

# SHARP

## Environmental and Social Report 2009





## About the Cover

An artist's rendering of the "Manufacturing Complex for the 21st Century" under construction at Sakai City in Osaka Prefecture, Japan. The LCD panel plant, which will be the first in the world to use 10th-generation glass substrates, will become operational in October 2009. The thin-film solar cell plant, which will be one of the world's largest, will begin operations by March 2010. Sharp is building an environmentally advanced manufacturing complex by introducing state-of-the-art environmental protection equipment, and with the participating companies functioning as a single virtual company, eliminating loss and waste to the greatest extent possible.

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## Compiling This Report

### ■ Organization

This Environmental and Social Report consists of four sections.

The Special Feature section introduces Sharp's unique efforts for realizing a low-carbon society under its environmental vision, in particular expanding solar cell production, making its products more energy efficient, and pushing forward with energy-saving measures in its business activities.

The Management section identifies the themes that will receive particular emphasis in efforts undertaken by Sharp's corporate management, and reports on goals and achievements.

The Sharp and the Environment section reports on individual themes related to Sharp's environmental efforts, focusing on policies, goals, and achievements.

In Sharp and Society, Sharp reports on the goals it has set and the progress it is making in the social dimension of CSR activities for various stakeholders.

### ■ Links to the Sharp Website

This report focuses on the main points of the Sharp Group's environmental and social activities. Actual examples and detailed data can be found on Sharp's website (<http://sharp-world.com/corporate/eco/report2009/>).

Items that are covered on the website are indicated by a blue Web icon  near the articles where they are mentioned in this report. Page 50 also lists the items covered on the website.

### ■ Period and Items Covered

**Period covered:** Fiscal 2008 (April 2008 to March 2009)

However, some actual facts prior to this period, as well as subsequent policies, objectives, and plans will also be included.

**Coverage:** Environmental and social aspects of Sharp Corporation, along with its domestic and overseas subsidiaries and affiliates.

**Organizations covered:** Sharp Corporation, along with its domestic and overseas subsidiaries and affiliates. Note that the scope of environmental performance data contained in this report is as follows:

**Scope of environmental performance data:**

Sharp Corporation and consolidated subsidiaries. Note that the category "plants" includes non-consolidated subsidiaries and affiliated companies.

Plants	38 (17 domestic, 21 overseas)
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Offices	31 (10 domestic, 21 overseas)
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### ■ Referenced Guidelines

- Environmental Reporting Guidelines (2007 Version), Ministry of the Environment, Japan
- Sustainability Reporting Guidelines Version 3.0 (Japanese), Global Reporting Initiative (GRI)
- Environmental Accounting Guidelines 2005, Ministry of the Environment, Japan

### ■ Scheduled Publication Date for Next Report

July 2010 (published annually since 1999)

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- Environmental Reporting Guidelines content index
- GRI content index
- Scope of environmental performance data
- Calculation standards for environmental performance indices

# Sharp Contributes to Society Through Its Manufacturing and Technology-Oriented Business

“Make products that others want to imitate.” These words, spoken by Sharp founder Tokuji Hayakawa, embody Sharp’s management concept. As a manufacturer, Sharp contributes to society by being the first to make products that meet the needs of a new era. Successive generations of Sharp leaders have, in their own way, pursued this concept by making products that contribute to society and in the process created a corporation that is known and trusted by society.

In 1973, Sharp clarified the unchanging spirit of its founder in the company’s business philosophy and business creed. The business philosophy states that Sharp aims for mutual prosperity with stakeholders—the foundation of CSR today—by “contributing to the culture, benefits and welfare of people throughout the world.” The business creed calls for “Sincerity and Creativity” and all employees must hold to it and follow it in order to realize the business philosophy.

This report details the many ways that Sharp is working to fulfill the environmental and societal aspects of its corporate social responsibility. Each of these efforts is an index for gauging how well Sharp conducts business according to its core belief of “Sincerity and Creativity.”

The goal that Sharp aims at through its CSR efforts is nothing less than realizing the business philosophy through its business activities, as well as through social action programs in fields related to these activities. Endowed with a “gene of creativity” since its founding, Sharp will continue to propose one-of-a-kind products and new lifestyles, acting and behaving conscientiously, as a corporation that is trusted by all.

### Business Philosophy

We do not seek merely to expand our business volume. Rather, we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits and welfare of people throughout the world.

It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living.

Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders ...indeed, the entire Sharp family.

### Business Creed

Sharp Corporation is dedicated to two principal ideals:

## “Sincerity and Creativity”

By committing ourselves to these ideals, we can derive genuine satisfaction from our work, while making a meaningful contribution to society.

Sincerity is a virtue fundamental to humanity ... always be sincere.

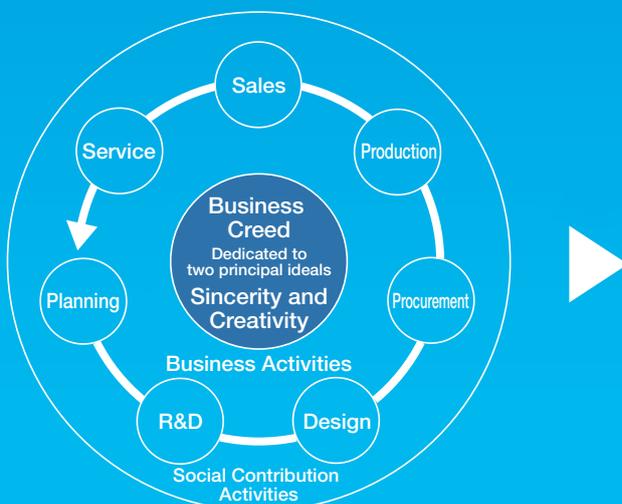
Harmony brings strength ... trust each other and work together.

Politeness is a merit ... always be courteous and respectful.

Creativity promotes progress ... remain constantly aware of the need to innovate and improve.

Courage is the basis of a rewarding life ... accept every challenge with a positive attitude.

■ Achieve the tenets of the business philosophy by promoting “Sincerity and Creativity” in all business practices



### Realization of Business Philosophy

- Perspective of social contribution through business activities  
“Contribute to the culture, benefits and welfare of people throughout the world”
- Perspective concerning employees  
“It is the intention of our corporation to grow hand-in-hand with our employees”
- Perspective concerning stakeholders  
“Prosperity is directly linked to the prosperity of the entire Sharp family”

- The business creed is the central axis of all business activities.
- “Sincerity” means a working attitude mindful of what will offer genuinely useful solutions and happiness to everyone.
- “Creativity” means a working attitude not content with the way things are. An attitude which always seeks to add value, and to make efforts to innovate and improve.

# Contributing to Environmental Conservation by Globally Developing Environmental Businesses Founded on Proprietary Solar Cell and LCD Technologies



Katsuhiko Machida  
Chairman & CEO

Mikio Katayama  
President & COO

## An Unprecedented Economic Crisis Is Accelerating the Shift Toward a Low-Carbon Society

As the inaugural year of the first commitment period of the Kyoto Protocol, 2008 was a historic year for the environment as well as the world economy. The financial crisis, which was sparked by the US subprime loan problem, grew to envelop the real economy and create a severe slowdown of the world economy.

Due to the sudden falloff of demand in world markets, major companies around the world were beset by slumping business while Japanese exporters were hit hard by an appreciated yen that led to an inevitable decrease in profits. Fiscal 2008 proved to be a year of harsh financial results for Sharp as well.

Governments around the world have fired off a series of measures—for example, the Green New Deal in the US—to confront this situation. These measures include major infrastructure restructuring centered on the introduction of renewable energy. The global paradigm shift toward a low-carbon society is now more apparent than ever.

## Achieving Sharp's Environmental Vision for Fiscal 2010 and Initiating a New Environmental Vision and Strategy

In fiscal 2004, Sharp introduced becoming an

environmentally advanced company as its medium-term corporate objective and established the environmental vision of having its energy-creating and energy-saving products more than balance out its greenhouse gas emissions by fiscal 2010. Since then, Sharp has worked to achieve this objective based on its Super Green Strategy that aims to realize an extremely high level of environmental consciousness in all aspects of business.

Results include utilizing proprietary technologies to reuse approximately 1,050 tons of recovered plastic, meeting sales goals for its Super Green Products and Super Green Devices for four years in a row, and awarding Super Green Factory certification to 21 of its plants in Japan and around the world. In other words, Sharp achieved the aforementioned vision for fiscal 2010 two years ahead of schedule.

On the occasion of this achievement, Sharp will follow a new environmental vision beginning with fiscal 2009 of "Becoming an Eco-Positive Company: a company that supplies energy-creating and energy-saving products whose usage reduces significantly more greenhouse gas emissions than its worldwide business activities produce" and has initiated a new Eco-Positive Strategy.

With this new vision, Sharp will continue to significantly reduce greenhouse gas emissions through customer use of solar cells and energy-saving products, and at the same time reduce Sharp's own greenhouse

gas emissions resulting from its business activities to a bare minimum. Thus, the total effect will go far beyond limiting negative environmental impact, but will actually benefit the environment, making Sharp a company that has a positive impact. (See page 6 for details.)

Also, through the Eco-Positive Strategy, Sharp will utilize and improve upon the know-how acquired through its Super Green Strategy and make efforts to instill environmental consciousness throughout the supply chain and society as a whole.

### Globally Developing Environmental Businesses for Local Production and Local Consumption Based on Solar Cells and LCDs

Sharp's new "Manufacturing Complex for the 21st Century," currently under construction in Sakai City, Osaka Prefecture, Japan, is being advanced as one of Sharp's most significant efforts to contribute to a low-carbon society. Within the complex, the world's first LCD panel plant to utilize 10th-generation glass substrates will start production in October 2009, and the thin-film solar cell plant, one of the world's largest, is scheduled to begin operations by March 2010.

Sharp is also inviting a number of leading companies across the spectrum of industrial fields to locate on the same site, with the aim of pooling collective wisdom and knowledge to create a revolutionary production system. The idea is to mass-produce LCD panels and solar cells with outstanding environmental performance under this production system, while having a minimal negative impact on the environment.

Up until this point, Sharp has built LCD panel and solar cell plants for front-end production in Japan, but it is now collaborating with major companies around the world to build plants in the areas where products will be consumed. This is Sharp's global development of local production for local consumption. In the future, Sharp will globally develop the environmentally conscious technologies and know-how it has successfully accumulated in Japan, with the aim of having every step in the complete life cycle of a product or device—planning, design, procurement, production, sales, and recycling—take place locally.

As for solar cells, Sharp is not only a developer and manufacturer of technology, it also plans to further contribute to a low-carbon society by becoming an energy provider. The first step was partnering with Enel SpA, Italy's largest power company, to collaborate on setting up a solar power business.

In addition, Sharp will promote energy-saving lighting by releasing into global markets the LED lights that hit the Japanese market last year.

### Pursuing the Visions for 2012, Sharp Fulfills Social Responsibility Based on a Business Philosophy and Business Creed of "Sincerity and Creativity"

Looking ahead to the 100th anniversary of Sharp's founding in 2012, Sharp has established two visions—"Realize a truly ubiquitous society with the world's No. 1 LCDs" and "Contribute to the world through environment- and health-conscious business, focusing on energy-saving and energy-creating products." The company is making proactive, company-wide efforts toward their realization, including taking on the challenges of developing environmental businesses.

As a manufacturer, Sharp will continue to contribute to society by creating technologies and products that support sustainable development for society, and also by engaging in environmental conservation activities.

In order to further strengthen adherence to business ethics and compliance with all regulations and laws, Sharp is implementing a reevaluation and improvement of its compliance system on a global basis. Sharp is also making ongoing efforts to strengthen corporate governance, raise customer satisfaction levels, deploy CSR throughout the supply chain, conduct social contribution activities, and enrich its programs for nurturing human resources.

Following its business philosophy and business creed of "Sincerity and Creativity," Sharp is moving forward to even more thoroughly fulfill its social responsibility through manufacturing and technologies that contribute to the conservation of the global environment.

We look forward to hearing your frank comments and opinions.

June 2009

Chairman & CEO  
Katsuhiko Machida



President & COO  
Mikio Katayama



Making a Positive Contribution to the Environment by Curbing Greenhouse Gas Emissions

# Sharp—Working to Realize a Low-Carbon Society

In fiscal 2004, Sharp set its environmental vision for fiscal 2010 as “Sharp’s energy-creating and energy-saving products will more than balance out Sharp’s greenhouse gas emissions.” The basic philosophy behind this vision is that a company’s positive environmental impact through customer use of its energy-creating and energy-saving products should be greater than the negative environmental impact caused by its business activities.

From fiscal 2009, Sharp will continue to strengthen its proactive efforts to maximize environmental protection through its products and actions towards a low-carbon society under a new environmental vision of “Becoming an Eco-Positive Company: a company that supplies energy-creating and energy-saving products whose usage reduces significantly more greenhouse gas emissions than its worldwide business activities produce.”\*1

\*1 “Eco-Positive” does not mean that a company has no negative impact on the environment. Rather, “Eco-Positive Company” is a phrase Sharp uses to indicate the ideal state of a company in terms of environmentalism; it is the state Sharp aims to achieve.

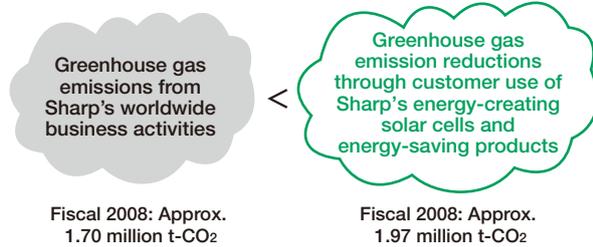


Sharp solar power generation system installed at Expo '70 Commemorative Park in Osaka Prefecture, Japan

## Achieving Sharp's Environmental Vision for Fiscal 2010

### Environmental vision for fiscal 2010: "Sharp's energy-creating and energy-saving products will more than balance out Sharp's greenhouse gas emissions"

By reducing the amount of greenhouse gases emitted as a result of Sharp's worldwide business activities to the greatest extent possible, while at the same time significantly increasing the magnitude of reductions in greenhouse gas emissions through customer use of Sharp energy-creating solar cells and energy-saving products, the net reduction in greenhouse gases will more than balance out the level of emissions by fiscal 2010.



In fiscal 2004, Sharp announced its medium-term corporate objective of being an environmentally advanced company, and established its environmental vision of having its energy-creating and energy-saving products more than balance out its greenhouse gas emissions by fiscal 2010.

Under the environmental vision, Sharp has been working to achieve this objective based on its Super Green Strategy, pushing a proactive approach, particularly by expanding the use of solar power but also by improving the environmental performance of its products and devices, raising the level of environmental performance at its production facilities, and developing unique, one-of-a-kind environmental technologies.

For fiscal 2008, according to an estimation by Sharp Corporation, greenhouse gas emission reductions through customer use of Sharp's solar cells were approximately 1.02 million t-CO<sub>2</sub><sup>\*2</sup> and through customer use of energy-saving products were approximately 0.95 million t-CO<sub>2</sub><sup>\*3</sup>, for a total emissions reduction of approximately 1.97 million t-CO<sub>2</sub>. At the same time, Sharp's total greenhouse gas emissions from business activities for fiscal 2008 were 1.70 million t-CO<sub>2</sub><sup>\*4</sup>. Based on these results, it can be concluded that, in fiscal 2008, Sharp achieved its environmental vision for fiscal 2010.

<sup>\*2</sup> Calculated based on the estimated amount of electricity generated in fiscal 2008 (2,260 GWh) by solar cells produced by Sharp in the 20 years from fiscal 1988 to 2007 and using the figure of 0.453 kg/kWh for CO<sub>2</sub> emissions intensity (emissions per kWh of electricity consumed in fiscal 2007), which was announced by the Federation of Electric Power Companies of Japan (please visit Sharp's website for detailed calculation methods).

<sup>\*3</sup> For fiscal 2008, the reduction in greenhouse gas emissions from the effect of customer use of energy-saving products was calculated by multiplying the CO<sub>2</sub> emissions intensity (emissions per kWh of electricity consumed) of 0.453 kg/kWh by the estimated reduction in power consumption (2,093 GWh) achieved from April 1, 2008 to March 31, 2009 by the use of Sharp TVs, air conditioners, and refrigerators shipped in Japan between fiscal 2003 and fiscal 2007 and that were assumed to have been purchased as replacements for older models. The reduction in power consumption was calculated based on average power consumption for old representative models within the industry for fiscal 1997. (Please visit Sharp's website for detailed calculation methods.)

<sup>\*4</sup> See page 30.

Note: See page 49 for the third-party review.

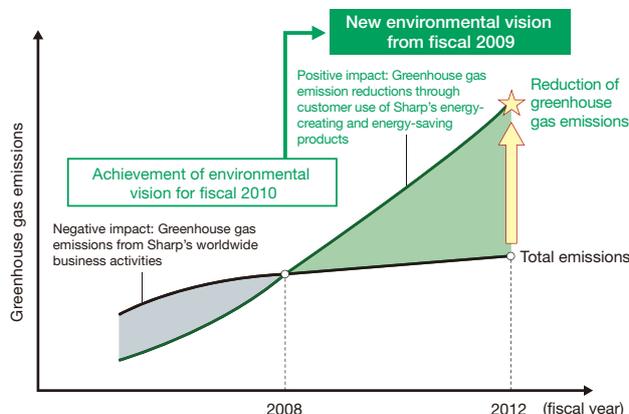
Progress in achieving environmental vision and the calculation methods used

## New Environmental Vision from Fiscal 2009

### Environmental vision from fiscal 2009: "Becoming an Eco-Positive Company: a company that supplies energy-creating and energy-saving products whose usage reduces significantly more greenhouse gas emissions than its worldwide business activities produce"<sup>\*5</sup>

The objective is to contribute to realizing a low-carbon society by making positive environmental impact through customer use of Sharp's energy-creating and energy-saving products greater than its negative environmental impact. Sharp will expand solar cell production, make its products more energy efficient, and push forward with efforts to reduce greenhouse gas emissions through energy-saving measures in its business activities.

<sup>\*5</sup> "Eco-Positive" does not mean that a company has no negative impact on the environment. Rather, "Eco-Positive Company" is a phrase Sharp uses to indicate the ideal state of a company in terms of environmentalism; it is the state Sharp aims to achieve.



Sharp will introduce the concept of Return On Emission (ROE<sup>™</sup>) as a unique performance indicator, whose purpose is to simultaneously evaluate both Sharp's efforts to increase greenhouse gas emission reductions through customer use of Sharp's energy-creating and energy-saving products and Sharp's efforts to reduce its own greenhouse gas emissions. Sharp is aiming for an ROE<sup>™</sup> of 2 or greater by fiscal 2012, the 100th anniversary of its founding.

$$\text{Return On Emission (ROE}^{\text{™}}) = \frac{\text{Greenhouse gas emission reductions through customer use of Sharp's energy-creating and energy-saving products}}{\text{Greenhouse gas emissions from Sharp's worldwide business activities}}$$

### New Environmental Strategy: Eco-Positive Strategy

Along with establishing a new environmental vision, Sharp will promote a new environmental strategy—Eco-Positive Strategy—from fiscal 2009 to replace its Super Green Strategy.



- Eco-Positive Technologies**  
Generate new business through one-of-a-kind environmental technologies
- Eco-Positive Products**  
Expand contributions to protecting the environment through products and services
- Eco-Positive Operations**  
Reduce environmental impacts in product engineering and manufacturing
- Eco-Positive Relationships**  
Enhance corporate value through involvement with the community

## Working to Achieve a Low-Carbon Society: Sharp's Environmentally Conscious Efforts

### Expanding the Reach of Solar Power

Increasing the number of installed solar power generation systems is regarded as essential to achieving a low-carbon society. Sharp was among the first to note the future potential of solar power generation and began research and development on solar cells in 1959. Today, for nearly half a century, Sharp has been the leader in R&D on solar power and in efforts to promote its widespread use, and has accumulated a wealth of technologies and trust.

Demand for solar energy products has been increasing rapidly in recent years, and in response, Sharp has strengthened development of thin-film solar cells as well as the crystalline solar cells that Sharp has spent many years working on up to the present. In the future, Sharp will take full advantage of the unique characteristics of both crystalline and thin-film solar cells to accommodate the broadest range of customer needs. Reducing the generation cost of solar power is the key to expanding the use of solar energy and Sharp is advancing development of both crystalline and thin-film solar cell technologies, aiming to reach a cost of 23 yen/kWh, a level on a par with typical residential electricity rates, as quickly as possible.

In addition, to contribute to the rapid development of the social infrastructure for solar power generation that is predicted for the near future, Sharp is intensifying its efforts to be able to offer total solar energy solutions. These initiatives include collaborating with ELIY Power Co., Ltd. in Japan on developing high-capacity lithium-ion batteries, as well as working with Enel SpA, Italy's largest power company, to set up an independent power producer in that country.

### Improving the Environmental Performance of Products and Devices

In fiscal 2004, Sharp introduced an in-house system to certify products and devices as offering outstanding environmental performance. Each year, Sharp has revised the certification standards to make them more stringent, and for four consecutive years since fiscal 2005, has achieved its targeted percentage of total sales that such certified products account for (see page 21).

Among the products offering superb environmental performance, the AQUOS LCD TV stands out, featuring a level of environmentally conscious design that is always one step ahead. It delivers outstanding energy efficiency and reduced resource utilization—for example, power consumption for the 32V-inch model has been slashed by more than 70% in five years and its weight has also been reduced by half<sup>\*1</sup>. In addition, with the adoption of green materials and design-for-recycling engineering in the AQUOS, Sharp has achieved an advanced level of environmental performance based on proprietary technologies such as a plant-based biopaint and cabinet materials that can be repeatedly recycled<sup>\*2</sup>.

Further, since fiscal 2008, Sharp has brought to market LED-based lights that offer energy efficiency and long service life. These lighting products consume extremely small amounts of energy, plus they have a design life of 40,000 hours<sup>\*3</sup> (more than 10 years even when used for 10 hours per day, and approximately 40 times longer than an incandescent lamp).

<sup>\*1</sup> Comparison between 2003 model LC-32GD1 (annual power consumption: 238 kWh/year; weight: 28.0 kg) versus 2008 model LC-32DE5 (annual power consumption: 66 kWh/year; weight: 13.5 kg).

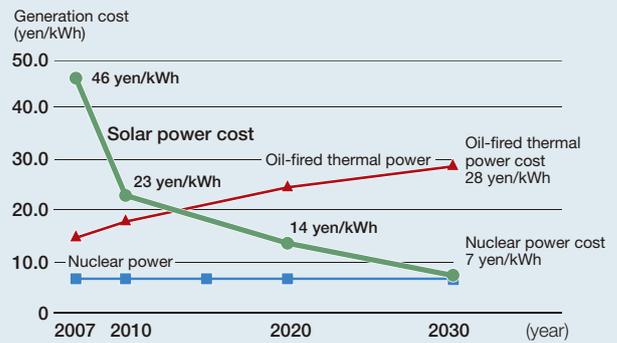
<sup>\*2</sup> Biopaints and repeatedly recyclable cabinet materials have been adopted for a limited number of models (see pages 19 and 20).

<sup>\*3</sup> Design life is regarded as the time until total luminous flux declines to 80% (oblong and square type) or 70% (downlight type) of the initial level. However, product service life cannot be guaranteed.



Solar power generation system using Sharp thin-film photovoltaic modules installed at a fresh produce market in Munich, Germany

### Power Generation Cost Targets for Solar Power



Source: Prepared by Sharp based on PV Roadmap 2030 (PV2030), published by New Energy and Industrial Technology Development Organization (NEDO), Japan

### 2nd-Generation Thin-Film Solar Cells



Mass production began in October 2008, based on the use of a large glass substrate measuring 1,000 x 1,400 mm, equivalent to 2.7 times the area of conventional substrates. The cells feature a module conversion efficiency of 9%, among the best in the industry. Sharp's goal is to begin mass production of thin-film solar cell modules with an even higher conversion efficiency at its new plant at Sakai City in Osaka Prefecture, Japan, which is scheduled to begin production by March 2010.

### ND-191AV Residential Polycrystalline Photovoltaic Module



By raising the efficiency of the solar cells and by using low-reflectivity glass, this module achieves one of the highest levels\* of module conversion efficiency (14.4%) in the industry.

\* For mass-produced residential-use polycrystalline photovoltaic modules in Japan.

### Annual Power Consumption and Weight of 32V-Inch AQUOS LCD TV

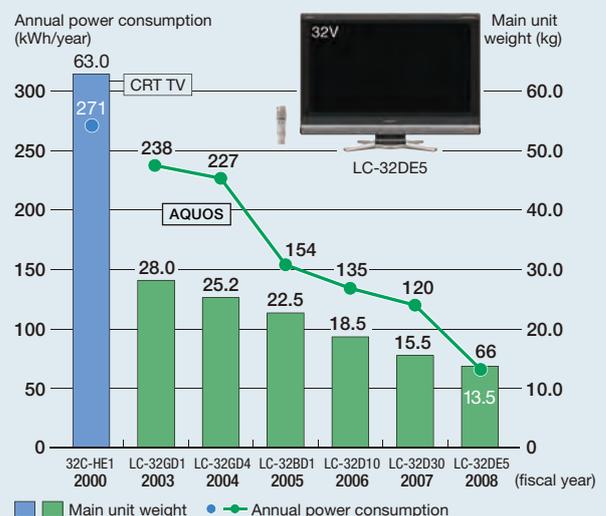




Photo is a conceptual rendering.

### Next-Generation Lighting—Energy-Efficient, Long-Life LED Lighting



DL-A002N Square LED Lighting with Embedded Plasmacluster Ion Technology

DL-D007N LED Downlight Lighting

DL-N022N Oblong LED Lighting with Embedded Plasmacluster Ion Technology

DL-L60AV LED Lamp with Adjustable Color and Dimmer Functions (via accessory remote control)



Models equipped with Plasmacluster Ion technology effectively decompose and eliminate airborne mold fungus, viruses, and allergens to create a comfortable indoor air environment.

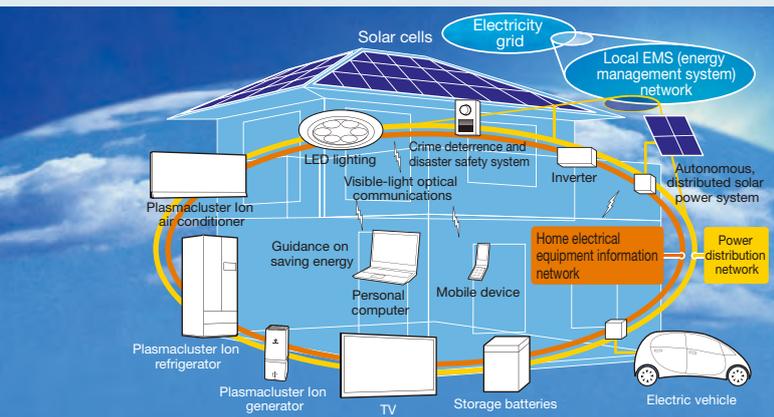
### Artist's Rendering of the "Manufacturing Complex for the 21st Century"

This project will be home to the world's first LCD panel production facility to use 10th-generation glass substrates and to one of the world's largest thin-film solar cell plants. The LCD panel plant is scheduled to begin operations in October 2009, and the solar cell plant by March 2010. Thin-film solar cells and large-size LCD panels featuring high levels of environmental performance will be mass-produced under a highly efficient production system. In addition, research on horticulture and waste recycling is slated to begin here in collaboration with Osaka Prefecture University.



### DC Eco-House Concept

This Sharp concept is intended to improve energy efficiency and is centered on a home energy management system that makes advantageous use of information technology. Electricity generated by the solar power generation system is stored as direct current (DC) and supplied in the same form to DC-powered consumer electronics in the home.



In the future, Sharp will work to create even higher-performance LEDs, contributing to greater energy savings in homes and offices.

### Improving the Level of Environmental Performance in Factories

Beginning in fiscal 2003, Sharp developed a program to certify its factories with high levels of environmental performance as Green Factories (below, GF) and factories with exceptionally high levels of environmental performance as Super Green Factories (below, SGF), based on its own set of unique evaluation criteria. As a result, nearly all Sharp factories around the world have been certified as GFs, of which 21 including all 10 factories of Sharp Corporation in Japan have been certified as SGFs. Beyond the SGF level, Sharp is moving ahead with SGF II, aiming for still higher environmental performance and representing a step up in terms of criteria that must be met.

In addition, at the "Manufacturing Complex for the 21st Century" now under construction at Sakai City, Osaka Prefecture, Japan, Sharp plans to introduce environmental conservation systems that far exceed those at the Kameyama Plant (Mie Prefecture, Japan), a facility representative of Sharp's SGF concept, to create a next-generation manufacturing complex befitting a low-carbon society. This manufacturing complex will take the form of a "single virtual company" in which 17 separate companies in addition to Sharp, including infrastructure-related companies and material manufacturers, will locate on the same site and operate collaboratively as if they were a single business entity to achieve highly efficient production by minimizing waste and loss. In addition, it is expected that the fusion of knowledge will engender technological innovations in a wide variety of fields.

