adopting 10-speed shifting road components for Tiagra

Shimano has completely upgraded the Tiagra series, designed for entry riders, by adopting a 10-speed rear shifting system. Featuring a sporty and casual design basically in cerulean silver, the new model is perfect for a wide range of applications, particularly touring.



Fishing Tackle

■ Winning ICAST awards for 10 consecutive years

For ten consecutive years Shimano rods have won awards at ICAST, the world’s largest sportfishing trade show in the United States.

■ Winning awards at EFTTEX in two categories

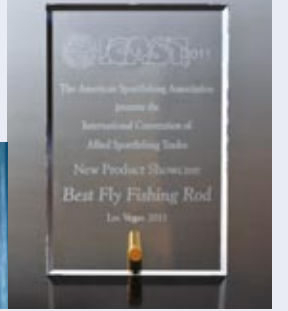
At the European Fishing Tackle Trade Exhibition (EFTTEX), our Aero Technium Mg XSB and Power-Pro Super 8 Slick won awards in their respective categories.

■ The Aero Technium Mg XSB won the Best New Fixed spool Reel Award.

The STELLA FE won the Innovation Award at the Salon Européen des Pêches en Mer, a fishing tackle show held in France.



A total of three Shimano models won awards.



Fly Fishing Rod Award



The best New Fixed spool Aero Technium Mg XSB

STELLA



The Stella, Shimano's spinning reel incorporating the innovative X-SHIP gear system, features magnificent rotating performance.



Lifestyle Gear

■ iF Design Award

Shimano's windbreaker ACCU-3D won the gold medal in the iF Design Competition, which recognizes excellent design in industrial products from around the world.



Rowing Equipment

■ World Best Time with Shimano Rowing Dynamics (SRD) system

At the U23 World Rowing Championship 2011, held in Amsterdam, the Netherlands, a German crew won a gold medal and created a world best time in the women's double sculls (an official event in the Olympics). Their boat was equipped with Shimano's Rowing Dynamics (SRD) system.



Developing Human Resources for Shimano



Program for new Team Shimano members at Shimano Kunshan (China)

Training/education programs

At our office/factory around the world, Shimano promotes programs that ensure that the best human resources possible are supporting company-wide initiatives. A wide selection of courses are available, ranging from lessons in foreign languages, primarily English, the common language of Team Shimano to technical training courses that teach about manufacturing and improving manufacturing skills. Through these training/education programs, Shimano enables staff members to sharpen thinking methodologies and expertise useful for their everyday activities at Shimano.

Induction program for new Team Shimano members

■ Curriculum focused on experience and practice

The curriculum for new Shimano members provides classroom lectures and experience as well as practice-based training/education.



Team-building activities to learn the importance of teamwork.



Fishing experiences give new members opportunities to learn its enjoyment.



Cycling experiences give new members opportunities to learn the joy of Shimano products.



Visiting a manufacturing site, the foundation of all Shimano's activities.

■ Sharing the Philosophies of Team Shimano worldwide

At our office/factory where new staff members are recruited throughout the year, educational programs are offered to new members to build their understanding of Shimano's history and corporate philosophy. At these programs, new members are encouraged to think and act in line with Team Shimano's philosophy. Shimano Cambodia invited specialists to offer various educational programs to all staff members.



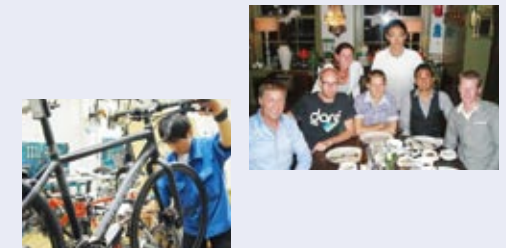
Training for new Shimano members at Shimano Cambodia

Developing a global perspective

■ Abilities learned on-site

since 2001

Under the Shimano Leadership Development (SLD), aspiring staff members in Japan are dispatched to overseas dealers to obtain a broad spectrum of experience. This program is implemented with cooperation from bicycle dealers in various parts of the world. Working at overseas dealers' shops for three months, dispatched members learn the culture and working habits of respective regions through firsthand cross-cultural experience. From 2011, we started to dispatch members of Shimano Components Malaysia to the Netherlands.



■ Acceptance of overseas Team Shimano members

Shimano headquarters (Japan) accept Team Shimano members from overseas bases for training. Training programs for overseas members are held twice a year, where they learn about Team Shimano's work and product flow in various departments, as well as acquire techniques and knowledge. In the program, trainees visit sales sites where they can see products they have handled in their own countries being displayed and sold. This is a great opportunity for them to realize their own roles as members of Team Shimano.



■ Promoting language education

Since Shimano members comprise various nationalities, it is imperative that they master other languages, so as to ensure smooth communication. We offer language-training courses not only in English, Shimano's common language, but also in Chinese and other languages.



