Triodos Investment Management

SHIMANO AGM Date: 27 March 2014

1 Appropriation of Surplus **For**
Japanese companies seek specific authority for the appropriation of any surplus in earnings and this authority includes any distribution of a dividend. The approach to such resolutions rests on the degree to which the dividend payout ratio is in line with the level of distribution which investors could reasonably expect. A dividend of 43.5 yen per share is proposed and the dividend payout ratio is approximately 23%.

2.1 Elect Shimano Youzou **Oppose**
The Company operates under the Kansayaku-setchi-kaisha structure, with a board of directors and a board of corporate auditors. Sufficient data is available on which to base a judgement of the independence of all candidates. This proposal: Elect nine directors all of whom are incumbent. When there are insufficient outside directors on the Board it is recommended to vote against the most senior director standing for election.
President, Representative Director. It is considered that it is the responsibility of the most senior Board members to ensure that there is appropriate outside oversight of Board decisions. As there is inadequate outside presence on the Board (less than three outside directors) we oppose to the most senior director.

2.2 Elect Watarai Etsuyoshi **For**
Executive Director.

2.3 Elect Hirata Yoshihiro **For**
Executive Director.

2.4 Elect Shimano Taizou **For**
Executive Director.

2.5 Elect Tarutani Kiyoshi **For**
Executive Director.

2.6 Elect Tsuzaki Masahiro **For**
Executive Director.

2.7 Elect Toyoshima Takashi **For**
Executive Director.

2.8 Elect Hitomi Yasuhiro **For**
Executive Director.

2.9 Elect Matsui Hiroshi **For**
Executive Director.

3.1 Elect Katsuoka Hideo **Oppose**
The traditional governance structure for Japanese companies (Kansayaku) involves the appointment of corporate auditors. Large Japanese companies are required to form a board of corporate auditors with powers to examine board activities and oversee

financial reports. Such companies are required by law to appoint at least three statutory auditors to the corporate audit board. At least half the corporate auditors must qualify as ‘outsiders’. The definition of ‘outsider’ prohibits appointment of a corporate auditor whom the company has employed at any time in any capacity. PIRC’s own definition of independence may go beyond the regulatory minimum. Japan’s Companies Act of 2005 requires that the majority of a board of corporate auditors must be outsiders. Beyond this legal minimum, it is considered to be best practice that boards of corporate auditors should be composed wholly of outsiders. New appointments are therefore considered in the context of their affect on the balance of independence where disclosure allows. This proposal: It is considered that two of the three candidates are independent. The corporate auditor board will be considered to be 50% independent following the Annual Meeting. Newly nominated Inside Corporate Auditor. Not considered to be independent.

3.2 Elect Matsumoto Gohei **For**
Independent Outside Corporate Auditor.

3.3 Elect Nozue Kanako **For**
Newly nominated Independent Outside Corporate Auditor.