### Developing Unique, One-of-a-Kind Environmental Technologies

Throughout its history, Sharp has focused its attention on technologies demanded by the next era, and has provided its technologies built up through unceasing R&D to the world in the form of uniquely featured products and businesses.

Solar cells that Sharp began mass production of in 1963, LEDs that Sharp developed and began mass production of in 1970, LCDs that saw the world's first practical application in a compact electronic calculator in 1973, closed-loop recycling technology for plastic materials implemented at the start of the Home Appliance Recycling Law in Japan in 2001—all of these are attracting attention as potent environmental technologies that fit the needs of today, and are leading to the creation of environmentally conscious products and serving to advance recycling businesses.

Sharp will push ahead with R&D on one-of-a-kind environmental technologies, aiming to be an Eco-Positive Company as well as to achieve its two visions set forth for 2012, the 100th anniversary of Sharp's founding, namely, "Realize a truly ubiquitous society with the world's No. 1 LCDs," and "Contribute to the world through environment- and health-conscious business, focusing on energy-saving and energy-creating products."

Protecting the global environment is a common problem facing all humanity, and solving it will require technological innovation of the highest order. Sharp is pushing ahead on a global basis in cooperation with powerful business partners, and will be assuming an even larger role and even greater responsibility in the future.

# Objectives and Achievements in the Area of Management

The Sharp Group Charter of Corporate Behavior, the set of principles that guide the corporate behavior of the Sharp Group of companies, includes “the practice of fair and open management.” To continue to be a company that has gained the trust of people and society, Sharp is establishing priority action themes in the area of management that is the foundation of its business activities, and will be working for continuous improvement while verifying and assessing the results of these activities.

Self Evaluation ○ : Results exceeded objectives ○ : Results nearly met objectives △ : Certain results were accomplished

Important Themes		Actions in Fiscal 2008	Self Evaluation	Objectives for Fiscal 2009	See page(s)
Develop, maintain, operate, and assess internal control system	Objectives	Continuously develop, maintain, operate, and assess internal control system		<ul style="list-style-type: none"> <li>Steady operation of internal control system</li> <li>Review and improve Basic Policy for Internal Control in response to environmental changes inside and outside company</li> <li>Review and continuously put into practice various policies related to internal control system</li> <li>Release internal control reports to disclose information on status of development and operation of internal control system</li> </ul>	10-11 and website
	Achievements	<ul style="list-style-type: none"> <li>Revised Basic Policy for Internal Control in conjunction with introduction of executive officer system in June, etc.</li> <li>Continuously put into practice various policies related to internal control system</li> <li>Implemented assessment of effectiveness of internal control in accordance with internal control report system based on Japan's Financial Instruments and Exchange Act</li> </ul>	○		
Practice compliance in business	Objectives	Expand and improve compliance promotion policies and measures		<ul style="list-style-type: none"> <li>Ongoing improvement of compliance promotion system, policies, and measures</li> <li>Compliance training for all employees in Japan</li> <li>Strengthen system to promote compliance overseas</li> <li>Implement monitoring and offer guidance on complying with antitrust laws</li> </ul>	12
	Achievements	<ul style="list-style-type: none"> <li>Established Compliance Committee</li> <li>Established positions of Chief Compliance Officer (CCO), Compliance Officer (CO), etc.</li> <li>Created and distributed Sharp Group Compliance Guidebook and Cartel Prevention Manual, and implemented related training programs</li> </ul>	○		
Strengthen business risk management	Objectives	Expand and improve BCM (business continuity management) system		<ul style="list-style-type: none"> <li>Ongoing strengthening and improvement of BCM system</li> <li>Reevaluation and review of BCP (business continuity plan) assuming occurrence of major earthquake</li> <li>Expand and improve BCP assuming outbreak of new strain of influenza</li> </ul>	13 and website
	Achievements	<ul style="list-style-type: none"> <li>Developed system to promote BCM, assuming outbreak of new strain of influenza (for each manufacturing and sales base)</li> <li>Promoted development of company-wide measures to cope with outbreak of new strain of influenza</li> <li>Introduced and began operation of safety confirmation system</li> </ul>	△		
Strengthen measures for maintaining confidentiality and information security	Objectives	Implement self-check for maintaining confidentiality and information security, and extend evaluation system to affiliated companies in Japan		<ul style="list-style-type: none"> <li>Expand and improve methods to promote information security at overseas bases</li> <li>Establish mechanisms to enable implementation of autonomous information security management cycles at overseas bases</li> </ul>	13 and website
	Achievements	<ul style="list-style-type: none"> <li>Completed implementation of self-check for maintaining confidentiality and information security, and extension of evaluation system to affiliated companies in Japan</li> </ul>	○		
Strengthen personal information protection system	Objectives	Promote procedures to attain Privacy Mark certification		<ul style="list-style-type: none"> <li>Ongoing implementation of policies to promote protection of personal information</li> <li>Implement internal audits related to protecting personal information</li> <li>Ongoing implementation of education and awareness policies related to protecting personal information for employees and others</li> </ul>	14 and website
	Achievements	<ul style="list-style-type: none"> <li>Acquired Privacy Mark certification (October 2008)</li> <li>Implemented internal audits related to protecting personal information</li> <li>Implemented education and awareness policies related to protecting personal information for employees and others</li> </ul>	○		

## Overview of Efforts and Achievements in Fiscal 2008

In fiscal 2008, Sharp gave special priority to working to accommodate the even greater number of demands to strengthen corporate governance from stakeholders, particularly shareholders and investors, as well as legal requirements related to the internal control system. Under this effort, Sharp introduced the executive officer system, and continually improved its internal control system and implemented operation and evaluations under it.

Sharp worked on a global basis to further develop and strengthen a framework, policies, and measures to promote compliance, which forms the basis of CSR in advancing business activities. Sharp also pushed forward with ongoing efforts to improve specific management-related areas such as developing measures to cope with major earthquakes and outbreaks of new strains of influenza, and acquiring Privacy Mark certification for the protection of personal information.

### T O P I C S

#### Sharp Joins the United Nations Global Compact

In June 2009, Sharp signed a letter of commitment as a participant in the United Nations Global Compact.

Sharp supports the ten principles of the Global Compact in the areas of human rights, labour, the environment, and anti-corruption, and will work to further expand and reinforce its plans and measures in these areas in the future.



 Participation in the UN Global Compact

# Corporate Governance and Internal Control

As a company that has statutory auditors, Sharp is improving the quality of management while strengthening its Director/Corporate Auditor system, for example, introducing the executive officer system, appointing an outside director, and establishing the Internal Audit Division to monitor and hold management in check as an organization that works with the Board of Corporate Auditors.

In addition, by continually developing and maintaining the internal control system, Sharp is working to enhance this system to ensure the propriety of operational activities of the entire Sharp Group.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009
<ul style="list-style-type: none"> <li>Continuously develop, maintain, operate, and assess internal control system</li> </ul>	<ul style="list-style-type: none"> <li>Revised Basic Policy for Internal Control in conjunction with introduction of executive officer system in June, etc.</li> <li>Continuously put into practice various policies related to internal control system</li> <li>Implemented assessment of effectiveness of internal control in accordance with internal control report system based on Japan's Financial Instruments and Exchange Act</li> </ul>	<ul style="list-style-type: none"> <li>Steady operation of internal control system</li> <li>Review and improve Basic Policy for Internal Control in response to environmental changes inside and outside company</li> <li>Review and continuously put into practice various policies related to internal control system</li> <li>Release internal control reports to disclose information on status of development and operation of internal control system</li> </ul>

## Concept of Corporate Governance

Sharp is engaged in integrated production—from development to the manufacture and sale of products in a wide range of fields. Each of these areas is highly specialized, yet there is a close interrelation between them. Consequently, a management system is required in which directors who have strong grasp of each area work closely with the R&D and manufacturing divisions in order to facilitate speedy decision-making and execution of business processes. Under such a concept, Sharp, as a company with statutory auditors, is improving the quality of its management while strengthening the Director/Corporate Auditor system.

In June 2008, Sharp introduced the executive officer system to focus on both management decision-making and execution of business processes, as well as work toward effective and speedy corporate management.

In addition, Sharp dissolved the Advisory Board established in 2006 to make the best use of opinions from knowledgeable outside experts in various fields aiming at a more transparent, sound corporate management, and in its stead, appointed an outside member to the Board of Directors.

Sharp has also designated three of four current corporate auditors as outside auditors, and beginning in fiscal 2006, has strengthened their capability to monitor and hold management in check by establishing the Internal Audit Division as an

organization that works with the Board of Corporate Auditors.

In the future, Sharp will further strengthen its Director/Auditor/Executive Officer system, while working to enhance and improve corporate governance (see page 11).

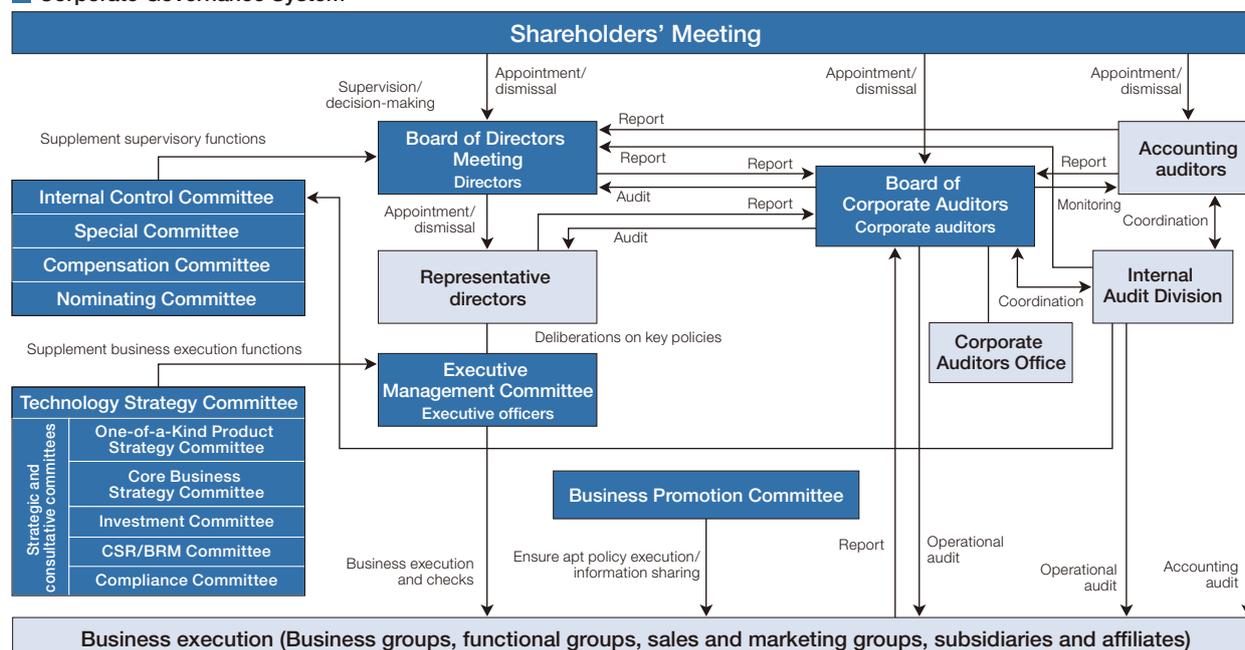
## Selection, Compensation, and Evaluation of Corporate Directors

Sharp has established an Internal Control Committee as well as a Special Committee, a Nominating Committee, and a Compensation Committee, which complement the supervisory functions of the Board of Directors. One purpose of establishing these committees has been to improve the fairness and transparency of the selection and compensation of corporate directors who have been entrusted by shareholders to manage the company.

The selection of directors is carried out by the Nominating Committee. The outside director also participates in determining candidates for the Nominating Committee.

In addition, monthly compensation and bonuses for all directors are at the maximum limit of total compensation as set forth in a resolution adopted at a shareholders' meeting, and will be fairly determined by setting evaluation criteria such as financial results, level of contribution to the company, etc., in the Compensation Committee which includes the outside director.

## Corporate Governance System



## Close-Up

# Meeting the Expectations of Stakeholders by Promoting Reform in Corporate Governance

Sharp has worked to reform corporate governance, including introducing the executive officer system and appointing an outside director, to build a framework for efficient, rational management so that the company can enjoy enduring growth.

Since its founding, Sharp has been a “product manufacturing company” that develops products and devices that never before existed based on original technologies, and it continues to provide new value to customers. To create the unique, one-of-a-kind products that lie at its core, it is important to work to achieve the upwardly spiraling synergy between developing new products and the uniquely featured devices that Sharp has to offer, as well as to manifest to the greatest extent possible the synergy that comes from cooperation and alliances with other companies. And so, it is demanded that executives in all business areas take a long-term perspective, from R&D to product commercialization and business development, and in addition, based on Sharp’s corporate culture, have broad knowledge that goes beyond expertise in the field one is responsible for. Executives must work closely with executives in related fields, and make accurate, rapid decisions.

At the same time, as the scale of Sharp’s business has grown in the last few years and its brand equity increased, expectations from outside the company have also been growing stronger, and demands are becoming louder for management to take into account the views of all stakeholders, including business partners, shareholders, consumers, members of local communities, and employees. In addition, the

scale of Sharp’s business is growing larger, for example, the “Manufacturing Complex for the 21st Century” now under construction at Sakai City in Osaka Prefecture, and Sharp is working to develop a new business model even as it aims for further growth.



**Toshihiko Fujimoto**  
Executive Officer  
General Manager  
Management Planning Board  
Sharp Corporation

Under these circumstances, to ensure the certainty of business expansion, we must always demand change that moves toward a system of corporate governance to satisfy the need for stronger decision-making and supervisory functions, as well as stronger business execution functions. As a part of this, in June 2008, Sharp introduced the executive officer system to enable accurate decision-making and rapid business execution. Also, in June 2009, Sharp gained the participation in management of an outside director who offers a wealth of experience and a deep reservoir of knowledge to further increase the transparency and objectivity of management. In this way, it is Sharp’s desire to meet the expectations of stakeholders by achieving sustainable growth through constant innovation and reform.

## Basic Policy for Internal Control, and Developing and Maintaining the Internal Control System

Based on Japan’s Companies Act and the Financial Instruments and Exchange Act, the Sharp Group is developing and maintaining its internal control system to ensure the properness of business of the entire group.

In May 2006, the Board of Directors passed a resolution to adopt a basic policy related to the development and maintenance of systems necessary to ensure the properness of business (Basic Policy for Internal Control), as well as established the Internal Control Committee to serve as an advisory panel to complement the supervisory functions of the Board of Directors. The Board also discusses various policy measures related to the internal control system and affirms their operational status.

The basic policy was revised in July 2008 upon the introduction of the executive officer system, and clarifies the role of executive officers in maintaining the internal control system as well as reflects the position of the newly established Compliance Committee in terms of strengthening the compliance system in the internal control system structure.

In accordance with this basic policy, Sharp has been documenting the business processes of Sharp Corporation’s business and functional groups as well as its domestic and overseas subsidiaries, and has been conducting self-audits to assess whether they have been appropriately structured and implemented. In addition, the Internal Audit Division is auditing the organizational and operational status of these business processes and the company-wide control environment from an independent perspective.

In June 2009, Sharp Corporation submitted the internal control report whose submission to the Finance Bureau was mandated in Japan beginning with the 2008 business year, indicating the results of its evaluation and reporting on the effectiveness of internal control over financial reporting.

 Internal control system

## Structure to Promote CSR Policies and Activities

Sharp holds semi-annual meetings of the CSR/BRM\* Committee to discuss and check policies, action plans, and progress for the entire company. These meetings are attended by an Executive Vice President (Chief Officer, General Administration) and all group general managers of both the business groups and the functional groups. This committee serves as an advisory committee that complements the business execution functions of Sharp.

In addition, to strengthen this system, in April 2008, Sharp reorganized the CSR Promotion Department and the Legal Affairs Division, and established a new CSR Promotion Group under the control of the Executive Managing Officer in charge of legal affairs. In October 2008, Sharp also established a Social Contribution Promotion Department under the CSR Promotion Group.

\* BRM: Business risk management

# Compliance and Risk Management

The Sharp Group adopted the Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct, and has been promoting efforts to strengthen legal compliance and business ethics on a global basis, including ongoing improvements to the system as well as training programs. Sharp is also making steady progress in efforts to implement business risk management to cope with events such as major disasters and outbreaks of new strains of influenza.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009
<ul style="list-style-type: none"> <li>Expand and improve compliance promotion policies and measures</li> </ul>	<ul style="list-style-type: none"> <li>Established Compliance Committee</li> <li>Established positions of Chief Compliance Officer (CCO), Compliance Officer (CO), etc.</li> <li>Created and distributed Sharp Group Compliance Guidebook and Cartel Prevention Manual, and implemented related training programs</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing improvement of compliance promotion system, policies, and measures</li> <li>Compliance training for all employees in Japan</li> <li>Strengthen system to promote compliance overseas</li> <li>Implement monitoring and offer guidance on complying with antitrust laws</li> </ul>
<ul style="list-style-type: none"> <li>Expand and improve BCM (business continuity management) system</li> </ul>	<ul style="list-style-type: none"> <li>Developed system to promote BCM, assuming outbreak of new strain of influenza (for each manufacturing and sales base)</li> <li>Promoted development of company-wide measures to cope with outbreak of new strain of influenza</li> <li>Introduced and began operation of safety confirmation system</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing strengthening and improvement of BCM system</li> <li>Reevaluation and review of BCP (business continuity plan) assuming occurrence of major earthquake</li> <li>Expand and improve BCP assuming outbreak of new strain of influenza</li> </ul>
<ul style="list-style-type: none"> <li>Implement self-check for maintaining confidentiality and information security, and extend evaluation system to affiliated companies in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Completed implementation of self-check for maintaining confidentiality and information security, and extension of evaluation system to affiliated companies in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Expand and improve methods to promote information security at overseas bases</li> <li>Establish mechanisms to enable implementation of autonomous information security management cycles at overseas bases</li> </ul>
<ul style="list-style-type: none"> <li>Promote procedures to attain Privacy Mark certification</li> </ul>	<ul style="list-style-type: none"> <li>Acquired Privacy Mark certification (October 2008)</li> <li>Implemented internal audits related to protecting personal information</li> <li>Implemented education and awareness policies related to protecting personal information for employees and others</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing implementation of policies to promote protection of personal information</li> <li>Implement internal audits related to protecting personal information</li> <li>Ongoing implementation of education and awareness policies related to protecting personal information for employees and others</li> </ul>

## Raising Awareness of the Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct

In May 2005, to make legal compliance and business ethics top priorities, Sharp revised its charter of conduct and divided it into two documents: the Sharp Group Charter of Corporate Behavior, the principles of Sharp's corporate behavior; and the Sharp Code of Conduct, the standards of conduct for all directors and employees. These two documents apply to group companies around the world as the common standards of the Sharp Group.

 [Sharp Group Charter of Corporate Behavior \(full text\)](#)  
[Sharp Code of Conduct \(full text\)](#)

## Strengthening the System to Promote Compliance

The Sharp Group is continuously reviewing and strengthening its compliance promotion system to grow its business in an appropriate manner in accordance with the law and social norms.

To complement the CSR/BRM Committee, Sharp established the Compliance Committee in fiscal 2008, chaired by an Executive Vice President (Chief Officer, General Administration) and with members consisting of the group general managers of functional groups, plus others. This committee meets every three months to plan compliance measures and to confirm the implementation of those measures and corrective actions for the Sharp Group as a whole. It also confirms the status of efforts to strengthen the compliance system at overseas bases where promotion activities are currently ongoing.

In addition, Sharp has appointed the Executive Vice President (Chief Officer, General Administration) as Chief Compliance Officer (CCO) responsible for promoting compliance for the Sharp Group, and appointed the Group General Manager of

the International Sales and Marketing Group as Assistant Chief Compliance Officer, who assists the CCO and is responsible for strengthening compliance systems at overseas bases. Sharp has also appointed those responsible for Sharp Corporation business groups in Japan and for the four major regions around the world (US, Europe, China, and Asia) as Compliance Officers (CO). Thus, Sharp has established a system entrusted with promoting compliance from each respective standpoint.

Further, in the past, Sharp assigned a Chief of Legal Affairs at each Sharp Corporation business group and subsidiary in Japan, but beginning in March 2009, Sharp has also been assigning Chief of Legal Affairs at the four overseas regions in sequence as part of strengthening the compliance system internationally.

## Raising Legal and Ethical Awareness to Ensure Compliance

To foster legal and ethical awareness and ensure compliance with the law and social norms, Sharp Corporation holds educational programs in Japan relating to compliance, including job-level-specific training for directors, senior executives, managers, mid-career employees and new employees, training for employees transferred overseas, and specialized training in specific fields. Sharp is also working to upgrade and expand compliance manuals and the legal information available on its intranet.

In February 2009, Sharp issued the Sharp Group Compliance Guidebook, and plans to provide compliance training based on this guidebook to all employees in Japan during fiscal 2009, as well as also gradually implement training programs at all overseas bases. In addition, Sharp's legal divisions at its Head Office will be working to further strengthen compliance through ongoing monitoring of the status of compliance promotion, targeting all business groups and affiliated companies in Japan.

## Consultation Hotline for Compliance Issues

Sharp Corporation and its domestic affiliated companies have a hotline for reporting problems and providing counseling services related to compliance issues. The hotline is open to employees, temporary staff, and employees of business partners, in line with the spirit of Japan's Whistleblower Protection Act. In addition, in October 2007, Sharp in Japan set up a contact point outside the company at its legal advisor's office, thus making it easier to report problems and consult with experts.

The Sharp Code of Conduct clearly stipulates that the privacy of individuals who report compliance violations or seek consultation will be strictly protected and that there will be no unfavorable treatment or penalties against those persons.

## Preventing Corruption in All Forms and Dealing Properly with Donations

The Group Charter of Corporate Behavior and the Code of Conduct contain provisions that strictly prohibit any form of corrupt behavior such as bribery or extortion of money or gifts, and require that donations be handled in a proper manner.

Sharp Corporation prevents illegal payoffs and improper expenditures through a system of compulsory reviews by the Monetary Contribution Examination Committee on CSR in Japan to assess the propriety of monetary disbursements such as donations and contributions.

## Creating Integrated CSR and BRM Activities

Sharp believes BRM (business risk management) is indispensable in fulfilling corporate social responsibility because it eliminates the risk of losses and compliance violations, while at the same time helping the company quickly adapt to changing business environments. That is why the company makes it a top priority to conduct integrated CSR and BRM activities.

The CSR/BRM Committee (see page 11) regularly reviews major risks and deliberates on company-wide measures for dealing with them. As well, every six months Sharp's business groups and functional groups identify major risks and plan measures to either prevent them or minimize their impact.

 Sharp Group's efforts to firmly establish CSR and BRM CSR activities in domestic sales

## Improving and Expanding BCM and BCP Activities

Sharp considers BCM (business continuity management) to be a priority issue for management. This effort is intended to ensure the safety of employees and their families and expedite an early recovery of important business operations when a major disaster occurs. Sharp is also committed to continuously improving BCP (business continuity plans) to cope with natural disasters, such as a large-scale earthquake that can be assumed will strike Japan.

In fiscal 2008, Sharp introduced a safety confirmation system that uses the e-mail feature of mobile phones to efficiently collect information on whether an employee is safe in the event a large-scale disaster occurs in Japan. In addition, Sharp reviewed and revamped action items such as response to damage and business continuity if the Head Office were struck by a disaster. Further, Sharp has established an Emergency Preparedness Committee at the Head Office to develop measures to cope with a new influenza pandemic, and has pushed the review of countermeasures and the formulation of action plans at bases in Japan and overseas (see TOPICS).

In fiscal 2009, Sharp will reevaluate and improve BCPs for each business group in Japan to reflect the occurrence of a large-scale earthquake, and will expand and upgrade related action plans. In addition, Sharp will work to continuously improve measures to cope with a new influenza pandemic, including a response to the new influenza A(H1N1) of swine flu origin.

## T O P I C S

### Promoting Measures to Combat New Influenza Globally

In recent years, a wide-scale outbreak of a new highly virulent strain of influenza, possibly of avian flu (H5N1) origin is feared. Sharp has been working to formulate policies and promote various action plans related to strengthening systems, preventing transmission, and ensuring business continuity in Japan and overseas, particularly at overseas bases in countries where large numbers of people have been infected with the H5N1 avian influenza virus.

In fiscal 2008, based on guidance from the World Health Organization (WHO) and governments of the countries where Sharp bases are located, Sharp introduced education and awareness tools for employees, formulated rules of behavior in emergency situations, and prepared stockpiles of emergency supplies. In addition, for its own unique action plan, Sharp is now in the process of installing, at its business locations, Plasmacluster Ion generators, which use Sharp's proprietary Plasmacluster Ion technology to deactivate harmful substances such as airborne viruses and mold (approximately 10,000 units in Japan and overseas).

Further, with respect to the outbreak of the new influenza A(H1N1) of swine flu origin that began in April 2009, Sharp has taken appropriate countermeasures at its bases inside and outside of Japan. It has flexibly applied the guidance and action plans previously formulated to fight a new strain of influenza that may be of avian flu origin.

### Strengthening Systems to Raise the Level of Information Security and Expanding Self-Checks

To strengthen protection of confidential information, Sharp holds semi-annual meetings of the IT Infrastructure/Information Security Committee, which brings together IT/security managers from throughout the Sharp Group in Japan. This committee ensures the thoroughness of the Basic Policy on Information Security formulated in 2003, and checks the status of Sharp's IT infrastructure and the implementation status of various action plans. In addition, in fiscal 2008, Sharp advanced education and awareness activities for all Sharp Group employees in Japan, including providing training through e-learning courses.

Since fiscal 2005, Sharp Corporation has implemented self-checks to check and evaluate the status of measures to ensure information security and maintain confidentiality at all levels of the organization. Since fiscal 2008, Sharp has worked to improve the level of security throughout the entire Sharp Group by expanding these activities to affiliated companies in Japan and to all their branches and local offices.

In fiscal 2009, Sharp will be working to improve information security activities as a whole by raising the level of measures for each of the self-check items to be checked, and by reviewing evaluation points, standards, procedures, and the like.

In fiscal 2006, Sharp established Regional Information Security Committees in four regions around the world (Europe, US, China, and Asia), and in fiscal 2007, initiated self-check activities to further strengthen the system for promoting security and improving the level of security. In fiscal 2009, Sharp plans to establish a framework to enable implementation of autonomous information security management cycles in each region when carrying out self-checks.

## The Problem of Price-Fixing of LCDs

### Background

In December 2006, Sharp Corporation became the subject of investigations by antitrust authorities\* in Japan, the United States, and the EU, on suspicion of conspiring to fix prices of TFT LCDs. Since then, Sharp has fully cooperated in these investigations and has responded in good faith to all their requests.

In November 2008, Sharp entered into a plea agreement with the United States Department of Justice and agreed to pay a fine of US\$120 million for the alleged price-fixing of TFT LCDs with respect to a limited number of customers.

In addition, in December 2008, Sharp Corporation received a cease-and-desist order and an administrative surcharge payment order from the Japan Fair Trade Commission. According to the orders, Sharp Corporation allegedly conspired to control prices for TFT LCD modules supplied to Nintendo Co., Ltd. In response, Sharp requested that a hearing be held on the matter, and the hearing began in April 2009. Through the hearing procedures, Sharp will demonstrate its belief that no illegal acts were conducted and request a fair judgment. The investigation of the European Commission is ongoing at this time.

\* Antitrust authorities include the Japan Fair Trade Commission, the United States Department of Justice, and the European Commission Directorate General (DG) for Competition.

### Measures to Prevent a Recurrence

In the past, the Sharp Group has worked to prevent violations of antitrust laws through education and training of employees. Despite these efforts, Sharp became the subject of investigations based on the allegations described above. Sharp accepts this situation with the utmost seriousness and sincerity, and will work to prevent any wrongdoing in the future. Sharp will focus even more closely on restructuring its compliance system and on

redeveloping its training procedures in an effort to eliminate the recurrence of any questionable acts.

Already, following the start of investigations by antitrust authorities in December 2006, Sharp has revised its manuals relating to antitrust laws, and in addition, instituted training in antitrust law at all Sharp business groups located in Japan during 2007 and 2008.

Furthermore, in December 2008, Sharp's president announced to the company a commitment to prevent a recurrence of questionable acts, and training in antitrust laws was implemented for all company managers in Japan over the period of January through March of 2009.