Enhancing Internal Control



■ Internal control over financial reporting

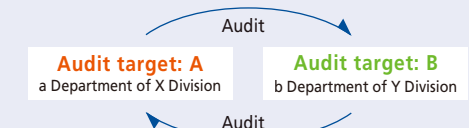
since 2006

In response to the enactment of Japan's Financial Instruments and Exchange Act, Shimano established the Internal Control Office in 2007. Currently, there is an increasing demand for every company to pursue transparent and efficient corporate management. To ensure that each department crosschecks the adequacy of their business operations and legal compliance, in 2011 Shimano introduced a mutual crosschecking system between paired departments.

Features of the crosscheck method

Mutual auditing of departments that have similar or common features (auditor, manager)

- The system enables members concerned to effectively discuss issues that need improvement.
- By playing two different roles (one as an auditor and the other as the party to be audited), members can learn risk management and other management methods from the other department and improve their own management methods.



Creating Exhilarating Joy

—Offering enjoyment and fun for everyone

Class for beginning bicycle riders at the bicycle museum (Japan)



Shimano Fest 2011 (Brazil)

One important activity of Shimano is to share and promote the joy of bicycle riding and fishing with many people by providing captivating products. We implement various activities not only in Japan but around the world as well. For example, we organize events where people can witness the best performances of professional riders and top players.



Shimano Bikers Festival (China)

Bicycle Museum Cycle Center



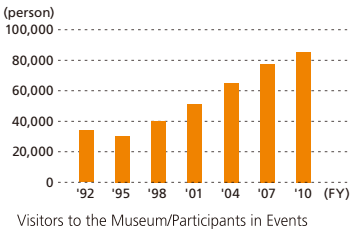
since 1992



Exhibition hall, where visitors learn the history of bicycle evolution

The Bicycle Museum Cycle Center (operated by the Shimano Cycle Development Center) opened in 1992 in Sakai City, where Shimano headquarters is located. Various activities are conducted here. As the only museum in Japan dedicated to bicycle culture, the Museum possesses about 300 bicycles, including a variety of bicycles ranging from the reproduced Draisine, the first bicycle invented in 1818, to a road bike used at the Beijing Olympics. The belief is that the museum is not only a place to showcase the history of bicycles but also a place to introduce and help create a lifelong interest in bicycles.

Access:
10-minute walk from Mozu Station on the JR Hanwa Line
Address:
18-2 Daisen Nakamachi, Sakai-ku, Sakai City, Osaka



A wide variety of cycling events

since 1997

Promotion of health through cycling

A three-month program highlighted by cycling in addition to improving dietary habits has been designed to promote health and to enrich daily life through the use of bicycles.

Cycling events

A wide variety of events for all riders, ranging from beginners to advanced cyclists

- **Pottering:** a slow ride of about 10 km; for beginners
- **Healthy cycling:** cycling up and down hills for 20 to 30 km; for intermediate riders
- **Road bicycle seminar:** teaches positioning, riding on slopes, cornering, brake operations, etc. for road cycling beginners.
- **Mountain bicycle seminar:** ride basically on an unpaved road for 15 to 20 km; for beginners and intermediate riders of mountain bicycles
- **Women's pottering:** a cycling event exclusively for women under the theme: gourmet, culture, and beauty
- **Bicycle Life Seminar:** teaches trouble-shooting methods to riders who plan to enjoy cycling.



Women's pottering

Painting Competition for Children

since 1992

To foster children's creativity and power of observation, since 1992 the Bicycle Museum has organized painting competitions specifying bicycles as a motif. The number of entries has grown, reaching 36,914 entries in the 20th event in 2011.



During the contest's entry period, the Bicycle Museum gives free admission to children who plan to sketch exhibits. Tables are set up inside the museum for drawing.



Many families visit the museum to see prize-winning works.

Fishing Café Project & Shimano TV



■ Fishing Café Project

since 2000

To promote the fishing culture, the Fishing Café sets out to involve all anglers, from beginners to experts, and impart the latest information on a wide range of subjects concerning fishing by using various media, including magazines (issued in spring, summer, and winter) and communication satellite TV programs (Sky Perfect). Topics vary widely, covering such areas as literature, art, society, education, nature and the environmental protection. In addition to anglers, the Fishing Café Project aims to attract to the exciting world of fishing many people who to date have not been interested in fishing.

■ Shimano TV

since 2007

Shimano TV, a fishing site that offers Web contents, accessible anytime, from anywhere in the world, offers various must-see programs, ranging from fishing programs broadcast on TV to scenes from Japan Cup and other events organized by Shimano, demonstrations by instructors, and other special contents that cannot be found on other sites. Moreover, new contents have been added for beginners. The contents are accessible to Smartphone users, and can be shared via Twitter and other social networks. Shimano will continue to promote attractive features of fishing through diverse media.



Fishing channel, Shimano TV
(in Japanese and Chinese only)
<http://tv.shimano.co.jp/>



"Itsu demo Tsuru Kibun" (Feel Like Fishing All the Time), an original program exclusively for Shimano TV, is always available.

Life Creation Space "OVE"



since 2006

As a source of information about new bicycle culture, OVE engages in various activities to help people lead a relaxed lifestyle enriched by the use of bicycles. In 2011, which marked the sixth anniversary of OVE, its efforts were focused on addressing many people who had not previously been interested in cycling. Its café, for instance, attracted many visitors for lunch, particularly on weekends. OVE also held live concerts of jazz, bossa nova and classic music, bringing over 50 music fans together to the comfortable shop space surrounded by trees. Pottering programs "SANSO" held by OVE have become extremely popular. Many repeaters join these programs, since they can enjoy viewing landscapes while pedaling slowly, and at their destinations, they can appreciate special delicacies. Moreover, night rides, held on hot summer nights, attracted many cyclists.



