

# Social Activity Report

[January 1 – December 31, 2016]



**SHIMANO**

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# Issuance of Social Activity Report



In 2016, we saw people all over the world share the excitement of the Rio Olympic and Paralympic Games. Meanwhile, we also witnessed frequent occurrences of catastrophes around the world, including natural disasters and other unexpected incidents.

In this constantly changing world, which also affects people’s mental equilibrium, we believe that Shimano should remain steadfast in its role of supplying captivating products that propose more exhilarating and more comfortable lifestyles, and achieve its mission: “To promote health and happiness through the enjoyment of nature and the world around us.”

In 2021, four years from now, Shimano will celebrate its centennial. Toward this important milestone and beyond, as a development-oriented manufacturing company based in Japan, Shimano will continue to dedicate itself to precise manufacturing of products embodied by sensibility. At the same time, we will make steady and down-to-earth efforts to fulfill our corporate social responsibilities.

Moreover, we are determined to strive further to long remain as a Value Creating Company that helps create new and enriched bicycle and fishing cultures.

It is our sincere hope that this Social Activity Report will help deepen your understanding in Shimano.

Yozo Shimano  
President, SHIMANO INC.



# Enhancing Corporate Value

## — Offering “Captivating Products”

Shimano offers 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

#### ■ The new DURA-ACE series, the highest-end road racing components

Shimano has launched a brand new series, the DURA-ACE R 9100 series. Each component of the new series, which has been improved to the highest level, is designed as an integral part of a single system. The new series optimizes the riders' input (pedaling, shift operation, and brake operation) to achieve even greater propulsive force.



DURA-ACE R9100 series

#### ■ METREA for enriched urban lifestyle

Amid the ongoing urbanization worldwide, urban residents have begun to pay keen attention to bicycles. In addition to their convenience, bicycles have become recognized as eco-friendly means of transport good with positive health benefits. The METREA series has been developed for urban residents seeking sporty, safe, and stylish bicycles.



METREA  
U5000 series

#### ■ The 10th Kids Design Award for HILMO

HILMO, a lighting device for city cycles, received the 10th Kids Design Award from the Kids' Design Association. Since HILMO enhances the bicycle's visibility by lighting up while riding during both day and night, its effectiveness in improving children's safety was evaluated highly.



HILMO

#### ■ IF Design Award for the SHIMANO Tiagra 4700 series

The SHIMANO Tiagra 4700 series won the IF Design Award 2016 in the bicycle components category. From among industrial products worldwide, this prestigious German design award commends products with outstanding designs.



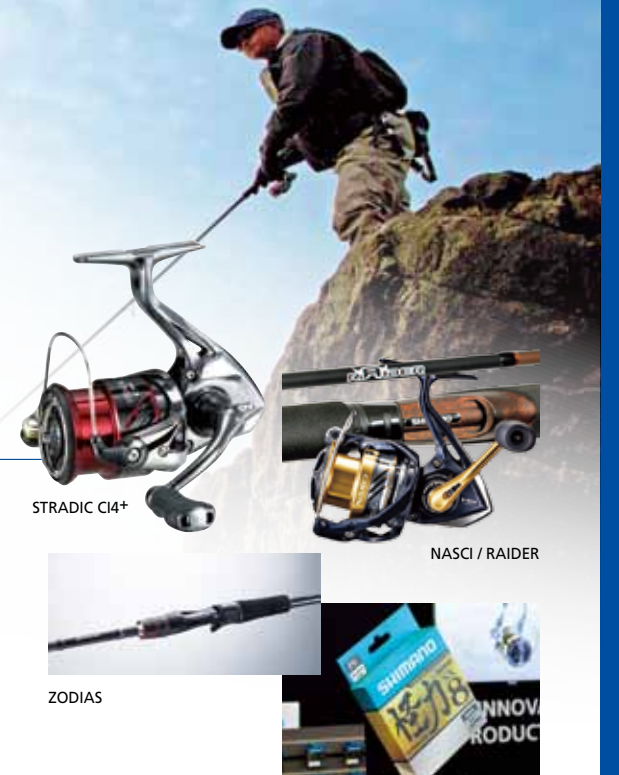
SHIMANO Tiagra  
4700 series



### Fishing Tackle

#### ■ Four Shimano products honored at the AFTA 2016

At the AFTA Trade Show 2016, Australia's only official trade show dedicated to the fishing, marine, and outdoors industries, four Shimano products won awards in recognition of their excellent product design.



STRADIC C14+

NASCI / RAIDER

ZODIAS

KAIRIKI

#### ■ The Best New Product Award at the EFTTEX 2016

Shimano's fishing tackle won awards at the 35th European Fishing Tackle Trade Exhibition (EFTTEX), held in June in Amsterdam, the capital city of the Netherlands. This year, 191 participants from 35 countries and regions took part in this outstanding trade show in Europe. In the spinning reel category, Shimano's Vanquish received the 2016 Best New Product Award. Moreover, Kairiki and Fire Blood won the second award in the fishing line and rod categories, respectively.



Vanquish

#### ■ ALDEBARAN wins the IF Design Award 2016

ALDEBARAN, a bait reel dedicated to lightweight lures, received the IF Design Award 2016, a German design award which commends outstanding designs of industrial products, selected from among candidates worldwide. Shimano's bait reel was honored in recognition of its excellent design and innovative technologies.



ALDEBARAN





# Internal Control Systems

Internal control systems are designed to ensure the proper management of our business operations, which is a basic requisite for enhancing our corporate value.

This page introduces our basic approach to internal control, as well as the systems we have established.

