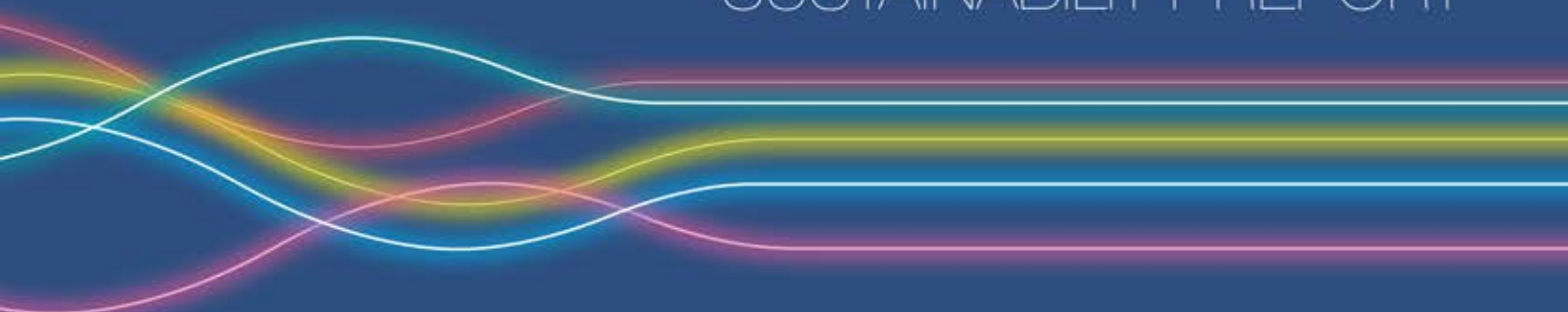


SHARP

2015

SUSTAINABILITY REPORT



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| About the Cover | |
|  | This report's cover design—five colored rays of light moving into parallel sync as they go from left to right—represents the five in-house companies of Sharp Corporation progressing towards business stability despite the current difficult management environment. This will be realized as these five in-house companies prioritize speedy operations to implement the Fiscal 2015–2017 Medium-Term Management Plan and undertake the material issues (materiality) of Sharp's medium-term CSR strategy. (Design by Yasuhiko Namba, Hisae Sasaki, Design Division) |
| About the Index Page Photos | |
|  | The index page photos were chosen from among the many outstanding entries submitted by Sharp Group employees to represent the theme of Sharp's recovery and growth. Congratulations to these four Sharp members: <ul style="list-style-type: none"> Yukihiro Notsumoto, Communication Systems Division Makoto Yoshimura, Business Solutions Development Division Yohhei Yoshida, Electronic Components and Devices Strategy Division Kohki Nakagawa, Display Device Administration Division |

Editorial Policy

Policy for Information Disclosure

The Sharp Sustainability Report 2015 discloses information on Sharp's corporate social responsibility (CSR) efforts, which contribute to creating a sustainable society. For fiscal 2015, Sharp referred to the G4* guidelines to determine which material issues (materiality) the company should prioritize dealing with. The process for identifying those material issues is covered in this year's report along with Sharp's fiscal 2014 efforts, which are presented in line with the items in the Sharp Group Charter of Corporate Behavior.

The "Social & Environmental Activities (CSR)" section on the corporate website also provides detailed data and information on Sharp's latest CSR activities.

* See Referenced Guidelines section below for more information.

Period Covered

Fiscal 2014 (April 2014 to March 2015)

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

Coverage

Sharp Corporation, along with its domestic and overseas subsidiaries and affiliates.

The names of overseas subsidiaries and affiliates are denoted with acronyms, such as SEC. For a list of the full names of subsidiaries and affiliates, see [Boundary of environmental performance data, calculation standards for environmental performance indicators](#).

Referenced Guidelines

- G4 Sustainability Reporting Guidelines (Japanese), Global Reporting Initiative (GRI)
 - [GRI Content Index](#)
- Environmental Reporting Guidelines (2012 Version), Ministry of the Environment, Japan
 - [Environmental Reporting Guidelines Content Index](#)
- Environmental Accounting Guidelines 2005, Ministry of the Environment, Japan

Scheduled Publication Date for Next Report

August 2016 (published annually since 1999)

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Outline of the Sharp Group

Sharp's operations comprise five businesses: Consumer Electronics (end-user consumer electronics and information products), Energy Solutions (solar cells), Business Solutions (products for corporate customers), Electronic Devices (electronic components and devices), and Display Devices (LCDs).

Sharp is working actively to develop its business by bringing forth never-before-seen, uniquely featured products and devices, inspiring and impressing its customers, and pioneering new markets.

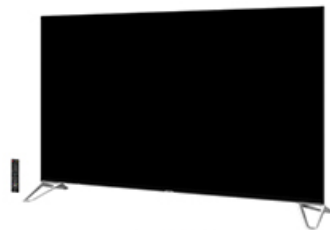
Corporate Profile

| | |
|-----------------------|---|
| Name | Sharp Corporation |
| Head office | 22-22 Nagaike-cho, Abeno-ku, Osaka 545-8522, Japan |
| Representative | Kozo Takahashi, President |
| Founded | September 15, 1912 |
| Operations | Digital information equipment, health and environmental equipment, energy solutions, business solutions, LCDs, and electronic devices |
| Capital stock*1 | 500 million yen |
| Number of employees*1 | Consolidated: 49,418 (24,000 in Japan; 25,418 overseas) Entire Sharp Group: 56,461 (26,645 in Japan; 29,816 overseas) |

*1 As of June 30, 2015

Main Products

■ Digital Information Equipment



4K LCD TV



Smartphones

LCD color TVs, projectors, Blu-ray Disc recorders, mobile phones, tablet devices, electronic dictionaries, calculators, facsimiles, telephones, others

■ Health and Environmental Equipment



Plasmacluster humidifying air purifier



Healsio Ocha-Presso tea maker

Refrigerators, superheated steam ovens, microwave ovens, small cooking appliances, air conditioners, washing machines, vacuum cleaners, air purifiers, electric fans, dehumidifiers, humidifiers, Plasmacluster Ion generators, electric heaters, beauty appliances, LED lights, network controlled units, others

■ Energy Solutions



Sharp Daisen no Mori Solar Power Plant (Yonago, Tottori Prefecture, Japan)



Mega-solar power plant in Thailand

Crystalline solar cells, thin-film solar cells, storage batteries, others

■ Business Solutions



Touchscreen LCD monitor



Digital MFP

POS systems, handy data terminals, electronic cash registers, information displays, digital MFPs (multifunction printers), options and consumables, software, FA equipment, ultrasonic cleaners, others

■ LCD Modules



4K digital signage display



Free-form display

Amorphous silicon LCD modules, IGZO LCD modules, Continuous Grain Silicon LCD modules, others

■ Electronic Devices



Infrared color night-vision camera

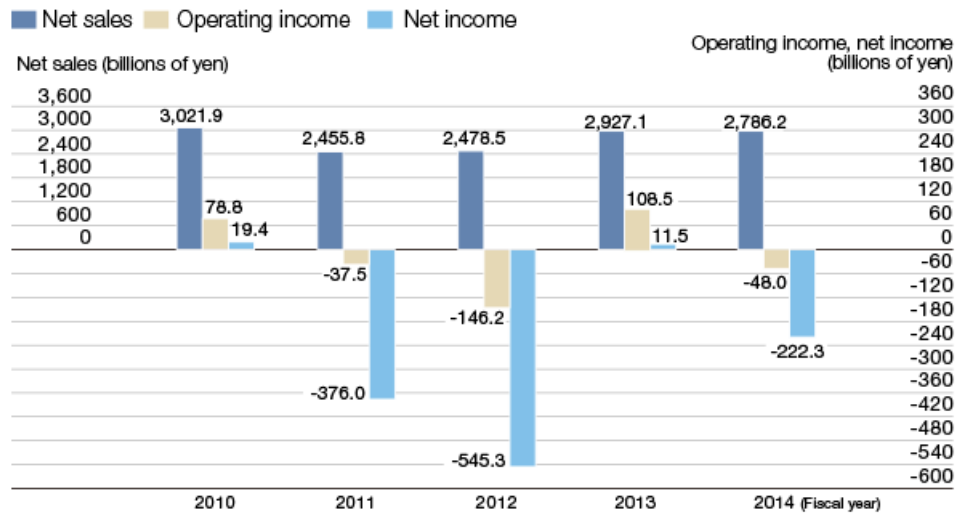


High SNR touch panel controller

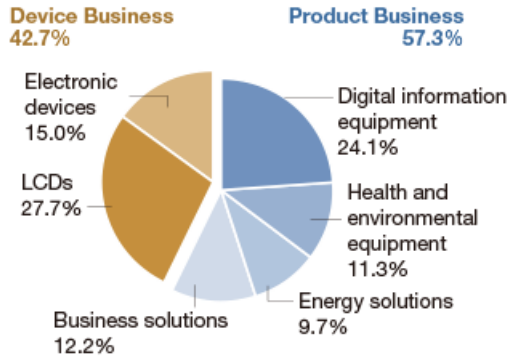
Camera modules, CCD/CMOS imagers, LSIs for LCDs, microprocessors, analog ICs, components for satellite broadcasting, terrestrial digital tuners, network components, laser diodes, LEDs, optical sensors, components for optical communications, regulators, switching power supplies, others

Main Data

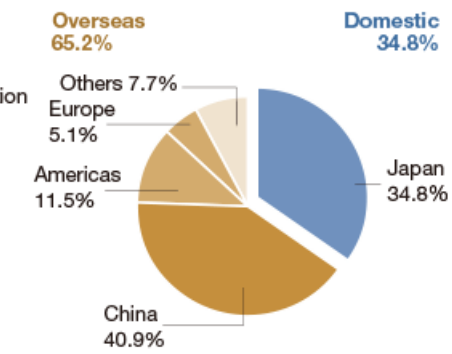
■ Net Sales, Operating Income, and Net Income (Consolidated)



■ Fiscal 2014 Net Sales Component Ratio by Product Group*2 (Consolidated)

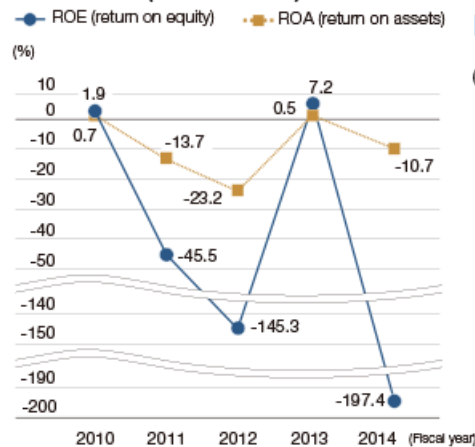


■ Fiscal 2014 Net Sales Component Ratio by Region (Consolidated)

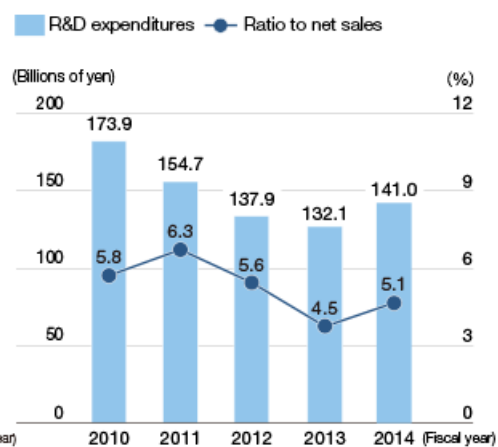


*2 Calculated based on sales to outside customers.

■ Principal Financial Performance Indicators (Consolidated)

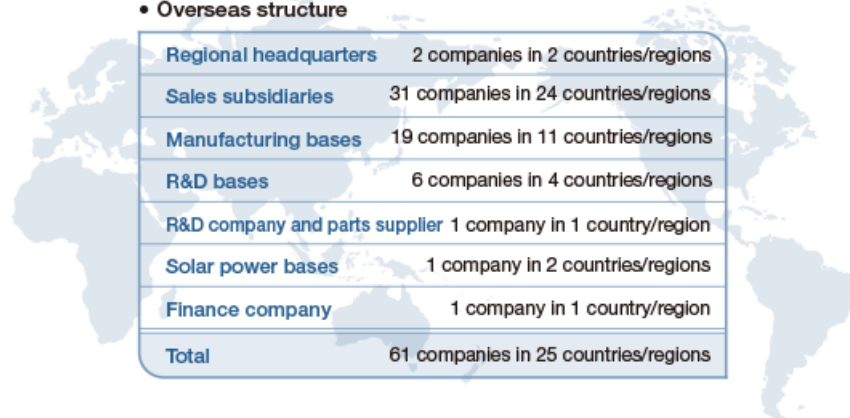


■ R&D Expenditures (Consolidated)



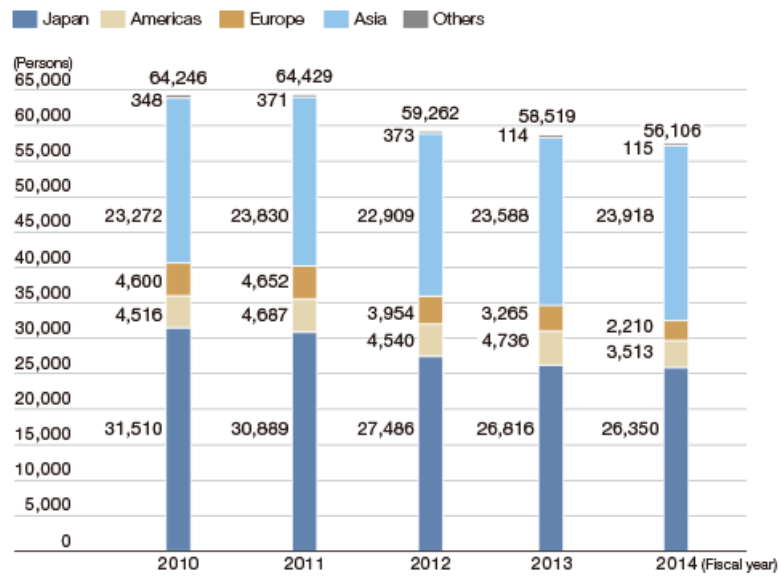
■ The Sharp Group at a Glance*3

- Consolidated subsidiaries: 84 (15 in Japan, 69 overseas)
- Overseas structure



*3 As of March 31, 2015

■ Number of Sharp Group Employees*4



*4 Sharp Group comprises Sharp Corporation, its consolidated subsidiaries, affiliated companies accounted for by the equity method, and other affiliated companies. Figures as of the end of each fiscal year (March 31).