Pottering programs "SANSO" are designed to promote slow rides, enjoying a relaxing time.



Lunch offered at OVE's café features wholesome organic vegetables.

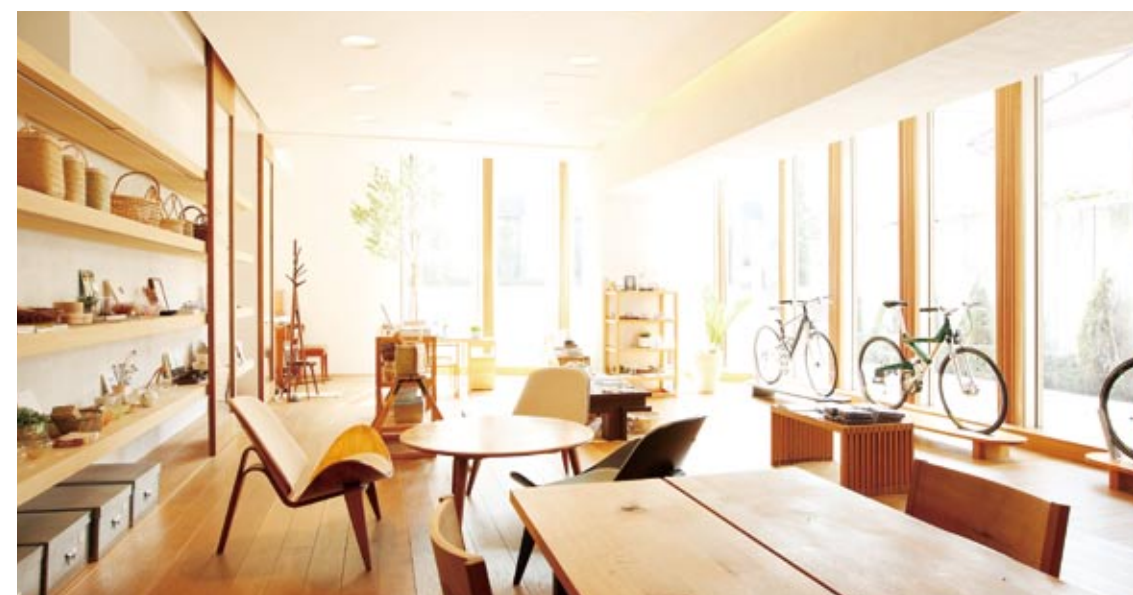
OVE

Access: 8-minute walk from Omotesando Station or Gaenmae Station on the Tokyo Metro Ginza Line/Hanzomon Line

Address: 3-4-8 Tre Di Casa 1F, Minami Aoyama Minato-ku Tokyo



OVE holds music concerts and other cultural events.



Organizing and supporting various events

Shimano organizes and supports cycling and fishing events in various parts of the world.

Cycling events organized by Shimano

- | | |
|--|---|
|  Shimano Suzuka Road Race (Japan) since 1984 |  Shimano Bikers Festival (Japan) since 1991 |
|  Shimano Bikers Festival (China) since 2003 |  Shimano Cup (China) since 2009 |
|  Shimano Short Track since 2009 |  Open Shimano (Argentina) since 2008 |



Shimano Bikers Festival (China)
Over the past eight years since Shimano began supporting the event in China, where cycle sports became increasingly popular.



Shimano Suzuka Road Race (Japan)



Shimano Bikers Festival (Japan)



Shimano Short Track
Since 2011, Shimano Short Track has been held in Brazil, Argentina, Chile, Columbia, Panama, Costa Rica, and Mexico.



Open Shimano (Argentina)

Fishing events organized by Shimano

- | | |
|---|--|
|  Shimano Japan Cup (Japan) since 1984 |  Shimano Cup Hera Fishing Tournament in South Korea (Korea) since 2007 |
|  Shimano Cup Hera Fishing Tournament (China) since 2002 |  Shimano Cup ISO Fishing Tournament in Taiwan (Taiwan) since 2005 |
|  Shimano Cup ISO Fishing Tournament in Hong kong (Hong kong) since 2002 |  Kids Fishing (The Netherlands) since 2011 |



Shimano Japan Cup (Japan)



Shimano Cup ISO Fishing Tournament in Taiwan (Taiwan)



Shimano Cup Hera Fishing Tournament (China)




Shimano Cup ISO Fishing Tournament in Hong kong (Hong kong)



Kids Fishing (The Netherlands)
Shimano Europe holds fishing event for kids to know its enjoyment.