## Basic approach to internal control

To steadily enhance our corporate value from a long-term perspective, we must further improve the transparency of our management for our stakeholders, including shareholders, end-users, customers, suppliers, members of relevant local communities, and employees. We must also respond swiftly to changes in the business environment. With this in mind, we have established an appropriate system (compliance system) to ensure that our directors and employees observe relevant laws, regulations, and the Company's Articles of Incorporation, along with another system (corporate governance system) that ensures their efficient operation. At the same time, we must identify any factors that may inhibit legal compliance. Regarding them as risks, we must control them by building an adequate overall system. We regard it a management priority to build and reinforce these systems as integral parts of the overall internal control system.

## Compliance system

To ensure that Shimano continues to develop as a value creating company and a good corporate citizen in this globalized world, we have prepared the Compliance Guidelines for Team Shimano in line with the philosophies of Team Shimano. Specifically, we are committed to:

- Promoting employees' awareness of the importance of legal compliance by holding seminars and billing posters
- Promoting compliance education at Shimano's establishments outside Japan
- Establishing a consultation office (Compliance Hotline) that handles compliance-related issues



compliance guidelines

As part of its efforts to promote legal compliance on a global basis, in September 2016, the Company held a meeting with its establishments outside Japan to confirm the state of legal compliance. They also organized compliance seminars to impart knowledge about laws and regulations.



compliance seminar in Japan

## Corporate governance system

Shimano holds monthly meetings of the Board of Directors, where its members discuss and make decisions concerning important management matters, and supervise operations by the respective directors. By holding these monthly meetings, the Company seeks rational and efficient decision-making by its management. In 2005 the Company appointed one non-Japanese director and one outside director with the aim of building a system that can respond well to continual changes in its global business.

As an organization to supervise operations by directors, Shimano has also established the Audit & Supervisory Board. Its members conduct rigorous auditing activities. Specifically, they attend important meetings, including those of the Board of Directors, hear reports on the Company's business from directors and other responsible individuals, check important written resolutions and other documents, and investigate the Company's business operations and the state of its assets.

## Internal audit

As an organization responsible for internal audit, Shimano has established the Internal Auditing Office. Members of the Office audit the business activities of the respective establishments and sections. If they detect any items that need improvement, they immediately recommend the relevant organization to take appropriate measures and confirm the result of such measures. In fiscal 2016, Shimano introduced a new internal audit system that has integrated six audit programs (J-SOX, compliance, business risk, information management, fixed assets, and ISO) to enhance the effectiveness of its internal control system.

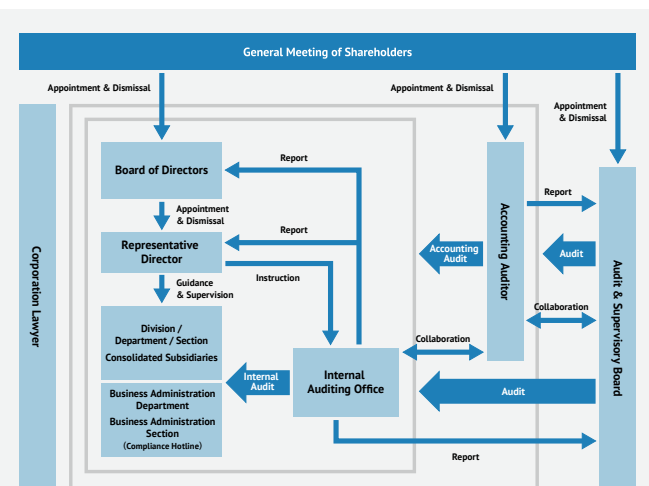


Diagram of Corporate Governance

# Creating the human resources needed to support Shimano



## Shimano Academy

since 2013

The Shimano Academy is an European training program for a wide range of Team Shimano members. Target groups in this program are: Directors, Managers & Teamleaders, Young Professionals and New Colleagues. All training modules are related to personal-, team- or business-development and represent the Shimano core competences. The Shimano Academy stimulate the development of the Team Shimano members in different stages of their career.



## Training that expands horizons

since 2012

Shimano Europe annually organizes Inspirience\* workshops by inviting professional guest speakers to give workshops to European Team Shimano members. Workshop have been organized on topics like Culture, CSR and Change.

\*Inspiration + Experience



## New employee training

Shimano provides its new employees with a special training program to promote their understanding of the corporate history and visions. In addition to lectures, the program includes bicycle rides and fishing classes. These curricula have been prepared to foster the spirit of Team Shimano, and to encourage new employees to think and act as Team Shimano members. In 2016, Shimano Kunshan (China) began organizing training programs for its new employees.



## Training for new employees and a seminar for the management

Shimano (Tianjin) Bicycle Components held a ride event for its new employees. The purpose of this event was to make new comers



more familiar with bicycles so that they would be able to reflect their first-hand experiences in the manufacturing process. The company has also organized a management seminar to improve the managers' administrative skills.



## Visits to homes of employees' parents

since 2013

At Shimano Kunshan, in place of some employees who were unable to visit their parents during the Mid-Autumn Festival period, managers visited the parents to convey their gratitude and offered gifts from the company.



## Cycling event

since 2015

Shimano Philippines holds various cycling events for its employees.



## Company Emergency Response Team

Shimano Singapore has formed its own CERT. This is to mitigate and control any emergency situation during initial stages prior to SCDF (Singapore Civil Defence Force)'s arrival. The CERT personnel are competently trained on first aid and fire fighting techniques.



## Improving disaster preparedness

At SIC, each wing and floor of the buildings has a fire extinguisher team. Members have been trained to guide people to escape promptly in time of a disaster. SIC also stocks emergency supplies, including food and water, to prepare for a disaster.





# Creating Exhilarating Joy

— Offering enjoyment and fun  
for everyone

Offering “captivating products”—that’s nothing  
other than broadening the enjoyment of cycling  
and fishing.

We believe that it is also an important part of  
our activities to convey to as many people as  
possible the fun and excitement of cycling and  
fishing and to offer an opportunity for people to  
enjoy these sports.

With this belief, we organize various cycling and  
fishing events to give people a chance to have  
fun and meet other people.