Business Philosophy and Business Creed

Sharp Will Fulfill Its Social Responsibility, Abiding by the Core Principles of Its Business Philosophy and Business Creed

"Make products that others want to imitate." These words, spoken by Sharp founder Tokuji Hayakawa, exemplify Sharp's management concept of contributing to society through its technologies and manufacturing by being the first to make products that meet the needs of a new era, and in the process, becoming a corporation that is known and trusted by society.

In 1973, Sharp articulated 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 society and 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.

Through its business activities, Sharp has always strived to put its business philosophy into action and to contribute to the building of a sustainable society. In making a new start towards resuscitation, Sharp will once again return to the principles behind its business philosophy. By practicing sincerity of conduct and action and by calling upon its "gene of creativity" to develop new products that generate new value—all the while keeping a strong customer focus—Sharp is committed to fulfilling its social responsibility and to remaining a company that is known and trusted throughout society.

* Corporate Social Responsibility

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.

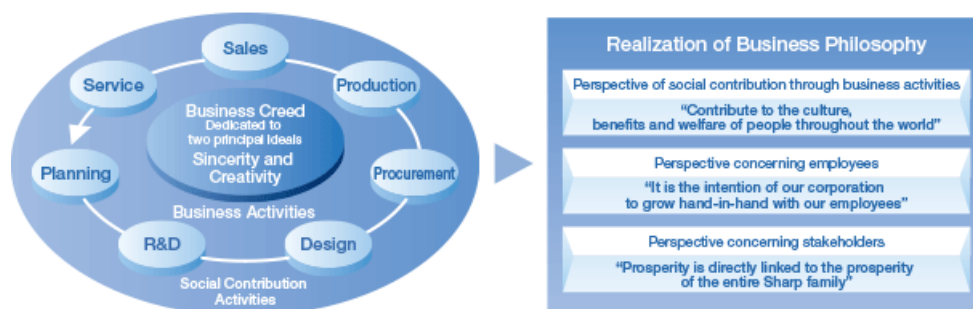
Business Creed

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.

Promoting "Sincerity and Creativity" in All Business Practices to Achieve the Tenets of the Business Philosophy



- 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.

Top Message

Be the Kind of Company Society Needs and Build a Business Foundation Geared to Sustainable Growth

Sharp recorded large net losses in fiscal 2014. We deeply apologize for any worry we may have thereby caused our customers, business partners, shareholders, and other stakeholders. We have begun implementing the measures of our Fiscal 2015–2017 Medium-Term Management Plan, which was announced in May 2015, and we will get our business results back on track and secure a business structure geared to sustainable growth.

Sharp's Business Philosophy and Business Creed are the starting points for our CSR activities. Under our Business Philosophy—which states, "We are dedicated to the use of our unique, innovative technology to contribute to the culture, benefit and welfare of people throughout the world"—we strive to contribute to society by making ourselves an integral part of people's lives and by making these lives better. While contributing to society, each and every member of the Sharp Group acts appropriately and sincerely.



President
Koza Takahashi

In 2005, Sharp formulated the Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct, two sets of corporate action principles that would allow us to better achieve the goals of our Business Philosophy and Business Creed. The Sharp Group Charter of Corporate Behavior outlines corporate action principles that apply uniformly across the entire Sharp Group, while the Sharp Code of Conduct contains standards of action to be followed by all directors, officers, and employees. In January 2015, we revised these two documents in line with international standards such as ISO 26000.

In February 2015, we formulated our Fiscal 2015–2017 Medium-Term CSR Strategy. Under this strategy, based on the level of importance to the Sharp Group and to society (i.e., the level of stakeholder expectations), the entire Sharp Group is working as one to address five material issues (materiality): supply chain CSR initiatives; respect for human rights and diversity management^{*1}; increasing Green Shared Value (GSV)^{*2}; ensuring the safety and reliability of products and enhancing customer satisfaction; and stakeholder engagement^{*3}.

We will continue to support the 10 principles of the United Nations Global Compact^{*4}, which covers areas such as human rights, labor, the environment, and anti-corruption. We ask for your continued support as we strive to fulfill our corporate social responsibility through business activities and become the kind of company society needs.

A handwritten signature in black ink, appearing to be the name 'Koza Takahashi' in a stylized, cursive script.

^{*1} Diversity management involves incorporating 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 a report by the Diversity Work Rule Study Group of the Japan Federation of Employers' Associations.)

^{*2} Sharp places the fulfillment of society's needs regarding environmental matters in close alignment with its strategy for business growth, with a view to achieving success in both areas. Sharp defines the value thus created as "Green Shared Value."

^{*3} "Stakeholder engagement" involves dialoging with as many stakeholders as possible in order to understand their concerns and then reflecting these concerns in the company's business activities and decision-making.

^{*4} Joined the UN Global Compact in June 2009.

Management Strategy and CSR



▶ [Policy on CSR Activities](#)

▶ [CSR Dialogue](#)

▶ [Business and CSR](#)

Material Issues in CSR (Materiality)

- ▶ [Process for Identifying Material Issues in CSR](#)
- ▶ [5 Material Issues ◎ Supply Chain CSR Initiatives](#)
- ▶ [5 Material Issues ◎ Respect for Human Rights and Diversity Management](#)
- ▶ [5 Material Issues ◎ Increasing Green Shared Value](#)
- ▶ [5 Material Issues ◎ Ensuring the Safety and Reliability of Products and Enhancing Customer Satisfaction](#)
- ▶ [5 Material Issues ◎ Stakeholder Engagement](#)

CSR Management

- ▶ [Structure to Promote CSR Policies and Measures Company-Wide](#)

[Management Strategy and CSR]
Policy on CSR Activities

Sharp's CSR has its roots in its Business Philosophy and Business Creed. Sharp divides its CSR activities into four large categories and pursues them while engaging and communicating with stakeholders, in order to make Sharp the kind of company society needs.

The first category, "Offering innovations through business activities," represents Sharp's objective of pursuing whatever is necessary to make people's lives better through accessible products and services. It does this by making the most of its unique technologies fostered over the years and by having an eye for capturing unique business opportunities. In other words, Sharp is contributing to society by aiming to be a company that consistently offers new value while putting the customer first.

Integrating management and CSR has become an important theme in the business world. Against this backdrop, Sharp continually offers innovations while carrying out well-balanced activities in the three other CSR categories: "Harmony with society and collaboration with partners"; "Creation and innovation of corporate culture"; and "Basic social responsibility."



Medium-Term CSR Strategy (Fiscal 2015–2017)

Sharp has formulated a medium-term CSR strategy under which it aims to secure the confidence of stakeholders by contributing to the sustainable development of society while sustainably growing itself through CSR management.

Goal Vision

Be the kind of company society needs
 Secure stakeholder confidence through CSR management

In order to achieve this goal, Sharp will be swift and accurate in grasping information and changes in the business environment both inside and outside the company. It will also identify material issues (materiality) that the Sharp Group should prioritize, and it will cooperate closely with relevant departments when implementing policies and measures.

[Management Strategy and CSR]

CSR Dialogue

With a growing focus on social issues like the environment and human rights, companies pursuing CSR (corporate social responsibility) must increasingly narrow down their list of targets so they can conduct activities by the most effective means possible. Sharp recently hosted a dialogue between Yumiko Ito, Executive Managing Officer in charge of CSR affairs at Sharp, and Katsuhiko Kokubu, a professor in the Graduate School of Business Administration at Kobe University. The two discussed the viability of Sharp's medium-term CSR strategy ("Be the kind of company society needs; Secure stakeholder confidence through CSR management") and where Sharp must go from here.



Sharp's Identity and Concrete Measures

Katsuhiko Kokubu (KK) I looked at Sharp's Fiscal 2015–2017 Medium-Term Management Plan. For Sharp to renew itself, it is important that it revamp its foundations and focus on continuing to provide value to society. There is an intricate link between CSR and the continuous creation of value. That's why I think a medium-term CSR strategy could play the role of supporting Sharp's management restructuring.

Yumiko Ito (YI) The last part of the medium-term management plan contains a summary of Sharp's identity. Sharp has always been highly rated for using its proprietary technologies to develop previously unseen products. For many years, our slogan at Sharp was "Sharp—a creative, 'sharp' point-of-view." Now, more than ever, we need to conjure up this spirit once again and show that we are "Sharp—focused on technology" and that we have "a creative, 'sharp' point-of-view."

When I think about what we have done up to now and what we have to do from now on, I am reminded that we have to bring Sharp closer to people by being a company that continues to provide new value and by using our business activities to contribute to society.

Related information:

> [Business and CSR](#)

KK Hearing you say that makes me feel better about Sharp. Something else I should mention is how incredibly important employees become when business is tough. In the area of human resource development, at times like these, I think it's crucial for Sharp to have concrete policies on what type of people it should hire and how these people should be trained.



- YI You're right. One of the material issues ("materiality") of our medium-term CSR strategy involves diversity. I agree with you that there is much more we could be doing in the area of human resource development. Especially in difficult times like these, I think that Sharp employees should work with hope and confidence, and they should be able to exercise their full talents in the course of their work.
- To facilitate this, we need to create a human resources system in which we give important jobs to talented employees, regardless of their gender, age, or nationality, and we should evaluate people based on the results they achieve. This has been one of the key aims of the medium-term management plan, and efforts to this end are fundamentally linked to diversity.
- KK CSR activities used to be based on rules but today they are based on principles. While many Japanese companies believe that nobody will know what to do unless you have rules, this is because they have not established principles. Rather, in today's world of CSR, principles are key and without them you can't progress with CSR. I think that such principles are demonstrated by the key phrase in Sharp's medium-term CSR strategy: "Be the kind of company society needs." When you're trying to solve problems, such as diversity or the human resources system you just mentioned, you must make decisions by going back to these principles.
- YI Principle-based CSR requires that companies examine the problems they face and what they should do about them.
- KK Companies establish targets, set KPIs*, and then take action, but it's crucial that they have ways to accurately monitor and evaluate their actions in a qualitative manner. KPIs are effective because they clearly and concretely illustrate progress. The KPIs themselves can be ordinary indices. In fact, what's important is a company's willingness to improve the state of things through these indicators. As examples of indicators, you could use the percentage of female managers in the area of diversity, or the amount of CO₂ emissions in the area of environmental protection; in other words, relatively basic indicators. However, if you set KPIs, they must coordinate with your existing KPIs in other areas of the company; otherwise, there's no use calling them KPIs. By coordinating its CSR KPIs with financial KPIs such as net sales and profit targets, I think Sharp will garner a reputation as a company ready and willing to take on CSR issues.
- * Key performance indicators: Key management indicators for evaluating how well a company achieves its targets.
- YI So, positioning KPIs is an important part of CSR. Regarding CSR KPIs, there is the danger of them becoming simply goals unto themselves. After setting the KPIs, if you see that they have strayed from your ultimate goals, you have to—for example—completely change them in line with evolving business targets or carry out some sort of PCDA cycle.

Promoting Stakeholder Engagement



- YI We have made stakeholder engagement one of our material issues. However, we have been grappling with this issue due to its extensive range and depth. Can I take this opportunity to ask you for some advice on this matter?
- KK All companies proclaim that they will fulfill their CSR, their corporate social responsibility. However, because CSR means "a responsibility to society," a company can't really be said to have fulfilled its CSR when the criteria for it were decided by the company itself and not by society.
- KK Since CSR means a company's responsibility to society, the company won't achieve its CSR goals unless it brings on board those people it is responsible to and has them take part in deciding targets and action plans. In other words, a company can't unilaterally decide what constitutes CSR while at the same time ignoring society and the people it purports to be trying to help. In this sense, stakeholder engagement is crucial to the principles of CSR as an important process of incorporating society's opinions. However, stakeholder engagement is still not firmly rooted in Japan. There are two reasons for this: first, there are very few stakeholders in Japan who are confrontational and who have strict demands; second, companies in Japan are not all that open to the outside world. However, these same companies should understand that CSR means a company's responsibility to society and that it can only be achieved through stakeholder engagement. And there are many ways to do this.

YI That's interesting; it tallies with my awareness of the issue. Like you say, there can be no stakeholder engagement until a company opens itself up more to the public.

This Sustainability Report was written with the hope that our awareness of the issue and efforts to be as open as possible to society will enable us to achieve new successes.