Also, in February 2009, Sharp created and distributed to employees Cartel Prevention Manuals and Sharp Group Compliance Guidebooks, with the goal of ensuring compliance with antitrust laws in all areas of the globe. Sharp is now using these publications in training sessions on compliance, including the topic of complying with antitrust laws, to be held at each business office and base.

In addition to the hotline for compliance issues (see page 13), Sharp also set up hotlines inside and outside the company in February 2009 to enable the reporting of problems and to provide counseling related to antitrust laws.

In the future, in monitoring the status of efforts to promote compliance of all Sharp business groups and affiliated companies, Sharp's legal divisions at the Head Office will focus particular attention on antitrust compliance-related actions. Moreover, Sharp will strengthen its guidance efforts to encourage employees to take appropriate actions on an individual basis.

The Sharp Group will further expand the aforementioned measures and work unceasingly, making every possible effort to ensure that a similar situation does not arise in the future.

## T O P I C S

### Acquiring Privacy Mark Certification

In 2004, Sharp Corporation and its domestic affiliates set basic policies related to protecting personal information, and constructed an in-house management system.

Reflecting a rise in public concern about personal information and to further clarify Sharp's position on this subject, beginning in 2005, each of Sharp's domestic sales companies began to acquire the Privacy Mark, a certification given to businesses that comply with the Japanese Industrial Standards (JIS) for personal information protection. In October 2008, Sharp Corporation also acquired certification for the entire organization.

In the future, Sharp will work to further strengthen its personal information protection system as befits a company that has acquired certification, and will constantly engage in education and awareness efforts directed at employees and others, as well as implementing measures to improve its efforts such as internal audits.



 Information security and protection of personal information

### Protecting Intellectual Property

Sharp uses its own intellectual property assets to the fullest possible advantage in its business and R&D strategies.

Even though Sharp regards discussion as the basis for resolving cases of infringement, it is the company's policy to seek judgment from a third party such as the courts when its intellectual property rights are not respected.

Counterfeit Sharp-brand products have had a growing impact in overseas markets in recent years, and Sharp is taking measures to counter these imitations through cooperation with industry groups and with regulatory authorities taking enforcement actions.

Further, by strengthening in-house rules, Sharp is also working to prevent unauthorized disclosure of production technologies and manufacturing know-how, particularly those that are unique or critically important to Sharp.

Sharp also adheres to a policy of complete respect for the intellectual property rights of others. To ensure that this respect is ingrained in its corporate culture, Sharp holds meetings for patent-related personnel company-wide and training for engineers involved in development and manufacture.

 Incentives for employee inventions

# Environmental Objectives and Achievements

In accordance with environmental conservation guidelines established in line with Sharp's Basic Environmental Philosophy, the Sharp Group Charter of Corporate Behavior, and the Sharp Code of Conduct, Sharp is pursuing environmental consciousness across all of its business activities. It achieved its fiscal 2010 environmental vision in fiscal 2008, two years earlier than planned. From fiscal 2009, Sharp will follow a new environmental vision and aim for a higher level of contribution towards global environmental conservation.

## Basic Environmental Philosophy

### Creating an Environmentally Conscious Company with Sincerity and Creativity

## A New Environmental Vision and New Environmental Strategy

In fiscal 2008, Sharp achieved its environmental vision of having its energy-creating and energy-saving products more than balance out its greenhouse gas emissions by fiscal 2010. From fiscal 2009, Sharp will promote a new environmental strategy, the Eco-Positive Strategy, under a newly established environmental vision of "Becoming an Eco-Positive Company: a company that supplies energy-creating and energy-saving products whose usage reduces significantly more greenhouse gas emissions than its worldwide business activities produce."\* (See page 6 for details.)

\* "Eco-Positive" does not mean that a company has no negative impact on the environment. Rather, "Eco-Positive Company" is a phrase Sharp uses to indicate the ideal state of a company in terms of environmentalism; it is the state Sharp aims to achieve.

## Fiscal 2008 Achievement Summary

In fiscal 2008—five years after Sharp made environmental issues top corporate priority and set a medium-term corporate objective of becoming an environmentally advanced company in fiscal 2004—Sharp recorded what can be called bottom lines, beginning with the achievement of its environmental vision.

With regard to environmental technologies, the quantity of material recycled and used using closed-loop plastic material recycling technology reached approximately 1,050 tons, and this technique is steadily growing as a business pursuit. The flat-panel TV recycling line, which was designed on the concept of lightening the workload as well as ensuring operator safety and security, was completed and has been operating, as planned, from April 1, 2009.

All four kinds of Green Products and Green Devices met their sales percentage targets for the fourth year in a row. These products and devices with superior environmental performance now make up a large percentage of Sharp's sales.

In addition, 21 of the 38 Japanese and overseas factories have been upgraded to Super Green Factories (SGF), and the 10 Sharp Corporation factories that have already been upgraded to SGF have begun upgrading according to the new SGF II criteria. Under SGF II, the amount of emissions to be reduced is set to below fiscal 2007 levels as part of the efforts to reduce CO<sub>2</sub> emissions and waste, and as a result this was achieved due to the effects of various measures as well as a decrease in output.

In line with the new environmental vision, Sharp will further strengthen its policies for global environmental conservation including energy-creating and energy-saving, and based on the existing relationship with companies in the supply chain and other cooperating companies, Sharp will contribute to the realization of a low-carbon society by spreading the technical expertise it has developed widely throughout society.

## The Sharp Group Charter of Corporate Behavior

### Contribution to Conservation of the Global Environment

The Sharp Group will fulfill our responsibility for environmental conservation by promoting the creation of proprietary technologies that contribute to protection of the global environment, and by carrying out our product development and business activities in an environmentally conscious manner.

## The Sharp Code of Conduct

### Contribution to Conservation of the Global Environment

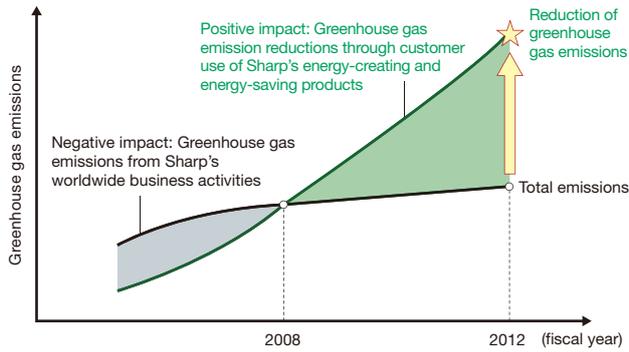
1. To Conserve the Environment
2. To Develop Environmentally Conscious Products and Services, and Conduct Our Business Operations in an Environmentally Conscious Manner

 [Sharp Group Charter of Corporate Behavior \(full text\)](#)  
 [Sharp Code of Conduct \(full text\)](#)

## Main Objectives and Fiscal 2008 Achievements

Stages	Themes	Major Objectives
Technologies	Establish 3R technologies	Expand closed-loop plastic material recycling
		Establish LCD TV recycling technology
Products	Develop Green Products	Increase Super Green Products' share of net sales in Japan
		Increase Green Seal Products' share of net sales
	Develop Green Devices	Increase Super Green Devices' share of net sales Increase Green Devices' share of net sales
	Recycle used products	Enhance and improve recycling line
Operations	Enhance and improve environmental management system	Build Integrated Management System (IMS)
		Promote environmental e-learning
	Convert factories to Green Factories and offices to Green Offices	Build Green Factories (GF) and Super Green Factories (SGF)
		Conduct cross audits
		Hold Eco Best Practice Forums Certify more offices as Green Office
	Curb greenhouse gas emissions	Reduce CO <sub>2</sub> emissions
		Reduce CO <sub>2</sub> emissions (per production unit)
	Reduce and recycle waste	Reduce amount of waste discharged
		Reduce amount of waste discharged (per production unit) Reduce amount of waste, etc. discharged (per production unit)
	Reduce risk from harmful chemicals	Strengthen system for managing chemical substances
Reduce distribution-related CO <sub>2</sub> emissions	Reduce CO <sub>2</sub> emissions per sales unit	

### New Environmental Vision from Fiscal 2009



Sharp will introduce the concept of Return On Emission (ROE<sup>m</sup>) as a unique performance indicator, whose purpose is to simultaneously evaluate both Sharp's efforts to increase greenhouse gas emission reductions through customer use of Sharp's energy-creating and energy-saving products and Sharp's efforts to reduce its own greenhouse gas emissions. Sharp is aiming for an ROE<sup>m</sup> of 2 or greater by fiscal 2012, the 100th anniversary of its founding.

$$\text{Return On Emission (ROE}^m) = \frac{\text{Greenhouse gas emission reductions through customer use of Sharp's energy-creating and energy-saving products}}{\text{Greenhouse gas emissions from Sharp's worldwide business activities}}$$

Self Evaluation ○ : Achieved more than targeted ○ : Achieved as targeted △ : Achieved more than 80% of initial target × : Achieved less than 80% of initial target

### New Environmental Strategy: Eco-Positive Strategy



**Eco-Positive Technologies**  
Generate new business through one-of-a-kind environmental technologies

**Eco-Positive Products**  
Expand contributions to protecting the environment through products and services

**Eco-Positive Operations**  
Reduce environmental impacts in product engineering and manufacturing

**Eco-Positive Relationships**  
Enhance corporate value through involvement with the community

Fiscal 2008 Objectives	Fiscal 2008 Achievements	Self Evaluation	Fiscal 2009 Objectives	Fiscal 2012 Objectives	See page(s)
Use 1,000 tons of recycled plastic in new products	Approx. 1,050 tons of recycled plastic used in new products	◎	Use 1,200 tons of recycled plastic in new products	Use 1,500 tons of recycled plastic in new products	19·20
Conduct proof-of-concept experiments for LCD TV recycling	Completed proof-of-concept experiments for LCD TV recycling	○	Optimize LCD TV recycling line	Develop LCD panel recycling technology	20·25
Super Green Products account for 55% or more of net sales	68%	◎	60% or more	60% or more	21·22
Green Seal Products account for 90% or more of net sales	91%	◎	90% or more	90% or more	
Super Green Devices account for 20% or more of net sales	24%	◎	20% or more	20% or more	21·23
Green Devices account for 80% or more of net sales	85%	◎	85% or more	95% or more	
Build recycling line for flat-panel TVs	Completed recycling line for flat-panel TVs	○	Increase efficiency of flat-panel TV recycling line	Implement high-value-added recycling of flat-panel TV glass	24·25
5 Sharp Corporation plants in total 5 overseas plants	5 Sharp Corporation plants in total 3 overseas plants	△	— 5 overseas plants in total	—	26
—	—	—	Hold step 1 (basics) at 56 offices in Japan and at 21 plants and 21 offices overseas	Hold step 2 (applied learning) at 56 offices in Japan and at 21 plants and 21 offices overseas	
All 10 Sharp Corporation plants SGF Put new SGF II policies in place	SGF II in place	○	2 plants SGF II grade A or higher	All plants SGF II grade A or higher	27-29
7 Japanese plants (subsidiaries/affiliates) 2 SGF	2 SGF	○	Introduce SGF II at 2 SGF 3 SGF in total	All plants SGF II grade B or higher	
21 overseas plants (subsidiaries/affiliates) 9 SGF in total	9 SGF in total	○	Introduce SGF II at 9 SGF 11 SGF in total	All plants SGF II grade B or higher	
Conduct cross audits at 15 overseas plants in total	Conducted cross audits at 15 overseas plants in total	○	—	—	27
—	—	—	Hold Eco Best Practice Forums in Europe, the Americas, and China	Add Eco Best Practice Forums for Asia	
Certify 30 offices in Japan as Green Office	Certified 39 offices	◎	Certify 43 offices	Certify 56 offices	29
Reduce for 10 Sharp Corporation plants to below fiscal 2007 levels	Reduced by 2% from fiscal 2007 levels	◎	Reduce to below fiscal 2007 levels (every fiscal year)	—	30
Sharp Corporation • Product plants: Reduce by 2% from previous fiscal year • Device plants: Reduce by 5% from previous fiscal year	Increased by 34% from previous fiscal year Increased by 9% from previous fiscal year	×	— —	Adjusted production unit • All Sharp Corporation plants: Reduce by 35% from fiscal 1990 levels (average for fiscal 2008 to 2012)	
Overseas plants (subsidiaries/affiliates): Reduce by 2% from previous fiscal year	Increased by 2% from previous fiscal year	×	Reduce by 2% from previous fiscal year (every fiscal year)	—	
Reduce for 10 Sharp Corporation plants to below fiscal 2007 levels	Reduced by 16% from fiscal 2007 levels	◎	Reduce to below fiscal 2007 levels (every fiscal year)	—	31
10 Sharp Corporation plants: Reduce by 3% from previous fiscal year	Reduced by 3% from previous fiscal year	○	—	—	
Overseas plants (subsidiaries/affiliates): Reduce by 2% from previous fiscal year	Reduced by 12% from previous fiscal year	◎	Reduce by 2% from previous fiscal year (every fiscal year)	—	
Formulate new chemical management guidelines	Created new chemical management guidelines	△	Formulate new chemical management guidelines and ensure that they are firmly established at plants in Japan	Ensure new chemical management guidelines are firmly established at plants in Japan and overseas	32
Reduce by 1% from previous fiscal year by the Sharp Group in Japan	Increased by 8% from previous fiscal year	×	Reduce by 1% from previous fiscal year (every fiscal year)	—	33

# Environmental Accounting

Sharp introduced environmental accounting in fiscal 1999 to provide a quantitative assessment of the costs and benefits of its environmental conservation activities, and has applied the results to environmental sustainability management. Beginning in fiscal 2005, Sharp adopted a disclosure format that follows the Environmental Accounting Guidelines published by the Japanese Ministry of the Environment.

## Environmental Conservation Costs

Overall environmental conservation investment ended up at approximately 3.5 billion yen, about the same as the previous fiscal year, although pollution-prevention investment increased by 73% over the previous fiscal year due to large expenditures for equipment to prevent odors and air pollution at the Kameyama Plant in Japan. Environmental conservation expenditures were approximately 20.3 billion yen, about the same as the previous fiscal year.

## Economic Benefits

Actual benefit was down 16% compared to the previous fiscal year, to approximately 5.5 billion yen, due to a sharp rise in the price of crude oil and the resulting rise in fuel costs for cogeneration systems and other facilities. However, an increase in the solar power generation business led to steady increases in the amount of electricity generated, resulting in an estimated benefit of approximately 55.9 billion yen, up 24% compared to the previous fiscal year.

Classification of Environmental Conservation Activities ( ): Category based on Environmental Accounting Guidelines, Ministry of the Environment		Environmental Conservation Costs (Unit: ¥ million)		Economic Benefits (Unit: ¥ million)		Environmental Conservation Effects			See page(s)	
		Investment	Expenses	Actual Benefit	Estimated Benefit	Physical Effects		Estimated Benefit		
Environmental Sustainability Management (management activities)	<ul style="list-style-type: none"> <li>Operation of environmental management system</li> <li>Promote environmental sustainability management</li> <li>Environmental education</li> </ul>	60 (43)	2,014 (1,840)	-	-	Promote environmental sustainability management			26	
						Number of employees with environmental education	Master	144		-
Planning and Design (R&D)	<ul style="list-style-type: none"> <li>R&amp;D on solar power generation systems</li> <li>Promote closed-loop recycling of plastic materials</li> <li>R&amp;D on basic environmental technologies</li> <li>R&amp;D on biopaint</li> </ul>	124 (452)	2,281 (2,385)	-	54,136 (43,638)	Supply environmentally conscious products (Unit: ¥ million)			5 } 8 • 19 } 24	
						Green Seal products' share of net sales		91.2%		-
						Super Green products' share of net sales		68.3%		-
						Total amount of electricity generated by solar power generation systems		2,260 GWh		47,460
						CO <sub>2</sub> emissions reduced by solar power generation systems		1.02 million t-CO <sub>2</sub>		1,382
						Electric power saved from energy-saving products		245 GWh		5,144
Manufacturing	Reduce greenhouse gas emissions (global environmental conservation)	910 (1,679)	2,494 (2,263)	1,706 (2,386)	1,736 (1,372)	Greenhouse gas emissions reduced by controlling electricity and fuel consumption (Unit: ¥ million)			8 • 27 } 32	
						CO <sub>2</sub> emissions reduced		103 thousand t-CO <sub>2</sub>		139
	PFC emissions reduced		1,183 thousand GWPL-CO <sub>2</sub> *	1,597						
	Waste recycled or sent for appropriate disposal									
Minimize and recycle waste (recycle resources)	<ul style="list-style-type: none"> <li>Reduce waste discharge and recycle waste into valuable resources</li> <li>Recycle water</li> </ul>	15 (19)	7,725 (8,334)	2,139 (2,368)	-	Waste recycled		183 thousand tons	-	
						Recycled and reused water		18,561 km <sup>3</sup>	-	
Prevent pollution (prevent pollution)	<ul style="list-style-type: none"> <li>Install scrubbers</li> <li>Introduce exhaust gas treatment systems</li> </ul>	2,346 (1,358)	5,688 (5,369)	-	-	Observe environmental laws and regulations Prevent air/water pollution and noise/vibration Promote risk management Chemical substances properly managed and their discharge reduced Reduce risk of soil contamination				
Recycling/Logistics (upstream/downstream)	<ul style="list-style-type: none"> <li>Promote collection, recycling, and proper disposal of used products</li> </ul>	91 (8)	21 (15)	1,615 (1,757)	-	Collection, recycling, and proper disposal of used products			24 • 25 • 33	
						Used PCs recycled		23 tons		-
						Used copiers recycled		3,106 tons		-
						Used home appliances (4 categories) recycled		48,175 tons		-
						Environmental burden during distribution reduced				
Railway/ship cargo transport (container transport)		25,261 containers	-							
Number of low-pollution vehicles introduced		96	-							
Social Responsibility	<ul style="list-style-type: none"> <li>Expand social contribution activities</li> </ul>	-	53 (44)	-	-	Environmental social contributions			45 } 47	
						Number of employees who attended SGC activities		Total 29,809		-
Number of schools where environmental education was provided		Total 556	-							
Total		3,546 (3,559)	20,276 (20,250)	5,460 (6,511)	55,872 (45,010)	* GWP (global warming potential) is a measure of how much a given amount of greenhouse gas will contribute to global warming, expressed relative to an equivalent mass of CO <sub>2</sub> .				

Note: Figures in parentheses below entries represent actual values from the previous fiscal year.

### Explanation of Terminology

#### Environmental Conservation Costs

Overhead costs, personnel expenses, and investment associated with environmental conservation activities, in addition to attendant depreciation.

#### Economic Benefits

Contributions to society and to the company, which result from environmental conservation activities, expressed in monetary units.

Actual benefit: Economic effects that can be assessed directly in monetary terms, such as cost savings from energy-saving efforts and use of recycled water, as well as profits from the sale of valuable resources.

Estimated benefit: Sharp Corporation uses the following terms to convert the economic effects of reduced greenhouse gas emissions and electricity savings from the use of solar power generation and energy-saving products into equivalent monetary amounts.

- (1) Reduced greenhouse gas emissions converted into equivalent monetary amounts: 1,350 yen/t-CO<sub>2</sub>.
- (2) Electricity savings converted into equivalent monetary amounts: Unit cost of electricity: 21 yen/kWh.

### Sites Covered

Sharp Corporation plants (Tochigi, Yao, Hiroshima, Nara, Katsuragi, Fukuyama, Mie, Tenri, Mihara, Kameyama and Toyama) and offices (Tanabe and the Head Office) and Sharp Manufacturing Systems Corporation, Sharp Niigata Electronics Corporation, and Sharp Yonago Corporation.

### Period Covered

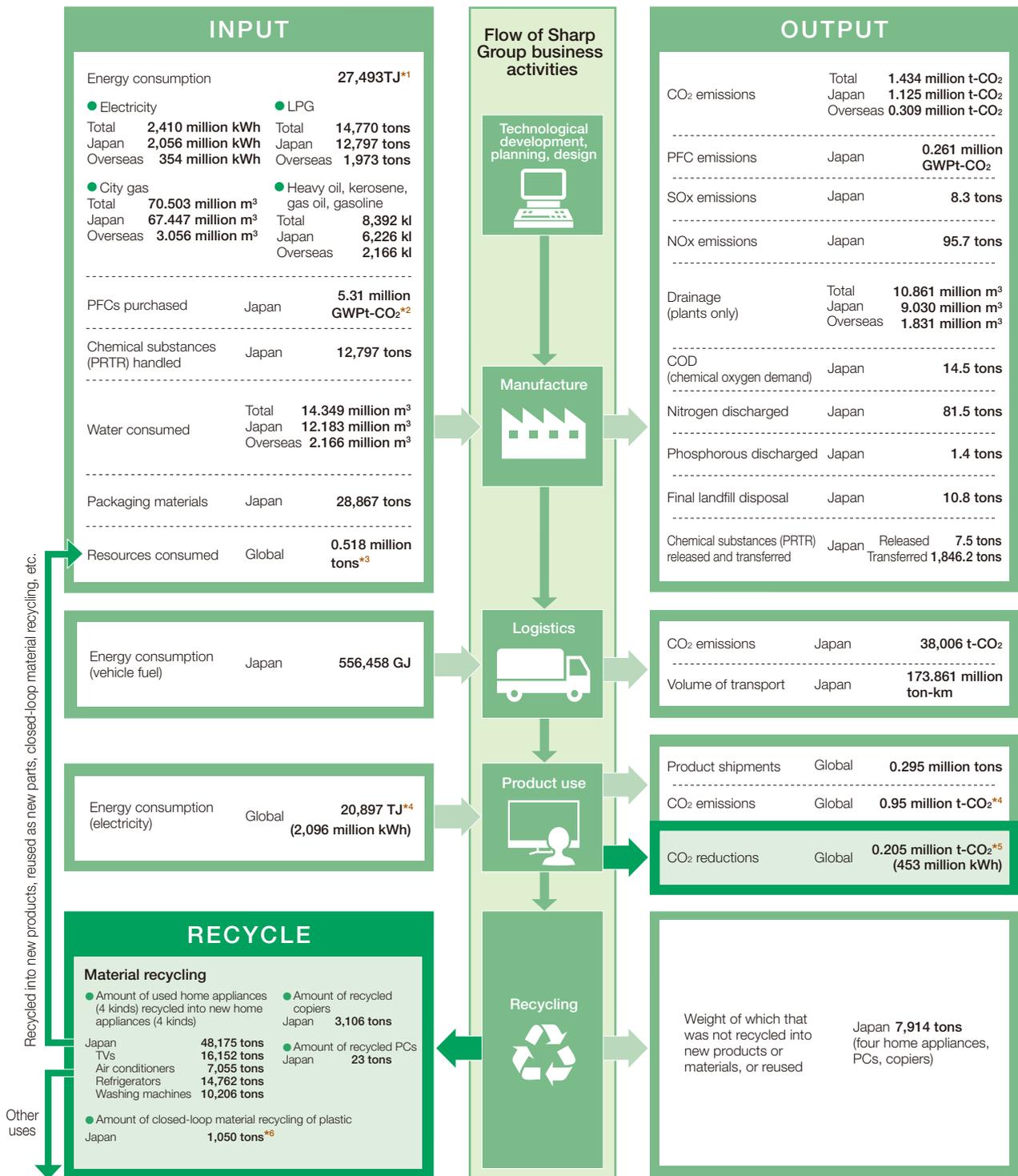
April 1, 2008 to March 31, 2009

### Referenced Guidelines

Environmental Accounting Guidelines 2005 published by the Ministry of the Environment, Japan

# Mass Balance

Sharp uses numerical values to accurately assess the relationship between its business activities and the environment, and uses them to promote environmental sustainability management. By making use of these current values at all stages of business activities to create proposals for policy measures and to analyze and evaluate the results, Sharp is aiming to effectively reduce the impact it has on the environment.



\*1 TJ (terajoule) = 10<sup>12</sup> Joules

\*2 GWP (global warming potential) is a measure of how much a given amount of greenhouse gas will contribute to global warming, expressed relative to an equivalent mass of CO<sub>2</sub>.

\*3 Total weight of products in the 12 major categories shipped in fiscal 2008 (estimate), plus waste, etc. discharged from production sites.

\*4 Estimate of annual energy used and amount of CO<sub>2</sub> emitted by products in the 11 major categories shipped in fiscal 2008. Calculation based on each product's annual energy consumption rate.

\*5 Amount of electricity generated (kWh) annually by Sharp solar cells shipped in fiscal 2008, plus CO<sub>2</sub> emissions reduction (t-CO<sub>2</sub>).

\*6 For details, see page 20.



# Developing Unique Environmental Technologies

Sharp is advancing in the research and development of unique environmental technologies in four areas—energy saving and energy creation, effective use of resources, safety and peace of mind, and health and comfort—to raise the environmental performance of its products and devices, and lower their environmental impact during their life cycle.

One-of-a-kind technological development fields, One-of-a-kind environmental technologies

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009	Objectives for Fiscal 2012
Use 1,000 tons of recycled plastic in new products	Approx. 1,050 tons of recycled plastic used in new products	Use 1,200 tons of recycled plastic in new products	Use 1,500 tons of recycled plastic in new products
Conduct proof-of-concept experiments for LCD TV recycling	Completed proof-of-concept experiments for LCD TV recycling	Optimize LCD TV recycling line	Develop LCD panel recycling technology

## Developing Technology for Using Biomass Materials

Sharp is developing technology for using biomass materials in an effort to reduce the consumption of limited fossil resources.

In fiscal 2006, Sharp developed technology that blends starch-based bioplastic and general plastic, such as polypropylene and polystyrene. And by increasing the durability of the bioplastic, it can withstand the closed-loop plastic material recycling process. This plastic is used for desktop mobile phone holders released in the Japanese market since June 2007.

Sharp and Kansai Paint Co., Ltd., a Japanese paint manufacturing and sales company, jointly developed a starch-based biopaint and began using it in March 2006 on the stands of AQUOS LCD TVs. The CO<sub>2</sub> emitted when the plant-based biopaint is incinerated is the CO<sub>2</sub> the plant absorbed while growing; hence, this biopaint is regarded as carbon neutral.

In fiscal 2008, Sharp used this paint on the stands of the new AQUOS G Series\*<sup>1</sup> LCD TVs. It also developed a new chemical-resistant and abrasion-resistant biopaint for use in home appliances. Sharp aims to increase its use and further improve the performance of the paint.

\*<sup>1</sup> LC-65GX5/52GX5/46GX5/42GX5

### Examples of Bioplastic Use

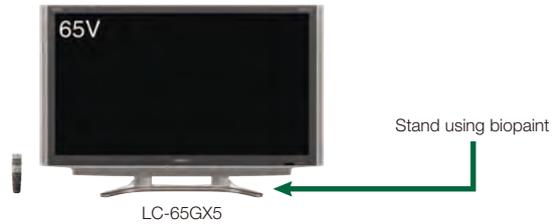


Desktop holder for SH906iTV mobile phone (NTT DoCoMo, Inc.)



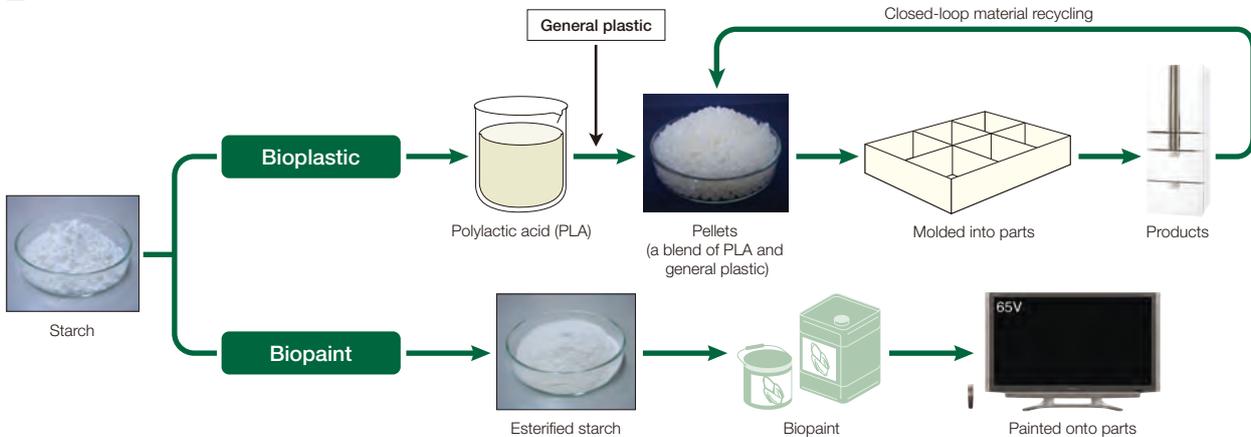
Desktop holder for SoftBank 932SH mobile phone (SoftBank Mobile Corp.)