Here we will introduce “Shimano Fest 2016”.

## Shimano Fest 2016 — A Bicycle Festival in South America Brazil/Argentina

The 7th Shimano Fest, a annual bicycle festival for families and  
general public, was held in São Paulo (Brazil), the largest city in  
South America. Meanwhile, the 5th Shimano Fest Argentina was  
held in the beautiful city of Buenos Aires (Argentina).

These events were reated to promote cycling and the bicycle  
culture not only among cyclists, but also among all publics. When  
we began holding the event it was rather small and unknown,  
however today, Shimano Fest in recognized as the main bicycle  
event in Latin America. And over the past few years, it grew  
involving the local communities on a bigger level.



## Shimano Fest 2016 in Brazil

On September 24 and 25, 2016, the 7th Shimano Fest was  
held at Jockey Club in the central part of São Paulo with  
more than 20,000 participants. At the exhibition, new  
models of bicycles by major manufacturers were displayed  
along with new bicycle components.



Shimano Fest Criterium

## A wide variety of programs

In 2016, new programs, such as the Criterium, were  
introduced and the venue was expanded to cover seven  
areas.

### <Bicycle races>

The main event was a short track MTB race, authorized by  
the Union Cycliste Internationale (UCI). As the second  
highlight, next to this official race of UCI, a Cyclo-cross race  
was held. Since top-level racers participated in the short  
track MTB race, spectators were able to enjoy their  
extraordinary performances.

For the first time in Shimano Fest in Brazil, a road race  
“Shimano Fest Criterium” was held with 100 riders  
participating in five categories, including the Open (men/  
women) and the Elite (men/women).



SHIMANO  
*Fest* 2016



### <Bicycle show>

A rock concert, a traditional event of Shimano Fest, was held, along with a performance of wadaiko (Japanese drums).

### <Kids' area>

Bicycle school was held to let children learn how to ride a bicycle and traffic rules.

### <Women's area>

In a talk show, women discussed about bicycles. A lecture and practical training were also provided on basic mechanism of bicycles.

### <Bicycle mobility>

Using photographs, a lecture was given on the potential of bicycles. Cycling tour was also organized.

### <Expo tour>

More than 120 manufacturers displayed their new models and other products. Many booths, crowded with visitors, created a gala atmosphere.

### <Radical bike>

The highlights of the program included a BMX jumping at the dirt course, pump track races, and trial and performance by young riders.

### <Fishing area>

To promote sports fishing, fishing games for children and casting tournaments for youth and adults were organized.

## Unforgettable two-day event!

"In every area of the venue, we found people deeply enjoying themselves. As staff supporting the event, we were very happy to see so many people so clearly excited: families, children, riders, reporters, and all other related parties. The two days of Shimano Fest are truly unforgettable for us." (A staff member)



Many spectators gather to see the Wadaiko (Japanese drums) performance.

## Shimano Fest 2016 in Argentina

On October 22 and 23, 2016, the 5th Shimano Fest Argentina was held at Palermo Lakes park in Buenos Aires, the capital city of Argentina. Throughout the two days, the weather was fine, and about 24,000 participants fully enjoyed a wide range of programs. In the expansive venue of 12,000 m2, in addition to riding courses, many tents and stages were installed where various performances were presented.

In the same way as at the Fest in São Paulo, Brazil, the Fest 2016 in Argentina held short track races, criterium road races, and freestyle/BMX/trail races. In the venue, a women's area, kids' area, and fishing area were featured. In addition, about 360 bicycles were displayed and about 400 bicycles were available for trial rides.



An exciting bike trial show



Since 2015 Shimano Argentina started the Shimano Radio. This daily show broadcasted live on the web, talks every morning on bicycle, fishing and life style subjects to further implement Shimano's presence on distinct publics.



In the fishing area, children enjoy "simulated fishing" next to a small fishing pool.



Women holding a discussion on bicycles in the women's area



Award ceremony  
In addition to the awards, riders are pleased to receive prize gifts.









# 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. Here we will introduce our new Eco-friendly Factory “SSF\_IP”.

## Eco-friendly factory—SSF Intelligent Plant of Shimano Shimonoseki Factory

SSF (Shimano Shimonoseki Factory; located in Yamaguchi Prefecture, Japan) Intelligent Plant (SSF\_IP), completed in November 2016, features a single spacious room without walls or partitions separating the respective processes. Since almost all of the factory infrastructure is installed on the basement floor, high visibility is secured, which in turn improves workers' safety management. The new plant also adopts various energy conservation measures, including highly- efficient air conditioning systems using a central heat source, local ventilation systems, super insulation building structure, and the use of ground thermal energy. Moreover, the western section of the premises has been landscaped with a spacious reservoir and grass field to create a biotope or habitat for plants and animals. The reservoir, which creates a comfortable environment for workers, stores treated effluent and is used for monitoring the water quality levels. It is also designed to function as a flood control facility by adjusting the discharge of treated water. In short, SSF\_IP adopts a wide range of cutting-edge technologies and systems: in addition to the highly-efficient manufacturing process, the facility features high energy efficiency, reduced environmental impacts, and abundant greenery.

## Factory floor for enhanced safety

- SSF\_IP features high seismic resistance and enhanced safety levels.
- The horizontal load bearing capacity is 1.2 times higher than the level specified by the relevant law.
  - Piling and soil improvement work have been conducted to prevent the liquefaction of the ground.
  - A light-weight roof has been installed to enhance the seismic resistance.
  - To prevent heavy items falling from the crane or overturning of the crane at the time of an earthquake, the horizontal seismic coefficient is set at 2 G as much as possible.



A spacious factory floor that secures high-level visibility improves both production process efficiency and labor safety.



Air conditioning systems and pipelines are installed on the basement floor.