KK In Sharp's case, the company can strive for betterment in any number of ways. What's important is to get started on stakeholder engagement that promotes the appropriateness of the material issues, listen to stakeholder opinions, and then decide what to do next. Such a feedback process would constitute wonderful stakeholder engagement. CSR could be likened to a window that is open to society. Besides allowing you to reflect stakeholders' hopes and expectations in your management, the window also makes you more sensitive to society by allowing you to gather future risk-related information. I hope that Sharp makes the most of stakeholder engagement in its renewal.

| | |
|------------------|---|
| Katsuhiko Kokubu | <p>Became professor, Graduate School of Business Administration, Kobe University in 2001.</p> <p>Appointed dean, Graduate School of Business Administration, Kobe University in 2014.</p> <p>Specialized fields: Social and environmental accounting, environmental management, CSR management.</p> <p>Books authored: <i>Material Flow Cost Accounting</i>, Nikkei Publishing Inc. <i>Environmental Management and Accounting</i>, Yuhikaku Publishing Co., Ltd.</p> |
| Yumiko Ito | <p>Joined Sharp Corporation in 2013 as director and executive officer (general counsel).</p> <p>Took up current position in 2014 (director and executive managing officer; general counsel).</p> |

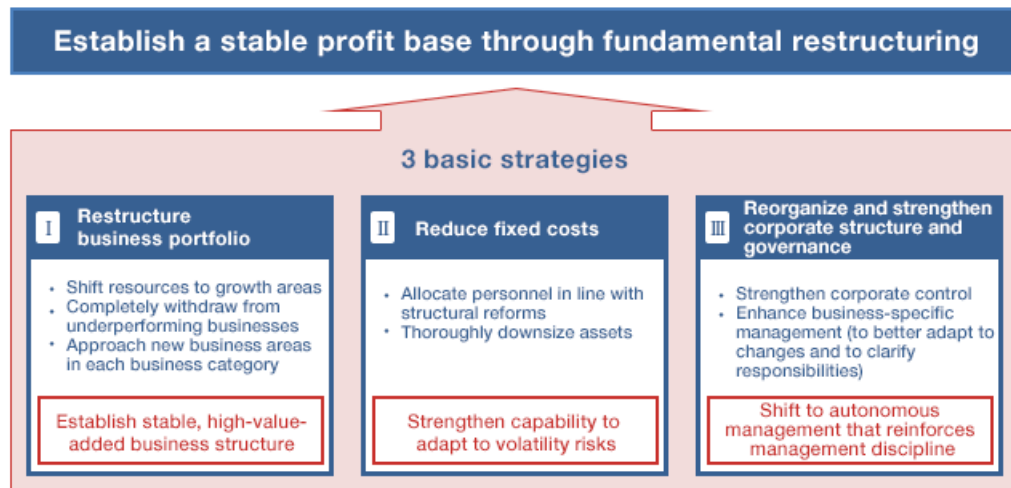
[Management Strategy and CSR]

Business and CSR

Fiscal 2015–2017 Medium-Term Management Plan

Under its medium-term management plan formulated in May 2015, Sharp is aiming to establish a stable profit base through fundamental restructuring, and it is making a new start towards recovery. The three basic strategies to achieve this objective are outlined below.

■ Basic Strategies under the Medium-Term Management Plan



Restructuring the Business Portfolio



Akihiro Hashimoto
Director and Executive Managing Officer; Group General Manager, Management Planning Group

The first basic strategy—restructuring the business portfolio—involves completely withdrawing from underperforming businesses, shifting resources to growth areas, and approaching new business areas in each business category. The objective is for Sharp to establish a more stable, high-value-added business structure.

The two business groups and eight business divisions will be reorganized according to business characteristics into five in-house companies. This will allow Sharp to respond more quickly to changes in customer needs and in the relevant market environment. The five in-house companies are Consumer Electronics, Energy Solutions, Business Solutions, Electronic Components and Devices, and Display Devices.

For the Consumer Electronics Company, as we enter the full-scale era of the Internet of Things (IoT), a salient trend is the growing variety of consumer electronics products that are being connected to the Internet. Being a company that owns various technologies in television, communications, and home appliances, Sharp views this trend as a business opportunity. Sharp will propose new connections between people and home appliances that provide added value and convenience. This will involve offering not only hardware but also integrated cloud-based services.

Sharp will also be designing products under a new design vision that embodies the concepts of "beauty and affection," "unexpected surprises," and "an emotional connection with consumer electronics." The company will launch new businesses and products that are based on this new design vision and that make the most of synergies among the three existing businesses of digital information equipment, health and environmental equipment, and communication systems. Sharp will also focus its management resources in Japan and Asia and take on new challenges in this business area, centered on health and environmental equipment.

For the Energy Solutions Company, Sharp will shift to a business mode that focuses on solutions that match local demand in Japan and overseas markets. For example, in Japan, Sharp will propose solutions—based on solar power and storage battery systems—that enable cloud-connected integration of HEMS*1, energy-saving appliances, and Eco-Cute heat pump water heater systems. In the United States, meanwhile, Sharp will augment its range of offerings, which currently includes a peak-cut system that reduces peak electricity consumption to help

users save on electricity costs. Throughout its Energy Solutions businesses, Sharp will reduce its fixed costs and aim to regain its earning power.

The Business Solutions Company will offer solutions for global markets by leveraging its existing product line-up and customer base and by making aggressive investments. For example, in the MFP^{*2} business, Sharp will aim to expand sales by proposing solutions that integrate MFPs and IT services—thereby enabling offices to work more efficiently—while increasing its aggressive investments in sales routes. In the Display business, Sharp will build a structure that will enable the company to undertake everything from project development to installation and maintenance. Sharp will aim for higher profitability by expanding the proportion of total solution sales.

The Electronic Components and Devices Company will harness its strengths in unique technologies and shift to areas with high added value. These include devices that employ advanced sensing technology to measure distance or PM2.5 levels. It will also join forces with the LCD business to bring forth an increasing number of value-added products such as touchscreen controllers and automotive camera modules.

The Display Devices Company will work to acquire a stable customer base and expand sales of value-added panels by strengthening its sales and support systems, based on Sharp's competitive edge in this field of technology. For example, Sharp will expand its B2B2B business, targeting the automotive and medical industries. This business area is relatively stable. On the other hand, the B2B2C business—an area exemplified by smartphones—is at constant risk of steep decreases in selling prices due to changes in the market environment. For this business area, Sharp will work to stabilize orders by greatly increasing the number of clients. It will do this by strengthening sales in southern China and by reinforcing design and development collaborations with business partners.

*1 A HEMS (home energy management system) connects energy-consuming equipment in the home via a network that enables users to monitor the equipment's operational status and energy consumption levels as well as control them remotely or automatically.

*2 An MFP (multifunction peripheral) is an office machine that integrates copier, printer, fax, and scanner functions into one unit.

Reducing Fixed Costs

Sharp's second basic strategy involves decisively reducing fixed costs. This will enable the company to strengthen its capability to better respond to various risks, such as a drastic decline in demand or intensifying competition.

Specifically, Sharp will establish a streamlined personnel system that matches the new business structure; it will also reform its business structure and bases. As an emergency measure to support profitability in fiscal 2015, Sharp will reduce personnel expenditure in the form of directors' compensation and employees' salaries and bonuses.

Reorganizing and Strengthening Corporate Structure and Governance

Sharp's third basic policy, reorganizing and strengthening corporate structure and governance, will enable each of its businesses to achieve autonomous management that reinforces management discipline.

Sharp will shift to an in-house company system comprising five in-house companies, effective October 1, 2015. The sales departments, which are organized in a matrix structure within each business, will be clearly positioned under the control of each in-house company. This will enable a consistent, integrated structure in which the president of each in-house company will head autonomous management under his responsibility. On the other hand, the Sharp Corporation head office will maintain control over each in-house company, so that the entire organization will be able to respond flexibly to changes in the business environment through speedy, disciplined management.

Sharp will also change its organization into a flatter, simpler one to create a vibrant corporate climate in which each employee and department can fully exercise their initiative and demonstrate a sense of responsibility.

We believe the key to Sharp's recovery lies in human resources. Employees tasked with important roles will be provided excellent opportunities for growth and rewarding work conditions, with the goal of creating a resilient organization that can



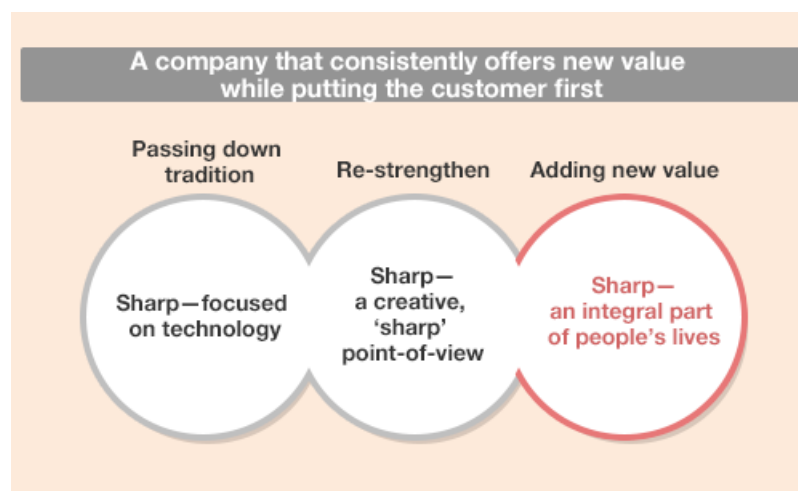
Yoshihiro Hashimoto
Director and Executive Managing
Officer; Group General Manager,
Administrative Control Group

best even the stiffest competition. Sharp's drastic personnel-system reforms will involve the following: an overhaul of the employee rank and compensation system; efforts to optimize work conditions; a move to match personnel placements more closely with ability; and the adoption of a flatter and simpler organizational structure.

Sharp's Future Direction

In formulating the Fiscal 2015–2017 Medium-Term Management Plan, Sharp reexamined its tradition of bringing forth previously unseen products using its proprietary technologies—a core aspect of its corporate value. We believe it is crucial for Sharp to continue creating such corporate value in order to be reborn and to achieve sustainable growth.

Looking forward, Sharp will pursue proprietary technologies, keep looking to capture unique business opportunities, and seek whatever is necessary to make people's lives better through accessible products and services. In other words, Sharp is committed to contributing to the sustainable development of society by aiming to be a company that consistently offers new value while putting the customer first.



As well as outlining its financial objectives in its medium-term management plan, Sharp has clarified its material issues (materiality) in the non-financial area through its medium-term CSR strategy, and it is taking action accordingly.

■ The 5 Material Issues (Materiality) in the Non-Financial Area

| | |
|---|---|
| 1 | Supply chain CSR initiatives |
| 2 | Respect for human rights and diversity management |
| 3 | Increasing Green Shared Value |
| 4 | Ensuring the safety and reliability of products and enhancing customer satisfaction |
| 5 | Stakeholder engagement |

Related information:

> [Material Issues in CSR \(Materiality\)](#)

[Management Strategy and CSR]
 Material Issues in CSR

Process for Identifying Material Issues in CSR



Step 1: Classify Major CSR Themes

Sharp believes that CSR activities should be conducted with consideration for the effects the Sharp Group's businesses have on society; it also believes that the actual and potential effects of these activities should be managed.

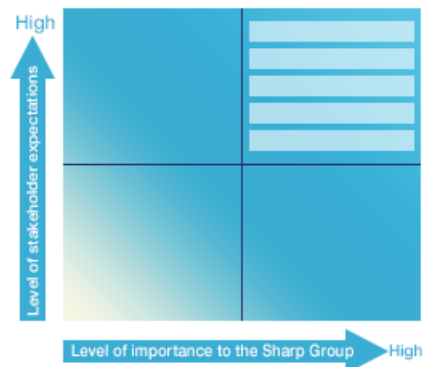
Sharp has distilled its major CSR themes by analyzing responses to SRI* questionnaires, by reviewing issues commonly addressed by other companies, and by canvassing the opinions and expectations of Sharp's various stakeholders. This latter group includes those who are connected with the Sharp Group's businesses: customers, local communities, business partners, shareholders, investors, and employees. Sharp has classified its major CSR themes based on the seven core subjects of the ISO 26000 international standard; this has been done with an understanding that the themes are the Sharp Group's social responsibility and with consideration for the specific characteristics of each business and the region in which each business is deployed.

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

Step 2: Identifying Material Issues in CSR

The major CSR themes (classified as described above) have been reorganized into CSR material issues (materiality) based on two axes: the level of importance to society (level of expectations from stakeholders) and the level of importance to the Sharp Group. They were then prioritized and mapped out as shown in the diagram to the right.

After a review by the CSR/Compliance Committee (which meets quarterly and which is chaired by Sharp's president), these material issues were approved and finally decided upon.



In fiscal 2015, the following priority material issues (materiality) were identified: supply chain CSR initiatives; respect for human rights and diversity management; increasing Green Shared Value (GSV); ensuring the safety and reliability of products and enhancing customer satisfaction; and stakeholder engagement.

Step 3: Incorporating into CSR Management

The identified material issues (materiality) are incorporated into the CSR management cycle in the form of KPIs set by relevant departments.

Sharp will implement and assess measures related to the material issues; it will also, when necessary, review the way in which material issues are identified, in line with changes in society. Pertinent information will be disclosed via this Sustainability Report.

[Management Strategy and CSR]

Material Issues in CSR

5 Material Issues ①

Supply Chain CSR Initiatives

There is increased awareness by society and stakeholders of social issues affecting the global supply chain, such as human rights, labor standards, and environmental protection. The Sharp Group recognizes society's expectations towards Sharp regarding the contribution it should make, as a global company, to address such issues. The Sharp Group also recognizes how important it is to fulfill those expectations. To respond to circumstantial changes, Sharp has established supply chain CSR initiatives as one of its five material issues (materiality). By promoting such initiatives, Sharp will strengthen its relationships of trust with clients and suppliers.

Material Issue Goals of the Medium-Term CSR Strategy

Obtain the trust and high estimation of external organizations, including clients, by strictly executing CSR procurement surveys at the plants of Sharp and its suppliers, CSR procurement risk assessment, and audit functions.

| Fiscal 2015 Measures | Management Indicators | Scope |
|--|--|-------------------------------|
| Conducting CSR procurement surveys and internal audits at Sharp plants, based on Sharp's revised guidebook | <ul style="list-style-type: none"> ■ Number of plants that had CSR surveys conducted ■ Number of plants that had CSR internal audits conducted | Plants in China and Asia |
| Conducting CSR/green procurement surveys of suppliers, based on Sharp's revised guidebook | <ul style="list-style-type: none"> ■ Percentage of suppliers who completed the CSR/green procurement surveys | Primary suppliers |
| Conducting on-site CSR audits to build up the capabilities of plants identified as critical | <ul style="list-style-type: none"> ■ Number of plants audited ■ Number of items pointed out during CSR audits conducted by client companies | Plants identified as critical |

Aiming to Make Further Contributions to Global Society throughout the Entire Supply Chain



Hiroyuki Fukui

Chief Officer, Corporate Strategy; Unit General Manager, Management Planning Unit, Management Planning Group

It is necessary for the Sharp Group and all of its suppliers—in other words the entire supply chain—to work on the promotion of Sharp's CSR efforts, not just in material procurement but also across the entire series of business processes: development, production, sales, and service.