Cycling and fishing events organized by Shimano

-  Shimano Fest (Brazil) since **2010**



Cycling events supported by Shimano

-  Shop-in-Shop Event (China) since **2003**
-  Huangshan International Mountain Race (China) since **2011**



Huangshan International Mountain Race (China)



Shop-in-Shop Event (China)

Support and cooperation for UCI



As an official partner, Shimano has supported the UCI (Union Cycliste Internationale) since 1999, providing assistance in promoting bicycle races and cycling sports culture around the world. since **1999**

Racing Team



Through our racing teams, Shimano Racing and Skil-Shimano (present Argos-Shimano), we train young Asian riders and create opportunities for them to participate in the world's top-level races to fulfill their dreams. since **1972**



Yukihiro Doi (a member of Skil-Shimano) participated in the Vuelta a España (Tour of Spain) as the first Japanese in the race and completed all stages.

Dispatch of technical support cars

Shimano dispatches technical support cars and staff to wide-ranging cycling events. There are a variety of events including beginner and top-level professional events, Olympic games. We provide technical support giving first priority to ensuring that all participants can enjoy the events safely.



Shimano offers technical support in various parts of the world. (This photo was taken in China.)

Construction of bicycle tracks in natural parks



Shimano American and Shimano Canada support activities to verify that bicycle tracks that have been appropriately built based on scientific data are shown to reduce the negative impacts of bicycle use on the natural environment.

Appropriate use of fishery resources



Shimano American and Shimano Canada work together with many fishermen's associations and government delegates to establish fishery management policies. We provide cooperation in preparing practical measures aimed to realize the science-based use of fishery resources.

Taking Care of the Environment

—Cooperation in taking care of the natural, living and product-use environments



In addition to diligently pursuing technological improvement and innovation to reduce environmental impacts that could arise in the process of product manufacturing, we actively participate in field cleaning and environmental improvement activities.



Shimano Green Plan



since 2004



An explanatory meeting for suppliers (Japan)



A specialist carefully inspects our products to confirm that they do not contain any banned substance. (Shimano Kunshan [China])



Seven years have passed since Shimano began to manufacture products free from banned substances under the SGP. To share the latest information about banned substances, the Quality Control Division holds meetings every month. (Shimano Kunshan [China])

Shimano constantly reviews the Shimano Green Plan (SGP), which comprises guidelines for producing products with reduced environmental impact. In 2011, Shimano issued the eighth edition of the SGP.

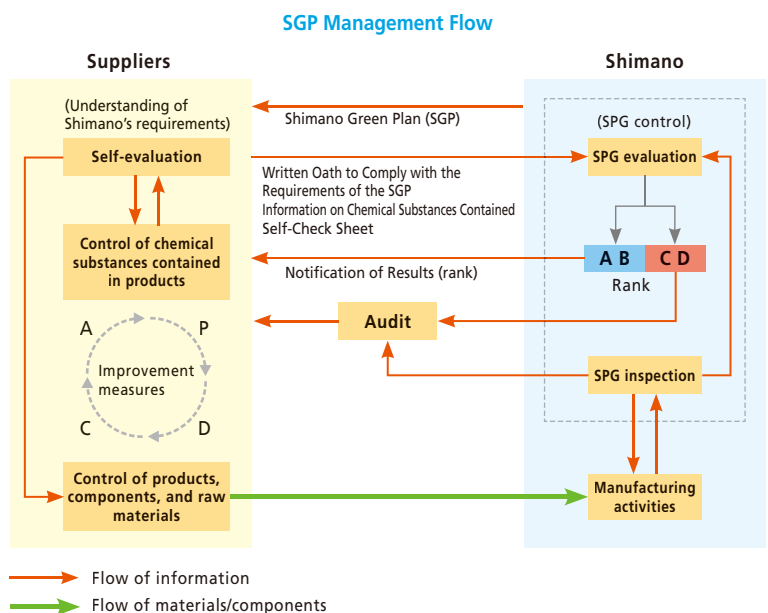
Purpose of the revision

- To improve the level of compliance with the requirements of the SGP by promoting suppliers' understanding of the SGP
- To improve business efficiency at both Shimano and suppliers by reviewing processes needed for SGP-related operations

Major points of revision

1. To the list of banned substances, several new items have been added in compliance with the latest laws and regulations
2. A new category (regulated substance) has been added in response to the Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH by EU)
3. Attached data, particularly the lists of banned and regulated substances, have been revised to improve clarity and ease of understanding.
4. The Self-Check Sheet has been revised to improve clarity and usability.
5. Shimano began to use the Internet to deliver SGP documents to suppliers.

SGP has been designed to control chemical substances contained in our products in compliance with laws and regulations of various countries, customers' demands, and industrial standards, to ensure that our products provided to the global market do not raise any safety concerns. In preparing the eighth edition, Shimano has addressed issues recognized in the seventh edition so as to enhance legal compliance and to respond more appropriately to market demands. In joint efforts with our suppliers, Shimano will continue its efforts to comply with the requirements of the SGP, thereby reducing environmental impacts of our products.



Initiatives to Preserve Local Environment

● Yamato River Cleanup & Reed-Mowing since 2001

Together with residents of Sakai City, home to Shimano's Headquarters, Team Shimano members voluntarily participate in the Yamato River Cleanup Campaign and Reed-Mowing in the river. During 2011, 173 and 77 members joined the Cleanup Campaign and the Reed-Mowing, respectively.