### Example of Biopaint Use



Awards		
<p><b>Recognized for Excellence; 2nd Monodzukuri Nippon Grand Award</b> Sponsors: Japanese Ministry of Economy, Trade and Industry and others</p>	<p><b>Prize for Industrial Technology; 2007 JSCM Award</b> Sponsor: Japan Society of Colour Material</p>	<p><b>Environmental Technology Award; 40th JCIA Technology Awards</b> Sponsor: Japan Chemical Industry Association</p>

### Utilization Process for Biomass Materials



# Plastic Recycling and Use Reaches Approximately 1,050 Tons

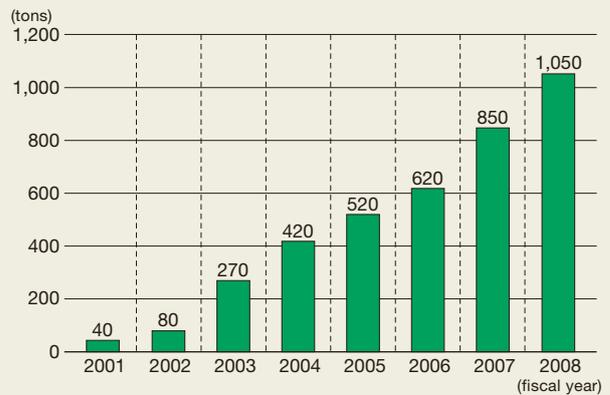
In 2001, Sharp and Kansai Recycling Systems Co., Ltd.\*2 jointly developed and put into practical use closed-loop plastic material recycling technology that repeatedly recovers plastic from used consumer electronics and reuses it in parts of new consumer electronics.

Sharp and Ube Industries, Ltd., a comprehensive chemical manufacturer in Japan, have since jointly developed and introduced high-purity PP separation and recovery technology\*3, plastic pigmentation technology\*4, and flame-resistant technology, thereby increasing the volume of recyclable plastic and expanding the use of recycled plastic in external components and flame-resistant components of consumer electronics.

As a result, the volume of plastic recycled and used in fiscal 2008 reached approximately 1,050 tons. Sharp plans to use resources with greater efficiency by further developing new technology.

- \*2 A consumer electronics recycling company in Japan established with joint-investment from Sharp, Mitsubishi Materials Corporation, and five other companies.
- \*3 Sharp's original technology that separates and recovers high-purity PP (polypropylene) from recovered plastic composed of metal parts and different types of resin.
- \*4 Ube Industries' original pigment technology that makes it hard to see mixed foreign materials.

■ Use of Recycled Plastic

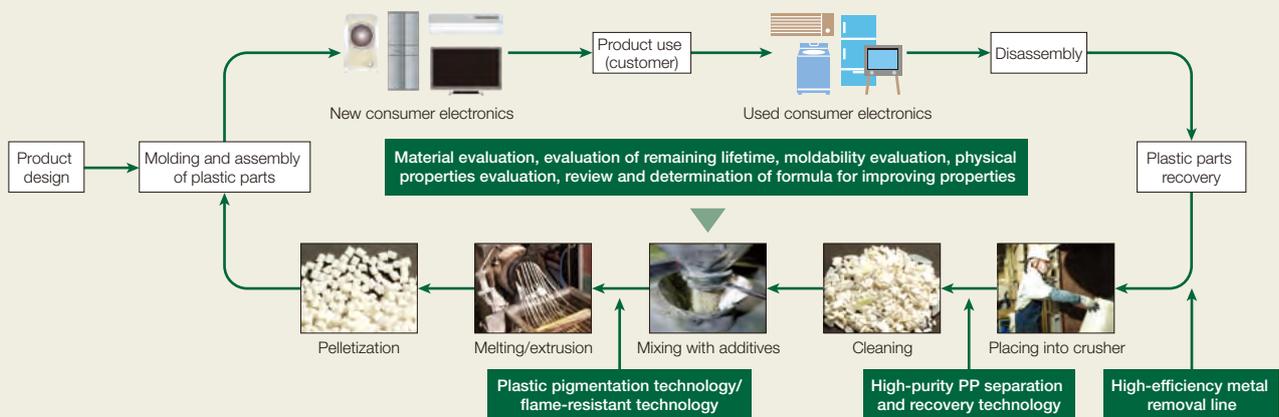


Awards

- Education, Culture, Sports, Science and Technology Minister's Prize; 13th Global Environment Awards**  
Sponsor: Japan Industrial Journal
- 15th Best Technology Award**  
Sponsor: Japan Society of Polymer Processing
- Director-General's Prize, Industrial Science and Technology Policy and Environment Bureau, Ministry of Economy, Trade and Industry; 2008 Resource Recycling Technologies and Systems Commendation**  
Sponsor: Clean Japan Center



■ Closed-Loop Plastic Material Recycling Flow



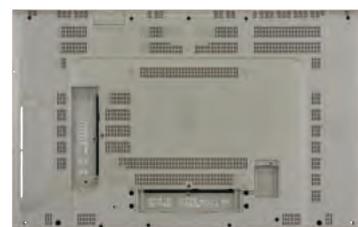
Target and results of closed-loop plastic material recycling

## Developing and Using Technology to Recycle Flat-Panel TVs

The recycling of flat-panel TVs is required under the Japanese Home Appliance Recycling Law from April 2009.

To accommodate this new law, Sharp and Kansai Recycling Systems jointly constructed a recycling line especially for flat-panel TVs (see page 25), and they are continuing the development of recycling technology for recovered parts and materials.

In regard to LCD panels, Sharp has developed and put into practical use technology which produces low-melting point LCD panels that can be recycled and used as glass plate, as well as establishing technology for recovering the rare metal indium. In regard to AQUOS LCD TV rear cabinets, Sharp developed a closed-loop recycling technology for cabinet material in fiscal 2006. Ever since, Sharp continues to expand the number of models that use this material.



Rear cabinet that can be recycled in the closed-loop material recycling process

- Fiscal 2008 models:  
 LC-65XS1/52XS1,  
 LC-65RX5/52RX5/46RX5,  
 LC-65GX5/52GX5/46GX5/42GX5,  
 LC-52ES50/46ES50/42ES50



Recycled glass plate using recovered panels (Cooperation: Minocraft Corporation)



# Developing Products and Devices with High Environmental Performance

Sharp is constantly improving the environmental performance of its products and devices. Every year the company revises its guidelines for environmentally conscious design, thus creating increasingly stricter assessment standards for certification as environmentally conscious products and devices.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009	Objectives for Fiscal 2012
Super Green Products account for 55% or more of net sales in Japan	68%	60% or more	60% or more
Green Seal Products account for 90% or more of net sales*1	91%	90% or more	90% or more
Super Green Devices account for 20% or more of net sales	24%	20% or more	20% or more
Green Devices account for 80% or more of net sales*2	85%	85% or more	95% or more

\*1 This figure includes Super Green Products.  
\*2 This figure includes Super Green Devices.

## Certification of Green Products

Sharp calls its environmentally conscious products Green Products (GP). The GP Guidelines, which define development and design guidelines in line with seven concepts, have been in use at all product design departments in Japan and overseas since fiscal 1998.

In developing products, Sharp sets specific objectives according to the GP Standard Sheet, which is formulated based on the GP Guidelines; and in the trial manufacture and mass production stages, it determines how well the actual product has met its objectives and certifies it as a GP. All new products since fiscal 1998 have met the assessment criteria necessary to be designated as GP.

[Green Products](#)  
Sales ratio objectives and achievements

## Expanding Super Green Products

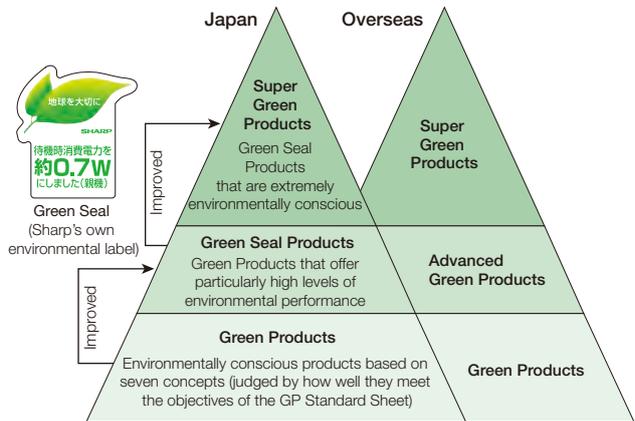
Since fiscal 1998, Sharp has been certifying GPs for the Japanese market that offer a particularly high level of environmental performance as Green Seal Products (GS Products). In fiscal 2004, it began creating criteria and certifying GS Products with the highest possible levels of environmental performance as Super Green Products (SGP). In fiscal 2008, Sharp surpassed its goals for both GS Products and SGP as a percentage of total sales.

In fiscal 2009, Sharp began expanding this certification to products for overseas markets—Europe, North America, China, and Asia—with the certification criteria being set by region after taking into consideration the characteristics of each region. Sharp will continue creating SGP and Advanced Green Products (AGP).

## Sharp Green Product Concepts

- Low energy consumption** Products that are energy-efficient and use little energy  
Design products that consume less power both in running and standby mode, and air conditioners/heaters that give more efficient cooling and heating.
- Resource reduction** Products that use minimum resources  
Make products that use less water and detergent, and reduce the amount of materials used in products and packaging.
- Safety** Products that are safe to use  
Carry out tests on products for chemicals and work to abolish or reduce use of chemicals that have negative effects on people's health or the environment.
- Recycle** Recyclable products  
Choose materials that can be easily recycled or reused in products, and label the type of material used.
- Use recycled materials** Products made from recycled materials  
Use recycled plastic and reuse parts in making products.
- Long life usability** Products with a long life cycle  
Design products that are upgradeable and easy to repair.
- Easy to disassemble** Products that are easy to disassemble  
Design products so that they will be easy to take apart for recycling.

## Sharp's Concept of Environmentally Conscious Products



## Assessment and Certification Standards for Green Seal Products and Super Green Products in Japan (Fiscal 2008)

Category	Green Seal Product	Super Green Product (Japan)
I Level of environmental consciousness	<ul style="list-style-type: none"> <li>Satisfies at least one item of the External Environmental Claim Standards<sup>*3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Is significantly more environmentally conscious than the products of other companies</li> </ul>
II Environmental Performance Criteria <sup>*3</sup> (total score: 100)	<ul style="list-style-type: none"> <li>Satisfies eight required items of the Environmental Performance Criteria (Category distribution)</li> </ul>	<ul style="list-style-type: none"> <li>Satisfies nine required items of the Environmental Performance Criteria</li> </ul>
	<ul style="list-style-type: none"> <li><b>Global warming prevention</b> Low power consumption, high energy efficiency, etc. 20 points</li> <li><b>Efficient use of resources</b> Designed for recyclability, resource saving, etc. 20 points</li> </ul>	<ul style="list-style-type: none"> <li><b>Substitution of toxic chemical substances</b> Meets the RoHS directive, etc. 35 points</li> <li><b>Others</b> Has environmental label status, uses minimum packaging materials, etc. 25 points</li> </ul>
	<b>At least 70 points</b>	<b>At least 90 points</b>

All conditions under sections I and II must be satisfied.

\*3 See page 22.

# Examples of Fiscal 2008 Certified Super Green Products in Japan

## Residential Polycrystalline Photovoltaic Module (ND-191AV)

By raising the efficiency of the solar cells and by using low-reflectivity glass, this module achieves one of the highest levels\*<sup>1</sup> of module conversion efficiency in the industry.



- Energy creating**
- Module conversion efficiency: 14.4%

## AQUOS LCD TV (LC-32DE5)

Improved efficiency for parts including the power circuit and backlight make this the most energy-efficient\*<sup>2</sup> TV in the industry.



- Energy saving**
- Annual power consumption: 66 kWh/year
  - 303% achievement of fiscal 2008 energy-saving standard
- Green materials**
- Halogen-free cabinet
  - Halogen-free power cord and interior wiring
  - Circuit board with lead-free soldering
  - Stand that uses resin blended with recycled material
  - Packaging buffer material that adopts recycled polystyrene foam

## LED Light (DL-N001N)

Employing proprietary surface-emitting technology and optical technology, this light boasts one of the industry's highest levels\*<sup>3</sup> of luminaire efficacy.



- Energy saving**
- Luminaire efficacy: 73.8 lumens/watt
  - Consumes approx. 25% less electricity than a fluorescent lamp of the same brightness\*<sup>4</sup>
- Green materials**
- Mercury-free
- Long lasting**
- Design lifetime: 40,000 hours\*<sup>5</sup>

## Plasmacluster Ion Air Conditioner (AY-Y50SX)

Employing a dual (upper and lower) airflow system with a long louver, this product achieves one of the industry's highest levels\*<sup>6</sup> of energy efficiency (APF 5.7).



- Energy saving**
- Power consumption: 1,758 kWh/year
  - 103% achievement of fiscal 2010 energy-saving standard
  - Automatic filter cleaning function maintains energy efficiency
  - Recommended Eco Mode gives comfort and energy efficiency with the push of a button



First product to receive the fiscal 2009 Evidence-Based Relaxation & Comfort Recommendation Mark from the Osaka Healthcare Service Industry Collaboration Platform



Received the fiscal 2008 Fluid Mechanics Technology Prize from the Japan Society of Fluid Mechanics

## Plasmacluster Ion Refrigerator (SJ-FS45R)



With improved insulation and eco-construction technologies, this product achieves one of the industry's highest levels\*<sup>7</sup> of energy efficiency.

- Energy saving**
- Annual energy consumption: 370 kWh/year
  - 149% achievement of fiscal 2010 energy-saving standard
- Green materials**
- Uses recycled plastic made using closed-loop material recycling technology\*<sup>8</sup>
  - In place of conventional CFC substitutes (R134a), a non-CFC refrigerant (R600a) has approx. 1/400th the global warming potential

## Washer/Dryer (ES-TG820)

With a hole-less tub for the wash and spin cycles, and a large pulsator, this product offers energy efficiency and the highest water savings\*<sup>9</sup> in the industry.



- Water saving**
- Water used: 93 L (for 8 kg wash load)
- Energy saving**
- Power consumption: 1,980 Wh (for 4.5 kg wash and dry load)
- Green materials**
- Tub and base use recycled plastic made using closed-loop material recycling technology\*<sup>8</sup>
- Water-saving and recyclable design**
- Water is saved by having a hole-less tub, which prevents water from going to between the water tub and wash/spin tub. The tub is also more durable, and at the end of its useful life it can be recycled as high-quality plastic.

## Plasmacluster Ion Technology

A proprietary Sharp air purification method, this technology generates—through plasma discharge—and releases into the air positive and negative ions like those found in nature. These ions break down and eliminate airborne mold and viruses.



\*<sup>1</sup> For mass-produced residential-use polycrystalline photovoltaic modules in Japan.  
 \*<sup>2</sup> For 32V-inch digital high-definition LCD TVs. As of February 2, 2009.  
 \*<sup>3</sup> Using 200-volt power source. As of August 4, 2008.  
 \*<sup>4</sup> Compared with light using two 40 W-equivalent fluorescent tubes.  
 \*<sup>5</sup> Time until luminous flux drops to 80% of initial brightness.  
 \*<sup>6</sup> For 5.0 kW-class residential air conditioners. As of May 1, 2009.  
 \*<sup>7</sup> For CFC-free residential-use refrigerators in Japan in the 401-to-450-L class. As of June 10, 2009.  
 \*<sup>8</sup> See page 20.  
 \*<sup>9</sup> For washer/dryers with 8 kg wash load and 4.5 kg dry load. As of May 2009.

## Green Seal Products External Environmental Claim Standards (Fiscal 2008)

Category	Items
Global warming prevention	<p><b>Power consumption</b></p> <ul style="list-style-type: none"> <li>• Industry-leading model of each product category</li> </ul> <p><b>Standby power consumption</b></p> <ul style="list-style-type: none"> <li>• Industry-leading model of each product category</li> <li>• 0.1W or less (remote controlled products/products with timer function)</li> <li>• 1.0W or less (phones, faxes, PCs)</li> </ul> <p><b>Energy creating</b></p> <ul style="list-style-type: none"> <li>• Industry-leading conversion efficiency</li> </ul> <p><b>Resource savings during use (except electricity)</b></p> <ul style="list-style-type: none"> <li>• Industry-leading model of each product category (saving water and detergent, etc.)</li> </ul>
Efficient use of resources	<p><b>Compact/lightweight</b></p> <ul style="list-style-type: none"> <li>• Industry-leading model of each product category</li> <li>• Reduced by 30% or more compared to previous models</li> </ul> <p><b>Recycled materials</b></p> <ul style="list-style-type: none"> <li>• Use of materials that were recycled using the closed-loop material recycling process</li> </ul>
Substitution of toxic chemical substances	<p><b>Green materials</b></p> <ul style="list-style-type: none"> <li>• Abolishing use of halogen-based flame retardants, substituting polyvinyl chloride</li> <li>• Use of refrigerant with low global warming potential</li> </ul>
Others	<p><b>Acquired Eco Mark</b></p> <ul style="list-style-type: none"> <li>• Acquired Eco Mark authorized by the Japan Environment Association</li> </ul> <p><b>Original technology</b></p> <ul style="list-style-type: none"> <li>• Environmentally conscious products using industry-first or original Sharp technology</li> </ul>

## Required Items in the Environmental Performance Criteria in Japan (Fiscal 2008)

Category	Required Items
Global warming prevention	<ul style="list-style-type: none"> <li>• Lower power consumption and standby power consumption than previous models</li> <li>• Over 100% achievement rate of the energy-saving standard</li> </ul>
Efficient use of resources	<ul style="list-style-type: none"> <li>• Easy separation and disassembly, or is upgradeable</li> </ul>
Substitution of toxic chemical substances	<ul style="list-style-type: none"> <li>• Meets the RoHS directive</li> <li>• Uses no substances prohibited under Sharp standards</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Uses no Ni-Cd batteries</li> <li>• Total amount of packaging material used is lower than previous models</li> <li>• Implements LCA</li> <li>• Acquired Eco Mark (SGP only)</li> </ul>



## Certification of Green Devices and Super Green Devices

Sharp calls its environmentally conscious devices Green Devices (GD). To define guidelines for development and design based on seven concepts, Sharp established the GD Guidelines, which it began applying at all device business divisions in fiscal 2004. The GD Standard Sheet was formulated based on the GD Guidelines, and environmentally conscious devices that meet these standards are certified as GD. Sharp began certifying devices from among GD with the highest possible levels of environmental performance as Super Green Devices (SGD) from fiscal 2005.

In developing devices, Sharp sets specific objectives according to the GD Standard Sheet during the planning stage, and in the trial manufacture and mass production stages, Sharp determines if the actual device is environmentally conscious from all perspectives by evaluating how well it has met the criteria.

In fiscal 2008, both GD and SGD exceeded their sales ratio targets. In the coming years, Sharp plans to raise these figures even higher.

### Green Device Concepts

<b>Energy saving</b>	Reduce total power consumption and reduce power consumed in standby mode compared to previous models
<b>Recyclability</b>	Use standard plastic or materials that are easy to separate and disassemble (target: LCD devices)
<b>Resource saving</b>	Reduce device weight or volume compared to previous models
<b>Green materials</b>	Control usage of chemical substances contained in parts and materials and use no substances prohibited under Sharp standards
<b>Long life</b>	Extend the life of the product with exchangeable parts and consumables (target: LCD devices)
<b>Packaging</b>	Reduce packaging materials
<b>Information disclosure</b>	Provide information on chemical substances in devices



## Examples of Fiscal 2008 Certified Super Green Devices

### LNB\*1 for Satellite Broadcasts (BS1R9EL100A)

European universal LNB enables reception of all satellite broadcasts in Europe.



- One of the industry's smallest and lightest\*2
- Low-current-consumption, 80 mA (typ.) design boasts improved energy efficiency

\*1 LNB: Low noise block converter  
\*2 As of May 2009.

### LED Module for Lighting (GW5BWC15L02)

High-output LED for lighting purposes with superior environmental performance: long lasting, low power consumption, and mercury-free.



- Improved luminous efficiency for the LED chip and reflection efficiency for the package help achieve one of the industry's highest levels of brightness and luminous efficiency\*3 in the 3.6 W input class
- 1 module (has 30 elements): 280 lumens (3.6 W)
- Luminous efficiency: 78 lumens/watt (pseudo white type)

\*3 As of May 2009.

## Worldwide Development of Comprehensive Product Environmental Evaluation System

In April 2006, Sharp began using the Comprehensive Product Environmental Evaluation System in order to promote even stricter adherence to environmental regulations and greater environmental awareness in designing products. This system consolidates company-wide product environmental data and is being used in all product and device groups in Japan. The system was introduced and implemented at all overseas design and development bases from fiscal 2008.

This system contains all of Sharp's know-how of life cycle assessment (LCA), and its accumulated development and assessment knowledge and data of its environmentally conscious products and devices. It enables Sharp to make the product development process more efficient, place design knowledge and development data under centralized management, and standardize the LCA method.

In the future, Sharp will continue to create environmentally conscious products and devices using this system.



## Reducing VOCs in Products

Sharp is working to make its products safer by reducing their VOC\*4 emissions.

In fiscal 2008, Sharp promoted the cross-sectional development of low-VOC product knowledge by holding advanced-level low-VOC product development training for 15 engineers from each business group in Japan to master the analysis techniques for collected gas.

Also, Sharp Corporation's Nara Plant test site was certified as a testing institute for the chemical emissions\*5 of copiers, MFPs, and printers by Germany's BAM\*6 research institute, enabling Sharp itself to carry out the necessary testing for those products to be certified for the environmental Blue Angel Mark\*7. Sharp plans to continually push forward with developing low-VOC products.

\*4 VOC (volatile organic compounds) are said to cause multiple chemical syndrome and/or sick building syndrome.

\*5 Chemical emissions: Dust, ozone, VOC, and other chemical substances emitted from devices.

\*6 BAM: Germany's Federal Institute for Materials Research and Testing

\*7 Blue Angel Mark: A German environmental label. The chemical emissions from the devices to be certified must be measured and evaluated to obtain certification.

## Green Procurement

In 2000, Sharp established the Green Procurement Guidelines and began joint efforts with suppliers to ensure that parts and materials are environmentally conscious.

Beginning in 2003, Sharp investigated chemical substance content, as stipulated by the Japan Green Procurement Survey Standardization Initiative (JGPSSI)\*8, and took measures toward eliminating RoHS\*9-designated substances. Sharp was in complete compliance with the RoHS Directive for all products for the European market and for all new products (except those for certain regions) by the end of fiscal 2005.

Since fiscal 2006, Sharp has conducted online surveys of Japanese and overseas suppliers in line with the Green Procurement Guidelines and the Survey Manual for Chemical Substances in Parts and Materials.

In addition, Sharp constructed a system to meet the REACH\*10 regulation registration criteria in fiscal 2008 and completed pre-registration\*11 by the end of November 2008.

Sharp plans to promote REACH regulation testing for substances of very high concern globally in fiscal 2009.

\*8 A council that aims to standardize research on chemical substances in parts and materials, comprising 2 organizations and 66 companies, mainly electronics manufacturers including Sharp Corporation.

\*9 An EU directive on the "Restriction on the use of certain Hazardous Substances," RoHS restricts the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB), and polybrominated diphenyl ether (PBDE) in electrical and electronic equipment entering the EU market after July 1, 2006.

\*10 REACH is a new regulation on the Registration, Evaluation, and Authorization of Chemicals produced in and imported into the EU.

\*11 Pre-registration: A transition regulation for the application of REACH to existing chemical substances. Companies are given a grace period until official registration if they pre-register between June 1 and December 1, 2008.

 Green Procurement Guidelines

## Expanding the Recycling of Used Products

Sharp recycles products that have reached the end of their service life based on three policies: 1) improve the recycling rate and aim for zero landfill disposal, 2) improve the efficiency of the recycling system to reduce recycling costs, and 3) incorporate recycling technologies into the development and design of products.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009	Objectives for Fiscal 2012
Build recycling line for flat-panel TVs	Completed recycling line for flat-panel TVs	Increase efficiency of flat-panel TV recycling line	Implement high-value-added recycling of flat-panel TV glass

### Recycling Four Kinds of Home Appliances in Japan (Air Conditioners, TVs, Refrigerators, and Washing Machines)

As a member of the B Group\*1 home appliance recycling, Sharp has constructed and is operating a highly efficient recycling system based on 190 designated sites for picking up old appliances and 18 recycling plants in Japan. After discussions over the revision of the Japanese Home Appliance Recycling Law, Sharp began sharing the use of some pickup sites with the A Group\*2 in October 2008.

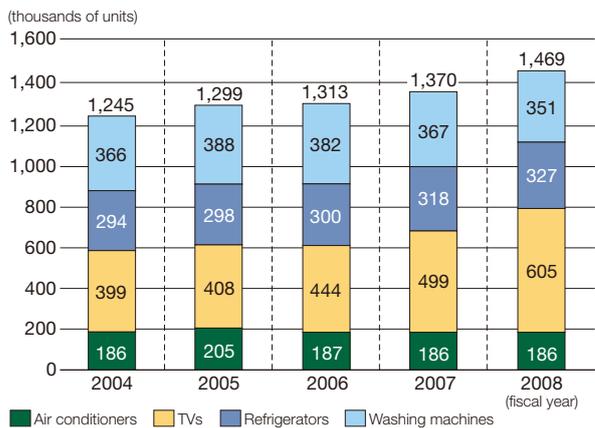
In fiscal 2008, Sharp recovered and recycled about 1.46 million units in total (up 7% over the previous fiscal year) of the four types of home appliances designated under the Home Appliance Recycling Law, and the processing rates exceeded the legal standard for all four kinds of appliances.

Since April 2009, Sharp is recycling flat-panel TVs (LCD and plasma) and laundry dryers that were additionally designated under the law.

\*1 The B Group consists of Sharp Corporation, Sanyo Electric Co., Ltd., Sony Corporation, Hitachi Appliances, Inc., Fujitsu General Ltd., Mitsubishi Electric Corporation, and other companies.

\*2 The A Group consists of Toshiba Corporation, Panasonic Corporation, and other companies.

### Sharp Corporation's Recycled Units for the Four Home Appliances



### Sharp Corporation's Recycling Rates for the Four Home Appliances (Fiscal 2008)

(%)

	Air conditioners	TVs	Refrigerators	Washing machines
Recycling rate	91	90	77	88
Legal standard	60	55	50	50

 Data on recycling of used products



## Close-Up

## Flat-Panel TV Recycling Begins in Japan

With Japan's Home Appliance Recycling Law to include flat-panel TVs as of April 1, 2009, Sharp and Kansai Recycling Systems Co., Ltd.\* jointly built a flat-panel TV recycling line at Plant No. 2 of Kansai Recycling Systems, which has begun operations.

Sharp began selling the AQUOS LCD TV in 2001 and almost immediately took steps to ensure that it, being the industry leader in LCD TVs, would be ready for the inevitable coming of flat-panel TV recycling. In fiscal 2002, Sharp established a committee to study LCD TV recycling, and in fiscal 2004 Sharp published the LCD Panel Recycling Guidelines.

In fiscal 2008, Sharp and Kansai Recycling Systems developed and introduced a dedicated flat-panel TV recycling line designed to offer workers both safety and the ability to easily

dismantle large-screen flat-panel TVs. Specially set up so as to dramatically reduce the burden on workers and make possible the safe transport and dismantling of flat-panel TVs, the line has transfer equipment and a sloping/reversible workbench, as well as a bench for safely removing the backlights.

To handle the expected increase in the number of flat-panel TVs for recycling, Sharp will raise the efficiency of its recycling line and advance design-for-recycling in LCD TVs.

\* A consumer electronics recycling company in Japan established with investment from Sharp Corporation, Mitsubishi Materials Corporation, and five other companies (Sanyo Electric Co., Ltd., Sony Corporation, Hitachi Appliances, Inc., Fujitsu General Ltd., and Mitsubishi Electric Corporation).



Transfer equipment for large flat-panel TVs ensures minimal burden on workers



A sloping/reversible workbench makes it easy to remove screws and turn over the flat-panel TVs

### Contributing to Building a Resource-Recycling Society Through Safe and Efficient Recycling

A variety of models from numerous flat-panel TV companies come to our recycling plant. We used the know-how accumulated in our business up to now to build an efficient, safe recycling line together with Sharp Corporation. With the number of flat-panel TVs for recycling expected to skyrocket, we will continue to develop innovative recycling technologies.



**Hideyuki Tanba**  
General Manager  
Production Technology  
Department  
Kansai Recycling Systems  
Co., Ltd.

### Recycling PCs in Japan

In compliance with the Japanese Law for Promotion of Effective Utilization of Resources, Sharp is recycling home- and business-use PCs.

For home-use PCs, the PC industry is working with Japan Post Service Co., Ltd. to collect used PCs at post offices nationwide as part of a common industry system for collection and recycling.

The PC3R Promotion Association has been assigned to efficiently collect and recycle business-use PCs within a common industry framework starting in February 2009.