Sharp believes that the understanding and cooperation of suppliers are essential for promoting our CSR efforts throughout the entire supply chain. For this reason, we have established both the Sharp Supply-Chain CSR Deployment Guidebook, which conforms with the EICC Code of Conduct published by the Electronic Industry Citizenship Coalition (EICC), and the Sharp Basic Purchasing Principles. We sincerely ask our suppliers to make their own CSR efforts, according to the principles and guidebook.

Last year, Sharp started third-party audits by external audit organizations in order to conduct more effective CSR audits and to respond to circumstantial changes, such as revisions to international CSR standards.

Moving forward, Sharp will identify and prevent supply chain CSR risks with its suppliers and will aim to make further contributions to global society throughout its entire supply chain. This will be achieved through regular CSR

procurement surveys and by firmly establishing, as well as improving, audit systems based on our guidebook, which was revised in April.

I would like to ask for the continued support and cooperation of all parties involved.

Related information:

➤ [V. Sound, Equitable Economic Activities](#)

[Management Strategy and CSR]

Material Issues in CSR

5 Material Issues 2

Respect for Human Rights and Diversity Management

The increased globalization of business has greatly expanded the number of opportunities for employees from different cultures and customs to work together. Accordingly, companies are required to pay attention to a more diverse and complex range of human rights issues. In the Sharp Group, diversity management is an important task since it deems as crucial the active promotion of capable personnel, regardless of such factors as nationality, gender, or age.

Material Issue Goals of the Medium-Term CSR Strategy

Provide more innovative, value-added products and services by enhancing the capabilities and motivation of employees and invigorate organizations through diversity promotion.

| Fiscal 2015 Measures | Management Indicators | Scope |
|---|--|--|
| Enhance measures to increase the rate of female managers to 5% | Rate of female managers increased to 5% or more by fiscal 2018 | Percentage of Sharp Corporation female managers, including employees of major consolidated subsidiaries within Japan and employees dispatched to overseas subsidiaries |
| Maintain the employment rate of the physically or mentally challenged | Employment rate of the physically or mentally challenged maintained at 2.3% | Sharp Corporation, Sharp Tokusen Industry Co., and several affiliated companies*1 in Japan |
| Prevent power harassment | Improvement of employee satisfaction with workplace and superiors indicated in surveys*2 | Employees of the Sharp Group in Japan and on temporary transfer to overseas bases |

*1 Target scope defined by the public sector

*2 Workplace-satisfaction surveys of all employees



Shogo Fukahori, Chief Officer, Human Resources Development, Administrative Control Group

Sharp's Business Philosophy states that "it is the intention of our corporation to grow hand-in-hand with our employees." As such, Sharp has been proactively promoting activities by diverse employee groups, such as women, the disabled, and non-Japanese, and has been actively creating a harassment-free workplace. By enhancing the capabilities and motivation of employees through such initiatives, Sharp will invigorate its organization and provide more innovative, value-added products and services that contribute to society.

Currently, Sharp is in a very tough financial situation. I believe that the efforts and growth of each employee and the

synergy generated among employees as they work together while respecting their individual personalities will invigorate the entire organization as driving forces for overcoming this crisis and achieving renewed growth.

In its Medium-Term Management Strategy for 2015 to 2017 announced this May, Sharp declared a fundamental HR reform measure to select and appoint highly capable human resources regardless of such factors as nationality, gender, or age. Sharp has once again positioned the respect for human rights and diversity management among its significant strategies for growth and will continue to accelerate its related initiatives.

Related information:

➤ [VI. Respect for Human Rights](#)

[Management Strategy and CSR]

Material Issues in CSR

5 Material Issues 3

Increasing Green Shared Value

As the world experiences population growth and economic development, the consequences of a range of social issues—such as increasing rates of energy consumption, shortages of raw minerals and water, and destruction of the natural environment—are becoming increasingly visible. Sharp's business activities have an influence on environmental issues, on both a local and a global scale. That is why Sharp is engaged in environmental protection efforts focused on three major themes: the pursuit of a low-carbon society, the recycling of resources, and harmony with nature. The objective is to have Sharp's positive impact on the environment more than balance out its negative impact on the environment, in order to fulfill its environmental policy of increasing Green Shared Value (GSV).

Material Issue Goals of the Medium-Term CSR Strategy

Contribute to resolving the major environmental issues involved in the pursuit of a low-carbon society, the recycling of resources, and harmony with nature

| Fiscal 2015 Measures | Management Indicators | Scope |
|--|---|-------|
| Pursuit of a low-carbon society 1) Maintain a high level of efficiency for energy use at plants 2) Develop environmentally conscious products | 1) Energy-use efficiency 2) Number of Super Green Products (SGP) | Japan |
| Recycling of resources 1) Maintain a high level of efficiency for use of resources at plants 2) Recycle used products* | 1) Resource-use efficiency 2) Recycling rate | Japan |
| Harmony with nature 1) Water resources 2) Maintain a high level of efficiency for use of chemicals at plants | 1) Water resource-use efficiency 2) Chemical-use efficiency | Japan |

* The four types of products covered by the Home Appliance Recycling Law in Japan (air conditioners, TVs, refrigerators, and washing machines)

Sharp is creating products and services that contribute to solving environmental issues



Masashi Yasuki, Division General Manager, CS & Environmental Promotion Division

As part of an international framework that pursues mitigation of global warming and that goes into effect from the year 2020, Japan has set a goal of reducing greenhouse gas emissions by 26% (from 2013 levels) by 2030.

In order to achieve this emissions-reduction goal while maintaining economic growth, Japan must implement further energy-saving measures in sectors where there is still scope for further energy savings, such as in homes and offices. Such measures should include the proliferation of storage batteries and energy management systems.

The Sharp Group recognizes addressing environmental problems as one of its material issues (materiality). Under our environmental policy of increasing Green Shared Value (GSV), which was formulated in fiscal 2013, we have been working to spread the use of energy-saving and energy-creating products for homes and offices.

As we enter the era of the Internet of things (IoT), Sharp will bring forth products and services that can help solve a

wide range of environmental problems. Sharp will harness technologies that it has accumulated over the years in fields such as television, communications, and home appliances in order to develop new enterprises that include an energy solutions business centered on cloud connectivity and innovative home appliances that can "connect" with people.

Related information:

- [IV. Contribution to Conservation of the Global Environment](#)

[Management Strategy and CSR]
Material Issues in CSR

5 Material Issues 4

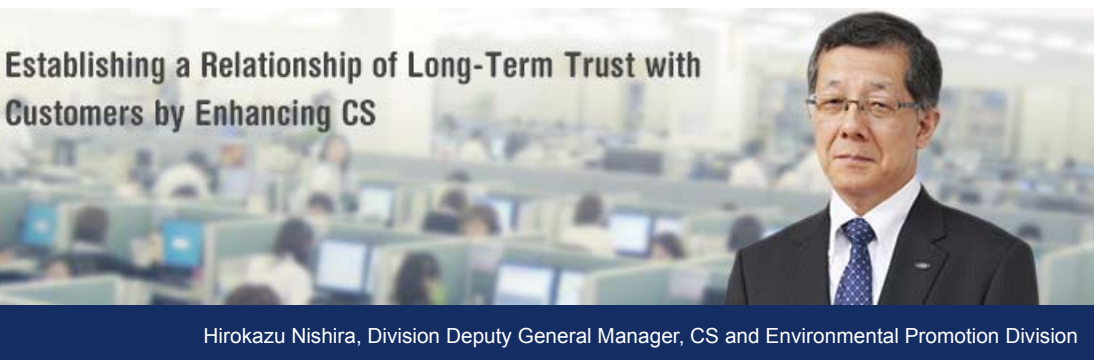
Ensuring the Safety and Reliability of Products and Enhancing Customer Satisfaction

With increased awareness of consumer issues, the Sharp Group is focused on achieving customer satisfaction (CS). As a rule, Sharp is always thinking about the customer—developing and providing products and services from the customers' perspective. Going forward, Sharp will continue to place customers first, in the belief that it is the company's mission to provide safe, comfortable products and services while minimizing risks, to avoid any negative impact on society.

Material Issue Goals of the Medium-Term CSR Strategy

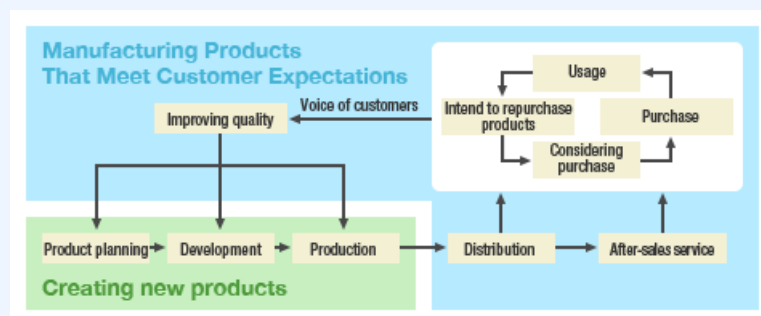
Earn customer trust by ensuring product safety and reliability while enhancing customer satisfaction.

| Fiscal 2015 Measures | Management Indicators | Scope |
|---|---|----------------|
| Ensuring the safety and reliability of products and improving user-friendliness | Number of serious incidents related to quality issues | Japan/overseas |
| Increasing after-sales customer satisfaction | Results of customer satisfaction surveys | Japan/overseas |



I think that CS (customer satisfaction) is the starting point for all business activities. To enhance CS, we must firmly grasp what customers expect and desire by valuing our communications with them during various contact points and responding to their expectations and demands through company-wide efforts. Sharp strives to build long-term relationships of trust with its customers so that customers choose Sharp now, next time, and every time.

On the other hand, it is not an exaggeration to say that the brand image of a manufacturer is based on how customers evaluate the quality of its products. Our brand image will be enhanced if we continue to provide products that exceed the expectations of customers. However, if we fail to meet such expectations even once, our brand image will be damaged and cannot be easily redeemed. Sharp regards quality as the foundation of CS and will continue to conduct activities that ensure high quality in every customer-related aspect of its business, including the planning of new products, development, production, distribution, and after-sales service.



Related information:

> [II. Enhancement of Customer Satisfaction](#)

[Management Strategy and CSR]

Material Issues in CSR

5 Material Issues 5

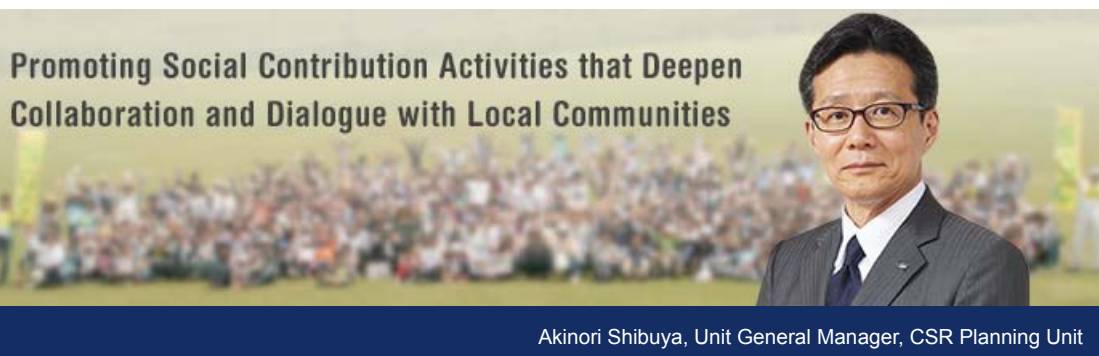
Stakeholder Engagement

With the expansion of the Sharp Group's business activities and number of regions in which it conducts business, Sharp increasingly recognizes its social responsibilities and the roles it must fulfill as a company to achieve sustainable development. Sharp is also aware of the increased expectations of its various stakeholders. As stakeholder engagement is becoming an increasingly important part of CSR standards within Japan and overseas, as evidenced by ISO 26000, Sharp will create value by adopting feasible methods to reflect the results of its stakeholder engagement activities with local communities in its business activities.

Material Issue Goals of the Medium-Term CSR Strategy

By properly holding communications with local communities, Sharp will establish good relationships as a people-friendly company. Furthermore, Sharp will enhance the creation of value by reflecting feedback from such activities in its business activities.

| Fiscal 2015 Measures | Management Indicators | Scope |
|--|--|---------------------------|
| Holding dialogues with local communities | Systems established for holding dialogue with local communities and trials conducted at production bases | Domestic production sites |
| Participating in local social contribution activities as the Sharp Group | Number of social contribution activities maintained and trial attempts for new activities introduced | Sharp Group in Japan |



Akinori Shibuya, Unit General Manager, CSR Planning Unit

I think social contribution activities to repay our gratitude to local communities are very important since they pass on our founder's gratitude and his DNA of creativity. The bonds that we are able to establish by working with local residents and holding dialogues to address various social issues are an irreplaceable asset when we carry out our business activities. By accumulating such assets, we would like to contribute to the sustainable development of society.

Sharp carries out various unique activities under the direction of the joint labor-management volunteer organization Sharp Green Club (SGC). Through these efforts, Sharp aims to establish relationships with local communities and help employees enhance their social awareness.

Eighty-five SGC operation bases have been established at production sites and sales bases. Along with Sharp Forest activities and Ramsar Convention wetland protection efforts, SGC activities include cleanup campaigns and greening activities at each Sharp site according to regional characteristics.

As a people-friendly company that cherishes its founder's wishes to give back to society, Sharp will continue its social contribution activities.