Yamato River Cleanup Campaign



Yamato River Reed-Mowing

● Effective use of reeds

Some Shimano brochures and name cards use paper made with reed fiber. By establishing a cycle of planting and cutting reeds and then using paper made of reeds, we aim to reduce environmental impacts. (This booklet uses "lake papyrus," paper mixed with reeds grown in Lake Biwa.)



● Cleanup activity at Sennan Satoumi Park since 2002

In Japan, Shimano joined the cleanup activity at Sennan Satoumi Park, in agreement with the objective of the International Beach Cleanup Campaign, which aims to reduce marine pollution by reducing waste at its source. During the cleanup, we keep track of the variety and amount of garbage collected. This year, 253 members participated as volunteers in this campaign.



● Million Tree Project since 2009

Members of Shimano Kunshan and Shimano Tianjin participated in the Million Tree Project, aimed at planting 1 million trees in desert areas in Mongolia. To date a total of 678,355 trees have been planted, including 4,000 trees donated by Shimano. The members also work to maintain the young trees they have planted.



● Cooperation in promoting environmental education since 2006

Staff members visit elementary schools in Sakai City to give a class on how to make paper by recycling milk cartons. Through such a series of hands-on experience programs, including the Yamato River Cleanup Campaign, Shimano helps promote environmental education for children.



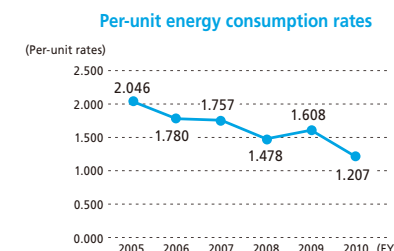
Initiatives to Reduce Environmental Impact



Energy conservation measures



At the Headquarters, the use of lighting equipment was controlled to cut power consumption. (SIC)



SSF was commended as an excellent factory in terms of energy efficiency. (SSF)

In response to the power shortage in 2011 due to the suspension of nuclear power generation, Shimano worked to cut maximum electric power (peak-hour power consumption) from July 1 to September 22. As a result of down-to-earth measures, including controlling the use of lighting equipment, elevators, and air conditioners, the administrative section reduced the maximum power by 9.1% from the previous year, from 1,196 kW in 2010 to 1,087kW in 2011.

Shimano Shimonoseki Factory (SSF) periodically verifies the results of its energy conservation measures. Since its per-unit energy consumption rates (a unit indicating energy efficiency) has diminished for the past six years, SSF was commended by The Chugoku Bureau of Economy, Trade and Industry as an excellent manufacturing facility in terms of energy efficiency. SSF has also improved manufacturing processes to cut CO₂ emissions, in efforts that led to a reduction of CO₂ emissions by 148.2 tons per year.



Adoption of mesh belt high-temperature insulation coating for the furnace helped reduce heat loss, leading to a reduction in fuel consumption. As a result, CO₂ emissions decreased by 50 tons per year. (SSF)



By changing lighting equipment to LED, Shimano Kunshan (China) reduced its monthly power consumption from 1625.4 kWh to 813.6 kWh.

since 1999

Promoting Bicycle Commuting among Team Shimano Members



Bike-to-Work

since 1998

In conjunction with Bike to Work Week, a week-long celebration of commuter cycling held nationwide in the United States, Shimano American encourages staff members to commute by bicycle.



Certified as an Excellent Eco-Commuting Business Company since 2009

Shimano headquarters has been certified as an "Excellent Eco-Commuting Business Company" by the Foundation for Promoting Personal Mobility and Ecological Transportation for our efforts to promote bicycle commuting. As an Excellent Eco-Commuting Business company, we have included in our plan the target of reducing annual CO₂ emissions from private car commuting by 1% from the previous year (2010).

In 2011, we succeeded in reducing CO₂ emissions by 41,436 kg, about six times more than our target of 6,608 kg. We will continue to actively work to reduce environmental impact in 2012.



To promote bicycle commuting, Shimano prepared bicycle parking lots and shower rooms. Moreover, the Company provides commutation allowance for bicycle commuters.

Other Activities



Tree planting campaign

Members of Shimano Components Malaysia planted 125 trees in Pontian, Johor. since 2004



Earth Day activities

On the Earth Day (April), members of Shimano American Corporation planted various flowers and plants. since 2011



Cleanup activities

Members of Shimano Kunshan (China) conduct cleanups of the factory and nearby roads. since 2011



Noise control

To control noise in the residential area around Shimano Kunshan Factory and to improve workplace environment, Shimano Kunshan has built a system to monitor and control noise levels. since 1999



Water treatment

Shimano Kunshan renovated the waste water tank which can protect from the waste water leaking into underground and improve the adjustment capacity of untreated water. since 1997



Beach Cleanup Campaign

In the United States, Team Shimano members take part in an activity to clean up Bolsa Chica Beach in California. since 2003



Providing Live Release Boats

Shimano offered a special boat that enables more reliable catch-and-release in fishing tournaments, and a weigh-in system, to a fishing tournament held in Canada. since 1996