In fiscal 2008, recovered and recycled PCs amounted to approximately 5,700 home- and business-use desktop and notebook PCs (up 7% over the previous fiscal year) and about 2,000 monitors (about the same as the previous fiscal year).

 Information on PC recycling

### Reusing and Recycling Copiers in Japan

Sharp is reusing and recycling copiers collected both through Sharp distribution channels and common industry channels. All of the approximately 38,000 used copiers collected (down 8% over the previous fiscal year) were dismantled and divided according to type of material, which was recycled. Some of the parts were reused.

Sharp also collected approximately 880,000 used toner cartridges (up 12% over the previous fiscal year) through its own collection channels and remanufactured them into approximately 240,000 toner cartridges (down 11% over the previous fiscal year; 12 varieties of cartridges) of the same level of quality as new toner cartridges. Sharp hopes to increase the number of kinds of copiers and toner cartridges it remanufactures as well as the amount recycled.

# Advancing Environmental Sustainability Management

Sharp's system for advancing environmental sustainability management is centered on the Environmental Protection Group. Under this system, Sharp is continuously making efforts to strengthen environmental sustainability management and raise employees' environmental awareness by building an Integrated Management System that is incorporated into a strategic management system and by implementing environmental education programs.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009	Objectives for Fiscal 2012
Build Integrated Management System 5 Sharp Corporation plants in total 5 overseas plants	5 Sharp Corporation plants*1 in total 3 overseas plants*2	— 5 overseas plants in total	— —
—	—	Promote environmental e-learning Hold step 1 (basics) At 56 offices in Japan At 21 plants and 21 offices overseas	Hold step 2 (applied learning) At 56 offices in Japan At 21 plants and 21 offices overseas

\*1 Hiroshima Plant (Hiroshima Prefecture), Yao Plant (Osaka Prefecture), Tochigi Plant (Tochigi Prefecture), Mihara Plant (Hiroshima Prefecture), Nara Plant (Nara Prefecture)

\*2 Three plants overseas (China): STW (Jiangsu Province), WSEC (Jiangsu Province), NSEC (Nanjing City)

## Environmental Sustainability Management Centered on the Environmental Protection Group

Sharp holds biannual General Global Environmental Conferences, which are chaired by the Group General Manager of the Environmental Protection Group. The conferences discuss and set environmental guidelines, strategies, and objectives for all Sharp Group companies. And through Company-Wide GP (Green Product) and GF (Green Factory) Conferences, regional environmental conferences, various committees, and project teams, the Environmental Protection Group and members of environmental departments at all bases work closely together to further Sharp's environmental measures.

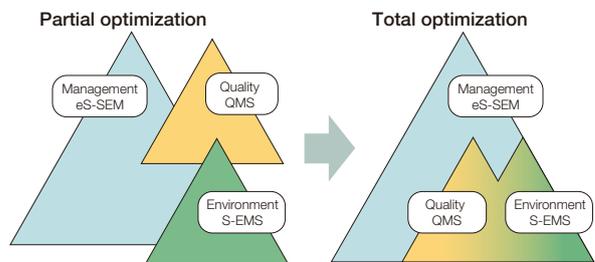
## Sharp Group's Environmental Sustainability Management



## Integrated Management System Incorporated into the eS-SEM Strategic Management System

Based on Sharp's proprietary environmental management system (eS-SEM<sup>\*3</sup>), Sharp has merged the previously separate S-EMS<sup>\*4</sup> and QMS (quality management system) into the Integrated Management System (IMS). Through total optimization, the IMS has allowed problem solving to become easier and management to become more precise and efficient. In fiscal 2008, the Nara Plant in Japan and three plants in China adopted the Integrated Management System.

## Structure of Integrated Management System



\*3 eS-SEM (e-Sharp Strategic Enterprise Management): Sharp's original strategic management system based on the balanced scorecard concept.

\*4 S-EMS (Sharp Environmental Management System): To help Sharp achieve environmental compliance and improve its environmental protection efforts, this original environmental management system is based on ISO 14001 plus an additional 49 original criteria.

ISO 14001-certified sites (companies)

## Stepping Up Environmental Education

Sharp offers employees environmental education, divided into Master, Expert, and General courses. In fiscal 2008, Master courses were held in Japan and China to train future Environmental Master-rank employees. The training for Chinese bases made use of a videoconference system that allowed group discussions on environmental issues. For Expert courses, environmental auditors at 56 offices in Japan raised their specialized knowledge through training in environmental laws and auditing practice. Expansion of e-learning is planned for both Japanese and overseas bases in the near future.

## Environmental Education and Training System



Environmental education



# Raising the Level of Environmental Performance in Factories

Sharp is working to reduce the environmental impact of its factories by using its own unique criteria and standards to certify a factory with an extremely high level of environmental consciousness as a Super Green Factory (SGF). Sharp also began the new SGF II initiative at SGF-certified bases.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009	Objectives for Fiscal 2012
All 10 Sharp Corporation plants SGF Put new SGF II policies in place	SGF II in place	2 plants SGF II grade A or higher	All plants SGF II grade A or higher
7 Japanese plants (subsidiaries/affiliates) • 2 SGF	2 SGF	Introduce SGF II at 2 SGF 3 SGF in total	All plants SGF II grade B or higher
21 overseas plants (subsidiaries/affiliates) • 9 SGF in total	9 SGF in total <sup>*1</sup>	Introduce SGF II at 9 SGF 11 SGF in total	All plants SGF II grade B or higher
Conduct cross audits at 15 overseas plants in total	Conducted cross audits at 15 overseas plants in total	—	—
—	—	Hold Eco Best Practice Forums in Europe, the Americas, and China	Add Eco Best Practice Forums for Asia

<sup>\*1</sup> SREC (Malaysia), an SGF, merged with SMM (Malaysia) in December 2008.

## Green Factory Certification

At Sharp, a factory must achieve a high degree of environmental performance to earn the designation of Green Factory (GF). The basic policies and operational know-how for achieving GF status have been formulated in line with 10 concepts<sup>\*2</sup> in the GF Guidelines. These guidelines have been introduced at all plants in Japan and overseas.

In fiscal 2003 in Japan and in fiscal 2004 overseas, Sharp established assessment criteria for GF and Super Green Factories (SGF) and launched efforts to award in-house certification.

Sharp uses unique, quantified environmental performance criteria to assess and approve a plant for certification. A plant must score 70 or more points out of a possible 100 in the assessment process to earn GF certification, and score 90 or more points to achieve SGF certification.

<sup>\*2</sup> The 10 GF concepts are 1) greenhouse gases, 2) energy, 3) waste, 4) resources, 5) chemical substances, 6) atmosphere/water/soil, 7) harmony with nature, 8) harmony with the community, 9) environmental awareness, and 10) information disclosure

## Making All Plants Super Green Factories

By fiscal 2007, all 10 Sharp Corporation plants had achieved SGF status.

In fiscal 2008, an additional two plants in Japan and four overseas were certified as SGF, making 21 of Sharp's 38 worldwide plants SGFs. SGFs in Japan have begun stepping up their eco efforts with the aim of achieving certification for SGF II.

## Working Together to Enhance Environmental Performance

Sharp has initiated activities aimed at enhancing the level of environmental performance by sharing environmental know-how through exchanges between production facilities.

One of these activities is cross audits in which multiple plants audit each other. Cross audits were introduced at 15 plants in Japan and overseas by fiscal 2008, and delivered positive results in improving the level of audits at plants. These audits also allowed internal auditors to acquire a wide range of knowledge through mutual exchange of information.

Beginning in fiscal 2009, Sharp will hold Eco Best Practice Forums for mutual learning in all overseas regions, and will work to deploy progressive approaches across production facilities as well as to develop solutions to common problems.

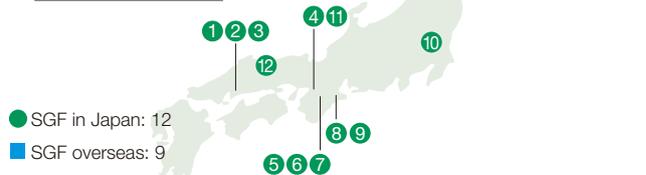
## Certified Super Green Factories Worldwide

### Sharp Corporation

- ① Hiroshima Plant ② Mihara Plant ③ Fukuyama Plant ④ Yao Plant ⑤ Katsuragi Plant
- ⑥ Nara Plant ⑦ Tenri Plant ⑧ Kameyama Plant ⑨ Mie Plant ⑩ Tochigi Plant

### Subsidiaries and Affiliated Companies in Japan

- ⑪ Sharp Manufacturing Systems Corporation
- ⑫ Sharp Yonago Corporation



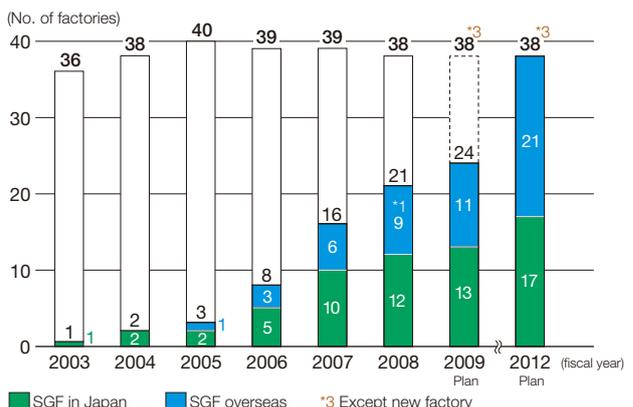
Note: Underlined plants achieved SGF in fiscal 2008



### Subsidiaries and Affiliated Companies Overseas

- ① SUKM (UK) ② SMF (France) ③ SEES (Spain)
- ④ NSEC (China) ⑤ SOCC (China) ⑥ SMTL (Thailand)
- ⑦ SOEM (Malaysia) ⑧ SMM (Malaysia) ⑨ SEMEX (Mexico)

## Number of Certified Super Green Factories



<sup>\*3</sup> Except new factory  
Green Factories, Environmental data on plants

Close-Up

Certified for SGF in Fiscal 2008

# SUKM Earns High Marks for Its Environmental Efforts



Sharp Manufacturing Company of U.K. (SUKM)\*, Sharp's production base established in 1985 in Wrexham, North Wales, is situated in a region richly endowed with nature and home to several nature reserves designated by the European Commission and the government of the UK. In 1995, SUKM acquired ISO 14001 certification for its environmental management system, the first overseas Sharp production facility and the first factory of an electronic appliance manufacturer in the UK to do so, and has long been a leader in efforts to protect the environment.

Since Sharp began its SGF program in 2003, SUKM has consistently achieved impressive results by raising its environmental protection measures to ever higher levels, including saving energy and reducing waste. In addition, SUKM has been actively involved in social contribution activities as a factory rooted in the local community, for example, working to protect wild plants and animals in cooperation with the North Wales Wildlife Trust, a wildlife conservation organization, and in fiscal 2008, hosting plant tours for some 1,000 people, ranging from businesses to schools. As a result of these activities, SUKM was able to achieve SGF certification in fiscal 2008.

\*SUKM is the manufacturing division of Sharp Electronics (U.K.) Ltd. (SUK), Sharp's sales subsidiary in the UK. It manufactures microwave ovens, and since 2004, photovoltaic modules.

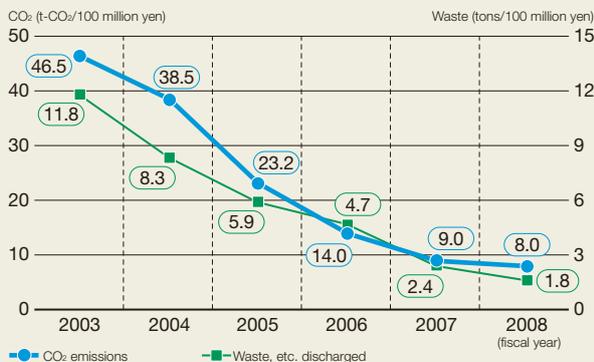
SUKM has also been honored with numerous awards from outside organizations for its positive efforts toward the environment. These include being judged the Overall Winner in the Wales Business and Sustainability Awards 2008 sponsored by the ARENA Network, an independent organization providing practical support to business organizations on environmental management issues, and with support from the Welsh Assembly Government. According to the judges, "SUKM is an excellent example of a company focusing on environmental and sustainability issues within the context of best practice."

SUKM earned this honor because employees, believing they have a role in protecting the environment, worked hard to reduce their impact.

### Recent Major Awards

Year	Award (Description)	Sponsor
2006	• Silver Award for Business and Commerce at the International Green Apple Awards in Wales, plus, SUKM's activities were inserted into the <i>Green Book</i> published once a year, which contains examples of environmental best practice.	Green Organisation
2007	• Green Hero Award for its activities, from about 100 examples of environmental best practice profiled in the <i>Green Book</i> . • Won an award in the Sustainability and EMS Reporting category in the Wales Business and Sustainability Awards.	
2008	• Overall Winner in the Wales Business and Sustainability Awards, and won an award in the Resource Efficiency – Waste, Raw Materials & Utilities category.	ARENA Network

### CO<sub>2</sub> Emissions and Waste, etc. Discharged (per Production Unit)



### Recent Examples of SUKM Environmental Efforts



Promoting energy savings by using colors to signal the power-off status of equipment: red means "cannot be turned off except by authorized persons," yellow means "can be turned off when confirmed by authorized person," and green means "can be turned off by anyone."



Significantly reduced the amount of corrugated cardboard used by improving the packaging of photovoltaic modules and decreasing the surface area of the product covered. Also improved the logistics load efficiency involved in shipping products.

### Pursuing Best Environment Practice, Aiming at Achieving Sustainable Manufacturing

Having progressed to the "best practice" levels recognized by outside bodies, our attention has moved towards achieving a sustainable manufacturing operation. To do this on the factory site, SUKM has been focusing on dramatically reducing our impacts through more effective use of materials and energy, and minimizing and recycling wastes. We have also taken our influence beyond the factory gates, getting involved with local communities by offering them support in their own projects. We will continue with our efforts to make SUKM a truly sustainable operation in line with the 'SHARP' global aim of becoming an environmentally advanced company.



Noboru Igarashi  
Vice President, SUKM

### Aiming for an Environmentally Conscious Factory Respected Around the World

The SUKM environmental effort has received widespread commendation and a number of prestigious awards. This is highly rewarding because that recognition is from outside organizations and reflects not our own opinion, but the progress that *they* see we are making. This recognition does not mean we are finished, and our staff will continue in their efforts to become a sustainable operation that will be a source of great pride to our global organization.



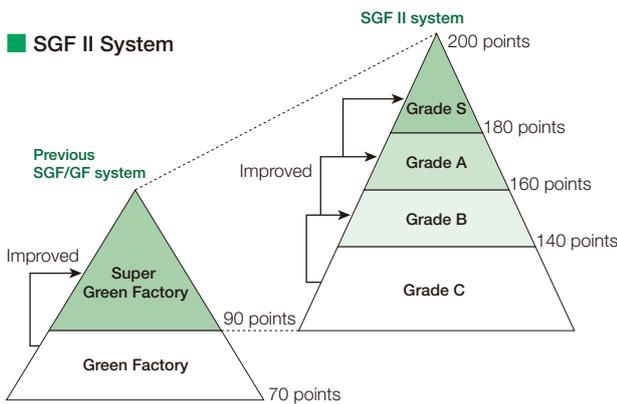
Bill Thomas  
General Manager  
Quality Control Center  
SUKM



## SGF II—A New Initiative to Further Enhance the Environmental Performance of Super Green Factories

Beginning in fiscal 2008, Sharp launched SGF II, a new initiative for plants in Japan that have attained SGF certification. SGF II adds an assessment of “soft” aspects to the previous initiative, such as the know-how to maintain and upgrade environmental equipment. SGF II also focuses on reducing the level of greenhouse gases emitted and the amount of waste discharged.

For fiscal 2009, Sharp will expand its SGF II efforts to plants outside of Japan that have been SGF certified, and looking ahead to fiscal 2012, will aim to achieve the goal of having all plants in Japan and overseas reach Grade B or above under the SGF II system.



## SGF II Quantified Environmental Performance Criteria and Assessment Weighting in Japan (Total Score: 200)

Environmental performance criteria		Assessment weighting	Sub total	Total			
Previous SGF (performance criteria partially revised)	Reductions in greenhouse gas emissions per production unit	<ul style="list-style-type: none"> <li>• Reductions in PFC gases</li> <li>• Promotion of variable supply control systems</li> <li>• Recovery and recycling of waste heat</li> <li>• Introduction of a cogeneration system</li> <li>• Introduction of high-efficiency equipment</li> <li>• Introduction of new energy sources</li> <li>• Continued reductions in emissions per production unit</li> <li>• Implementation of managerial decision-making standards</li> </ul>	30 points	100 points	200 points		
	Reductions in the release of chemical substances	<ul style="list-style-type: none"> <li>• PRTR atmospheric emissions</li> <li>• PRTR water emissions</li> <li>• Sulfoxides produced by combustion</li> <li>• Elimination of all noxious odors</li> </ul>	26 points				
	Appropriate disposal of industrial waste	<ul style="list-style-type: none"> <li>• Zero discharge to landfill</li> <li>• Confirmation of appropriate disposal</li> <li>• Recycling waste as valuable resources</li> </ul>	14 points				
	Reductions in the consumption of industrial water	<ul style="list-style-type: none"> <li>• Use of rain and condensate water</li> <li>• Recovery of production rinse water</li> </ul>	9 points				
	Monitoring and safety	<ul style="list-style-type: none"> <li>• Disaster and fire prevention measures for hazardous materials</li> <li>• Special safety measures</li> <li>• Adoption of central monitoring measures</li> </ul>	21 points				
Additional performance criteria for SGF II	Reduction of environmental impacts and contribution to management	<ul style="list-style-type: none"> <li>• Rate of emissions reduction</li> </ul>	40 points	100 points		200 points	
	Waste discharge reduction	<ul style="list-style-type: none"> <li>• Rate of emissions reduction</li> </ul>	30 points				
	Safety measures	Environmental equipment	<ul style="list-style-type: none"> <li>• Equipment replacement</li> <li>• Maintenance management</li> </ul>				10 points
		Equipment other than environmental equipment	<ul style="list-style-type: none"> <li>• Equipment replacement</li> <li>• Maintenance management</li> </ul>				10 points
	Information disclosure	<ul style="list-style-type: none"> <li>• Assign points for each item disclosed</li> </ul>	10 points				

## Improving the Level of Environmental Performance of Offices

Given the importance of applying environmental measures to the office, Sharp introduced the Green Office certification system in Japan in fiscal 2007. This system draws on the accumulated know-how gained from efforts to protect the environment at production facilities.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009	Objectives for Fiscal 2012
Certify 30 offices in Japan as Green Office	Certified 39 offices	Certify 43 offices	Certify 56 offices

## Expanding the Green Office Certification System

Sharp introduced the Green Office certification system at offices in Japan in fiscal 2007 as a complement to the S-EMS\*, Sharp’s environmental management system.

This certification recognizes an office as a Green Office if all eight performance evaluation criteria meet a certain level. In fiscal 2008, Sharp introduced a management point of view to the evaluation criteria by changing certain criteria such as the amount of CO<sub>2</sub> emissions, amount of waste discharged, and amount of paper used from “total quantity” to “per unit of net sales,” and also conducted promotional activities to make the results of its environmental efforts in the office more “visible.”

Under this system, 39 out of 56 offices attained certification in fiscal 2008. Sharp plans to pursue certification of overseas offices as well.

\* For details, see page 26.

Environmental activities in offices

## Green Office Certification Standards

Evaluation criteria	Evaluation points
Adherence to environmental laws	<ul style="list-style-type: none"> <li>• Adherence to laws</li> <li>• The conditions of compliance as evaluated by internal and external audits</li> </ul>
Reduction of environmental impact through work specific to each business division	<ul style="list-style-type: none"> <li>• Selling of environmentally conscious products</li> <li>• Improvement of employee skills</li> </ul>
Prevention of global warming	<ul style="list-style-type: none"> <li>• Reduction of CO<sub>2</sub> emissions</li> <li>• Introduction rate of eco-cars</li> </ul>
Waste management	<ul style="list-style-type: none"> <li>• Promotion of zero discharge to landfill</li> <li>• Recycling rate</li> </ul>
Green purchasing, etc.	<ul style="list-style-type: none"> <li>• Reduction of paper usage</li> <li>• Promotion of green purchasing</li> </ul>
Environmental maintenance in the workplace	<ul style="list-style-type: none"> <li>• Operational management of facilities and equipment</li> <li>• Management of waste storage facilities</li> </ul>
Implementation of environmental education	<ul style="list-style-type: none"> <li>• Achievement ratio of education programs</li> <li>• Acquisition of S-EMS auditors</li> </ul>
Environmental social action programs	<ul style="list-style-type: none"> <li>• Implementation of community activities</li> <li>• Support of environmental education programs at elementary schools</li> </ul>

# Curbing Greenhouse Gas Emissions

Sharp is taking active measures to curb greenhouse gas emissions resulting from its business activities. In fiscal 2008, Sharp set a new target of reducing total emissions, in addition to its previous objective of reducing emissions per production unit.

Objectives for Fiscal 2008*1	Achievements for Fiscal 2008	Objectives for Every Fiscal Year	Medium-Term Objectives
Reduce CO <sub>2</sub> emissions for 10 Sharp Corporation plants to below fiscal 2007 levels	Reduced by 2% from fiscal 2007 levels	Reduce to below fiscal 2007 levels	Every fiscal year: Reduce to below fiscal 2007 levels
CO <sub>2</sub> emissions per production unit*2 Sharp Corporation • Product plants: Reduce by 2% from previous fiscal year • Device plants: Reduce by 5% from previous fiscal year	Increased by 34% from previous fiscal year Increased by 9% from previous fiscal year	— —	CO <sub>2</sub> emissions per adjusted production unit*3 • All Sharp Corporation plants: Reduce by 35% from fiscal 1990 levels (average for fiscal 2008 to 2012)
CO <sub>2</sub> emissions per production unit • Overseas plants (subsidiaries/affiliates): Reduce by 2% from previous fiscal year	Increased by 2% from previous fiscal year	Reduce by 2% from previous fiscal year	Every fiscal year: Reduce by 2% from previous fiscal year

\*1 Because of the start of the SGF II initiative, Sharp set an additional target during fiscal 2008 and changed the reporting categories for total greenhouse gas emissions for the Sharp Group.

\*2 Per production unit (t-CO<sub>2</sub>/100 million yen) = CO<sub>2</sub> emissions (t-CO<sub>2</sub>) ÷ production output (100 million yen)

\*3 Per adjusted production unit (t-CO<sub>2</sub>/100 million yen) = CO<sub>2</sub> emissions (t-CO<sub>2</sub>) ÷ (production output (100 million yen) ÷ Japanese corporate price index (electrical and electronic equipment) determined by the Bank of Japan)

## 6% Reduction in Total Greenhouse Gas Emissions for the Sharp Group

For fiscal 2008, the Sharp Group was able to reduce total greenhouse gas emissions by 6%, keeping emissions of CO<sub>2</sub> in Japan and overseas, as well as emissions of PFCs\*4, below the level of the previous fiscal year (see graph at lower left).

This achievement was due not only to lower production volumes in the face of the global recession but also to strengthened efforts by Sharp in this area in fiscal 2008. Under a plan to reduce CO<sub>2</sub> emissions below fiscal 2007 levels at the 10 Sharp Corporation plants that have achieved SGF certification, Sharp established performance criteria under the SGF II system that called for emission reduction measures that would reduce CO<sub>2</sub> emissions by an average of 3% per year. Also contributing to the reduction in total emissions were the installation of PFC emission abatement systems, the adoption of replacement gases with lower global warming potential, and intensive energy conservation activities in offices.

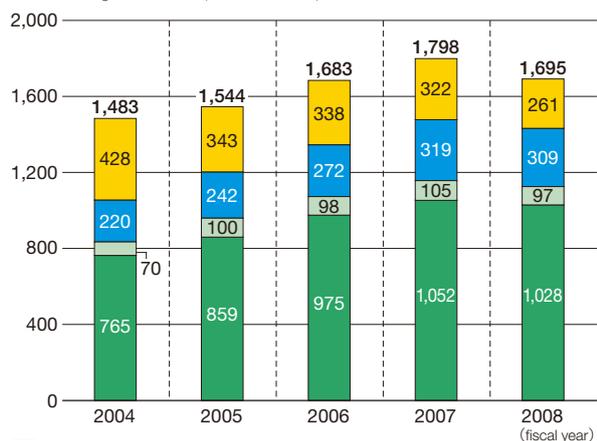
Meanwhile, there was an increase in emissions per production unit—for product plants and device plants of Sharp Corporation and its overseas subsidiaries—because of a decrease in production volume and a decline in ex-factory prices (see graph at lower right).

Although plans call for production to expand in fiscal 2009, Sharp will continue efforts to curb greenhouse gas emissions to the greatest extent possible. These efforts will be based on continuously promoting energy-saving measures and on installing and properly operating abatement systems on all PFC emission sources at newly expanded plants, including the ones at the new manufacturing complex at Sakai, Japan. In addition, at plants outside of Japan that have received SGF certification, Sharp plans to set targets for total reductions in CO<sub>2</sub> emissions.

\*4 A general term for perfluorocarbon gases such as CF<sub>4</sub> (carbon tetrachloride) and C<sub>2</sub>F<sub>6</sub> (carbon hexafluoride), and the like, which are greenhouse gases.

### Amount of Sharp Group's Greenhouse Gas Emissions

Greenhouse gas emissions (thousand t-CO<sub>2</sub>)



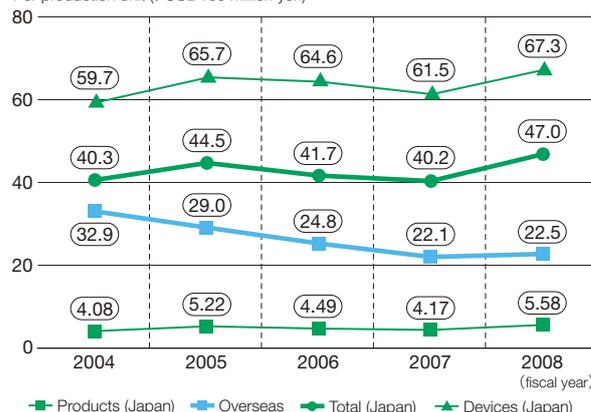
- CO<sub>2</sub> emissions (10 Sharp Corporation plants)
- CO<sub>2</sub> emissions (Sharp Corporation offices, Japanese subsidiaries, affiliated companies)
- CO<sub>2</sub> emissions (overseas subsidiaries, affiliated companies)
- PFC emissions

- In calculating PFC emissions, prior to fiscal 2005, values for global warming potential were taken from the IPCC's Second Assessment Report (SAR). For fiscal 2006 and later, the values used were taken from the IPCC's Third Assessment Report (TAR).
- Emissions from the Toyama Plant were included beginning in fiscal 2006.
- Refer to information on the Sharp website for the CO<sub>2</sub> emission coefficients used under the link: "Calculation standards for environmental performance indices."
- Sharp carefully examined the scope of reporting required under Japan's Law Concerning the Rational Use of Energy and excluded greenhouse gas emissions from business partners at the Mie Plant in Japan for fiscal 2008 (consequently, in a similar manner, emissions in fiscal 2007, the reference year for fiscal 2008 targets, were also excluded). The amount of emissions from business partners excluded from the total for fiscal 2007 is 57 thousand t-CO<sub>2</sub>, and for fiscal 2008, 55 thousand t-CO<sub>2</sub>.

Reductions in greenhouse gases, Data on greenhouse gases  
Calculation standards for environmental performance indices

### Amount of CO<sub>2</sub> Emissions per Production Unit by Business Category for Sharp Corporation Plants and Overseas Plants

Per production unit (t-CO<sub>2</sub>/100 million yen)



- Emissions related to R&D, start-up, and production stoppages are not included in calculations per production unit in Japan.
- Emissions from the Toyama Plant were included beginning in fiscal 2006.

### CO<sub>2</sub> Emissions per Adjusted Production Unit for Sharp Corporation Plants

Fiscal year	1990	2007	2008
Emissions per adjusted production unit (t-CO <sub>2</sub> /100 million yen)	32.2	18.4	20.8
Fiscal 1990 comparison (%)	100	57	65

### Self-Generated Electricity Output\*5 at Sharp Corporation Plants

Fiscal year	2006	2007	2008
Self-generated electricity output (millions of kWh)	246	287	261

\*5 Electricity generated by on-site cogeneration systems, solar power generation systems, and fuel cell systems.



# Minimizing and Recycling Waste

Sharp has been working to bring down its total amount of waste discharged and to recycle as much of its waste as possible. In fiscal 2008, Sharp set a new target of reducing emissions, in addition to its previous objective of reducing emissions per production unit. Furthermore, Sharp has been making thorough reuse of water resources.