Related information:

> [VIII. Harmony with the Community](#)

[Management Strategy and CSR]

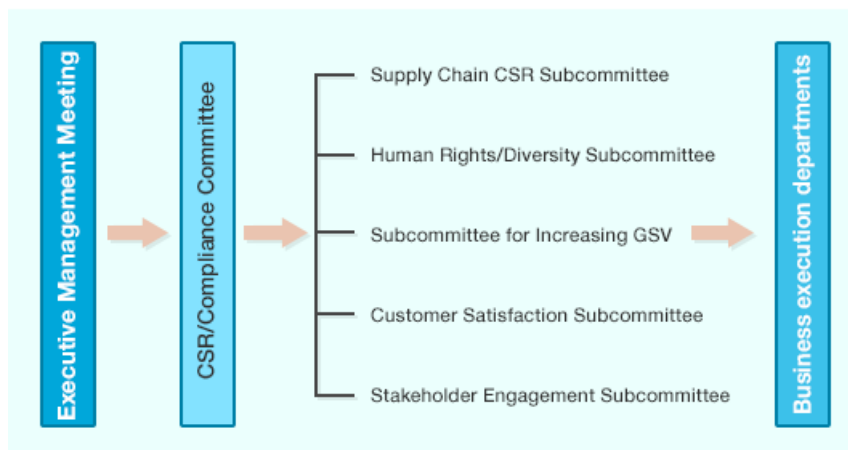
CSR Management

Structure to Promote CSR Policies and Measures Company-Wide

Sharp holds quarterly meetings of the CSR/Compliance Committee to discuss company-wide policies and important measures and to review their implementation status across the entire company. This committee is chaired by Sharp's president and comprises relevant officers and general managers from each business group (i.e., in-house company presidents from October 1, 2015).

In addition, Sharp has established the CSR Planning Unit, which is tasked with promoting CSR policies and measures and which falls under the control of the general counsel. The CSR Planning Unit collects and analyzes information on domestic and overseas trends in CSR, and it works in collaboration with five subcommittees to implement important measures that are discussed by the CSR/Compliance Committee.

■ System to Promote CSR Measures



Note: As of July 2015

Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct

Sharp's CSR activities are founded on having all Sharp Group companies and their directors and employees comply with rules and regulations and practice corporate ethics—in other words, act appropriately and in a sincere manner. It is with this in mind that Sharp established the Sharp Group Charter of Corporate Behavior, the principles of corporate behavior of all Sharp Group companies, and the Sharp Code of Conduct, the standards of conduct for all directors and employees.

The Charter of Corporate Behavior and Code of Conduct are reviewed every year to accommodate changes in the business environment, including changes in the nature of what society and stakeholders expect of companies. The revisions also reflect changes to existing laws and the enactment of new ones. In fiscal 2014, they were revised in accordance with international standards and guidelines.

The Boards of Directors of Sharp Group companies around the world passed resolutions to adopt the Charter of Corporate Behavior and Code of Conduct, and Sharp is working to thoroughly communicate their content through internal notices and training. In fiscal 2014, Sharp held e-learning sessions on compliance and the Code of Conduct for all directors and employees in Japan.

Related information:

➤ [Sharp Group Charter of Corporate Behavior, Sharp Code of Conduct](#)

ISO 26000 and the United Nations Global Compact

Sharp is pursuing CSR activities by making full use of international guidelines such as the United Nations Global Compact, the OECD* Guidelines for Multinational Enterprises, and ISO 26000, an international standard providing guidance on social responsibility.

Sharp became a participant in the Global Compact in June 2009. Since then it has been implementing measures to support the 10 principles of the Global Compact in the areas of human rights, labor, the environment, and anti-corruption.

Sharp will expand and continuously improve its CSR measures in Japan and overseas to provide effective solutions to various social problems, such as labor issues in developing countries and human rights violations in conflict-torn regions.

* Organisation for Economic Co-operation and Development

- > [ISO 26000 Content Index](#)
- > [United Nations Global Compact 10 Content Index](#)

Related information:

- > [United Nations Global Compact](#) 
- > [Global Compact Japan Network](#) 



I . Practice of Fair and Open Management



Corporate Governance

- ▶ [Corporate Governance](#)
- ▶ [Internal Control](#)
- ▶ [Risk Management](#)
- ▶ [Compliance](#)

[I . Practice of Fair and Open Management]

Corporate Governance

Corporate Governance

*Self evaluation:

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self evaluation* |
|--|--|------------------|
| Augment Business Group system to strengthen business execution power; reform Board of Directors system to strengthen control functions | Shifted resources (including human resources) and authority to each Business Group | △ |

| | |
|---|---|
| Priority Objectives for Fiscal 2015 | Introduce in-house company system to strengthen corporate control while establishing autonomy of each company, thereby achieving speedy and disciplined management |
| Medium-Term Objectives (up to Fiscal 2017) | <ul style="list-style-type: none"> ■ Shift resources further; strengthen management liability system for each in-house company by advancing business management ■ Transform organization into one that is more focused in terms of business characteristics, so that it can respond better to changes |

Sharp is working to improve corporate governance functions through its Board of Directors and Audit and Supervisory Board and by adopting an executive officer system that clearly separates supervisory and important decision-making functions from business execution functions. It also appoints outside directors and has established various committees to supplement the supervisory functions of the Board of Directors.

In fiscal 2015 (effective as of June 23), Sharp increased the number of outside directors to five in an effort to boost the transparency of management and strengthen supervisory functions.

Basic Concept

Sharp's basic policy on corporate governance is to maximize corporate value through timely and appropriate management while ensuring transparency, objectivity, and soundness supported by the concept, "Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders..." as stated in the company's Business Philosophy.

This is why Sharp appoints to its Board of Directors outside members who have an international and multi-faceted perspective on such matters as compliance and on such wide-ranging issues as the social and economic environment and the future direction of Sharp. In doing so, Sharp has strengthened both the decision-making functions within the Board of Directors and the functions for supervising the directors' execution of their duties.

Sharp has also introduced an executive officer system that clearly separates supervisory and important decision-making functions from business execution functions, thereby creating a structure that steadily facilitates nimble and efficient business execution. And looking ahead to the introduction of an in-house company system in October 2015, Sharp has shifted its organizational structure into one that—from this June—comprises five operations. The aim is to strengthen corporate control while establishing autonomy for each operation, thereby achieving speedy and disciplined management.

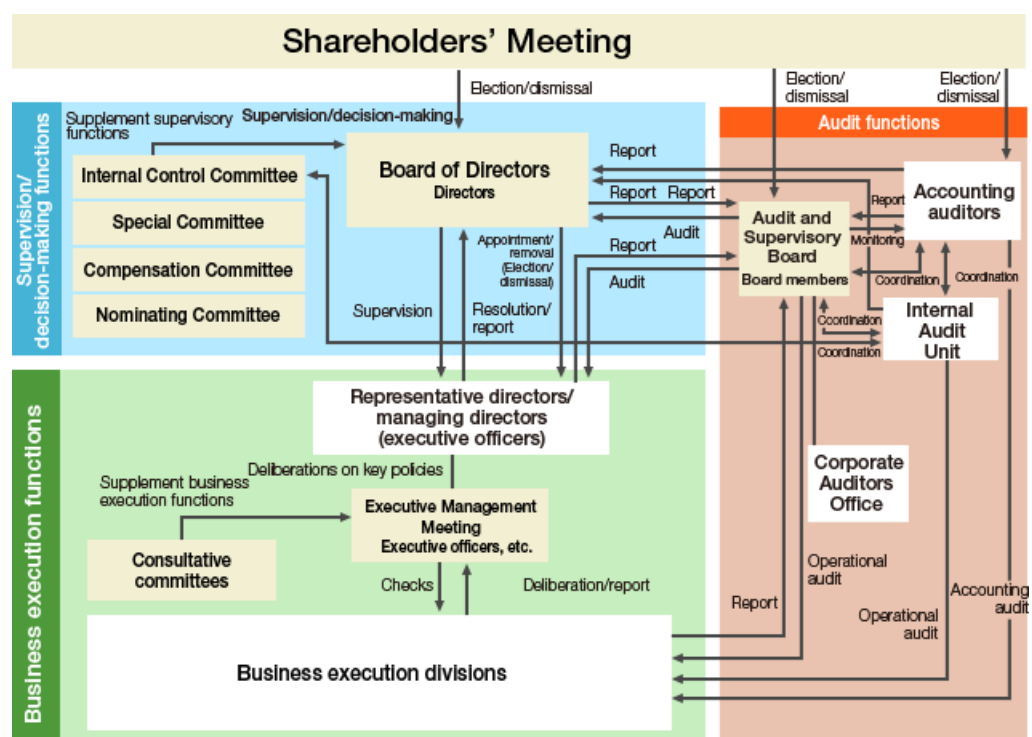
As for the Audit and Supervisory Board, Sharp appoints independent outside auditors to monitor and hold management in check. Through these measures, Sharp is strengthening corporate governance.

In addition, Sharp has formulated the Sharp Group Charter of Corporate Behavior as action guidelines for all directors, Audit and Supervisory Board members, executive officers, and employees to raise their awareness of compliance, and it is working for its permeation across the entire Sharp Group.

Status of Corporate Governance System

Sharp Corporation Board of Directors Meetings are held on a monthly basis to make decisions on matters stipulated by law and on management-related matters of importance, and to supervise the state of business execution. To improve management agility and flexibility and to clarify the responsibilities of the company management during each accounting period, the term of office for members of the Board of Directors is set at one year.

In addition to the Board of Directors, the company has the Executive Management Meeting, where matters of importance related to corporate management and business operations are discussed and reported. The Audit and Supervisory Board formulates audit policies, listens to reports from accounting auditors, and receives reports on the execution of duties, in particular from the Board of Directors. Audit and Supervisory Board members also exchange information and opinions on such matters as the progress of deliberations of important meetings and auditing (on-site auditing) results, which increases the validity of audits.



Note: As of July 2015

Remuneration to and Evaluation of Directors

Monthly remuneration and bonuses are determined within the scope of the total remuneration as set forth in a resolution adopted at a general shareholders' meeting. They are decided in a fair manner by the Compensation Committee, which includes outside directors, taking into consideration the individual's performance, degree of contribution, and other factors.

The remuneration paid to directors and Audit and Supervisory Board members in fiscal 2014 was as follows.

| | Total amount of remuneration |
|---|------------------------------|
| Directors (excluding outside directors) | 284 million yen |
| Audit and Supervisory Board members (excluding outside board members) | 38 million yen |
| Outside board members (outside directors and Audit and Supervisory Board members) | 62 million yen |

Notes:

- The above figures include the amount of remuneration for the relevant fiscal year paid to the two directors whose resignations took effect at the end of the 120th ordinary general shareholders' meeting. Board member bonuses were not paid in fiscal 2014.
- No Sharp executive received more than 100 million yen in remuneration.

eS-SEM Strategic Management System

In fiscal 2004, Sharp introduced its own strategic management system (eS-SEM) using the balanced scorecard method. The goal of eS-SEM is to improve the performance of the organization and individuals by balancing the strategy of an organization from both financial and non-financial perspectives and breaking down company-wide organizational goals to the level of the individual, thereby improving the effectiveness of objectives. The system is revised every fiscal year based on the business environment to ensure that the results obtained are in line with company-wide strategies.

In fiscal 2014, Sharp defined rules for setting medium- to long-term objectives in an effort to create a corporate culture conducive to taking on forward-looking challenges.

Message from Outside Directors

Director Kato

A sustainable company should as a general rule be considerate of the global environment and contribute to society. It should also focus both on making people's lives richer and on securing decent profits, all the while growing together with its stakeholders.

Though Sharp has brought forth numerous products that make life more comfortable and contribute to cleaner and better living environments, the company still has a lot more to do. I hope to see Sharp embody a spirit of endeavor—not giving in to the harsh business environment—while listening closely to the voices of all of its stakeholders, including customers, business partners, and shareholders. As well, I hope that Sharp, as a member of the global community, will be a company that can make further contributions to society and the environment by leveraging its technologies and expertise to offer unique products and services.



Makoto Kato
Outside Director

Career Overview

| | | |
|-------|------|---|
| June | 1995 | Director, Itochu Corporation |
| April | 1998 | Representative Senior Managing Director, Itochu Corporation |
| April | 2001 | Representative Executive Vice President, Itochu Corporation |
| April | 2006 | Vice Chairman, Itochu Corporation |
| June | 2007 | Corporate Senior Advisor, Itochu Corporation (retired in July 2010) |
| June | 2011 | Director, Sharp Corporation (current position) |

Director Ohyagi

An outstanding corporation can be an engine of social progress. Sharp has been highly rated for serving as the driving force behind developments in society under its business creed of "Sincerity and Creativity," bringing forth customer-oriented products through ingenious thinking.

For Sharp to remain a sustainable company, it should have superb corporate and technological strategies and ensure stable earnings, while at the same time growing with employees and local communities. It should also provide through its business activities solutions that can address social issues head-on.

As an outside director, I will be keeping a close watch on Sharp's corporate governance. And I will give my full support so that Sharp will be able to make the most of its strengths in technological development, fostered over many years, and in global networking.



Shigeo Ohyagi
Outside Director

Career Overview

| | | |
|---------|------|--|
| June | 1999 | Corporate Officer, Pharmaceuticals Group Tokyo Branch Manager, Teijin Limited |
| June | 2001 | Executive Officer, Pharmaceutical Sales Division Assistant General Manager, Teijin Limited |
| June | 2002 | Senior Executive Officer, Pharmaceuticals Group General Manager, Teijin Limited |
| October | 2003 | President, Teijin Pharma Limited |
| June | 2005 | Executive Officer, Teijin Limited |
| June | 2006 | Senior Executive Officer, Teijin Limited |
| June | 2008 | President and CEO, Teijin Limited |
| April | 2014 | Chairman, Teijin Limited |
| June | 2014 | Director, Sharp Corporation (current position) |

Director Kitada

Last year when I was appointed outside director, I expressed my wishes to contribute in some way to Sharp strengthening its corporate governance and boosting performance, management, and compliance. However, it pains me to say that Sharp remains in a dire state. For Sharp to escape this tough situation and be reborn, everyone in the company must act as one and put into practice its business creed of "Sincerity and Creativity" on a daily basis; we must also continue to offer society products with the kind of advanced technology befitting products exclusive to Sharp.

When an organization's business performance flounders, boosting that performance becomes the number one priority; corporate governance and compliance tend to receive less attention than they should. There are numerous cases where placing performance first and foremost leads to scandals in both the public and private sectors. Looking over this past year, Sharp has made steady efforts to enhance governance and compliance—something I give the company high marks for. I hope to continue to support Sharp in these areas as an outside director.