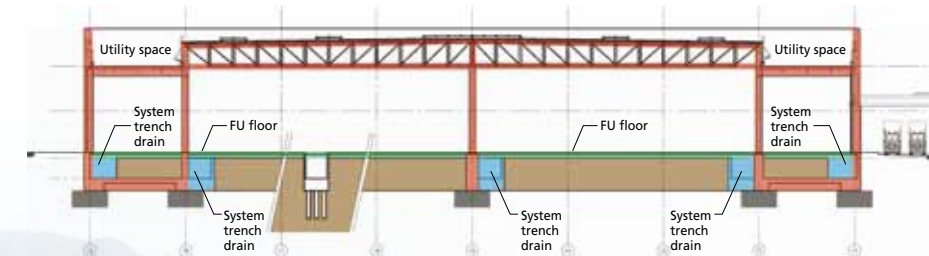


Photo : Placemedia



SSF welfare facilities



SSF Intelligent Plant (SSF\_IP)



## High energy efficiency and energy conservation

SSF\_IP has a super airtight and super insulation structure. In addition, the room temperature is controlled by a passive ventilation system and a ground thermal energy system, the latter comprising 24 tubes installed down to as far as 100 meters underground. For lighting systems, the factory exclusively uses LED light bulbs, which are controlled by sensors. Daylight also enters the factory through the glass windows on the roof.

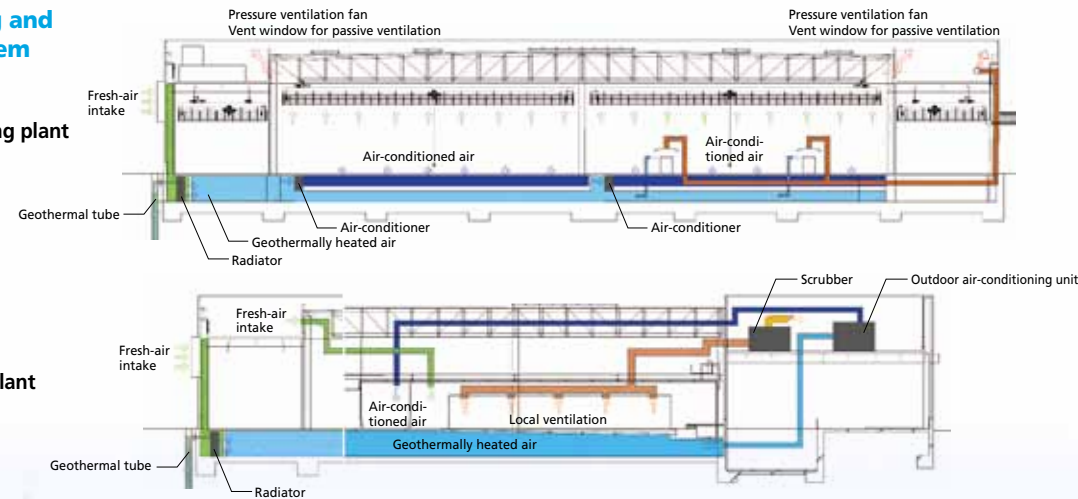
\*Ground thermal energy: The underground temperature from 10 to 200 meters below the ground surface remains at around 17 degrees Celsius throughout the year, since it is unaffected by air temperature changes



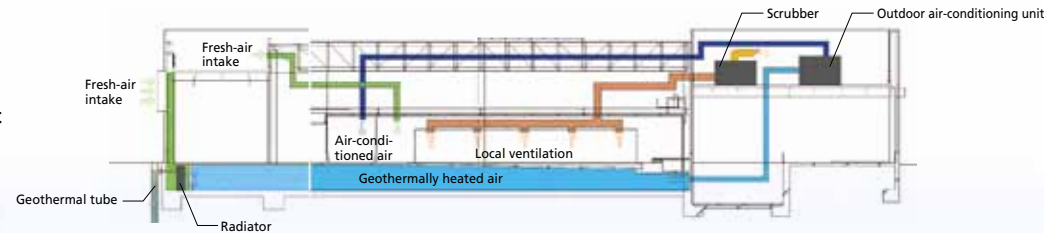
For lighting systems, the factory uses LED light bulbs, which are controlled by sensors. Daylight also enters through the roof windows.

## Air-conditioning and ventilation system

### Aluminum processing plant



### Surface treatment plant



## To preserve the natural environment

Facing the Inland Sea, Shimonoseki has a rich natural environment and is home to a large fishery industry. The new plant project in this environmentally conscious city was made possible only thanks to the generous understanding and support Shimano has received from local residents. As a corporate citizen, Shimano is fully aware of its responsibility to preserve the local natural environment and to contribute to communities.

Wastewater from the factory is thoroughly treated at the effluent treatment facility located inside the factory premises. Part of the treated effluent is stored in the reservoir before being discharged into a river. Young fish are kept in the reservoir to demonstrate the cleanness and safety of the water. At the same time, the reservoir is expected to fulfill the role of a biotope or habitat for plants and animals.



Oil-water separation reservoir: to prevent the inflow of untreated wastewater from the premises, the reservoir gathers and filters wastewater other than factory effluent.

## Amenities for employees

The welfare wing, known as Team Shimano Square (TSS), opened in July 2015. The new facility ensures that Team Shimano members can share a comfortable and relaxing time, and engage in various activities together. TSS also stores emergency food, blankets, and other emergency supplies as preparedness for earthquakes and other disasters.



The reservoir has a function to control flooding in the time of storms





In 2004, Shimano initiated the Shimano Green Plan (SGP), guidelines for promoting manufacturing with reduced environmental impacts. In joint efforts with its suppliers, Shimano has been making constant efforts to comply with the SGP.