Objectives for Fiscal 2008*1	Achievements for Fiscal 2008	Objectives for Every Fiscal Year
Reduce amount of waste discharged*2 at 10 Sharp Corporation plants to below fiscal 2007 levels	Reduced by 16% from fiscal 2007 levels	Reduce to below fiscal 2007 levels
Reduce amount of waste discharged per production unit at 10 Sharp Corporation plants by 3% from previous fiscal year	Reduced by 3% from previous fiscal year	—
Reduce amount of waste, etc. discharged per production unit*3 at overseas plants (subsidiaries/affiliates) by 2% from previous fiscal year	Reduced by 12% from previous fiscal year	Reduce by 2% from previous fiscal year

\*1 Because of the start of the SGF II initiative, Sharp set an additional target during fiscal 2008 and changed the reporting categories.

\*2 Amount of waste discharged = Industrial waste discharged + general waste from business activities

\*3 Amount of waste, etc. discharged = Waste discharged + valuable resources

## 10% Reduction in Amount of Waste, etc. Discharged by the Sharp Group

In fiscal 2008, the Sharp Group in Japan and overseas discharged less waste, etc. (waste and valuable resources) than the previous fiscal year, and overall Sharp was able to achieve a 10% reduction in the total amount of waste, etc. discharged (see graph at lower left).

This achievement was due not only to lower production volumes in the face of the global recession but also to strengthened efforts by Sharp in this area in fiscal 2008. Under a plan to reduce waste emissions below fiscal 2007 levels at the 10 Sharp Corporation plants that have achieved SGF certification, Sharp established performance criteria under the SGF II system that called for waste reduction measures that would reduce waste emissions by an average of 6% per year.

Valuable resources recovered from waste at Sharp Corporation's 10 plants expanded by 31% compared to the previous fiscal year, while the total amount of waste discharged

decreased by 16% and the amount of waste per production unit dropped 3%, both over the same period (see graph at lower center). In addition, fiscal 2008 was the eighth consecutive year for plants in Japan to achieve zero discharge to landfill\*4.

Overseas plants successfully reached the targets set under the SGF system, reducing total waste, etc. discharge by 16% and waste, etc. discharged per production unit by 12%, both levels lower than the previous fiscal year, and contributing to the reduction in total amount of waste discharged for the Sharp Group as a whole (see graph at lower right).

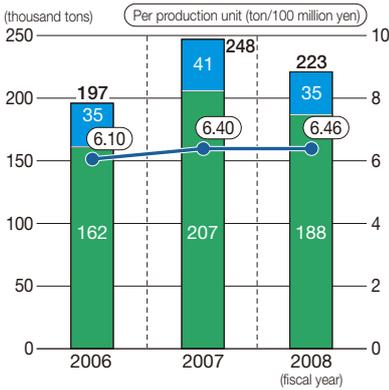
\*4 Sharp defines "zero discharge to landfill" as a final landfill disposal rate of less than 0.5%.

Final landfill disposal rate (%) = Amount of landfill disposal / amount of waste, etc. discharged (amount of waste discharged + amount of valuable resources) x 100

In fiscal 2005, to make the definition of zero discharge to landfill more rigorous, Sharp replaced the value for the denominator of "total amount of waste generated" with "amount of waste, etc., discharged (amount of waste discharged + amount of valuable resources)", a smaller value. Since fiscal 2004, plants in Japan have included subsidiaries and affiliated companies.

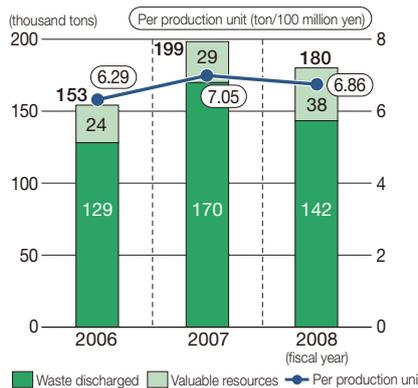
Waste reduction, Data on waste

### Amount of Waste, etc. Discharged by the Sharp Group

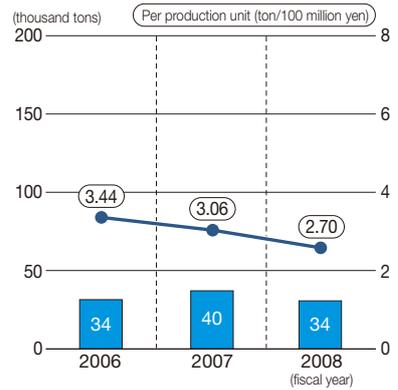


Figures include offices.

### Amount of Waste Discharged and Valuable Resources at 10 Sharp Corporation Plants



### Amount of Waste, etc. Discharged at Overseas Plants



## Recycling Water

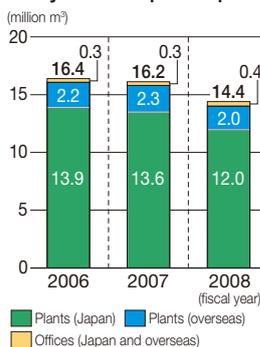
The amount of water used by the Sharp Group in fiscal 2008 decreased by 11% over the previous fiscal year, thanks to increased recycling of water and a decrease in production volume.

As a result of thorough recovery and recycling of water, particularly at the Kameyama and Mie plants in Japan, Sharp achieved a water-reuse rate of 61% at its Japanese plants.

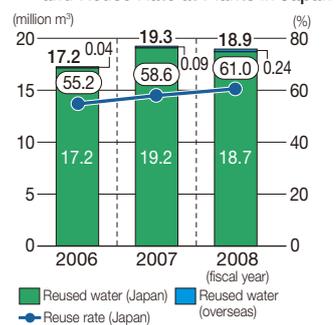
Looking ahead, Sharp will continue to focus on making effective use of water.

Effective water usage, Data on water usage

### Amount of Water Used by the Sharp Group



### Amount of Water Reused at Plants in Japan and Overseas, and Reuse Rate at Plants in Japan



Figures include subsidiaries and affiliated companies.

# Effectively Managing Chemicals Used in Factories

Sharp centrally controls chemical substances used at its plants and effectively manages the quantities handled and discharged, utilizing its own chemical management system. Sharp has established a Special Safety Management Committee at each plant in Japan to meticulously manage safety according to the physical properties of hazardous materials and toxic chemicals.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009	Objectives for Fiscal 2012
Formulate new chemical management guidelines	Created new chemical management guidelines	Formulate new chemical management guidelines and ensure that they are firmly established at plants in Japan	Ensure new chemical management guidelines are firmly established at plants in Japan and overseas

## Effective Management of Chemical Substances

Sharp conducts rigorous preliminary audits based on the C-PA system\*1 and the process assessment system\*2 to determine the environmental, safety, and health effects of new chemical substances and handling equipment. In addition, Sharp implements regular education and training and conducts various audits to prevent accidents and reduce environmental impact.

Sharp centrally manages the quantities of chemical substances handled and discharged by utilizing S-CMS\*3 and other systems concerning chemical substance usage.

Of the chemical substances covered by the PRTR\*4 Law, the number of chemicals handled in quantities greater than 500 kg in fiscal 2008 at all plants in Japan amounted to 16 substances or 12,797 tons (down 1% from the previous fiscal year). Sharp also reduced emissions of hydrogen fluoride, bringing the total amount of chemicals discharged to approximately 7.5 tons, a reduction of 10% over the previous fiscal year.

The new chemical management guidelines that Sharp created in fiscal 2008 will be firmly set in place at plants, thus standardizing Sharp's chemical substance management efforts and strengthening its system for managing chemical substances.

## Special Safety Management of Hazardous Materials and Toxic Chemicals

Special safety management is Sharp's program to safely manage the hazardous materials and toxic chemicals among the chemical substances used at its plants. Sharp strives for meticulous, wide-ranging management of these substances—from R&D to production lines.

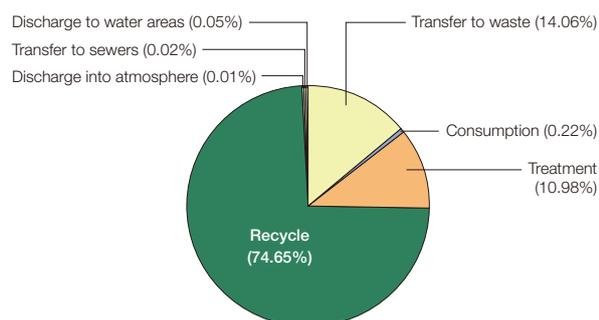
Special safety management mandates that a risk assessment be done at the stage when a hazardous material or toxic chemical is first introduced, as well as at the stage when handling equipment is installed. Sharp is working to improve the level of safety by establishing Special Safety Management Committees at all plants in Japan to promote safety management measures. The committees carry out education and emergency response training in preparation for the possibility of an accident, and conduct audits related to the way these substances are handled.

## Risk Communication and Information Disclosure

On the environmental and social activities section of the Sharp website and in site reports published by the plants, Sharp regularly discloses information on the environmental risk associated with business activities. Sharp has also placed specially trained Risk Communicators at all Sharp Corporation plants, and promotes communication between the company, its neighboring residents, and the local government through regular environmental festivals and meetings.

Soil and groundwater surveys conducted at all plants in Japan in 1998 identified chlorine solvent pollution at four plants (Nara, Yao, Tenri, and Katsuragi). With the exception of Nara, all sites have reduced contamination levels below those of the environmental standard using pumping\*5 and bioremediation\*6. Sharp is continuing purification at the Nara Plant in order to reduce its contamination levels below those of the environmental standard, and regularly notifies government authorities and residents of the cleanup progress.

### Destinations of PRTR-Listed Chemical Substances in Japan



### Main Chemical Substances Discharged into the Atmosphere and Water Areas in Japan

Chemical substance	Fiscal 2008 discharge (kg)	Proportion (%)	Compared to previous fiscal year (%)	Fiscal 2007 discharge (kg)
Hydrogen fluoride & its water-soluble salts	6,411	85.7	93.8	6,835
2-Aminoethanol	785	10.5	68.1	1,153
Xylene	104	1.4	77.6	134
Others	183	2.4	90.6	202
Total	7,483	100.0	89.9	8,324

\*1 C-PA system: A system to conduct assessments on the harmful effects of chemical substances in use.

\*2 Process assessment system: A system to conduct preliminary assessments on the safety of equipment handling chemical substances.

\*3 S-CMS: Sharp Chemical Management System

\*4 PRTR: Pollutant Release and Transfer Register. A system to collect and publicize data, such as the amount of harmful chemicals discharged and transferred.

\*5 Pumping: Polluted groundwater is pumped up and purified in treatment facilities.

\*6 Bioremediation: Using microorganisms, hazardous substances are broken down and rendered harmless.

Risk communication case studies

Data on chemical substance management  
 Data on the atmosphere and water quality



# Reducing Environmental Impacts in Distribution and Packaging

In cooperation with shipping contractors, Sharp is working to decrease environmental impacts in distribution, for example, by optimizing transport methods and load efficiency. In packaging, Sharp is also working to further reduce environmental impacts by extending the use of environmentally conscious, unified packaging around the globe.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Every Fiscal Year
Reduce CO <sub>2</sub> emissions per sales unit* <sup>1</sup> by 1% from previous fiscal year by the Sharp Group in Japan	Increased by 8% from previous fiscal year	Reduce by 1% from previous fiscal year

\*1 CO<sub>2</sub> emissions per sales unit (t-CO<sub>2</sub>/100 million yen) = CO<sub>2</sub> emissions (t-CO<sub>2</sub>) ÷ net sales (100 million yen)

## Promoting Measures to Reduce Environmental Impacts in All Areas of Distribution

Sharp's Committee for Compliance with the Energy Conservation Law as a Shipper assesses the environmental impacts of distribution and logistics in the areas of product sales, procurement and production, waste disposal, and parts\*<sup>2</sup>, and works to strengthen energy-saving measures in distribution across the Sharp Group. Sharp has declared an objective of achieving an average annual reduction in CO<sub>2</sub> emissions per sales unit of 1% or greater, a legal mandate for specified shippers, for all members of the Sharp Group in Japan, and is promoting efforts to save energy, such as shifting to environmentally friendly modes of transport and improving transport and load efficiencies.

In fiscal 2008, CO<sub>2</sub> emissions per sales unit by Sharp Group companies in Japan increased by 8% compared to the previous fiscal year, reflecting the effects of a significant decline in sales. Sharp was, however, able to reduce overall CO<sub>2</sub> emissions by 10% compared to the previous fiscal year.

\*2 Distribution of parts used for after-sales service, such as repair and maintenance of products.

Data on environmentally conscious shipping

## Shifting to Environmentally Friendly Modes of Transport in Japan

In Japan, Sharp is shifting from conventional trucking to more environmentally friendly transportation modes, such as rail and ships.

In fiscal 2008, Sharp significantly expanded shipping volume by ship, and was able to increase the use of rail and ship transport by 12% over the previous fiscal year.

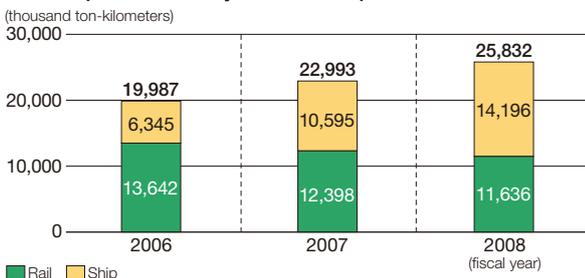
In addition, Sharp acquired the Eco-Rail mark\*<sup>3</sup> for shipping approximately 63% of its mobile phones (in fiscal 2007) using rail surface transport for distances over 500 km. Certification for this eco-label was granted after an evaluation by the Ministry of Land, Infrastructure and Transport and the Railways Freight Association.



In the future, Sharp will work to expand the shift in transport modes and switch from air cargo to high-speed ocean vessels.

\*3 A product brand can be Eco-Rail certified if the product travels at least 500 kilometers on land and 30% or more of the goods are carried on railways.

### Transport Volume by Rail and Ship



## Reducing the Environmental Impact of Packaging

Sharp is reducing the environmental impact of packaging by developing environmentally conscious unified packaging and minimizing the use of resources.

In Japan, Sharp has been using environmentally conscious unified packaging for almost all products since 2006. This packaging, which is recognizable as a Sharp product at a glance, was developed as a part of building a corporate identity with the environment as its theme. Sharp, which is aiming to be an environmentally advanced company, created a compact logo featuring the Earth and its atmosphere as the design motif. Adopting this monochrome logo enabled a significant reduction in printing plates and amount of ink used. Use of this unified packaging has been extended internationally since January 2009.



Logo design based on the Earth and its atmosphere



Environmentally conscious unified packaging

Environmentally conscious unified packaging

## T O P I C S

### SEC Wins Environmentally Conscious Distribution Award Three Years in a Row

In the US, Sharp Electronics Corporation (SEC), Sharp's sales subsidiary, participates in the SmartWay Transport Program\*<sup>4</sup>. SEC has taken the lead in promoting wider participation in this program, and is actively involved in concrete educational activities such as discouraging engine idling. As a result, of the total volume of products distributed by SEC, the weight of freight that complied with this program reached 97%.

At the third annual awards ceremony under this program sponsored by the US Environmental Protection Agency, SEC was honored with an excellence award for its activities, the first shipper to win this award three years in a row.

\*4 SmartWay Transport Program: A joint effort by the US Environmental Protection Agency and industry to promote environmentally conscious shipping and distribution.



SEC won the excellence award three years in a row



# Promoting Environmental Communication

To provide environmental communication for its wide range of stakeholders, Sharp discloses environmental information through exhibitions and forums, and various media including newspaper ads and TV commercials, as well as Environmental and Social Reports and websites.

## Environmental and Social Report, Website, and Site Reports

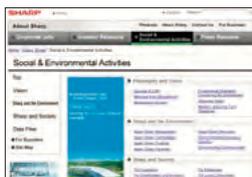
Every year, Sharp issues a report on its environmental and social activities. In addition to using articles from the Environmental and Social Report, Sharp's website presents more specialized content with examples of specific activities and detailed data on environmental impact.

In addition, a site report is issued for each factory in Japan and overseas, and copies of these reports are given to residents in the vicinity as well as to all visitors to the facilities. The 2008 edition of the Mie Plant Site Report (Japan) won a Site Report Prize in the 12th Green Reporting Awards co-sponsored by Toyo Keizai Inc. and the Green Reporting Forum.



Sharp Environmental and Social Report 2008 (Japanese, English, and Chinese editions)

Sharp Environmental Brochure



Website for Sharp's social and environmental activities: <http://sharp-world.com/corporate/eco/>



Mie Plant Site Report

## Exhibitions

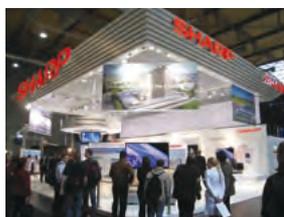
Sharp introduces its environmental activities to the public through participation in domestic and international trade fairs and exhibitions.

At Eco-Products 2008, one of Japan's largest environmental fairs, Sharp exhibited under the theme "toward lower CO<sub>2</sub> lifestyles with solar power and energy-saving technologies," and showcased its Eco House of the not-too-distant future and green technologies, as well as environmentally friendly products such as solar panels and LCD TVs.

In addition, at Hannover Messe 2008, the world's leading showcase for industrial technology, held in Germany, Sharp exhibited solar concept models and prototypes of LCD TVs to introduce its activities aimed at achieving a low-carbon society by saving energy and creating energy.



Eco-Products 2008



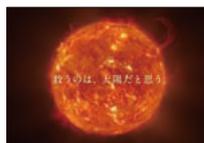
Hannover Messe 2008

## Advertising and Commercials

To inform a wider audience of its environmental activities, Sharp creates TV and newspaper ads.

In fiscal 2008, Sharp introduced its solar energy initiatives in a cross-media campaign that included newspaper ads, TV commercials, and its website under the slogan, "The sun is the answer. Sharp—a world leading solar company."

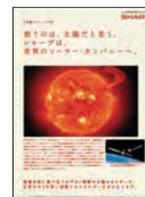
The newspaper ads won the grand prize in the readers' choice category of the 25th Yomiuri Advertising Awards sponsored by the Yomiuri Shimbun in Japan.



TV commercial



Sharp Solar Story (website)



Newspaper ad

## Environmental Forums

To more widely disseminate information on its initiatives on behalf of the environment, Sharp has been holding environmental forums for journalists and the general public. In fiscal 2008, Sharp held such forums in Japan, Germany, China, and Indonesia.

The Indonesia Environmental Forum was held during Indonesia/Japan Expo 2008 commemorating the 50th anniversary of the establishment of diplomatic relations between Japan and Indonesia, and was attended by numerous government officials, academic experts, representatives of NGOs, and journalists. At the forum, Sharp highlighted its environmental efforts and community service activities in Indonesia.



A scene from the Indonesia Environmental Forum in Jakarta

## Tours and Exchanges

To enhance communication with its wide range of stakeholders, Sharp holds factory tours, exchange conferences, and other events in Japan and overseas.

In fiscal 2008, Sharp and Mie University of Japan held an informal meeting to exchange ideas on environmental reporting. The lively discussions gave Sharp many valuable ideas for future efforts in this area.



Discussion session with members of Mie University

Exchanges with local communities

# Objectives and Achievements in the Social Dimension of CSR

Sharp has established the Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct as standards of conduct serving to fulfill Sharp's business philosophy and business creed, which are the origins of the Sharp Group's CSR. On the basis of the charter and code, Sharp sets major social themes and targets within the framework of CSR and promotes activities following those themes, to continue to be a company that has gained the trust of people and society.

## Promoting CSR Efforts in the Social Dimension

To promote CSR efforts in the social dimension, Sharp develops important initiatives for its different types of stakeholders, and pursues fiscal-year goals through implementing a variety of measures.

The Sharp business philosophy states: "Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders ... indeed the entire Sharp family." Therefore, Sharp makes efforts to communicate with its various types of stakeholders and promotes CSR activities accordingly.

Sharp will work proactively to incorporate these CSR objectives and measures into operational processes by regularly assessing their progress and by utilizing a management system that enables the identification of emerging problems and the implementation of further improvements.

### CSR Through R-CATS\* Small-Group Activities

Sharp's R-CATS are CSR-related efforts carried out not only by production and quality departments, but also by all work specialties and departments—from product planning and engineering departments, to sales/marketing, procurement and administrative departments. Sharp is improving quality and systems/methods through activities aimed at developing personnel and creating a positive workplace atmosphere, such as team problem solving and addressing problematic issues.

In fiscal 2008, approximately 37,000 employees across the entire Sharp Group participated in R-CATS activities and became involved in CSR activities from the perspective of their individual workplaces that focused on efforts such as reforming operations and improving customer satisfaction.

\* R-CATS: Revolution-Creative Action Teams

## Overall Results of CSR Efforts in Fiscal 2008

In fiscal 2008, Sharp met almost all of its objectives. These included raising customer satisfaction levels by incorporating customer feedback into product making and enriching after-sales service, undertaking a CSR procurement survey in China as part of promoting CSR across the entire supply chain, promoting diversity management in order to utilize employee diversity, and providing environmental education at elementary schools in Japan and overseas.

The results of Sharp's special efforts such as these can be seen in the Close-Up and Topics sections on pages categorized by type of stakeholder.

Field (Stakeholders)	Important Themes
For Customers	Secure quality and safety
	Create products that are easier to use
	Improve customer satisfaction
For Business Partners	Promote CSR across entire supply chain
For Shareholders and Investors	Improve communication with shareholders and investors
For Employees	Strengthen human resource development
	Development of company-wide diversity management (strategy for utilizing employee diversity)
	Promote occupational safety and health
For Local Communities	Expand and diversify social contribution activities



Aiming to improve after-sales service globally (See page 38 "For Customers")



Promoting company-wide diversity in Japan (See page 43 "For Employees")



Developing environmental education at elementary schools around the world (See page 47 "For Local Communities")

Self Evaluation ○ : Results exceeded objectives ○ : Results nearly met objectives △ : Certain results were accomplished

Actions for Fiscal 2008		Self Evaluation	Objectives for Fiscal 2009	See page(s)
Objectives	Achievements		Objectives for Fiscal 2009	
<ul style="list-style-type: none"> <li>Reform design quality and reinforce product safety through use of statistical methods and tools</li> </ul>	<ul style="list-style-type: none"> <li>Updated Company-Wide Technical Safety Standards (15th edition) and promoted product making in line with strengthened standards</li> <li>Expanded number of quality engineering applications for development and planning process to roughly double that of previous fiscal year, secured quality and reliability, and gained evaluations in shorter time period</li> <li>Held Frontrunner Analytical Technology Training to share technological information useful for product making company-wide four times a year</li> </ul>	○	<ul style="list-style-type: none"> <li>Improve level of quality on global basis</li> <li>Promote visualization of customer satisfaction and quality</li> <li>Strengthen quality guarantee activities in overseas markets</li> <li>Construct global risk management system</li> </ul>	37 and website
<ul style="list-style-type: none"> <li>Improve products by taking on customer's point of view and introduce more universal design products</li> </ul>	<ul style="list-style-type: none"> <li>Improved products through Voice of the Customer (VOC) program that incorporates customer feedback into product making</li> </ul>	○	<ul style="list-style-type: none"> <li>Improve products by taking on customer's point of view</li> <li>Globally develop VOC activities</li> </ul>	37 and website
<ul style="list-style-type: none"> <li>Pursue "no customer waiting" responsiveness and faster, more reliable service</li> </ul>	<ul style="list-style-type: none"> <li>Used IVR (Interactive Voice Response) system to improve phone call reception rate during peak times (July through September) by 5.3 points over previous fiscal year</li> <li>Strengthened response skills through ongoing training</li> <li>Achieved better results over same month last year for 12 consecutive months regarding percentage of repairs that could be completed in one visit</li> </ul>	○	<ul style="list-style-type: none"> <li>Further boost basic service and develop one-of-a-kind services</li> <li>Provide faster and more precise service</li> <li>Strengthen "general command center" function for after-sales service (unify management from initial reception to completion of repairs)</li> </ul>	38
<ul style="list-style-type: none"> <li>Expand implementation of supply chain CSR measures overseas</li> </ul>	<ul style="list-style-type: none"> <li>Implemented CSR Procurement Survey for local suppliers serving Sharp production bases in China</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue expanding implementation of supply chain CSR measures overseas</li> </ul>	39-40 and website
<ul style="list-style-type: none"> <li>Improve information disclosure to shareholders and investors and respond to diversifying needs of investors</li> </ul>	<ul style="list-style-type: none"> <li>Expanded number of regions overseas hosting IR meetings (Asia, Middle East)</li> <li>Held various kinds of IR meetings</li> <li>Increased amount of information available on website</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue improving information disclosure and strengthen information transmission for shareholders and investors</li> </ul>	41 and website
<ul style="list-style-type: none"> <li>Promote cultivation of managerial personnel to support development of global business</li> </ul>	<ul style="list-style-type: none"> <li>About 430 individuals participated in GMP (Global Middle Professional Development Program)</li> </ul>	△	<ul style="list-style-type: none"> <li>Continue training to support development of global business</li> <li>Groom personnel for promising overseas markets (including emerging economies)</li> <li>Train junior employees for posting overseas</li> </ul>	42-43 and website
<ul style="list-style-type: none"> <li>Promote diversity management</li> </ul>	<ul style="list-style-type: none"> <li>Diversity managers set up Diversity Promotion Committee to formulate company-wide diversity policy</li> <li>Corporate Equal Partnership Project Team reorganized into Diversity Development Team to plan and execute diversity program</li> </ul>	○	<ul style="list-style-type: none"> <li>Introduce and develop diversity program</li> <li>Formulate specific objectives to promote thorough, company-wide utilization of diversity of female, non-Japanese, physically or mentally challenged, and elderly employees in Japan</li> </ul>	43-44 and website
<ul style="list-style-type: none"> <li>Continue strengthening industrial accident risk reduction activities</li> </ul>	<ul style="list-style-type: none"> <li>Conducted regular safety and health inspections at 11 major plants in Japan</li> <li>Continued with preparations for introduction of occupational safety and health management system</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue strengthening industrial accident risk reduction activities</li> <li>Conduct regular safety and health inspections at 11 major plants in Japan</li> <li>Implement risk assessment, training, and other measures aimed at introducing occupational safety and health management system</li> </ul>	44 and website
<ul style="list-style-type: none"> <li>Continue strengthening efforts to promote mental health care</li> </ul>	<ul style="list-style-type: none"> <li>Expanded support system for employees taking or returning from medical leave due to mental health reasons</li> <li>Conducted stress checks for all employees</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue strengthening efforts to promote mental health care</li> <li>Securely establish and satisfactorily operate support system for employees taking or returning from medical leave due to mental health reasons</li> <li>Share information and reinforce connections among persons in charge from each business site at periodic Mental Health Promotion Manager Meetings</li> </ul>	44 and website
<ul style="list-style-type: none"> <li>Continue strengthening measures against lifestyle diseases</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened guidance for employees with metabolic syndrome (promoted "get healthy" campaign and health-education seminars aimed at improving exercise, diet, and smoking habits)</li> <li>Promoted walking events such as company-wide team walking (approx. 12,600 participants for the year)</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue strengthening measures against lifestyle diseases</li> <li>Health exams for lifestyle diseases (periodic checkups) with follow-up observations</li> <li>Strengthen specific health guidance</li> <li>Establish exercise habits among employees with metabolic syndrome</li> </ul>	44 and website
Japan: <ul style="list-style-type: none"> <li>Continue activities at all 10 Sharp Forests</li> <li>Provide environmental education for at least 500 elementary schools for the year</li> <li>Continue local social contribution activities at all Sharp sales and service bases</li> </ul>	<ul style="list-style-type: none"> <li>Held tree-planting and silviculture activities at all 10 Sharp Forests</li> <li>Provided environmental education at 556 elementary schools</li> <li>Total of about 15,100 employees participated in about 660 local social contribution activities at all Sharp sales and service bases</li> <li>Total of about 30,000 employees participated in volunteer activities at all Sharp offices and bases</li> </ul>	◎	<ul style="list-style-type: none"> <li>Promote further Sharp Forest activities (10 locations)</li> <li>Provide environmental education at 500 elementary schools, provide craftsmanship education at 100 elementary schools</li> <li>Continue local social contribution activities at all Sharp sales and service bases</li> <li>Encourage volunteering among employees with goal of having 30,000 employees volunteer</li> </ul>	45-46-47 and website
Overseas: <ul style="list-style-type: none"> <li>Continue social contribution activities centered on Sharp Charity Foundation in China</li> <li>Expand environmental education in overseas regions</li> </ul>	<ul style="list-style-type: none"> <li>In China, provided scholarships (about 180 people at 11 universities), donated Sharp air purifiers (about 170 to approx. 40 hospitals), carried out beautification campaigns in areas near Sharp bases, conducted tree-planting activities, built elementary schools, etc.</li> <li>Conducted environmental education at overseas locations (57 times at 14 sites)</li> </ul>		<ul style="list-style-type: none"> <li>Expand activities centered on Sharp Charity Foundation in China</li> <li>Expand environmental education in overseas regions</li> </ul>	



# Offering Products and Services That Deliver Peace of Mind and Satisfaction

Constantly thinking from the customer's point of view in order to develop and provide products and services that customers find useful is one of Sharp's fundamental values. Sharp is also applying customer feedback toward making better products that customers can rely on for years and striving to improve sales and after-sales service. Sharp seeks to satisfy customers so that they choose Sharp not just next time, but every time.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009
<ul style="list-style-type: none"> <li>Reform design quality and reinforce product safety through use of statistical methods and tools</li> </ul>	<ul style="list-style-type: none"> <li>Updated Company-Wide Technical Safety Standards (15th edition) and promoted product making in line with strengthened standards</li> <li>Expanded number of quality engineering applications for development and planning process to roughly double that of previous fiscal year, secured quality and reliability, and gained evaluations in shorter time period</li> <li>Held Frontrunner Analytical Technology Training to share technological information useful for product making company-wide four times a year</li> </ul>	<ul style="list-style-type: none"> <li>Improve level of quality on global basis</li> <li>Promote visualization of customer satisfaction and quality</li> <li>Strengthen quality guarantee activities in overseas markets</li> <li>Construct global risk management system</li> </ul>
<ul style="list-style-type: none"> <li>Improve products by taking on customer's point of view and introduce more universal design products</li> </ul>	<ul style="list-style-type: none"> <li>Improved products through Voice of the Customer (VOC) program that incorporates customer feedback into product making</li> </ul>	<ul style="list-style-type: none"> <li>Improve products by taking on customer's point of view</li> <li>Globally develop VOC activities</li> </ul>
<ul style="list-style-type: none"> <li>Pursue "no customer waiting" responsiveness and faster, more reliable service</li> </ul>	<ul style="list-style-type: none"> <li>Used IVR (Interactive Voice Response) system to improve phone call reception rate during peak times (July through September) by 5.3 points over previous fiscal year</li> <li>Strengthened response skills through ongoing training</li> <li>Achieved better results over same month last year for 12 consecutive months regarding percentage of repairs that could be completed in one visit</li> </ul>	<ul style="list-style-type: none"> <li>Further boost basic service and develop one-of-a-kind services</li> <li>Provide faster and more precise service</li> <li>Strengthen "general command center" function for after-sales service (unify management from initial reception to completion of repairs)</li> </ul>

## Basic Stance and Vision on Quality

### Quality Philosophy

To respond to society's needs and make products that satisfy our customers, we keep the slogan "Quality First" in mind at all times.

