

MEETING DATE	Thu, 26 Mar 2020 10:00 am	TYPE	AGM	ISSUE DATE	Wed, 18 Mar 2020
MEETING LOCATION	Manufacturing Technology Center, Shimano Inc. Head Office 3-77 Oimatsu-cho, Sakai-ku, Sakai City, Osaka				
CURRENT INDICES	PIRC Japan				
SECTOR	Motorcycles, bicycles, and parts				

PROPOSALS		ADVICE
1	Appropriation of Surplus 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 77.5 yen per share is proposed, and the dividend payout ratio is approximately 27.7%. This exceeds the minimum acceptable threshold of 15% and the Company did not make a loss during the year under review. Support is recommended.	For
2.1	Elect Shimano Youzou Executive Director. President. After this meeting, there will be no female directors on the Board. Regardless of the level of independence, it is considered that it is the responsibility of the most senior Board members to ensure that there is adequate gender diversity on the Board. Although there are no specific legal requirements or recommendations in this market, it is considered that companies should not rely on minimum standards, but aim to best practice, including in gender diversity. Opposition is recommended.	Oppose
2.2	Elect Shimano Taizou Executive Director.	For
2.3	Elect Toyoshima Takashi Executive Director.	For
2.4	Elect Tsuzaki Masahiro Executive Director.	For
2.5	Elect Tarutani Kiyoshi Executive Director.	For
2.6	Elect Matsui Hiroshi Executive Director.	For
2.7	Elect Ootake Masahiro Executive Director.	For
2.8	Elect Kiyotani Kinji Executive Director.	For
2.9	Elect Kanai Takuma Newly appointed Executive Director. It is considered that the election of new executive directors, should not be supported, as their appointment to the Board would lead to a Board where independent directors comprise less than one-third of the whole board.	Oppose
3.1	Appoint Statutory Auditor Hirata, Yoshihiro Inside Corporate Auditor. Not considered to be independent. Opposition is recommended.	Oppose
4	Appoint Alternate Statutory Auditor Kondo, Yukihiro Independent Alternate Corporate Auditor. Support is recommended.	For

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3.1 - Appoint Statutory Auditor Hirata, Yoshihiro

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'. 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 effect on the balance of independence.

Note: It is considered that the corporate auditor board will be 60% independent following the Annual Meeting.

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