Mikinao Kitada
Outside Director

Career Overview

| | | |
|----------|------|---|
| April | 1976 | Public Prosecutor, Tokyo District Public Prosecutors Office |
| July | 1987 | First Secretary, Japanese Embassy in the US |
| April | 1997 | Director, International Affairs Division, Criminals Affairs Bureau, Ministry of Justice |
| April | 2002 | Director-General for Inspection, Minister's Secretariat, Ministry of Foreign Affairs |
| July | 2008 | Chief Public Prosecutor, Chiba District Public Prosecutors Office |
| January | 2009 | Director-General, Public Security Intelligence Agency |
| December | 2010 | Superintending Prosecutor, Sapporo High Public Prosecutors Office |
| January | 2012 | Superintending Prosecutor, Osaka High Public Prosecutors Office (retired in January 2014) |
| March | 2014 | Registered as attorney; Special Counsel, Mori Hamada & Matsumoto |
| June | 2014 | Director, Sharp Corporation (current position) |

Newly Appointed Outside Directors



Masahiro Sumita
Outside Director

Career Overview

| | | |
|-----------|------|---|
| April | 1979 | Registered as attorney |
| April | 1995 | Establishes Century Law Office as representative partner (current position) |
| September | 2002 | Managing Executive Officer, Resolution and Collection Corporation |
| September | 2010 | Chairman, Japan Industrial Solutions Co., Ltd. (current position) |
| June | 2015 | Director, Sharp Corporation (current position) |



Shinichi Saito
Outside Director

Career Overview

| | | |
|---------|------|--|
| April | 1971 | Joins Marubeni-Iida Co., Ltd. (now Marubeni Corporation) |
| January | 2003 | Joins Ernst & Young Global Financial Services |
| July | 2006 | Director, Ernst & Young Transaction Advisory Services |
| July | 2009 | CEO, Ernst & Young Transaction Advisory Services |
| May | 2013 | President and CEO, Japan Industrial Solutions Co., Ltd. (current position) |
| June | 2015 | Director, Sharp Corporation (current position) |

[I . Practice of Fair and Open Management]

Corporate Governance

Internal Control

***Self evaluation:**

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self evaluation* |
|---|--|------------------|
| <ul style="list-style-type: none"> ■ Continuously put into practice various policies related to internal control system and mount intensive efforts to resolve important items (problem items) in each internal control area ○ Complete various policies related to internal control system (30 items) as scheduled ○ Submit Internal Control System Report in June 2015 | <ul style="list-style-type: none"> ○ Completed various policies related to internal control system as initially scheduled ○ Reviewed policies, mounted intensive efforts to resolve important items (problem items), and submitted Internal Control System Report (information disclosure) (June 2015) | ○ |
| Priority Objectives for Fiscal 2015 | Put into practice various policies related to internal control system, based on Basic Policy for Internal Control (revised in line with Japan's amended Companies Act); complete those policies as initially scheduled Mount intensive efforts to resolve important items (problem items) in each internal control area, and submit Internal Control System Report in June 2016 | |
| Medium-Term Objectives (up to Fiscal 2017) | Implement specific action measures to effectuate company regulations as a policy in line with Basic Policy for Internal Control Mount intensive efforts to resolve important items (problem items) in each internal control area, and submit Internal Control System Report in June of each year | |

As one way to ensure that its corporate governance is functioning effectively, Sharp is developing and maintaining its internal control system to ensure that the entire Sharp Group engages in fair and appropriate business practices based on the provisions of Japan's Companies Act and of the Internal Control Reporting System falling under the Financial Instruments and Exchange Act.

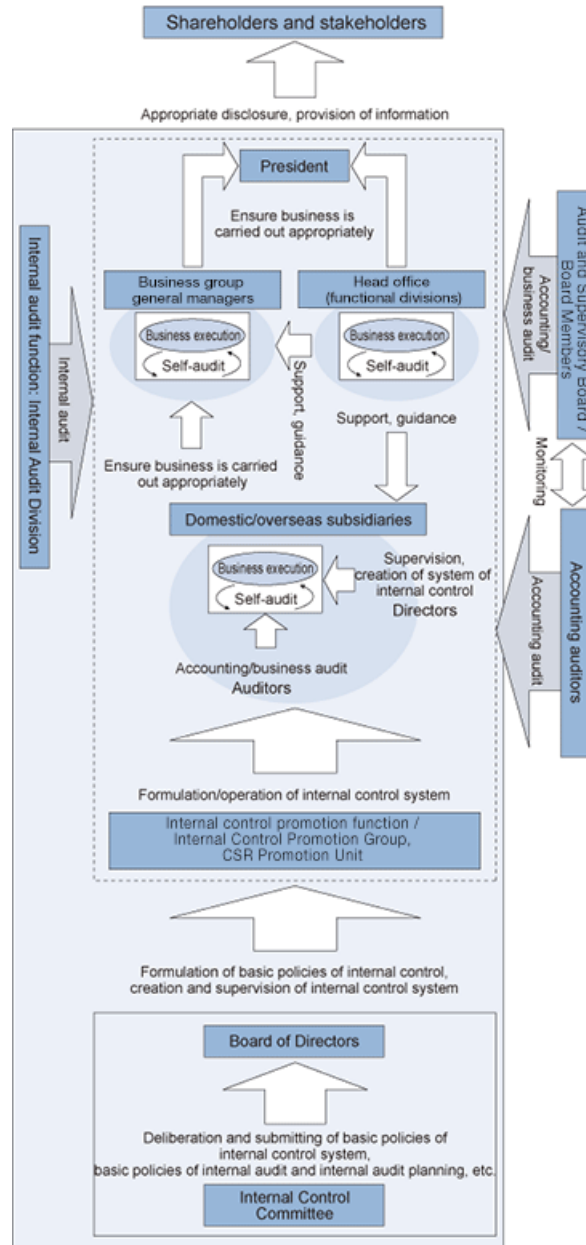
In response to the enactment of the Companies Act in 2006, the Board of Directors passed a resolution to adopt a basic policy related to the development and maintenance of systems necessary to ensure the propriety of business practices (Basic Policy for Internal Control). The company is working to properly maintain and operate those systems. In accordance with this policy, Sharp also established the Internal Control Committee to serve as an advisory panel to complement the supervisory functions of the Board of Directors. The Internal Control Committee discusses various policy measures related to the internal control system, while also affirming their operational status.

In fiscal 2014, Sharp revised the operation of the Internal Control Committee so that it would focus more on assessing the necessity of certain efforts aimed at resolving key issues as well as on considering the validity of policies and systems. The overall aim was to make oversight by the Board of Directors more effective. In line with the amendment of the Companies Act in April 2015, Sharp revised its Basic Policy for Internal Control; it has been reviewing various policies in accordance with the revisions.

At the same time, in response to the Financial Instruments and Exchange Act, the Sharp Group has been evaluating the effectiveness of its internal control system with respect to financial reporting. It has also taken steps to reduce various business risks through the sound operation of its internal control system. In fiscal 2014, Sharp implemented various measures to boost the control functions of each internal control area as well as the efficiency with which internal control system effectiveness is evaluated. Sharp also mounted intensive efforts to resolve critically important items and submitted an Internal Control System Report in June 2015.

For fiscal 2015, Sharp will complete the various measures related to the internal control system within the scheduled time frame and will mount intensive efforts to resolve critically important items (problem areas) in each internal control area.

■ Internal Control System*



* As of July 2015

[I . Practice of Fair and Open Management]

Corporate Governance

Risk Management

*Self evaluation:

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self evaluation* |
|--|---|------------------|
| <ul style="list-style-type: none"> ■ Ongoing review of priority risks and implementation of risk management based on PDCA cycle ○ Strengthen risk management for overseas subsidiaries | <ul style="list-style-type: none"> ■ Reviewed priority risks and implemented risk management based on PDCA cycle ○ Strengthened risk management for overseas subsidiaries | ○ |

| | |
|-------------------------------------|---|
| Priority Objectives for Fiscal 2015 | <ul style="list-style-type: none"> ■ Ongoing review of priority risks and implementation of risk management based on PDCA cycle ○ Strengthen information management ○ Strengthen risk management for overseas subsidiaries |
|-------------------------------------|---|

Risk Management as Part of CSR

Sharp believes it is essential that it control and manage various risks surrounding the company in order to fulfill its corporate social responsibility, which entails meeting the expectations of stakeholders through the sustainable development of business. That is why Sharp makes it a priority to conduct BRM (business risk management) as an integrated part of its CSR activities.

Functions of the CSR/Compliance Committee

The CSR/Compliance Committee holds meetings to review major risks, deliberate on company-wide BRM measures for dealing with them, and communicate those measures throughout the company. In addition, the committee identifies major risks pertinent to Sharp's business and operations and then plans and promotes measures to either prevent those risks or minimize their impact.

The CSR/Compliance Committee conducts risk management based on a PDCA cycle. The committee specifies which priority items Sharp should tackle first, taking into consideration any risk incidents that have occurred within the company as well as the measures drawn up by each group or division. The committee also clarifies the persons responsible, provides a time frame for tackling those priority items, and then checks the progress being made.

Promoting BRM

Management Based on the Rules of Business Risk Management

Sharp has developed the Rules of Business Risk Management as a basic policy for the promotion of BRM and controls its business risks based on these rules. In the Rules, risk items that could have a major impact on management are identified as "specific risks." For each specific risk, Sharp has created a risk control manual and has designated a business group or division to be responsible for risk management across the entire company. Sharp is continuously moving forward with initiatives to minimize risks and to prevent risks from actually occurring.

In addition, Sharp has established the Rules of Emergency Response, detailing responses if a major risk incident does come to pass. Taking prompt and appropriate action when an emergency situation occurs works to minimize loss and to prevent the damage from spreading not only across the company, but also to society at large. These Rules also specify action items to be implemented to ensure prompt and appropriate information disclosure to stakeholders.

Sharp periodically reviews and revises these Rules and the manual to reflect changes in the business environment by, for example, adding new specific risks.

Management Methods for Important Risks

From among the risks that Sharp has designated as specific, those that have a greater potential impact and a higher probability of occurrence are selected as "priority risks," and they become the subject of intense focus in the risk management activities of each group or division.

Each group or division continuously works to deal with these priority risks from the perspective of policy measures to (1) reduce the likelihood of a risk occurring and (2) reduce the impact on business activities in the unlikely event that a risk incident actually does occur.

For fiscal 2015, Sharp will continue focusing on measures aimed at strengthening risk management at its overseas subsidiaries and at enhancing information management.

Promoting BCPs

Sharp's major business sites and group companies have formulated BCPs (business continuity plans) that assume the occurrence of emergency situations, such as a large-scale disaster or an outbreak of an infectious disease. This effort is intended to expedite the continuation or early recovery of business when such emergencies occur. By regularly reviewing BCPs and holding training sessions, Sharp works to maintain and improve the business continuity capacity of the organization.



A scene from the BCP training session

In fiscal 2014, a tabletop BCP training session simulating a company-wide emergency headquarters was held at the Head Office. Senior management members discussed priority issues in business continuity and recovery and assistance measures for disaster-stricken business sites.

BCP basic policy of Sharp group

(1) The basic BCP policy of Sharp group consists of the following 3 articles.

Article 1: First priority to human life

The most important business resource of our company is the "human resource", so the first priority is safety of employees and their family at when large-scale disasters or infectious diseases, etc. occur. (safety effort, evacuation, healing injuries, safety confirmation, etc.)

Article 2: Proactive program and program for recovery from disasters

Being aware that continuing to supply products and services even at the time of large scale disasters and infectious diseases is one of the most important corporate social responsibilities (CSR), we will make a proactive program to minimize the damage from infectious diseases, and construct a framework and system to realize an adequate business continuity and rapid recovery from them.

Article 3: Support for local community and business connections

We will pay due consideration to our role, as demanded or expected by the local society of our place of business, sections and group companies or in the supply chain. (Provision of emergency evacuation location and stockpiles for local society, support for business connections to recover, etc.)

(2) In addition to the corporate-wide common basic policy stated above, each business group and company should consider and make their own BCP policy.

[I . Practice of Fair and Open Management]

Corporate Governance

Compliance

*Self evaluation:

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self evaluation* |
|-----------------------------|---|------------------|
| Conduct compliance training | Conducted training on antitrust laws (as well as other laws and regulations) and on compliance for newly appointed managers | ○ |

| | |
|-------------------------------------|--|
| Priority Objectives for Fiscal 2015 | Implement various compliance measures (such as training) |
|-------------------------------------|--|

In strengthening its global business expansion, Sharp has been using the PDCA cycle to develop and improve its compliance system for Sharp Corporation as well as for affiliated companies in Japan and overseas subsidiaries. It has also been working to foster awareness of compliance on a global basis and promote the spread of this awareness throughout the Sharp Group.

Basic Policy Regarding Compliance

Sharp defines compliance as "observing social codes of conduct and company regulations, including laws and corporate ethics." Accordingly, Sharp is pursuing the ongoing development of systems and policy measures for the implementation of management practices that give priority to compliance.

Strengthening the System to Promote Global Compliance

Sharp is working to strengthen its compliance and legal systems not only in Japan but also internationally to ensure that compliance is integrated into all Sharp global management practices.