Separate waste collection

Since 1999, each office and factory collects recyclable waste. since 1999



Shimano Cleanup Project



Under the slogan "What we can do for our beloved fields," we promote a project to clean up fishing spots. This project is supported by participants of Shimano-organized events as well as the general population. Together with these supporters, we work on the cleanup activity. since 2003

Website: <http://shimano.asa-pri.net/> (in Japanese)



Green campaign in eight primary schools at Pontian, Johor (Shimano Components Malaysia)



Earth Day activities (Shimano American)



Water treatment plant (Shimano Kunshan:China)

Building Confidence

—Participating and cooperating in local community activities as a responsible corporate citizen

At Wielerschool, children learn traffic rules, in addition to bicycle riding skills. (Japan)



Release of young sea bream (Japan)

As a corporate citizen, Team Shimano seeks to communicate with local communities and strive for co-existence and co-prosperity with them. As a member of the local community in which we are based, Shimano is committed to rewarding the region.



Teaching young Brazilians bicycle maintenance techniques (Shimano Latin America)

Learning and Thinking with Children



Children developing their communication skills through presentations regarding the assigned theme.

Career education at elementary schools since 2005

The Career Education Project is under way, aimed at developing children's abilities to think and live as members of society. Since 2005, Shimano has cooperated in this project by dispatching members as lecturers to local elementary schools. During a career education class, children are assigned a theme about bicycles, and work together to design a plan and make proposals. In the problem-solving process, they develop abilities to think logically, act to gather information for decision-making, decide optimal solutions, and work in cooperation with others.



Toward Safe and Enjoyable Use of Bicycles



Dispatching instructors to Wielerschool since 2008

Wielerschool aims to improve children's cycling skills, develop an environment in which people can enjoy cycling sports more joyfully and comfortably, increase the number of sports cyclists, and train world-class cyclists. Its scope of activities stretches across Japan. In 2011, Wielerschool was held at more than 40 venues, with about 2,000 children participating. We dispatch members of Shimano Racing Team to Wielerschool as instructors who teach participants cycling techniques and traffic manners.



Organizes Cycle Academy since 2005

Shimano holds its Cycle Academy, widely inviting participation from men and women of all ages, in order to impart the joy of cycle sports and safe riding. In the Academy, active Shimano Racing Team riders serve as instructors.



Corporate Citizenship Activities



The crest of the Republic of Singapore

Consulate-General of the Republic of Singapore opened at Shimano Headquarters

Consulate-General of the Republic of Singapore relocated its office from Chuo Ward, Osaka, to the second floor of Shimano Headquarters building. (Opened on November 11, 2011) Concurrently, President Yozo Shimano was appointed as Singapore's Honorary Consul-General.

Shimano's relations with Singapore originated in 1973, when the Company established Shimano (Singapore) Pte. Ltd., Shimano's first overseas manufacturing factory, in Jurong. Ever since, SPL has been playing an essential role as our overseas mother factory. Accordingly, having the Consulate-General at our Headquarters building is a great opportunity for Shimano to show its gratitude and to render cooperation to the country.



The front counter on the second floor of the Headquarters in Sakai City, Osaka



Inside the Consulate-General

Initiatives Taken on the 90th Anniversary (Japan)



The car Shimano offered to the Wielerschool is used effectively.



In March 2011 Shimano celebrated its 90th anniversary. On that occasion, the Company conducted various activities to further promote cycling and fishing cultures.

Offering equipment to the Wielerschool

The Wielerschool is operated with the aim of promoting cycling among children and teaching them traffic rules. Shimano provided the Wielerschool with a car to transport necessary equipment, bicycles for children, and acoustic equipment. Moreover, Shimano dispatches members of the Shimano Racing Team to the school as instructors.

Release of 250,000 fries of sea bream

With cooperation given by fishermen's union, Shimano released young fish in Osaka, Yamaguchi, Kumamoto, and Kanagawa prefectures, to demonstrate our gratitude toward the blessings of the Nature, our resolve to protect natural environment and resources, and our aspiration that many more people will enjoy fishing.

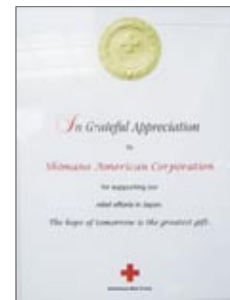


Donations and Relief Activities



Relief activities for victims of the earthquake and tsunami

To the victims of the Great East Japan Earthquake and tsunami, we would like to express our heartfelt sympathy and offer our sincere prayer that the souls of the deceased rest in peace. To help victims, Shimano donated 100 million yen plus relief goods, particularly warm garments, the value of which amounted to 30 million yen. Moreover, companies outside Japan donated to victims through the Red Cross in their respective countries.



A certificate of appreciation from the American Red Cross



Shimano raised donations for the victims at Shimano Japan Cup, a fishing competition held by Shimano.



Donation to medical organizations

During the EuroBike, PEARL IZUMI GmbH Germany donated 1,120 euro to Médecins Sans Frontières and 1,250 euro to the Tour Ginkgo. The latter organization provides medical and psychosocial aftercare to children with cancer or leukemia and who received bone marrow transplantations. Furthermore, PEARL IZUMI GmbH donated cycling and running shoes to the National Association of German Disabled Sports and to the German Sports Aid Foundation. The donation was greatly appreciated by both organizations.