## Responses to new laws and regulations, and efforts to optimize SGP

The SGP is a procurement standard that Shimano has adopted with the purpose of providing customers around the world with eco & physical friendly products. To share understanding of related regulations with its suppliers, Shimano clarifies the regulated levels of chemical substances contained in raw materials, parts, and products to be used in Shimano products. In addition to taking measures in response to the regulations that become increasingly rigorous year by year, the company is improving its voluntary standards to meet demands of the market and customers. Through optimization of the SGP, Shimano also seeks to improve the efficiency of its responses to relevant laws and regulations.

## Activities to address risk

Since the establishment of SGP in 2004, compliance with the standard has significantly improved. Meanwhile, we have gained a clearer picture of high-risk materials and parts that require priority management to control the content of chemical substances in our products. In April 2016, we issued the 9th edition of the SGP, which clearly illustrates regulated substances in two lists, one for bicycle components, fishing tackle, and rowing equipment; and the other for lifestyle gear.

We have also revised the Self-Check Sheet to enable our partner manufacturers to review and improve their management of chemical substances. Our partner manufacturers can download the 9th edition of SGP from our website.

## Road Map

Over the past few years, we have worked to improve compliance and boost the reliability of Shimano products. With the issuance of the 9th edition of SGP, we have entered Stage 3, where we are seeking more efficient responses to laws and regulations and more effective information sharing.

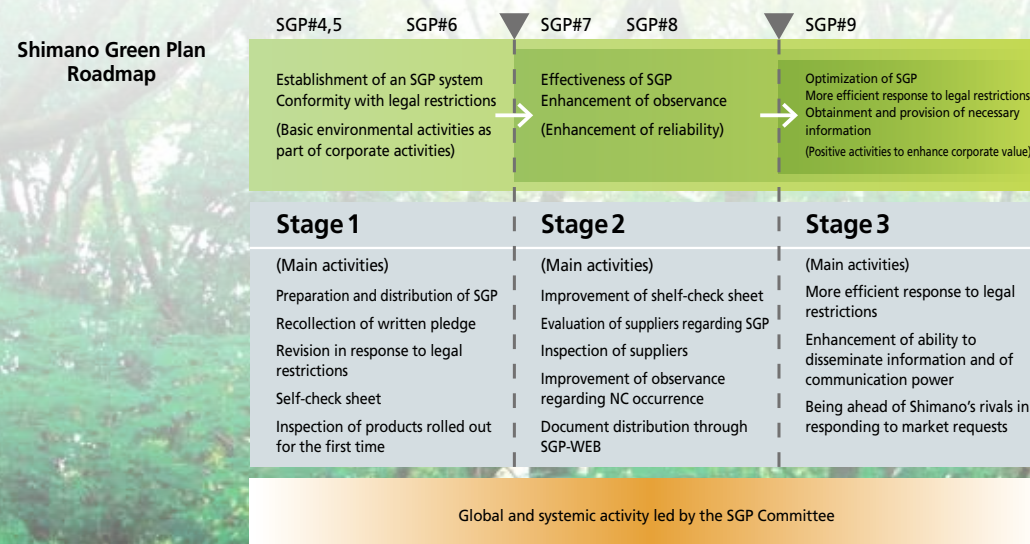
To enhance corporate activities, we are collaborating with SGP Committee members both inside and outside Japan, maintaining close communications by leveraging web conference systems and other advanced technology. Through periodic issuance of the SGP NEWS, we will ensure information sharing between the headquarters factory and factories/sales companies outside Japan. By reinforcing partnerships with partner manufacturers, we will continue to work to create eco-friendly and health-conscious products.



TV meeting with SGP overseas members



SGP#9 seminar for suppliers



## Initiatives to Preserve Local Environment

### Donation to marine environment protection organization

Shimano Europe Group has donated 25,000 euros to a marine environment protection organization, the OceanCleanup. The donated money will be used to remove micro-plastics from the ocean.

### Holding World Environment Day event

On the global World Environment Day, Shimano Turkey organized a large cycling event in Istanbul and Izmir. After joining a 19-km cycling event, the participants also joined a beach cleanup program.

### Participation in EARTH HOUR charity market

To promote public awareness of the importance of environmental preservation, Shimano Kunshan (China) participated in a charity market, an event held in China to support the EARTH HOUR campaign. EARTH HOUR is a global environmental campaign organized by the World Wildlife Fund.

### Tree-planting campaigns

Since 2009, employees of Shimano Kunshan and Shimano Tianjin (China) have participated in the Million Trees Project, a campaign to plant one million trees in the desert in Inner Mongolia. To expand green areas on into the desert, members of the two companies are eagerly involved in plant cultivation activities.

Since in 2015, Shimano Singapore engaged in a tree-planting campaign. In 2016, the company planted about 50 trees in Kent Ridge Park.

Shimano Philippines engaged in a tree-planting campaign in the First Philippine Industrial Park. Of the 600 trees planted in 2016, 100 were donated by the company.

### Seashore cleanup activities

Employees of Shimano Lianyungang (China) cleaned the seashore in the vicinity of its factory.

### Seashore cleanup program

Shimano Components Malaysia held a cleanup program along the seashore in the vicinity of its factory. A total of 121 people, comprising the company staff and their families, participated in the program.

### River cleaning activities

Together with staff of other companies, inside First Philippine Industrial Park members of Shimano Philippines cleaned up the San Juan River, which flows through the First Philippine Industrial Park. The river water has been seriously polluted due to the recent rapid industrial development.

### The Yamato River cleanup campaign

A cleanup event was held on the banks of the Yamato River, which marks the boundary between Osaka City and Sakai City, the seat of SIC. A total of about 550 people from local companies, schools, and communities, including 128 members of Team Shimano and partner manufacturers, participated in the event. The waste they collected amounted to the loads of six 2-ton trucks.

### Sennan Satoumi Park cleanup

Shimano joined a cleanup activity held at Sennan Satoumi Park in Osaka Prefecture. The participants kept track of the variety and amount of waste collected. This year 122 Team Shimano members participated, picking up 110 kg of waste.