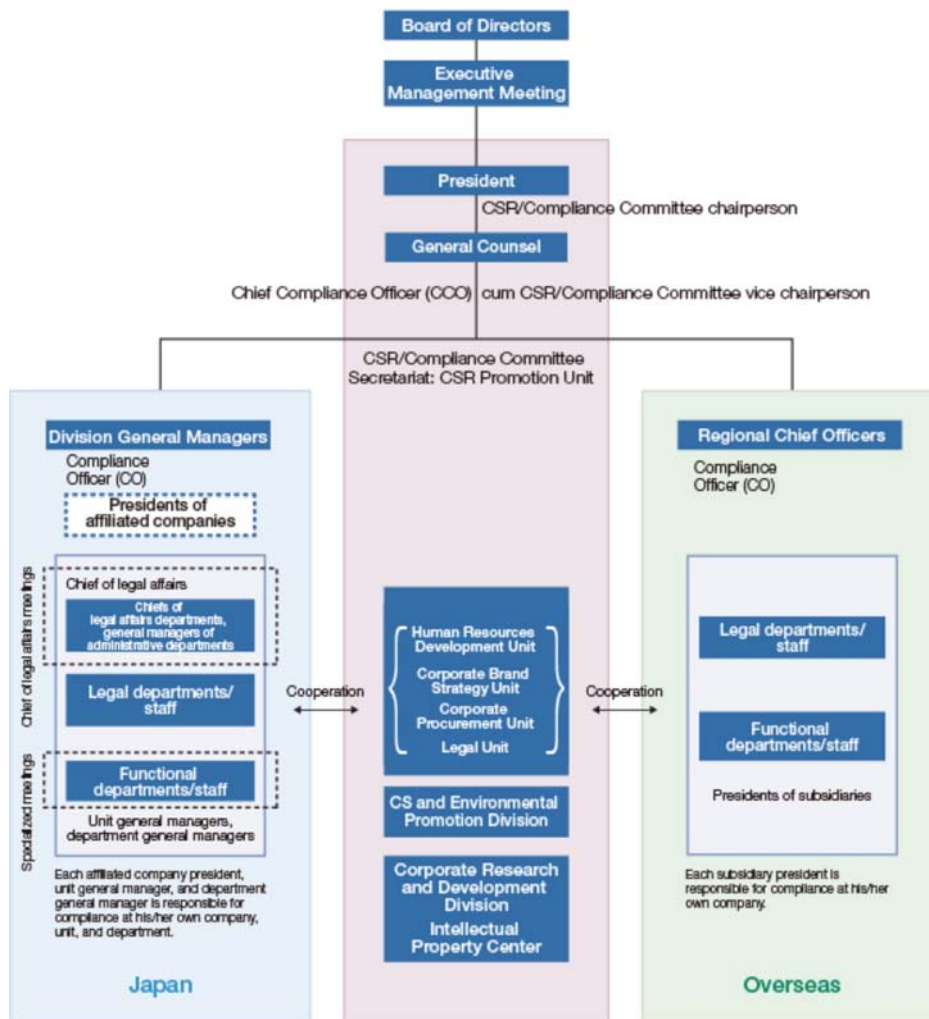
To strengthen compliance and legal systems in Japan, the Legal Unit at the Head Office holds regular meetings with legal affairs chiefs and staff members from each Sharp Corporation business group and affiliated company of Sharp Corporation in Japan. At these meetings, they discuss problems and case studies related to compliance and legal affairs as part of an ongoing effort to establish a shared awareness of compliance issues.

To strengthen its compliance and legal systems overseas, Sharp has appointed a top management executive to serve as a Compliance Officer (CO) at each major region overseas (including the US, Asia, and China), and it has appointed a legal affairs staff member in each region. In order to share information and strengthen compliance and legal functions in their given region, the legal affairs appointees serve on the staff of their regional CO and work in cooperation with every base in the region. The appointees also hold regular meetings with Sharp's Legal Unit at the Head Office.

In support of these efforts to promote compliance in all regions of Japan and abroad, the CSR/Compliance Committee, chaired by the Sharp president, regularly carries out the following activities: 1) it discusses and confirms how to raise awareness of compliance measures and how to thoroughly enforce them; and 2) it prioritizes the order of implementation for each measure and adjusts the schedule accordingly.

In fiscal 2015, Sharp will continue to work to improve and strengthen its system for dealing with compliance and legal affairs.

■ Sharp Group Compliance System*1



*1 As of July 2015

Raising Legal and Ethical Awareness to Ensure Compliance

In a social environment in which social responsibility is being subjected to ever more severe scrutiny, Sharp regards the role of the corporation as not merely to pursue profits, but rather to sustain and continue business activities in a way that places the highest priority on compliance. In this light, Sharp produced the Sharp Group Compliance Guidebook as a how-to guide to ensure that each individual employee has a thorough understanding of the meaning of compliance and how to put compliance into practice in their routine work activities. This guidebook is distributed to all Sharp employees in Japan. Sharp uses training sessions, such as specialized training in specific fields, as an opportunity to disseminate the contents of this guidebook and to raise awareness of compliance.

As it expands its business globally, Sharp will continue to foster awareness of compliance and ensure that this awareness permeates the entire Sharp Group. Sharp will do this by further expanding and improving its efforts toward regulatory compliance, so that business activities are carried out properly in accordance with regulations that apply globally and with local laws and regulations.

Consultation Hotline for Compliance Issues

Sharp Corporation and its affiliated companies in Japan have set up a hotline to provide counseling services for problems in the workplace, such as compliance issues. The company has also set up an antitrust law hotline, which serves as a contact point specifically for issues related to antitrust laws. These hotlines are accessible inside the company and externally (via an outside law firm providing legal counsel) to enable employees and temporary staff—as well as employees of business partners^{*2}—to ask questions or request a consultation in line with the spirit of Japan's Whistleblower Protection Act.

Sharp also has a consultation service dedicated to addressing workplace harassment (which includes sexual harassment, pregnancy discrimination, and abuse of authority).

These services enable Sharp to work with employees to quickly catch real or potential violations of the law and take early action to resolve problems.

In fiscal 2014, the compliance hotline received about 60 reports and requests for consultation; however, there were no material compliance violations.

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 those persons will suffer no unfavorable treatment or penalties.

Similar reporting and consultation services have been set up at Sharp's major overseas bases, and early actions are being taken to resolve problems.

^{*2} Only the compliance hotline is available for use by employees of business partners.

Preventing Corruption in All Forms and Dealing Properly with Donations

The Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct contain provisions that strictly prohibit any form of corrupt behavior, such as extortion or direct or indirect bribes of money or goods. The Group Charter and Code of Conduct also stipulate that donations must be handled in a proper manner.

In March 2015, Sharp instituted rules of conduct governing both executives and employees, with a view to preventing corrupt practices such as bribery. By setting up a clear system of checks, the company is working to prevent acts of bribery. In addition, the company has produced guidebooks and training materials and has also conducted training sessions.

For overseas bases, Sharp will establish regulations customized for each region, taking into account local laws.

In Japan, Sharp prevents illegal payoffs and improper expenditures through a system of compulsory reviews. In place since December 2008, this system serves to assess the propriety of monetary disbursements such as donations and contributions made by Sharp Corporation and its affiliated companies.

In March 2014, Sharp further tightened the assessment criteria to ensure fairer reviews. In fiscal 2014, there were 138 cases of such reviews.

II . Enhancement of Customer Satisfaction



Ensuring Quality and Safety

- ▶ [Ensuring Quality and Safety](#)

Making Easier-to-Use Products

- ▶ [Making Easier-to-Use Products](#)
- ▶ [Product Improvement Case Studies](#)

Enhancement of Customer Satisfaction

- ▶ [Enhancement of Customer Satisfaction](#)

Related information:

- ▶ [Medium-Term CSR Strategy \[5 Material Issues ④\] Ensuring the Safety and Reliability of Products and Enhancing Customer Satisfaction](#)

[II . Enhancement of Customer Satisfaction]
Ensuring Quality and Safety

***Self evaluation:**

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|--|------------------|
| <ul style="list-style-type: none"> ■ Improve global quality and customer satisfaction <ul style="list-style-type: none"> ○ Japan: Restructure CS human resource development system (enhance quality and service capabilities, build a system for CS awareness training, improve CS management training) ○ Overseas: Strengthen human resource development training to fit local quality needs | <ul style="list-style-type: none"> ■ Promoted measures to improve global quality and customer satisfaction <ul style="list-style-type: none"> ○ Japan: Held CS training by management level ○ Overseas: Held practical training on quality-related technology in China and the ASEAN region | ○ |
| Priority Objectives for Fiscal 2015 | <ul style="list-style-type: none"> ■ Improve global quality and customer satisfaction <ul style="list-style-type: none"> ○ Japan: Strengthen quality-improvement capabilities by acquiring technical knowledge ○ Overseas: Strengthen human resource development measures to improve quality | |
| Medium-Term Objectives (up to Fiscal 2017) | <ul style="list-style-type: none"> ■ Globally deploy quality- and service-personnel training <ul style="list-style-type: none"> ○ Globally train experts to have both quality and service expertise and the capability to provide guidance | |

Sharp always thinks from the customer's point of view and, as a rule, develops and provides products and services with the customer in mind. To ensure that customers can continue to use Sharp products for many years with peace of mind, Sharp strives to improve its products and its sales and after-sales services by reflecting the opinions of customers.

Sharp will continue to pursue customer satisfaction (CS) so that customers choose Sharp now, next time, and every time.

Basic Stance and Vision on Service and Quality

To gain customer trust and improve customer satisfaction, the Sharp Group meets customer needs and demands, and offers high-quality products and services that are safe, reliable, and environmentally friendly.

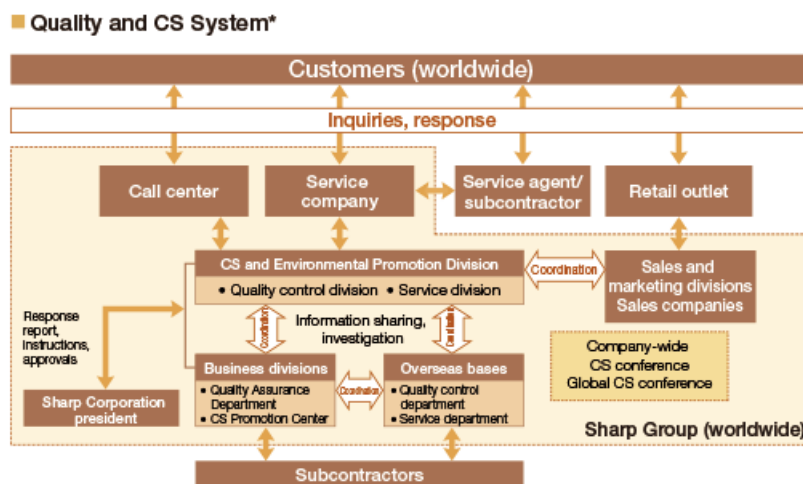
| | |
|--|---|
| Quality Philosophy | |
| To respond to society's needs and make products that satisfy our customers, we keep the slogan "Quality First" in mind at all times. | |
| CS slogan | Quality slogan |
| Building a relationship of trust through quality and service so that customers choose Sharp now, next time, and every time. | 品質第一 私たちの心です Quality First in Heart and Mind |

Quality and Service Promotion System

Sharp undertakes all its business activities from product development through sales and service based on management from the customer's point of view and has established the CS and Environmental Promotion Division as a company-wide promotion organization to further boost product quality and safety as well as customer satisfaction.

Sharp has established a CS Promotion Center and a Quality Assurance Department that undertake product service and quality control in each business. The Sharp Group, including overseas bases and subcontractors, has also established a system for building relations of trust with customers by providing safe, high-quality products and service.

In fiscal 2014, a global quality education program was implemented to promote quality and service personnel training overseas. This was introduced at eight bases in China and at nine bases in other parts of Asia. Quality and technology training sessions were provided to a total of 1,082 participants. Furthermore, in order to strengthen personnel training based on local needs, a quality and service management training program was implemented for local service managers.

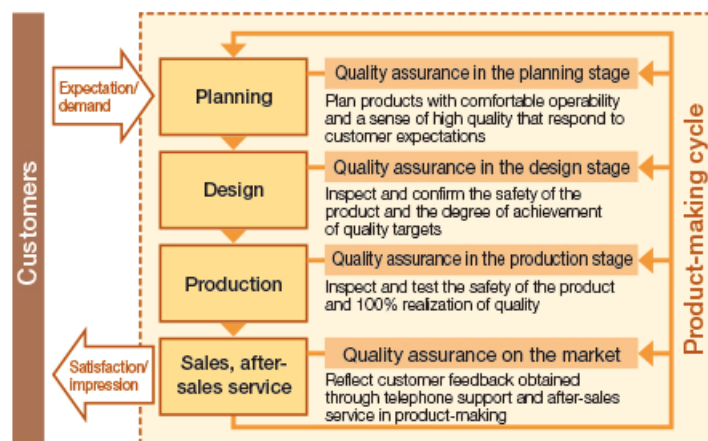


* As of July 2015

Quality Assurance System

Sharp specifies the quality levels it provides to customers, thus ensuring that all employees in product planning, design, production, sales, and after-sales service aim for the same targets in their ongoing pursuit of quality improvement. All Sharp Corporation business divisions and all production sites of consolidated subsidiaries in Japan and abroad have obtained the international ISO 9001 certification of quality management.

They have also adopted the SHARP Corporation Standards—the Sharp Group's proprietary quality assurance standards—and conduct various quality assurance activities in each stage of the product-making process—from planning, design, and manufacture to testing/evaluation and marketing.



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 has its own technical safety standards, which are applied to all products. Through these standards, Sharp aims to ensure product safety even when rare and unexpected problems arise, especially concerning issues such as incombustible material usage and abnormal motion detection. To ensure an even higher level of safety, Sharp revises the standards whenever the need arises. Also, Sharp has built a system for ensuring product safety, so that unexpected product problems 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.

Educational Activities in Japan for the Safe Use of Products

Through its website and pamphlets, Sharp is enlightening customers on the safe use of its products.

To prevent customers from experiencing any unexpected disadvantage from unsuitable methods of use or installation locations, Sharp posts advice for safe usage on its website and actively provides information.



Web page showing advice for safe usage

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, or through other methods. Sharp also has contact points to directly receive inquiries from customers and is striving to keep quality problems to an absolute minimum.

Through important notices posted on its website, Sharp notifies customers about free-of-charge inspections, repairs, and product-related warnings.

Based on the Sharp Voluntary Product Safety Action Policy, Sharp also releases on its website details of serious accidents that are suspected to be or have been judged to be caused by a Sharp product and that have been reported to the Consumer Affairs Agency and the Ministry of Economy, Trade and Industry in Japan.