The founder of "À chacun son Everest", Christine Janin receiving the donation (left end)

Donation to youth cancer foundation

Shimano Europe Group donated 50,000 euro to the French cancer foundation À chacun son Everest (Everyone has their own Mount Everest), which aims to help children with leukemia or cancer. The foundation was established in 1994 by Christine Janin, the first woman to reach the top of Mount Everest, 20 years ago. Since she had suffered from a disease in her own childhood, she helps children to scale the peak of their own "Everest" and realize their dreams.



Donation to local authorities

since 2008

For several years Shimano Czech has regularly donated to local police and fire stations so that they may purchase better equipment and provide better professional training to their staff members.

Local Community Activities



Supporting a bicycle-friendly city since 1999

Supporting activities of the Sakai Citizens' Group for building a Bicycle-Friendly City, by distributing a cycling map and holding Sakai Bicycle Day, to improve cycling manners.



Green Campaign since 2004

Members of Shimano Components Malaysia annually organize a green campaign in primary schools at Pontian, Johor. In 2011, the members held lectures on plants and drawing classes for 2,400 students at eight schools.



Provision of school supplies since 2011

Members of G. Loomis provided local children with school supplies in July, shortly before the beginning of the new school year.



Activities of Shimano Latin America (Brazil) since 2011

Ciclo Debates SHIMANO

Involving opinion leaders, Shimano held open debates with end users regarding bicycle mobility, sustainability, cycle tour, etc.

Curso Mecanica Basica Fevelas

In Rio, Shimano Latin America provided young people with instructions about basic bicycle mechanics to help them find related jobs, foster mechanics for the labor market, and promote cycling.

Proyecto Mejor em Bici

Shimano helps children fix their bicycles by giving basic mechanical knowledge.

Project BMX Futuro

Shimano Latin America supports the management of Bike Park, which serves as a community center in the heart of São Paulo. In 2012 we plan to hold a bicycle tournament for youth throughout the year.



Supporting for promoting bicycles since 2011

In Buenos Aires, Argentina, Shimano gives basic mechanical services for bicycle riders and encourages commuters using metro and train to use bicycles as alternative means of commutation.



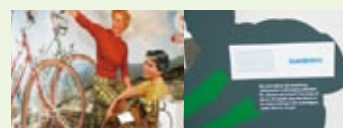
Open Factory since 2011

In joint efforts with other factories in Karvina Industrial Zone, Shimano Czech held an open house event, inviting local residents to our factory to promote their understanding of our company.



Supporting for Life Line Fund Raising Ride since 2011

Shimano Australia and Pearl Izumi supports a program to promote cycling in order to prevent suicides. To promote the program, members pedaled about 1,600 km from Canberra to Brisbane.



Supporting for exhibition of historic bicycles

Shimano supports exhibitions of historic bicycles in Bielefeld, Germany, the city where the German production of bicycles began in 1886.



Donation to orphanage since 2007

Members of Shimano Batam (Indonesia) visited four childcare centers and offered donations.



Blood donation since 1996

186 members of Shimano Batam (Indonesia) donated blood.



Blood donation since 1995

Shimano Singapore conducted blood donations three times in 2011. The 160 bags of blood collected from the donors have saved the lives of 450 people.



Supporting for Jurong community cycling since 2011

Jurong Community in Singapore held a bicycle ride program, inviting 65 students of Jurong, Shukang, and Honkang middle schools. Since 2008, these schools have participated in a sports educational program called STAMP. All participants enjoyed the program.



Promoting bicycle culture since 2011

At Jurong Middle School, Shimano Singapore (SPL) started a three-year program aimed at promoting cycling for a healthy, happy, and harmonious lifestyle. In this program, members of SPL hold classes to teach basic knowledge about bicycles, safety measures, proper ways to ride, and so forth.

Giving back to old folks since 2009

Donated cold weather protection gear and healthcare items for senior citizen homes, according to the traditional practice of the Chung Yeung Festival, on which the elderly is respected.

Some Thoughts about the Social Activity Report

The year 2011 witnessed the European economic crisis, extensive natural disasters, and various other incidents. They all led us to inquire into the essence of corporate social responsibility. In such critical situations, we saw that many companies engaged in global business overcome challenges through excellent teamwork among their respective group companies. A remarkable example is Team Shimano, which even improved its business performance. Moreover, to victims of the earthquake and tsunami of March 11, 2011, Shimano offered donations and relief goods, particularly warm garments. The Company also organized various special programs to celebrate its 90th anniversary. These efforts are worth commending.

Although the concept of CSR is commonly understood as meaning that companies should conduct philanthropic activities, the original meaning of CSR is to respond to social demand, or in other words, to conduct "demand-side" management. The term "demand-side" implies that consumers or users of products and services provided by a company should be regarded as partners who work together to create value, rather than mere recipients of the value created by the company. To use the term coined by Philip Kotler, a renowned figure in the world of marketing, we are now entering "Management 3.0," the era of values-driven marketing. I was impressed to learn that in this new era of "Management 3.0," users of Shimano products work as the Company's partners in creating value. All articles in this report, which cover various topics, ranging from manufacturing to corporate citizenship activities, have convinced me of the fact that Shimano is creating value jointly with users of its products.