**品質第一 私たちの心です**  
Quality First in Heart and Mind

Displayed at every Sharp site as a company-wide slogan for quality

## Efforts to Ensure Product Safety

At Sharp, product safety is based on adherence to the safety standards, laws, and regulations of every country. In addition, Sharp's own Company-Wide Technical Safety Standards are revised annually. Through these standards, Sharp aims to ensure complete safety even when rare and unexpected problems arise, especially concerning issues such as incombustible material usage and abnormal motion detection. In fiscal 2008, Sharp published the 15th edition of the Company-Wide Technical Safety Standards, which focuses on strengthening safety-ensuring standards for products during long-term use.

Also, because safety should not be limited to Japan, Sharp is adjusting its system so that unexpected product problems overseas can be dealt with more swiftly and precisely. Along with responding in a timely manner to changes in the social situation and revisions to laws pertaining to product safety, Sharp will continue to increase its efforts at offering products that customers can use with peace of mind.

Quality guarantee system  
ISO 9001-certified sites (companies)

## Products Made by Listening to Customers' Voices

In order to deliver products that customers find easy to use, Sharp is implementing VOC (Voice of the Customer) activities so that customer evaluations and opinions are put to use when products are made.

As part of these activities, Sharp set up an intranet site, the Voice of the Customer Portal, where employees in charge of areas such as planning, development, and design can freely access customer feedback sent to Sharp's Customer Assistance Center.

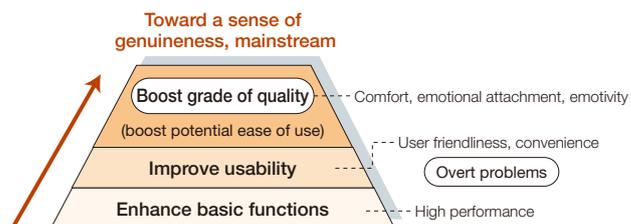
In addition, through product testing where customers actually operate products, online surveys, and field research, Sharp not only hears customer opinions but also proactively collects data about how customers interact with products. By analyzing such data, Sharp can develop products that meet customer needs in ways the customers themselves aren't even aware of.

In fiscal 2008, VOC activities were put to use to raise the appeal of Sharp LCD TVs, DVD products, facsimiles, mobile phones, and air humidifiers and purifiers.

As an example of the success of these efforts, as of May 2009, 103 models of 19 products had been recognized as universal design home appliances by the Association for Electric Home Appliances in Japan.

Product improvements

### Raising the Level of the VOC Program



## Aspiring to a Higher Level of Support, Initiating the AQUOS Advantage Program in the US

Sharp Electronics Corporation (SEC), Sharp's sales subsidiary in the US, is pouring efforts into after-sales service in order to offer a higher level of customer satisfaction to AQUOS customers and ensure that they purchase more AQUOS LCD TVs in the future. Beginning in July 2007, customers purchasing 42-inch-or-larger AQUOS LCD TVs were able to enjoy a very high level of service and support with the AQUOS Advantage Program. The approximately 260,000 members of the program (as of April 2009) receive several high-value-added services, including a 3-month, free-of-charge extension of their original 12-month warranty, toll-free service/inquiry hotline, personalized AQUOS webpage, installation support, exclusive AQUOS chat, and remote maintenance\*1.

Beginning in January 2008, when a repair request is received via phone, the date and time for the repairs can be scheduled immediately. SEC's customer assistance centers and authorized service providers throughout the US joined forces so that now approximately 80% of repair requests are being

met within two days, which is significantly faster than before. In addition, a new extended warranty program\*2 has proven very popular with members.



The AQUOS Advantage Program website  
<http://www.aquosadvantage.com>

\*1 Remote maintenance is a feature that allows AQUOS support staff to access customers' AQUOS LCD TVs via the Internet and perform certain operations such as adjusting the color, confirming the signal reception level, and changing the settings.

\*2 The extended warranty system extends the manufacturer's warranty (for a fee) according to the customer's wishes. The extension period will last for one or three years starting from the end of the 15-month manufacturer's warranty.

### Customer Service That Exceeds Expectations

From before the purchase until after the customer is finished using a product, Sharp's Customer Assistance Center always aims to exceed customer expectations.

In addition, all Customer Assistance Center agents (operators) are periodically monitored by a response-quality manager. Based on those results, agents undergo training to improve their responsiveness in terms of the content of their service as well as their methods of speaking and listening. This enables the agents to maintain a high level of response skills and boost customer satisfaction.

In fiscal 2008, Sharp set up a special Senior Hotline in Japan, which is manned by veteran agents who can provide thorough service so that older customers can easily use Sharp's high-function audio-visual products. In addition, by employing an IVR (Interactive Voice Response) system, the time it takes to connect to an agent during peak times has been greatly reduced, bringing Sharp closer to its goal of having a call center with no customer waiting.

### Aiming for Superior After-Sales Service

In Japan, Sharp is advancing customer satisfaction innovation activities to give customers peace of mind by offering faster and more accurate after-sales service.

In fiscal 2008, Sharp continued efforts from fiscal 2007 to increase the percentage of instances when repairs are completed in only one visit. Also, in order to provide faster service, Sharp developed same-day service so that repairs can be made the same day they are requested, and 365-days-a-year service that allows customers (primarily in major metropolitan areas) to select the time and date they want the repairs to be made.

Also in fiscal 2008, Sharp created the CS Meister system for service employees with superior response skills. Service employees with outstanding technical and customer-response skills are appointed "Meisters (masters)" and provide individualized on-the-job training to help raise the responsiveness of other service employees. Through this system, employees become even better equipped to take on the customer's point of view and provide even more precise service than before.

### Disclosure of Information When Quality Problems Arise

In the event that a Sharp product is found to be responsible for injury to customers or for damage to property, Sharp will disclose relevant information immediately in newspapers and via its website. Sharp also has contact points to directly receive inquiries from customers and is striving to keep quality problems to an absolute minimum.

During fiscal 2008, Sharp notified customers as below, providing free-of-charge inspection, repair, and product recovery. Sharp also continually updates important product safety information on its website.

- **LCD Projectors for Japan (December 2008)**

A certain model of LCD projectors had a risk of their power supply circuit board catching fire. Sharp recalled those products.

- **LCD TVs for Europe (December 2008)**

When excessive force was applied to the cabinet of 26-inch LCD TVs during wall mounting, the cabinet could warp in a way such that it was possible for the metal wall-mount fixtures to contact the internal metal parts of the TV's power supply section, creating a risk of electric shock. Sharp inspected and repaired those TVs.

- **CRT TVs for Vietnam (December 2008)**

Due to defective power switches, there was a risk of part of the cabinet melting. Sharp inspected and repaired those TVs.



# Mutual Prosperity with Suppliers and Dealers

Sharp conducts its procurement activities on the basis of fair evaluation, ensuring that all companies are provided with equal opportunities. Sharp aims for mutual prosperity with business partners by building relationships of cooperation and trust through dialogue and communication that deepens mutual understanding. Sharp is also promoting CSR activities throughout the entire supply chain.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009
<ul style="list-style-type: none"> <li>Expand implementation of supply chain CSR measures overseas</li> </ul>	<ul style="list-style-type: none"> <li>Implemented CSR Procurement Survey for local suppliers serving Sharp production bases in China</li> </ul>	<ul style="list-style-type: none"> <li>Continue expanding implementation of supply chain CSR measures overseas</li> </ul>

## Determining Procurement Based on Providing Equal Opportunity and Fair Evaluation

Sharp has production activities around the world and it chooses who it will procure local parts, materials, and equipment from by providing all Japanese and overseas suppliers with an equal opportunity to do business with Sharp. This opportunity includes a fair evaluation of whether a supplier's procurement conditions meet Sharp's requirements for quality, standards, and performance.

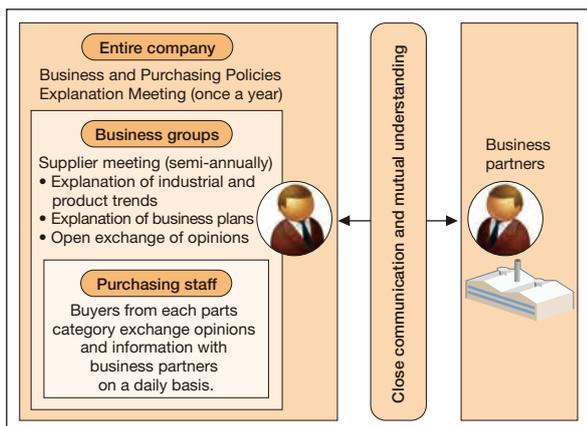
Sharp has also stipulated Basic Purchasing Principles that contribute to a prosperous coexistence with business partners. Besides promoting impartiality and fairness in all purchasing activities and the creation of a relationship of cooperation and trust with suppliers, the Principles offer suggestions for supplier CSR activities.

Sharp Basic Purchasing Principles

## Pursuing Fairness and Impartiality Throughout the Entire Supply Chain

In fulfilling its social responsibility through its business activities in a wide range of areas such as product safety, minimizing environmental impact, human rights and labor, and health and safety, it is not enough for Sharp to say only that it will make these activities fair and impartial. There is a need that these activities be kept fair and impartial across the entire supply chain, including by its business partners, such as material, parts, and equipment suppliers.

To help its business partners gain an understanding of such concepts and to deepen the understanding between Sharp and its business partners, Sharp business groups and overseas production bases have been holding regular roundtables and meetings for its suppliers. In addition, buyers for various materials used by Sharp exchange ideas and information with sales representatives of suppliers on a daily basis.



## Promoting CSR Procurement Surveys Based on the Supply-Chain CSR Deployment Guidebook

Since 2000, Sharp has been practicing "green procurement" to ensure that parts and materials, as well as the business activities of its business partners (suppliers), are environmentally conscious. In addition, in 2007, Sharp created its own Sharp Supply-Chain CSR Deployment Guidebook that conforms to the Supply-Chain CSR Deployment Guidebook issued by JEITA (Japan Electronics and Information Technology Industries Association). In 2007, this guidebook was distributed to about 1,400 of Sharp's major suppliers in Japan, with a request that they use it to step up their efforts in areas related to CSR such as human rights, labor, health and safety, and protecting the environment.

In January 2008, Sharp launched a CSR Procurement Survey using an online response system to enable suppliers to use the Internet to enter their answers to self-checks based on this guidebook. Sharp evaluates the results of the survey based on its own standards, and will request that suppliers prepare and submit an improvement plan for any area where improvement is needed and take the steps necessary to improve their efforts.

In fiscal 2008, Sharp extended the CSR Procurement Survey to suppliers in locations serving Sharp's overseas bases, and in December, began those surveys in China. In fiscal 2009, Sharp plans to gradually extend these efforts throughout the Asian region as well as to Europe and North America.



Sharp Supply-Chain CSR Deployment Guidebook (Japanese, English, and Chinese editions)

- Contents of Sharp Supply-Chain CSR Deployment Guidebook
  - I. Human Rights and Labor
  - II. Occupational Health and Safety
  - III. Environment
  - IV. Fair Trading
  - V. Product Quality and Safety
  - VI. Information Security
  - VII. Contribution to Society

Sharp Supply-Chain CSR Deployment Guidebook

## Audits and Education to Ensure Full Compliance with the Subcontract Act

To comply with the Subcontract Act (Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors) in Japan, Sharp has implemented compliance checks and in-house education.

Regarding compliance checks, since fiscal 2002, Sharp's Corporate Procurement Center has conducted regular audits of all business groups in Japan once a year. In fiscal 2007, Sharp began cross audits in which purchasing staff for each business group conduct an internal audit of other business groups. Through this initiative, Sharp is strengthening its system for compliance among all business groups.

## CSR Procurement Survey Launched in China

Sharp's local production bases are taking the lead in promoting the CSR Procurement Survey in China, beginning with holding briefings for suppliers.

With the globalization of the economy, the business partners working with Sharp, such as material suppliers and production subcontractors, that is, Sharp's supply chain, are spread all over the world.

Sharp continued to implement the CSR Procurement Survey, the basic way Sharp promotes CSR across the supply chain, in Japan during fiscal 2007 and planned to extend it overseas in fiscal 2008. The first such overseas location was China, home to several major Sharp production bases. Sharp has initiated CSR Procurement Surveys for all local suppliers serving Sharp's Chinese production bases.

In the CSR Procurement Survey targeting local suppliers serving overseas production bases, Sharp considers it important to ensure harmonious, trouble-free communications with such business partners. That is why each Sharp production base is taking the lead in introducing the CSR Procurement Survey.

In introducing the CSR Procurement Survey in China, staff from

the CSR department and material procurement department at the Sharp Head Office conducted in-house briefings for the managers responsible for the CSR Procurement Survey at each production base in China. In the briefings, they described recent trends in CSR and Sharp's CSR promotion policies, and explained the features and operating procedures for the online response system using the Internet.

In December 2008, Sharp's production bases in China brought together a total of around 300 local suppliers. Production base managers explained Sharp's CSR concept, the gist of the CSR Procurement Survey, and how to answer the questions in the survey.

Sharp will evaluate and analyze the results of this survey and request that suppliers make necessary improvements in their ongoing CSR activities.



Supplier briefing on the CSR Procurement Survey (at Nanjing Sharp Electronics Co., Ltd.)

Regarding in-house education, in April 2008, Sharp provided e-learning using a Subcontract Act training system on its intranet for all procurement-related departments, and is striving to raise awareness and improve knowledge among staff members.

In fiscal 2009, Sharp will develop a mechanism to enable all business groups to provide this Subcontract Act training as well as self-audits, and will also make the Subcontract Act training system on its intranet available to departments other than procurement.

### TOPICS

#### Business Matchmaking Event for Small and Medium-Sized Enterprises in Osaka Prefecture

On October 23 and 24, 2008, a business matchmaking event was held at Sharp's Advanced Development and Planning Center, with the participation of Sharp and about 50 small and medium-sized companies in Osaka Prefecture (sponsors: Osaka Prefecture, Sakai City, and four other organizations). This event represented an effort on the part of local governments who organized the event to encourage businesses to come together to find new suppliers, solicit new business, or form technical alliances.

This event adopted a trade show format in which Sharp presented its needs for parts and materials in advance, and the small and medium-sized enterprises from Osaka Prefecture who had high-level technologies or high-performance products that matched these needs followed with exhibits of their offerings.

On the days of the event, the exhibiting companies displayed their parts and materials with the special features Sharp might need under a single roof. Approximately 500 Sharp executives and engineers participated, and the ensuing exchange of information with the exhibitors was energetic.

In addition, on the final day of the event, the governor of Osaka Prefecture and the mayor of Sakai City were in attendance, and both gave high marks to the efforts of the participating businesses and to all those involved in organizing the event.



The conference hall was the scene of lively discussions

#### Working Together with Dealers in Their Efforts Toward the Environment

Sharp's sales companies in Japan have been working together with dealers in their efforts toward the environment through routine sales activities, such as presenting ideas for in-store displays that help facilitate understanding of the benefits of energy-efficient products among consumers, and holding workshops on environmentally conscious products.

As part of this effort, Sharp provides assistance to dealers to gain certification under a commendation system entitled Dealer of Excellence in Promoting Energy-Efficient Products, sponsored by the Energy Conservation Center, Japan. In fiscal 2008, 107 dealers from among those who worked with Sharp received certification as a Dealer of Excellence for the first time, and Nagatani Television Service, a small business in Yamaguchi Prefecture, received the Economy, Trade and Industry Minister's Prize, the highest award.

#### Words from the Winner of the Economy, Trade and Industry Minister's Prize

Four years ago, the people from Sharp introduced us to this system. We have always considered it important to improve our store and to make it a habit to stay in close touch with people in our area, so we were able to make a genuine effort without holding back.

I was deeply moved to receive the assessment of the evaluation committee that our concept of customer service is "outstanding." In addition, after we had won, we received many words of congratulations from our fellow storeowners around the country who are making a similar effort. I wish to express my gratitude to the Sharp people who gave us all kinds of advice and to my colleagues throughout Japan.

Winning this award is a turning point. We are starting with new feeling.



Owner of Nagatani Television Service, a Sharp dealer in Yamaguchi Prefecture



# Appropriate Return of Profits and Information Disclosure

One of the most important management principles for Sharp is to return a portion of profits to shareholders. Through general shareholders' meetings and IR (investor relations) activities that respond to the diversifying needs of investors, Sharp is promoting communication with shareholders and investors, and the valuable feedback of these stakeholders is applied toward management improvements.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009
<ul style="list-style-type: none"> <li>Improve information disclosure to shareholders and investors and respond to diversifying needs of investors</li> </ul>	<ul style="list-style-type: none"> <li>Expanded number of regions overseas hosting IR meetings (Asia, Middle East)</li> <li>Held various kinds of IR meetings</li> <li>Increased amount of information available on website</li> </ul>	<ul style="list-style-type: none"> <li>Continue improving information disclosure and strengthen information transmission for shareholders and investors</li> </ul>

## Basic Policies Concerning Profit Sharing

Sharp considers distributing profits to shareholders to be one of the most important management issues. While maintaining consistently stable dividend payouts, and while considering its consolidated business performance, financial situation, and future business development in a careful and comprehensive manner, Sharp will do its best to distribute profits, paying dividends to shareholders, targeting a dividend payout ratio of 30% on a consolidated basis.

Annual dividends in fiscal 2008 were 21 yen per share, a decrease of 7 yen over the previous fiscal year due to the company's sub-par performance.

Sharp will step up efforts to develop one-of-a-kind products—along with the specialty devices behind them—that drive new market demand and get company performance back on track, thus allowing the company to maintain and increase its dividends to shareholders.

### Net Income per Share (Consolidated) and Cash Dividends per Share

	(fiscal year)				
	2004	2005	2006	2007	2008
Net income (yen)	70.04	80.85	93.25	93.17	▲114.33
Cash dividends (yen)	20	22	26	28	21

## Holding Open General Shareholders' Meetings

Sharp holds meetings earlier than most Japanese companies and sends out early notices of the meetings so that as many shareholders as possible can attend. It also strives to create an environment that enables shareholders to easily exercise their voting rights. Efforts include posting English notices about the meetings on its website, allowing shareholders to exercise voting rights by computers and mobile phones, and participating in an electronic voting platform for institutional investors. In addition, Sharp is working to further enhance information disclosure, such as by posting video of the shareholders' meeting on the website the day after the meeting for a certain period of time.

At the shareholders' meeting in June 2008, Sharp worked to foster a deeper understanding among shareholders of its environmental business. Sharp gave a presentation and mounted an exhibit on solar power generation, a major environmental product area for the company, with a view toward the G8 Hokkaido Toyako Summit in July, whose main theme was the environment.

## IR Activities Designed to Meet the Diversifying Needs of Investors

Sharp promptly and accurately discloses a broad range of information related to management and business activities, and

promotes dialogs with both shareholders and investors through meetings held both inside and outside Japan.

Major activities in fiscal 2008 included holding individual interviews and meetings with institutional investors and analysts at the Osaka and Tokyo offices upon request, as well as hosting briefings on quarterly financial results and business strategies, and giving factory tours. Sharp holds overseas meetings to secure existing shareholders and attract new shareholders, for example, visiting influential institutional investors in the US and Europe as well as Asia and the Middle East.

Meanwhile, Sharp is also putting energy into disseminating information using its IR website.

In addition to expanding and improving the content of the IR website each year, Sharp works to ensure timely disclosure of information, including financial performance data and the content of briefings. Further, Sharp has set up special webpages to communicate information to individual investors in an easy-to-understand manner.



IR website "Learn about Sharp"  
<http://sharp-world.com/corporate/ir/personal/index.html>

Investor relations

## SRI (Socially Responsible Investment)\*

As of June 2009, the following SRI ratings agencies had given Sharp a favorable CSR rating or included Sharp in their SRI indices.

- FTSE4Good Global Index (UK)
- Ethibel Sustainability Index (Belgium)
- Morningstar Socially Responsible Investment Index (Japan)
- KLD Global Climate 100 Index (US)
- Oekom Research AG (Germany), Corporate Responsibility Prime Status



\* SRI: Investment in companies that fulfill not only their financial obligations but their environmental and social responsibilities as well.



# Creating a Fair, Positive, and Progressive Workplace

Sharp stresses the importance of basic human rights and personal dignity, provides opportunities to enthusiastic employees, fosters the diverse abilities of all employees, and promotes a workplace that utilizes employee diversity. It also has systems for helping employees maintain a healthy balance between their work and home lives, and it strives to create a workplace that offers employees mental and physical well-being.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009
<ul style="list-style-type: none"> <li>Promote cultivation of managerial personnel to support development of global business</li> </ul>	<ul style="list-style-type: none"> <li>About 430 individuals participated in GMP (Global Middle Professional Development Program)</li> </ul>	<ul style="list-style-type: none"> <li>Continue training to support development of global business                             <ul style="list-style-type: none"> <li>Groom personnel for promising overseas markets (including emerging economies)</li> <li>Train junior employees for posting overseas</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Promote diversity management (strategy for utilizing employee diversity)</li> </ul>	<ul style="list-style-type: none"> <li>Diversity managers set up Diversity Promotion Committee to formulate company-wide diversity policy</li> <li>Corporate Equal Partnership Project Team reorganized into Diversity Development Team to plan and execute diversity program</li> </ul>	<ul style="list-style-type: none"> <li>Introduce and develop diversity program                             <ul style="list-style-type: none"> <li>Formulate specific objectives to promote thorough, company-wide utilization of diversity of female, non-Japanese, physically or mentally challenged, and elderly employees in Japan</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Continue strengthening industrial accident risk reduction activities</li> </ul>	<ul style="list-style-type: none"> <li>Conducted regular safety and health inspections at 11 major plants in Japan</li> <li>Continued with preparations for introduction of occupational safety and health management system</li> </ul>	<ul style="list-style-type: none"> <li>Continue strengthening industrial accident risk reduction activities                             <ul style="list-style-type: none"> <li>Conduct regular safety and health inspections at 11 major plants in Japan</li> <li>Implement risk assessment, training, and other measures aimed at introducing occupational safety and health management system</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Continue strengthening efforts to promote mental health care</li> </ul>	<ul style="list-style-type: none"> <li>Expanded support system for employees taking or returning from medical leave due to mental health reasons</li> <li>Conducted stress checks for all employees</li> </ul>	<ul style="list-style-type: none"> <li>Continue strengthening efforts to promote mental health care                             <ul style="list-style-type: none"> <li>Securely establish and satisfactorily operate support system for employees taking or returning from medical leave due to mental health reasons</li> <li>Share information and reinforce connections among persons in charge from each business site at periodic Mental Health Promotion Manager Meetings</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Continue strengthening measures against lifestyle diseases</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened guidance for employees with metabolic syndrome (promoted "get healthy" campaign and health-education seminars aimed at improving exercise, diet, and smoking habits)</li> <li>Promoted walking events such as company-wide team walking (approximately 12,600 participants for the year)</li> </ul>	<ul style="list-style-type: none"> <li>Continue strengthening measures against lifestyle diseases                             <ul style="list-style-type: none"> <li>Health exams for lifestyle diseases (periodic checkups) with follow-up observations</li> <li>Strengthen specific health guidance</li> <li>Establish exercise habits among employees with metabolic syndrome</li> </ul> </li> </ul>

## Respect for Basic Human Rights and Personal Dignity

The Sharp Code of Conduct, based on the Sharp Group Charter of Corporate Behavior, stipulates the guiding principles for all executives and employees regarding protecting basic human rights and personal dignity and prohibiting both child and forced labor.

To promote these values, human rights seminars are held every year at each site in Japan. At overseas bases, Sharp is making efforts to prevent the occurrence of human rights problems, in accordance with relevant local laws and regulations.

## Good Labor-Management Relationship Through Dialogue

Sharp respects employees' right to organize and right of collective bargaining based on the laws in each country and region, and works to strengthen trusting relationships with labor unions.

In Japan, Sharp has monthly meetings of labor-management heads: these include the Central Labor-Management Council, which involves top executives from both sides, and local labor-management meetings at each site, where opinions are exchanged on the business environment and labor-management issues.

In Europe, Sharp has held European Works Council meetings every year since 1997. With the enactment of the Employment Contract Law in 2008 in China, Sharp bases in that country hold employee representative assemblies where participants give opinions on proposals for their working conditions in a democratic manner before decisions are made.

## Personnel, Education, and Training Systems That Value Employee Initiative and Diversity

Sharp systematically conducts human resource development, and has introduced a variety of personnel, education, and training systems that value the initiative and diversity of each employee and help them develop their individuality, motivation, and creativity.

Sharp Corporation is now focusing on cultivating personnel to support the development of global business through the GMP (Global Middle Professional Development Program). It is also cultivating diversity management with the implementation of a company-wide diversity policy, as well as promoting a variety of other measures shown below.

### Next-generation human resource development systems

- Leadership program, Challenge course
- MOT (management of technology) program
- Master system

### Talent development and motivation-boosting programs

- Personnel declaration/career development system, career development rotation
- Open recruitment system
- Corporate Affirmative Action for Women Strategy Program
- SHINE program (for fostering young global employees)

### Education, training, and self-development support systems

- Seminars classified by function and specialized field
- Registration and training programs for candidates for overseas postings
- Correspondence course, Essential course
- Step-up campaign (qualification acquisition encouragement plan)



Personnel, education, and training systems



Close-Up

# Promoting Diversity Company-Wide: Aiming to Fulfill One-of-a-Kind Business Potential by Making Full Use of the Diversity of Its Employees

Sharp Corporation has been engaged in a Company-Wide Affirmative Action for Women Promotion Campaign, and since October 2008, has been promoting a diversity program based on its company-wide diversity policy for female, non-Japanese, physically or mentally challenged, and elderly employees in Japan.

Sharp believes in the importance of utilizing the diversity of its employees, in other words, "diversity management\*," to quickly and flexibly respond to significant changes in the business environment, and as a first step, initiated the Corporate Affirmative Action for Women Strategy Program in June 2005 in Japan. Based on its success, in March 2009, Sharp moved the Corporate Equal Partnership Project Team, the section in charge, under the Human Resources Department and changed the organization name to the Diversity Development Team. In addition to continuing to create an environment where women can excel, Sharp Corporation is promoting total diversity, including utilizing the skills and talents of non-Japanese employees in Japan, employing the physically and mentally challenged, and reemploying retirees who had reached mandatory retirement age. These efforts will lead to a better workplace environment in which all employees can maximize their talents and abilities.