### Cooperation in promoting environmental education

Team Shimano members visit elementary schools in Sakai City, seat of SIC, to provide environmental education programs. In 2016, a papermaking workshop was held in which children made postcards using reeds cut from the banks of the Ishizu River, which flow across the city. Through these activities, Shimano helps promote environmental education for children.

## Initiatives to Reduce Environmental Impact

### Introduction of Water Efficiency management system

To promote efficient use of water, Shimano Singapore embarked on water efficiency management system. By the end of 2016, the company had reduced its use of water by 22% against the target set of 10%.

### Continued efforts of energy conservation

In 2015, Shimano Singapore received ISO 50001 accreditation for its energy management system. Since then, the company has been striving to improve energy efficiency. The company is also extending energy conservation efforts to other factories in Asia.

### Green Manufacturing Evaluation

Shimano Singapore evaluates all her business partners through quality, environmental, safety, energy conservation and social responsibility assessment criteria and advocate to them on environmental sustainability.

### Observation of Shimano Green Plan

Over the past 12 years, Shimano Kunshan (China) has been observing the SGP to ensure that its products are free from any prohibited materials. The quality control staff thoroughly inspect finished products by using instruments dedicated to detect such materials.

### Water treatment

To protect water resources, Shimano Kunshan (China) treats wastewater from the factory before discharging it into the nearby river.

### Noise control

To mitigate impact of noise on nearby residential areas and improve workplace environment, Shimano Kunshan (China) has installed noise monitoring systems.





# Building Confidence

— Collaboration with local communities as a corporate citizen

As a corporate citizen, Shimano seeks to maintain close contact with respective local communities and work together for mutual harmony and benefit.

To this end, Team Shimano companies in various parts of the world take an active role in community activities.

This year, we introduce our local community activities, focusing on those undertaken by Shimano Europe Holding.

## Activities of Shimano Europe Group

Shimano Europe Holding, located in the Netherlands, organizes various corporate citizenship activities in joint efforts with Shimano's sales companies in Europe.



### Donation to organization to support refugee children since 2016

Shimano Europe Group has donated 10,000 euros to WarChild, an organization in the Netherlands that supports refugee children in learning in a playfull manner how to cope with their, often, traumatic experiences.



### Donation to an international organization committed to ending world hunger since 2016

Shimano Europe Group has offered a donation of 15,000 euros to Action Contre la Faim (Action against hunger), a French Humanitarian Organization committed to saving lives of malnourished children around the world.



### Donation of bicycles to a foundation supporting disabled athletes since 2016

To assist a foundation supporting disabled athletes, Shimano Europe B.V. donated bicycles that had been used by professional racers and which could be put up for auction. The foundation promised Shimano Europe B.V. that it would use the donation to support disabled athletes so that they would be able to enjoy high-quality sports events.

### Donation of IT equipment to the Youth Sports Fund Netherlands since 2015

Since 2015, the IT section of the Shimano Europe Holding has annually donated the proceedings of sold IT equipment to the Youth Sports Fund Netherlands. A foundation that helps children to join sports clubs by paying dues and providing sporting goods.

### Support for the Topsports for Life since 2010

Shimano Benelux supports Topsports for Life, a Dutch foundation that supports people with critical diseases.



### Neutral support donation since 2014

Shimano Benelux offered free technical service at more than 30 cycling events while asking for a small voluntary contribution in return. Through these donations, Shimano Benelux supported CliniClowns Netherlands "clowns care" to cheer up hospitalized children in 2015.



### Support for local job training programs since 2016

To support vocational training programs of a local high school in Legnano, Shimano Italy welcomes high school students at specific departments, where students experience Shimano's daily activities for two weeks.





## Promoting employment in local communities since 2001

For many years, in joint efforts with a local company in Nunspeet, the Netherlands, Shimano Europe Holding has been providing people with a disadvantage to the labour market with job opportunities such as the maintenance of the garden, lunch service, and repackaging of products in a safe and comfortable workplace environment.



## Support for a cycling event held by the DigestScience Foundation since 2013

Shimano France supports cycling events organized by the DigestScience Foundation in France, which is dedicated to research on chronic digestive diseases and nutrition. By holding these events, the foundation inspires patients to take on a challenge and maintain a positive attitude towards their lives.



photo by Mr. Laurent sanson

## Support for Mobility Life since 2015

Shimano Italy offered vehicles to Mobility Life as its partner. Mobility Life lends vehicles free of charge to people who have difficulties in mobility due to various diseases.



## Sponsorship for a para-cycling team since 2015

In the 2016 season, Pearl Izumi Europe sponsored a German para-cycling team, which was highly ranked by the Union Cycliste Internationale (UCI). The company donated apparel items to about 30 cyclists of the team.



## Support of a charity cycling event since 2016

Shimano Benelux provided a technical service and other support to a charity cycling event in Belgium, designed to support patients with cancer.



## Toward Safe and Enjoyable Use of Bicycles

### Promotion of commuting by bicycle since 2016

Shimano Czech encourages its employees to commute by bicycle, since it is an effective means of promoting health, fostering friendly relations with other staff members, and preserving the local environment. The company also supported programs to promote bicycle culture and provided a grant supporting various awards.



### Support for a program of the Education Ministry since 2016

Together with retailers in Costa Rica, Shimano Latin America (Brazil) supported an educational program of the Education Ministry, providing lectures on mechanical engineering and technologies at Colegios de Cartago.



### Road sign project since 2016

Since 2015, Shimano Canada has installed 160 road signs along a cycling course in the company's vicinity. In recognition of this activity, the Economic Developers Council of Ontario presented the Public-Private Sector Partnership Award to the company.



### Operation of a bicycle air-pump station since 2015

Shimano Singapore conducts periodical inspection and maintenance of the bicycle air-pump station that the company installed in 2015 in the Road Safety Community Park.