In other words, Shimano's products have value only when they inspire and satisfy the minds of their users when they are used "in close contact with nature and the world around us." This is true of all Shimano products: bicycle components, fishing tackle, lifestyle gear, and boating equipment. At the same time, Shimano's "Captivating Products" should help vitalize users physically, as well as mentally. In short, the essence of Shimano's CSR activities should lie in activities that respond to users' demands to enliven their bodies and minds. Currently, we see growing interest in cycling, fishing, and fitness. Moreover, we see increasing numbers of people have become eager to establish healthy dietary habits, primarily focusing on organic vegetables. In this context, it is understandable that Shimano's Life Creation Space "OVE" in Aoyama, Tokyo, has become extremely popular.

Reading Social Activity Report, I was particularly impressed by the fact that Shimano concentrates its efforts in developing capable human resources to support Shimano. For instance, the Company offers to its employees of diverse nationalities a wide variety of educational courses, ranging from classes in foreign languages, particularly English, to technical training courses designed to improve manufacturing skills. Providing both classroom lessons and onsite training, Shimano supports its staff members' efforts to study various ways of thinking and to gain expertise that is useful in their day-to-day activities. Promoting bicycle commuting is effective in cutting CO2 emissions, promoting health, and enhancing employees' confidence in Shimano products, as well as their brand loyalty. In addition to its own employees, Shimano is eager to foster the capacity of the next generation. The Company is eagerly committed to children's classes of bicycle ride, painting, environmental issues, and so on. Moreover, Shimano dispatches instructors to career education and the Wielerschool.

Shimano Green Plan (SGP) has been revised in response to changes in laws and regulations of various countries, as well as industrial standards. It is noteworthy that the revised SGP also reflects customers' demands, a fact attesting to Shimano's orientation toward "demand-side" management. I believe that this approach to meet customers' demands should be fairly commended, as well as the company's approach to seeking suppliers' understanding.

In response to the power shortage in 2011 due to the suspension of nuclear power generation, Shimano worked to cut power consumption during the summer. As a result, power consumption was reduced particularly at Shimano Inc. (SIC) and Shimonoseki Factory (SSF). In particular, SSF reduced CO2 emissions by 148.2 tons per year. Needless to say, the efforts to cut CO2 emissions should be continued. At the same time, I was impressed that in Shimano's CSR and environmental protection programs, the Company focuses its efforts on the sustainability of the earth and society at large, rather than the Company's own sustainability.

Concerning internal control, it is remarkable that Shimano introduced a mutual crosschecking system between paired departments that have similar or common features. Combined with existing external and in-house audit systems, this new system may effectively improve internal control. However, the Company should maintain the independence of departments that mutually audit so that they do not build cozy relationships.

Finally, I believe that the Social Activity Report should also include Shimano's approach to risk management and preparedness for extensive natural disasters and epidemics that could possibly take place in Japan and Asia. In particular, Shimano should prepare a Business Continuity Plan (BCP) to ensure that it can maintain its supply chain. To cope with disasters, social risk management is essential, which involves not only companies, but also local residents, community groups, public organizations, and administrative bodies. As was evidenced in the Great Flood in Thailand in 2011, disasters can impact component supply and assembly, transcending national borders. In addition to corporate governance, companies therefore must disclose their risk management systems. As a global pioneer, Shimano should build a solid base of supply chains that can withstand any potential disaster. I expect that based on a solid risk management system, Shimano will further expand its business worldwide, supplying "Captivating Products" to emerging economies, Latin America and Africa, in addition to existing markets in Europe, North America, and Asia.



Toshihiko Fujie

Professor, Chiba University of Commerce
Graduate School of Chiba University of Commerce
Vice Chairman, Japan Business Management Association

The Team Shimano Philosophy

From our founder, we have inherited an enthusiastic commitment to producing high-quality and reliable items. Team Shimano, comprising staff members of affiliated companies worldwide who are united by a common philosophy, work to fulfill our common goals, following common processes.

Mission Statement

To promote health and happiness through the enjoyment of nature and the world around us.

[Business Policy]

- We strive to provide quality products and services that are reliable and trustworthy.
- We pledge to continually increase our corporate value and to ensure corporate management worthy of the trust placed in us.
- We strive to provide a fair and vibrant work environment where all can share in the pleasure and satisfaction that comes with achievement.
- We pledge to be a good corporate citizen by preserving the environment and contributing to the prosperity of our community.

[Team Shimano Guiding Principles]

- To inspire ourselves to think creatively and to strive for continuous self-improvement.
- To continually improve our technical skills in order to meet the challenges of our dreams.
- To achieve our objectives through innovation and responsiveness to the challenges we face.



SHIMANO INC.

Corporate Communications

3-77 Oimatsu-cho, Sakai-ku, Sakai, Osaka 590-8577, Japan

Phone: +81-72-223-3957

Fax: +81-72-223-6045

Published April 2, 2012. ©2012 SHIMANO INC. All rights reserved. Printed in Japan XBC IZM K-014