Sharp Corporation's concept of diversity is based on its business philosophy of "it is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living". The company defines the concept behind its diversity efforts as fulfilling its one-of-a-kind business potential by making full use of the diversity of its employees. By encouraging each employee to respect and place value on the individuality of others, Sharp is aiming to foster new corporate value, develop unique one-of-a-kind products, provide one-of-a-kind services, and achieve higher levels of customer satisfaction.

\* Diversity management (strategy for utilizing diverse employees) accepts the ideas and values of employees with diverse backgrounds (with regard to gender, age, or nationality) without being influenced by previous corporate or social standards. It is a strategy for promoting company growth and the personal satisfaction of employees by responding rapidly and flexibly to changes in the business environment. (Taken from the report by the Diversity Work Rule Study Group of the Japan Federation of Employers' Associations.)

## Concepts Underlying the Diversity Program

- ① Consistently promote diversity.
- ② Based on their unique individual attributes, formulate and promote programs aimed at promoting the active participation of women, non-Japanese employees in Japan, the physically and mentally challenged, and the elderly.
- ③ As a foundation for promoting diversity, strive to ensure that systems supporting the balance between work and family are established and become widespread.
- ④ Work to build a corporate environment that accepts diversity.



## Creating a Work Environment Where Employees Can Maximize Their Individual Personalities and Strengths

The Diversity Development Team actively works to provide the opportunity for diverse employees who have talent and motivation to maximize their individual personalities and strengths and to participate broadly. The team also aims to build a workplace environment where employees can work with vigor and enthusiasm.



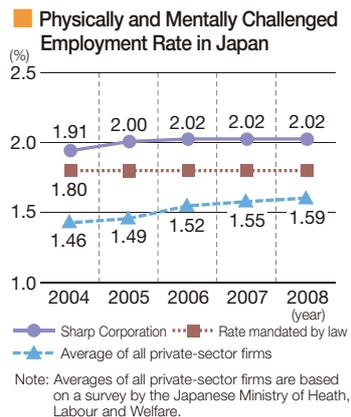
**Hitomi Mori**  
Chief  
Diversity Development Team  
Human Resources Department  
Human Resources Group  
Sharp Corporation

### Efforts toward diversity

## Employment of the Elderly and Persons with Disabilities

Sharp's history of employment of persons with disabilities began with the establishment of the Tokusen Metal Limited Partnership in 1950, which incorporated a pressing factory for blinded war veterans. Today, its successor, Sharp Tokusen Industry Co.—a special subsidiary company—continues to make contributions to employing persons with disabilities. Sharp Corporation is also doing everything possible to employ persons with disabilities and to improve their working environment. The employment rate of persons with disabilities was 2.02% by June 2008.

Sharp Corporation is also focusing on employment of the elderly by reemploying interested employees who have reached the mandatory retirement age of 60 until, basically, the age when they start receiving a public pension.



## TOPICS

### Nurturing Executive Talent Globally

Sharp selects potential candidates for executive positions from among employees at bases in Japan and overseas and provides them with management training to support the expansion of business on a global basis.

Since fiscal 2006, as a part of the Leadership Program—a system designed to nurture the next generation of executive-level personnel—Sharp has conducted Business Leader Development Training based on a curriculum that combines in-house training with outside training at leading business schools in Europe.

The goal of this training is to deepen the understanding of Sharp's business philosophy and the basic concepts of business management, and to gain the knowledge and skills for creating new business and achieving growth strategies, as well as study diverse values and gain a global perspective on total optimization.

Training members are taking advantage of the knowledge and skills acquired in this program, as well as the experience gained through exchanging information and opinions with participants from other countries, to develop the respective businesses for which they are responsible.



### Personnel data

## Efforts to Support a Work-Life Balance

To support the balance between work and family, Sharp Corporation is systematically expanding various systems, such as reducing working hours and introducing family-care leave focusing on childcare and nursing care, as well as providing information to employees by distributing guidebooks and using the intranet to introduce employees who are role models.

In 2009, Sharp Corporation was recertified by the Japanese Ministry of Health, Labour and Welfare as a company that attained its goals in an independent action plan according to the Law for Measures to Support the Development of the Next Generation, after being first certified in 2007.



The next-generation certification mark (nicknamed Kurumin) shows that the company is certified by the Ministry of Health, Labour and Welfare.

Work-life balance support system

## Labor and Management Discuss and Promote Safety and Health to Reduce the Risk of Industrial Accidents

Sharp Corporation has established the Basic Philosophy and Principles on Safety and Health. Every year, the company draws up specific objectives and action plans with the goal of totally eliminating industrial accidents.

Every three months, Sharp Corporation holds Central Safety and Health Committee Meetings that bring the company and the labor union together to confirm the status of company-wide safety and health efforts and share valuable information. It has also organized a team consisting of Central Safety and Health Committee members to conduct safety and health inspections at each plant. Moreover, a Safety and Health Committee consisting of labor and management representatives at each business location holds a monthly meeting to report and discuss safety and health activities and decide on improvement measures. And the Safety and Health Council at each business location holds meetings to further improve the safety and health of subcontractors' employees permanently stationed within Sharp sites.

The result of these continuing measures is that the annual rate of industrial accidents at Sharp Corporation per thousand employees\*1 was 0.04 in 2008, an improvement from 0.17 in 2007. Sharp's rate is continually below the national average for the manufacturing industry.

In the future, Sharp Corporation aims to realize a secure and pleasant working environment by further addressing the potential risk of accidents and promoting proactive safety activities to prevent or reduce accidents, through organizational and independent safety and health activities based on the Plan-Do-Check-Act (PDCA) cycle, and by having all its production sites acquire occupational safety and health management system certification within two years.

Specifically, Sharp Corporation tackled preparations for the introduction and implementation of the management system, and the implementation of risk assessment training in fiscal 2008. In fiscal 2009, the company will tackle the full implementation of risk assessment; the training of internal auditors and holding audits; and the systemization and documentation of the manuals, implementation guidelines, and regulations.

\*1 Index showing annual frequency of industrial accidents per thousand employees. Resulting in a leave of absence lasting at least four days.

Safety and health-related information

## Enhancing Mental Health Care and Expanding the Support System for Employees Taking or Returning from Medical Leave

In order to help employees prevent or deal with mental illnesses at an early stage and support employees on medical leave in making a smooth return to work, Sharp Corporation has an improved counseling system in which medical specialists or industrial counselors are stationed at main offices and plants. The company also conducts various training and educational activities on the subject.

Also, as part of periodic health checkups, Sharp Corporation carries out mental stress checkups on all employees by self-diagnosis (99.9% participation rate in fiscal 2008). For employees who are diagnosed with high stress levels, the company gives one-on-one counseling through company physicians or counselors.

In fiscal 2008, Sharp expanded the support system for employees taking or returning from medical leave by (1) providing additional support to employees who are on extended leave; (2) enhancing rules on returning to work; and (3) introducing a return-to-work trial period.

Safety and health-related information

## Promoting the Sharp "Get Healthy" Campaign

To prevent metabolic syndrome and other lifestyle diseases and thus improve employee health, Sharp is deploying a Get Healthy campaign at all business locations in Japan. This campaign distributes a record sheet that enables employees to keep track of their goals for exercise, diet, stopping smoking, losing weight, and other health aspects as a way of supporting employees in their own efforts to improve their lifestyle habits. In addition, Sharp holds company-wide team walking events to support making regular exercise a habit. In fiscal 2008, a total of approximately 12,600 employees participated.

As a result, approximately 41% of employees diagnosed with metabolic syndrome (300 out of 738 individuals) who participated in this event in fiscal 2007 were able to be excluded from that designation in health checkups in fiscal 2008. In the future, Sharp will be supporting health and fitness by urging those who have metabolic syndrome to participate in such programs.

Safety and health-related information

### TOPICS

#### Expanding Financial Support for Childcare Leave, and Creating an Ideal Working Environment

In April 2008, Sharp Corporation expanded support systems to enable both men and women to participate in childcare. The company decided to increase financial support under its childcare leave system by paying the employee's salary for the first 10 days of childcare leave and granting an allowance of 60,000 yen per month during the leave period. As a result, the number of male employees taking childcare leave saw a significant increase: from one employee in fiscal 2007 to 78 in fiscal 2008. Sharp will continue to actively support such programs in the future.

##### Financial Support System for Childcare

During leave before and after childbirth	<ul style="list-style-type: none"> <li>• Equivalent to 85% of regular salary</li> <li>• Birth celebration payment (10,000 yen)</li> <li>• Lump-sum birth allowance (380,000 yen)</li> </ul>
During childcare leave*2	<ul style="list-style-type: none"> <li>• Full salary for the first 10 days of leave</li> <li>• Childcare assistance grant of 60,000 yen a month provided during the leave period (excluding the 10-day period when salary is paid)</li> </ul>

\*2 Allows a leave until the last day of March following the child's first birthday or until the child is 18 months old.



# Social Contribution Activities as a Corporate Citizen

Based on its business philosophy “to contribute to the culture, benefits and welfare of people throughout the world” and as a corporate citizen, Sharp addresses various social challenges with a global viewpoint and conducts community-based social contribution activities.

Objectives for Fiscal 2008	Achievements for Fiscal 2008	Objectives for Fiscal 2009
<b>Japan:</b> <ul style="list-style-type: none"> <li>Continue activities at all 10 Sharp Forests</li> <li>Provide environmental education for at least 500 elementary schools for the year</li> <li>Continue local social contribution activities at all Sharp sales and service bases</li> </ul>	<ul style="list-style-type: none"> <li>Held tree-planting and silviculture activities at all 10 Sharp Forests</li> <li>Provided environmental education at 556 elementary schools</li> <li>Total of about 15,100 employees participated in about 660 local social contribution activities at all Sharp sales and service bases</li> <li>Total of about 30,000 employees participated in volunteer activities at all Sharp offices and bases</li> </ul>	<ul style="list-style-type: none"> <li>Promote further Sharp Forest activities (10 locations)</li> <li>Provide environmental education at 500 elementary schools, provide craftsmanship education at 100 elementary schools</li> <li>Continue local social contribution activities at all Sharp sales and service bases</li> <li>Encourage volunteering among employees with goal of having 30,000 employees volunteer</li> </ul>
<b>Overseas:</b> <ul style="list-style-type: none"> <li>Continue social contribution activities centered on Sharp Charity Foundation in China</li> <li>Expand environmental education in overseas regions</li> </ul>	<ul style="list-style-type: none"> <li>In China, provided scholarships (about 180 people at 11 universities), donated Sharp air purifiers (about 170 to approx. 40 hospitals), carried out beautification campaigns in areas near Sharp bases, conducted tree-planting activities, built elementary schools, etc.</li> <li>Conducted environmental education at overseas locations (57 times at 14 sites)</li> </ul>	<ul style="list-style-type: none"> <li>Expand activities centered on Sharp Charity Foundation in China</li> <li>Expand environmental education in overseas regions</li> </ul>

## Fundamental View of Social Contribution Activities

Sharp promotes social contribution activities based on the business philosophy “to contribute to the culture, benefits and welfare of people throughout the world.”

Sharp focuses on social challenges from a global viewpoint and uses its own resources to conduct community-based activities that contribute to society in Japan and in areas around the world. It especially prescribes education, environment, and social welfare as priority fields for these activities. Sharp has created structures and systems for these activities, and voluntarily and continuously tackles these areas. These activities will improve corporate value as well as help Sharp aim for a harmonious coexistence with society.

### Three Important Fields of Social Contribution Activities



## Structures and Systems for Promoting Social Contribution Activities

Sharp established an organization within the CSR Promotion Group specializing in planning and promoting all domestic and overseas social contribution activities, and it is continuing to build structures and systems for the planning and execution of social contribution measures.

For example, for its environmental education lessons for elementary school children, Sharp continues to develop human resources, including training employees to serve as instructors in regions throughout Japan.

Sharp jointly established the Sharp Green Club (SGC) with its labor union in Japan, and it plans and holds volunteer activities

such as local cleanup campaigns and forest preservation activities, providing employees with opportunities to contribute to communities. Sharp in Japan has also made it easier for employees to participate in social contribution activities by introducing a volunteer leave system, where employees can take up to a one-year leave from work to engage in volunteer activities, and a multipurpose leave system, where employees can receive eight days of extra paid leave per year to engage in socially valuable activities.

### SGC Community-Based Social Contribution Activities

The Sharp Green Club (SGC) is a volunteer organization jointly established by Sharp and its labor union in Japan in June 2003 that aims to increase employee awareness of volunteering through social contribution activities, and contribute to local communities.



**Takashi Nakagawa**  
SGC Chairman  
(Executive Managing Officer, Legal Affairs and Intellectual Property; Group General Manager, CSR Promotion Group; Sharp Corporation)

In fiscal 2008, a total of approximately 30,000 employees participated in various activities, such as local cleanup campaigns and creating Sharp Forests to preserve the woodlands in areas near Sharp bases and sales offices around Japan.

The creation of new Sharp Forests in Kameyama and Sapporo in fiscal 2008 brought the total number of forests in Japan to ten. Sharp’s woodland preservation efforts have been highly praised. In particular, the Konoyama Sharp Forest in Osaka Prefecture was awarded the Osaka Environmental Award in October 2008 for activities protecting the *satoyama* areas between the foot of mountains and arable land, and the Hachihonmatsu Yoshikawa Sharp Forest in Hiroshima Prefecture was given the Cherry Blossom Contributor Award in April 2009 by the Japan Cherry Blossom Association for advancing the association’s objectives.

In the future, the SGC will continue activities more closely linked with the community, widening the scope and breadth of its volunteer activities.



## Social Contributions

### Education



#### ■ Craftsmanship Education Launched in Japan

Building on the environmental education classes, Sharp newly introduced the craftsmanship education classes in fiscal 2008. Young Sharp engineers from various divisions act as instructors called Technology Navigators.

Youngsters learn about the technology packed into Sharp products while having fun disassembling and reassembling the products. (See page 47 for more information on education.)

#### Words from a Technology Navigator (Instructor)

There is concern, recently, about children in Japan losing interest in the sciences, but I found that children are showing great interest in product-making during the lessons, dismissing my anxiety. I am so surprised at their rich imaginations and enthusiastic attitudes that I, myself, am greatly stimulated.

I aim to hold classes where children will become more familiar with and feel proud of Japanese product-making.



Tomoharu Noutoshi  
V2 Project Team  
Audio-Visual  
Systems Group  
Sharp Corporation



#### ■ Supporting Exchange Learning Programs Between Japan and the US

In October 2008, Sharp planned an exchange learning program between a junior high school in Kyoto and an elementary school in New York State using videoconferencing, and provided communication lines, equipment, and interpreters.

On the day, the children were stimulated and acquired an increased awareness through explaining to each other the everyday environmental conservation activities in their respective countries.

### Environment



#### ■ Tree-Planting Activities in Malaysia

In October 2008, approximately 500 employees of S&O Electronics (Malaysia) Sdn. Bhd., Sharp's joint-venture manufacturing base in Malaysia, participated in the United Nations program to plant 100 million trees by planting trees at various locations, including the company premises and at their homes.



#### ■ Mt. Aso Somma Cleanup Climb

In June 2008, the Kumamoto Building, a sales and service branch, held a cleanup climb of the Mt. Aso Somma as part of its regional social contribution activities. This cleanup activity will continue in the future with the purpose of increasing people's awareness of the importance and beauty of nature, hopefully leading to a desire to decrease CO<sub>2</sub> emissions and garbage.

### Social Welfare, Other



#### ■ Receiving the Lamplight Grand Prize

In September 2008, Sharp Tokusen Industry Co. received the Lamplight Grand Prize at the Forum for Disabled Persons' Employment in Osaka.

The main promoter of the forum, the nonprofit organization Osaka Placement Network for Persons with Disabilities, evaluates various activities by companies that promote employment for the mentally and physically challenged and gives awards to publicize them to Osakan citizens.

Social contribution activities

## TOPICS

### Sharp Charity Foundation in China Was Active Granting Scholarships and Planting Trees in Fiscal 2008

Sharp bases in China established the Sharp Charity Foundation in May 2006 in cooperation with the Shanghai Charity Foundation, a public fund, to carry out social contribution activities such as granting scholarships, donating Sharp products to public institutions, and planting trees.

In fiscal 2008, the foundation granted scholarships to approximately 180 university students from Shanghai, Nanjing, Changshu, Wuxi, and Beijing. It also donated approximately 170 air purifiers to about 40 public hospitals in the regions where Sharp's China bases are located. In April 2007, Sharp's eight bases in China, China Council for the Promotion of Environment and Forestry, and the Wuqing Forestry Bureau of Tianjin City jointly started the Sharp China-Japan Friendship Forest project to serve as a windbreak. A tree-planting ceremony was held in Wuqing, Tianjin City in fiscal 2008.

Moreover, each Sharp base in China focuses on its own unique environmental conservation activities. For example, approximately 100 people participated in the Yushan cleanup campaign in the Changshu region. In the Shanghai region, approximately 200 people took part in the Wusong Paotai Bay Wetland Forest Park cleanup activity.



The Sharp China-Japan Friendship Forest tree-planting ceremony



Sharp scholarship recipients



Close-Up

# Making Environmental Education Available to Elementary School Students Around the Globe

Sharp is putting energy behind environmental education directed at elementary school students with the aim of contributing to greater environmental awareness among the children on whose shoulders the future will rest. In fiscal 2008, in addition to increasing the number of course content options, Sharp expanded the areas where it offers these activities to include China and the US as well as Japan.

## Environmental Classes Held at 1,000 Elementary Schools

Since October 2006, Sharp has been working with the Weathercaster Network (WCN), a nonprofit organization of weather forecasters in the Japanese radio and television media, to hold environmental education classes for fourth to sixth graders at elementary schools around Japan. By December 2008, classroom presentations had been given in a total of 1,000 schools, reaching approximately 65,000 children.

Initially in their presentations, Sharp and WCN explored one of two themes—either global warming and recycling, or global warming and new energy (solar power). WCN representatives taught students about global warming, while Sharp presenters known as ECO Navigators introduced recycling and new energy. ECO Navigators are appointed from among Sharp personnel involved in sales and service activities at bases around the country, and receive special training to serve as instructors.

Beginning in October 2008, a new course on ecosystem protection was added in cooperation with the Asaza Fund, a nonprofit organization working with the Asaza Project to restore the environment around Lake Kasumigaura, located to the northeast of Tokyo. The theme of ecosystem protection was added to each of the two existing courses, enabling schools to select from a total of four courses.

In addition, Sharp launched an eco-education website called Minna de Eco-Fan ("Let's Be Eco Fans") that features familiar topics related to the environment so that students who have gone through the environmental education classes can further deepen their understanding and do environmental protection activities at school and home.

## Global Activities That Take Advantage of Know-How Nurtured in Japan

Beginning in October 2008, Sharp began full-scale efforts to provide environmental education classes to elementary school students in China and the US.

In China, local Sharp bases conducted classes at 25 schools in fiscal 2008 in cooperation with the China National Committee for the Wellbeing of the Youth, a state extra-government organization that promotes various activities with the goal of ensuring the sound upbringing of the next generation of children. In the US, classes were given in 21 schools, mainly in New Jersey and California, with local employees serving as instructors. All classes feature a curriculum adapted to the local classroom situation.

In the future, Sharp will be gradually expanding environmental education programs to other countries and regions.



Class on global warming given by a Weathercaster



Class on ecosystem protection from the Asaza Fund



Class in the United States



**Hiroshi Iijima**  
Director General  
Asaza Fund  
Environmental NPO

We wish to express our gratitude for being given the opportunity to meet with elementary school students at locations around the country through the classes offered by the people from Sharp and the Weathercaster Network.

We would like to cherish each encounter with the children, and our desire is to create a society in which children can broaden their dreams and which has a broad network of animals and plants.



**Wu Yihua**  
China Representative Office  
International Sales and  
Marketing Group  
Sales subsidiary  
Sharp Corporation

We get high marks from schools where we have given classes, and we often hear, "Please by all means come back next year." The classes have been a success. The children are always enthusiastic, participating in experiments in a positive way. You can hear their laughter even outside the classrooms.

I recognize the significance and importance of environmental education, and I strongly feel the weight of the responsibility in providing it.



**Zelinda Welch**  
Solar Energy Solutions Group  
Sharp Electronics Corporation  
(SEC)  
Sales subsidiary in the US

I was very excited when we kicked off Sharp's US environmental education program in October 2008. Many SEC employees are volunteering their time to visit schools in several states.

The classes give children an interactive and hands-on experience through a number of experiments and discussions. Already applications from schools exceed the number of spaces available.

I look forward as we expand the Sharp Solar Academy to schools around the country.

# Outline of the Sharp Group

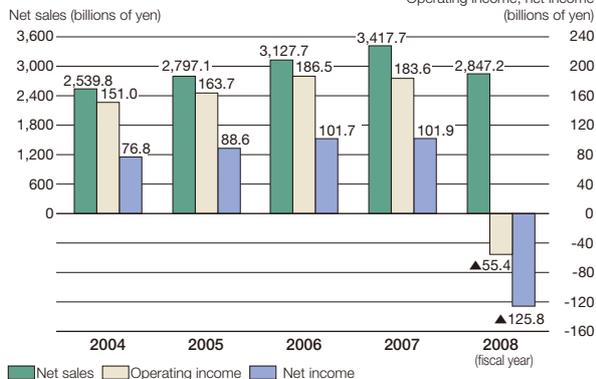
Sharp's business activities comprise "Consumer/Information Products" that are actual consumer electronics and information products, and "Electronic Components" that provide the key components of electronic products. By undertaking the development of both key devices based on proprietary technologies and their application products, Sharp aims to inspire and impress customers by bringing forth never-before-seen, one-of-a-kind products and devices, and by pioneering new markets.

## Corporate Profile

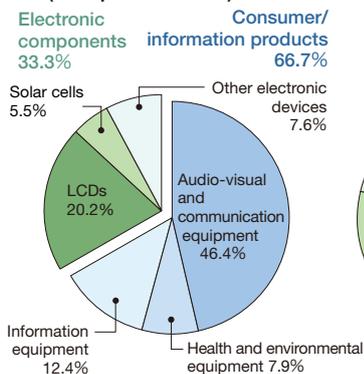
Name Sharp Corporation  
 Head Office 22-22, Nagaïke-cho, Abeno-ku, Osaka, Japan  
 Representatives Katsuhiko Machida, Chairman & CEO  
 Mikio Katayama, President & COO  
 Founded September 15, 1912  
 Operations\* Manufacture and sales of audio-visual, communication, health, environmental, and information equipment, LCDs, solar cells, and other electronic devices  
 Capital Stock\* 204,675 million yen (rounded down to the nearest million)  
 Number of Employees\* 54,144 (29,728 in Japan; 24,416 overseas)  
 Sharp Corporation and its consolidated subsidiaries

\* As of March 31, 2009

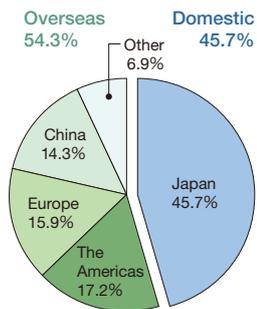
## Net Sales, Operating Income, and Net Income (Consolidated)



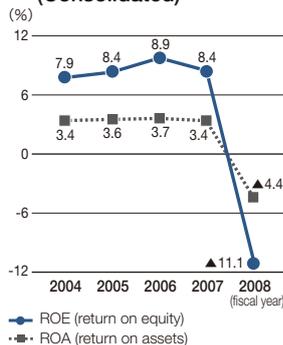
## Fiscal 2008 Consolidated Net Sales by Product Group (Component Ratio)



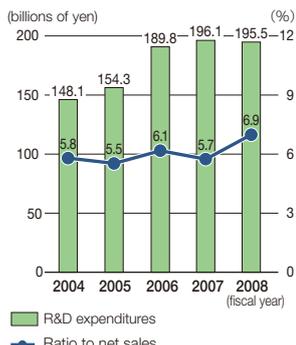
## Fiscal 2008 Consolidated Net Sales by Region (Component Ratio)



## Principal Financial Performance Indicators (Consolidated)



## R&D Expenditures (Consolidated)



Corporate information  
 Financial results

## Main Products (As of March 31, 2009)

### Audio-Visual and Communication Equipment



LCD TVs, color TVs, LCD projectors, DVD recorders, DVD players, Blu-ray Disc recorders, Blu-ray Disc players, mobile communication tools, mobile phones, PHS (personal handy-phone system) phones

### Health and Environmental Equipment



Refrigerators, superheated steam ovens, microwave ovens, air conditioners, washing machines, vacuum cleaners, air purifiers, dehumidifiers, humidifiers, electric heaters, small cooking appliances, Plasmacluster Ion generators, LED lighting products, solar-powered LED lights

### Information Equipment



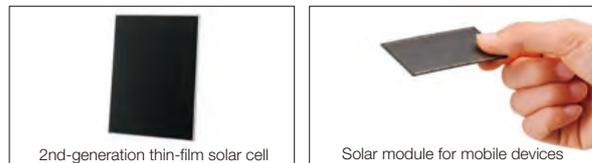
Personal computers, electronic dictionaries, calculators, facsimiles, telephones, POS systems, handy data terminals, electronic cash registers, LCD color monitors, information displays, digital MFPs, options and supplies for copiers and printers, PC software, FA equipment, ultrasonic cleaners

### LCDs



TFT LCD modules, duty LCD modules, System LCD modules

### Solar Cells



Crystalline photovoltaic modules, thin-film solar cells

### Other Electronic Devices



CCD/CMOS imagers, LSIs for LCDs, microcomputers, flash memories, combination memories, analog ICs, components for satellite broadcasting, terrestrial digital broadcast tuners, RF modules, network components, laser diodes, LEDs, optical pickups, optical sensors, optical communication components, regulators, switching power supplies

# Third-Party Review



## Independent Review Report on "Environmental and Social Report 2009"

To the Board of Directors of Sharp Corporation

### 1. Purpose and Scope of our Review

We have reviewed "Environmental and Social Report 2009" (the "Report") of Sharp Corporation (the "Company") for the year ended March 31, 2009. Our engagement was designed to report to the Company, based on the results of our review, the credibility of the environmental performance indicators, social performance indicators and environmental accounting indicators (the "Indicators") for the period from April 1, 2008 to March 31, 2009 included in the Report.

The Report, including the identification of material issues, is the responsibility of the Company's management. Our responsibility is to independently report the results of our procedures performed on the Indicators.

### 2. The Standards and the Criteria used in our Review

We conducted our review in accordance with the provisions of the "Assurance Standard for Environmental Reports (pilot version)" (March 2004) issued by the Ministry of the Environment of Japan and the "Practice Guidelines for Assurance Engagements on Sustainability Information" (revised February 2008) issued by the Japanese Association of Assurance Organizations for Sustainability Information, with the criteria which are the standards the Company formulated (the "Company's Standards") drawing upon references including the "Environmental Reporting Guidelines (Fiscal Year 2007 Version)" (June 2007) issued by the Ministry of the Environment of Japan, the "Sustainability Reporting Guidelines Version 3.0" (October 2006) issued by the Global Reporting Initiative and the "Environmental Accounting Guidelines 2005" (February 2005) issued by the Ministry of the Environment of Japan.

### 3. Procedures Performed

We have performed the following review procedures:

- (1) With respect to the Company's policies for compilation of the Report, interviewed the Company's responsible personnel.
- (2) Assessed the Company's Standards used for collecting, compiling and reporting the Indicators.
- (3) With respect to the way of collecting the Indicators and the process flow of calculating them, interviewed the Company's responsible personnel and reviewed the systems and processes used to generate the values of the Indicators.
- (4) Compared the Indicators on a sample basis with the supporting evidences to test the conformity in collection, compilation and reporting of the Indicators to the Company's Standards.
- (5) Made on-site inspections of the Company's facilities domestic and overseas.
- (6) Evaluated the overall statement in which the Indicators are expressed.

### 4. Results of the Procedures Performed

We believe that our review procedures provide a reasonable basis for our conclusion.

Based on our review, nothing has come to our attention that causes us to believe that the Indicators in the Report are not collected, compiled and reported, in all material respects, rationally and in accordance with the Company's Standards.

Our firm and engagement members have no interest in the Company which would have to be disclosed pursuant to the provisions of the Assurance Standard for Environmental Reports (pilot version).

*KPMG AZSA Sustainability Co., Ltd.*

KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan  
August 5<sup>th</sup>, 2009

# Information on Sharp's Website

Additional information related to this Environmental and Social Report can be found on Sharp's website at:

<http://sharp-world.com/corporate/eco/report2009/>

The contents of the website are subject to update, revision, and deletion without prior notice.

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# SHARP

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