### Servicing children's bicycles since 2012

Shimano Singapore conducts periodical maintenance of the bicycle that the company installed in 2008 of the Road Safety Community Park.



### Seminars on bicycle repair and maintenance techniques since 2012

Shimano Singapore held a seminar for students on bicycle repair and maintenance techniques and bicycle safety.



### Support of a bicycle ride for students since 2011

Shimano Singapore held a bicycle-ride event to encourage students to learn safe ways of riding and enjoy cycling in a natural environment.



### Support for a program teaching about Olympic events since 2016

Shimano Latin America (Brazil) supported a program to teach children of needy families in Rio about Olympic events. Specifically, the company held a class on cycling modality, exhibited mountain bikes and road bikes, and gave presents to children.





## Educational Program for Children

### **Internship programs for students** since 2016

Shimano Tianjin (China) held an internship program for students majoring in machine production at Tianjin University and Tianjin Vocational Institute.

### **Scholarships for vocational school students** since 2016

Shimano Tianjin (China) provided scholarships to vocational school students who demonstrated excellent academic achievements and high potential in terms of personality and ability, and who were eager to participate in public activities.

### **A visit to a hands-on vocational museum** since 2016

Shimano Tianjin (China) organized a program for its employees and their children to visit a hands-on museum that introduces various vocations.

### **Shimano Racing Team visits local elementary school**

Members of Shimano Racing Team visited an elementary school in Sakai City, the hometown of Shimano, and explained the relationship between Shimano and the city, bicycle traffic rules, features of road bicycles, and professional road races.

## Corporate Citizenship Activities

### **Visiting a home for the elderly** since 2009

To show respect to the elderly, members of Shimano Kunshan (China) visited a local nursing home for the elderly together with members of Kunshan Volunteer Association shortly before the Double Ninth Festival (the ninth day of the ninth lunar month). In addition to offering gifts to the elderly people, the members took some of them to the historic town of Jinxi, where they visited a museum and a site of an ancient kiln together.

### **Inviting elementary school children to a factory tour** since 2014

To introduce Shimano and bicycles, Shimano Kunshan (China) invited children from a local elementary school to its factory.

### **Inviting university students** since 2016

To reinforce partnerships with Tianjin University and enhance the corporate brand image, Shimano Tianjin (China) invited students of Tianjin University to visit the company.



### **Visiting an orphanage for disabled children** since 2016

Members of Shimano Lianyungang (China) visited an orphanage for disabled children.

### **Participation in rice sales project** since 2016

Together with local volunteers, members of Shimano Lianyungang (China) participated in a project to sell rice to needy families at an affordable price.

### **Selection as one of the Best 100 Companies around Tianjin Airport**

Shimano Tianjin (China) was selected as one of "the Best 100 Companies in the Tianjin Airport Economic Zone," in recognition of its contribution to the development of Binhai New Area and Free Trade Zone.

## Donations and Relief Activities

### **Donation to the Shop with a Cop program** since 2013

G. Loomis (USA) donated to the Shop with a Cop program, in which children who are economically less fortunate buy special Christmas presents with police officers.

### **Support for SOS Children's Village** since 2016


Shimano Tianjin (China) supports SOS Children's Village, an organization that provides care for children who need protection.


### **Donation of school supplies to kindergarten children**

As part of its corporate citizenship activities, Shimano Philippines offered school supplies to children of local kindergartens.

### **Blood donation drive** since 2016

Together with the Philippines Red Cross Society, Shimano Philippines held a blood donation drive. Fifty members of the company cooperated in the drive, each offering 450 cc of blood.

 In corporation with the Indonesian Red Cross Society in Batam, Shimano Batam (Indonesia) holds blood donation drives three times a year.

 As part of its corporate citizenship activities, Shimano holds an annual blood donation drive. In 2016, 68 staff members donated blood.





Some Thoughts about the Social Activity Report 2016

In 2016, we saw rapid changes in the paradigms of the current age. In the industrial sphere, we saw the development of Industry 4.0, driven by the ongoing adoption of Internet of Things (IoT) and artificial intelligence (AI), particularly in Germany and the United States. At the same time, an anti-globalism movement has emerged in Europe and the United States, resulting from the pursuit of national interests. However, globalization of corporate activities is inevitable. It is also evident that companies must build favorable relationships with global and local communities in order to develop their businesses.

In Japan, the Stewardship Code for investors was established in 2014, and the Corporate Governance Code was enacted in 2015. In tandem with the introduction of these codes, Japanese companies shifted its management priorities from the pursuit of short-term profits to mid- to long-term value-oriented management. In other words, Japanese companies have begun to engage in “social management,” which prioritizes the building of mutually empowering relationships between companies and customers or society. In evaluating corporate management initiatives, I would like to take the perspective of social management.

In this year’s Social Activity Report, Shimano clearly discloses its internal control system, based on the recognition that it is an essential means for enhancing corporate value. The report clearly illustrates their decision-making and auditing processes, along with relationships between essential constituents in their internal control system: outside accounting auditors, the Audit & Supervisory Board, which supervises outside accounting auditors; the Internal Auditing Office established within the company, the Board of Directors and representative directors, and the General Meeting of Shareholders, among others. Using a flowchart, their roles and relations are presented in an easy-to-understand manner for stakeholders, including investors and shareholders.

Concerning the bicycle component business, which is leading the creation of corporate value as Shimano’s core business, a new model was launched in the DURA-ACE series for road racers, and the METREA series was developed for urban cyclists whose numbers are increasing. HILMO, a lighting device for city cycles, received the 10th Kids Design Award. Since HILMO enhances the bicycle’s visibility by lighting up while riding during both day and night, it is effective in protecting children from traffic accidents. The SHIMANO Tiagra 4700 series won the iF Design Award 2016, a German design award, in the bicycle components category. Concerning the fishing tackle business, four Shimano products won awards at the AFTA Trade Show 2016, Australia’s trade show. At the 35th European Fishing Tackle Trade Exhibition (EFTTEX 2016), held in the Netherlands, Shimano’s Vanquish received the 2016 Best New Product Award in the spinning reel category. ALDEBARAN, a bait reel, also received the iF Design Award 2016. It is indeed remarkable that Shimano continues to win so many awards year after year. In addition to employees’ efforts, I believe that such remarkable achievements are a result of their corporate culture, which is characterized by the fusion of technology and sensitivity. I value Shimano’s corporate culture that serves as a cradle for constant innovations.

The second chapter, “Creating Exhilarating Joy,” spotlights Shimano Fest 2016, held in Brazil and Argentina. In the event in Brazil, approximately 20,000 visitors gathered at its venue in São Paulo. The main event was a short track MTB race, authorized by the Union Cycliste Internationale (UCI). During Shimano Fest 2016, many other events were also organized to promote cycling culture, and to “create exhilarating joy” that can be shared by all visitors. To promote cycling culture in Japan, Shimano operates the Bicycle Museum Cycle Center and OVE facilities, which offer information on bicycles to help create a new cycling culture. In Singapore, SHIMANO Cycling World (SCW), a cycling-themed hands-on exhibition facility, has become popular.

The third chapter, “Taking Care of the Environment,” introduces the Shimano Shimonoseki Factory Intelligent Plant (SSF\_IP) in Yamaguchi Prefecture, Japan. To reduce environmental impacts and improve energy efficiency, the new plant has adopted designs and measures effective in improving operational efficiency. For example, spacious factory floor area has been secured by installing almost all of the factory infrastructure on the basement floor. The new plant has also adopted highly efficient air-conditioning systems, local ventilation systems, and a super-insulated building structure. Moreover, SSF\_IP features high-seismic-resistance structures built on solid ground where thorough soil improvement works had been implemented. In addition, the new plant facility stores emergency supplies and can serve as a shelter for Shimano’s employees during emergencies. The Intelligent Plant is indeed an excellent model factory for outdoor activity businesses. I also highly evaluate Shimano’s approach to the regulations of chemical substances that have become increasingly rigorous year by year. The company has prepared its own roadmap in line with the Shimano Green Plan (SGP) and is steadily proceeding to advanced stages on the roadmap. I hope that the company will adhere to this approach and steadily implement the SGP.

The last chapter, “Building Confidence,” focuses on corporate citizenship activities of Shimano’s establishments in Europe, aimed at building favorable relationships with local communities. All activities represent sincere approaches of Shimano’s employees. Steady and down-to-earth efforts, such as donations to a French humanitarian organization committed to saving the lives of malnourished children, will surely enhance consumers’ confidence in the SHIMANO brand. Shimano’s commitment in Latin America also helps cultivate the public’s understanding and interest in sports culture.

At present, businesses are expected to achieve sustainable growth through their commitments in Environmental, Social, and corporate Governance (ESG) programs, as well as harmonious co-existence with global society. This Social Activity Report illustrates Shimano’s commitments in corporate governance, along with its initiatives to maintain harmonious co-existence with communities around the world and the environment. I understand “corporate value” to mean the value a company offers its customers (users) and society, rather than the value for that company. Accordingly, the meaning of “corporate value” is constantly changing.

Today’s consumers have gained the power to change businesses, industries, and society. Demands and markets do not exist by themselves outside businesses, but are created by businesses together with their customers. To create and provide value to customers and consumers, businesses must offer solutions for their daily problems, and change themselves in tandem with changes in consumers’ demands. IoT and AI can be used as a means for providing such solutions.

Finally, I firmly believe that if this Social Activity Report serves as a tool that promotes dialogues between Shimano and its stakeholders, particularly end-users of its products, and if Shimano detects seeds of its business through this communication, the publication will surely assist Shimano in preparing itself for their coming centennial.



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Team Shimano’s Social Activity Policy

“To promote health and happiness through the enjoyment of nature and the world around us.” Upholding this motto, all Team Shimano members commit to social activities based on the three pillars of the following social activity guiding principles: “Creating Exhilarating Joy,” “Taking Care of the Environment,” and “Building Confidence as a Corporate Citizen.” In addition, basing our social activities on their relevancy to our business fields and contribution to local communities, we believe that it is important to conduct activities appropriate to us on a steady and continuing basis.



- Cultural Activities that Offer Enjoyment and Fun for Everyone**
- Proposing lifestyles —  
Implementing activities to help everyone create even richer cycling life and fishing life
  - Operating learning facilities —  
Operating facilities to disseminate a wide variety of knowledge and information, including on bicycle history and mechanisms
  - Promoting sports —  
Holding and supporting events where visitors can appreciate the excellence of cycling, fishing, and rowing



- Improvement and Preservation of Activity Fields**
- Natural environment —  
Implementing activities and awareness programs to preserve and foster the natural environment, such as clean-ups and tree-plantings
  - Living environment —  
Implementing measures and activities with consideration given to the surrounding environment, such as noise control measures, energy conservation, and water treatment
  - Items with reduced environmental impact —  
Producing items friendly to people and the environment through full legal compliance (Shimano Green Plan) and other measures



- Collaboration with Local Communities as a Corporate Citizen**
- Educational support —  
Activities to support safe riding by providing opportunities to learn about how to ride a bicycle appropriately, traffic regulations, and related themes
  - Donation activities —  
Activities as a good corporate citizen, such as donating to orphanages, supporting the disabled, providing scholarships, and cooperating in blood donation campaigns
  - Contribution to local communities —  
Cooperation with local communities, such as in creating an even better environment for using bicycles (e.g. cooperating to improving the infrastructure) and an even better environment for fishing (e.g. releasing young fish)





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