Manufacturing Products That Conform with Customer Environments

By collecting data on such matters as climate changes and the power supply status (voltage fluctuations) in various countries and regions, Sharp manufactures products that optimally suit the environment of each region. In addition, to ensure that no damage occurs to products during transport from factory to customer, transportation vibration data is collected and utilized during product development.



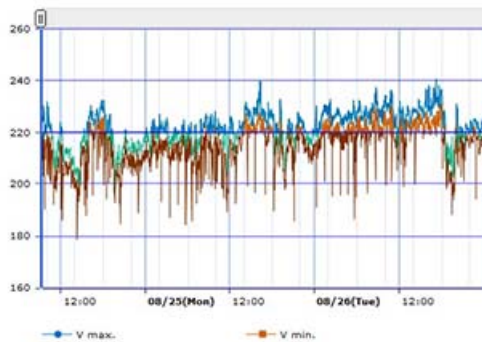
Obtaining environmental data for the ASEAN region



Measuring voltage fluctuations at a customer's house in Vietnam



Obtaining vibration data during truck transportation (Vietnam)



Measurement data

[II . Enhancement of Customer Satisfaction]
Making Easier-to-Use Products

***Self evaluation:**

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

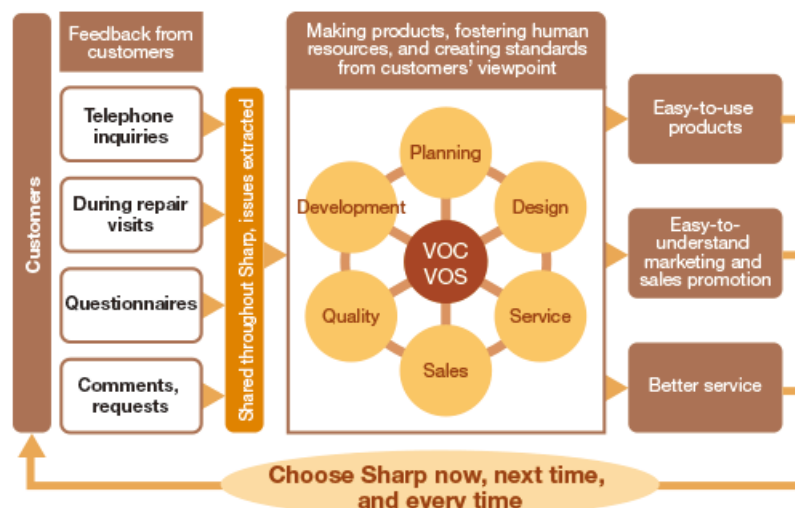
| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|---|------------------|
| <ul style="list-style-type: none"> ■ Improve quality and service from the customer's point of view <ul style="list-style-type: none"> ○ Make market quality information easier to see so that it can be analyzed and fed back to the design, development, and production divisions | <ul style="list-style-type: none"> ■ Promoted activities to improve quality and service from the customer's point of view <ul style="list-style-type: none"> ○ Newly implemented a global market quality information system and enhanced the speed of information analysis and feedback to relevant divisions | ○ |
| Priority Objectives for Fiscal 2015 | <ul style="list-style-type: none"> ■ Improve quality and service from the customer's point of view <ul style="list-style-type: none"> ○ Improve product usability during the design stage ○ Provide the development and production divisions with timely feedback of market quality information | |
| Medium-Term Objectives (up to Fiscal 2017) | <ul style="list-style-type: none"> ■ Continuously implement activities to improve quality and service from the customer's point of view <ul style="list-style-type: none"> ○ Achieve the best quality and service in the industry by providing more timely feedback on market quality and by making improvements during the design stage | |

Applying Customer Feedback to the Making of Products

In order to deliver products that customers find easy to use, Sharp is implementing VOC (Voice of the Customer)/VOS (Voice of the Service Staff) activities so that customer evaluations and opinions are put to use when products are made. Feedback received from customers during telephone assistance at the Customer Assistance Center, during repair service visits, and in Web-based questionnaires is shared throughout the company, while protecting the anonymity of the customer. The feedback is used to understand, from a user's point of view, challenges related to planning, design, development, quality, sales, service, and other areas.

With a focus on issues raised through customer feedback, the customer service departments and the development, quality, and sales departments work together to consider ideas for improvement and exchange opinions in order to create products that are even more appealing and easier to use and even better services.

In addition to activities to improve products, Sharp also actively fosters human resources through training and creates assessment standards for supporting manufacturing from the user's point of view in order to conduct user-oriented manufacturing, sales, and service.



Investigating Customers' Latent Dissatisfaction and Needs Pertaining to Usability and Reflecting Them in Product Design

Based on the concept of user-centered design (UCD), as outlined in the international ISO 9241-210 standard, Sharp investigates customers' latent dissatisfaction and needs as part of its product development process and reflects those findings in the specifications and design of its products.

In addition to getting feedback from its Customer Assistance Center in Japan, Sharp uses field research, surveys, and usability tests (observing how customers actually use Sharp products) to collect information on how customers interact with products. That information is compiled and analyzed to create products that are appealing from three perspectives: products that customers want to use, products that are easy to use, and products that customers will want to continue using for a long time.

Sharp also promotes the manufacture of products that take into consideration universal design, so many more customers can comfortably use its products. As of April 2015, 138 models of 18 Sharp products had been recognized as universal design home appliances by the Association for Electric Home Appliances in Japan. Through activities such as these, Sharp is raising the appeal of its products.

[II . Enhancement of Customer Satisfaction]
 Making Easier-to-Use Products
 Product Improvement Case Studies

Humidifying Air Purifier (KI-EX100/75/55)



(KI-EX100)

■ Thanks to the easy-to-clean back panel, the purifier can be cleaned without removing the panel.



(KI-EX75)

■ These models feature wheels with stoppers to enable easy movement and set-up.

Just push to move!

Can be moved easily with just one hand

Fitted with wheels with stoppers

Stopper in locked position

Stopper in unlocked position

- This air purifier is equipped with Sharp's COCORO Engine, which provides audio guidance that includes convenient operational information.



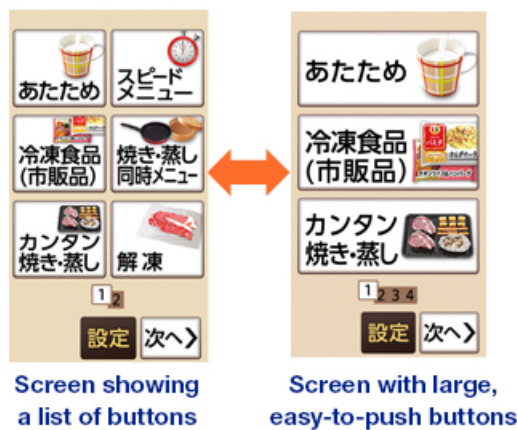
Healsio Superheated Steam Oven (AX-XP100/XP1WF/SA100)



(AX-XP100)

- Healsio's touch panel uses easy-to-see colors and is easy to operate.

Button displays can be changed!



(AX-XP100 screen image)

- Explanations on how to prepare beginner menus are shown in color, accompanied by audio guidance for easy understanding.



Try this out!

(AX-XP100 screen image)

- This oven is equipped with Sharp's COCORO Engine, which provides audio guidance on cooking.

When the audio information button in the upper right corner is pressed...

Healsio provides audio guidance

(Only AX-XP 100/XP1WF)



Leftover vegetables can be cut into small pieces and heated together.



Fax Machine/Phone (UX-AF90CL/CW)



(UX-AF90CL)

- Volume can be increased with one touch of the audio button on the base unit or handset.



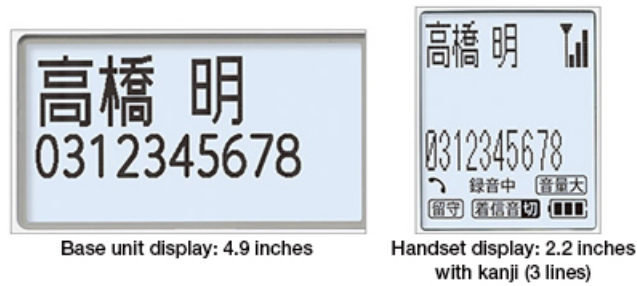
Base unit



Handset



- Kanji-character LCDs (base unit and handset) are easy to read and use.



- When pressed, the voice guidance button provides basic operational information via the LCD and audio guidance.



Convenience Store Multi-Copy Service

- Easy operation through an interactive UI!



- Incorrect placement of original documents and mistakes in settings can be avoided by using the confirmation function before the final print.



■ Audio guidance in both Japanese and English.



Convenience stores with this service (in alphabetical order):

- CircleKSunkus
- FamilyMart
- Lawson

(May not be available at every store in the chain).

[II . Enhancement of Customer Satisfaction]

Enhancement of Customer Satisfaction

*Self evaluation:

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|---|------------------|
| <ul style="list-style-type: none"> ■ Increase customer satisfaction by enhancing service capabilities and customer response skills <ul style="list-style-type: none"> ○ Promote measures to raise CS awareness in the ASEAN region | <ul style="list-style-type: none"> ■ Increased customer satisfaction by enhancing service capabilities and customer response skills <ul style="list-style-type: none"> ○ Promoted and held CS awareness training in China and the Philippines and helped such training take root | ○ |
| Priority Objectives for Fiscal 2015 | <ul style="list-style-type: none"> ■ Increase customer satisfaction by enhancing service capabilities and customer response skills <ul style="list-style-type: none"> ○ Promote measures to strengthen CS awareness in the ASEAN region | |
| Medium-Term Objectives (up to Fiscal 2017) | <ul style="list-style-type: none"> ■ Increase customer satisfaction by enhancing service capabilities and customer response skills <ul style="list-style-type: none"> ○ Deploy training and other measures to strengthen CS awareness in China and Asia | |

Customer Service That Exceeds Expectations

From the moment a customer first considers buying a Sharp product, Sharp's Customer Assistance Center in Japan always aims to meet or exceed customer expectations.

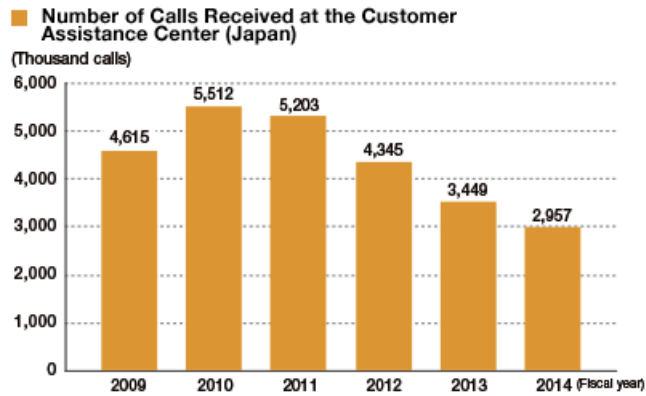
All Customer Assistance Center agents (operators) are periodically monitored by a response-quality manager. Based on those results, agents undergo training to improve their responsiveness in terms of providing assistance that matches the customer inquiry as well as their methods of speaking and listening. This enables the agents to maintain a high level of response skills while also boosting their awareness of customer satisfaction.

In fiscal 2014, Sharp enhanced the support section of its website so that customers can solve problems without calling the Customer Assistance Center. The website provides enhanced customer-oriented services that include Fault Diagnosis Navigation, where customers themselves diagnose the symptoms and solve problems by following instructions on the screen. In fiscal 2014, the number of product categories covered (such as LCD TVs, Blu-ray Disc recorders, washing machines, air conditioners, refrigerators, fax machines, and phones) was increased. There's also the Visual Guide, which employs video images to explain how to maintain products—something that can be difficult to explain with just words and illustrations.

The Customer Assistance Center has a toll-free number that gives automated responses to help callers solve common issues. This is particularly convenient late at night, when customers can receive troubleshooting assistance even when agents are unavailable.

The number of inquiries to the Customer Assistance Center went down after peaking in 2010. This reduction can be attributed in part to the termination of the Japanese government's Eco-Point system, a system that fueled product demand, and to the end of terrestrial analog broadcasting. The ability of customers to solve problems by themselves using the previously mentioned online support and toll-free number was also a contributing factor.

Sharp will continue to enhance its support services to help customers solve problems anytime and with ease.



Improving the Web-Based Repair Request Function in Japan


Improvements made to online support functions allow customers to select their preferred repair date when using the Sharp website to request a repair visit. Customer convenience was also improved by providing a repair-visit cancel function on the same web page.

Additional measures taken to improve customer convenience included providing support for web-based repair requests via smartphone, in response to the widespread adoption of these devices.


インターネットでの修理のお申し込み

インターネットから出張修理および引き取り修理を承ります。

- 出張修理は、Web修理申し込み時に、修理訪問日の指定ができます。(一部地域を除く)


Web修理申し込み
(訪問日の指定もできます)

- ご依頼頂いている修理の進捗状況確認や修理申し込みのキャンセル、修理訪問日の変更ができます。


修理申し込み後の進捗確認・キャンセル
(訪問日の変更もできます)

- 引き取り修理については、一部対象製品につき、シャープエンジニアリング株式会社指定の配送業者が修理依頼品をお引き取りし、修理完了後に修理品をご自宅までお届けします。
※沖縄県全域を除きます。
→ [引き取り修理サービスの詳細についてはこちら](#)

Repair request website screen

Activities to Reflect the Voice of the Customer in Development

Since 2009, Sharp has been conducting SEK^{*1} service training for engineers involved in product development.

The purpose of this training is to let engineers learn about product quality, user friendliness, and maintenance by actually visiting service sites, directly listening to the opinions of customers, and observing how products are actually used on site. In fiscal 2014, new employees in charge of AV equipment received SEK service training for five months.

Sharp's engineers rarely have the opportunity to come in contact with customers. Through this training, which has them directly talking to customers and sometimes receiving harsh comments, engineers learn how important it is to think from the customer's perspective and keep the service sites in mind when creating products.

In addition, by accompanying senior service technicians on their duties, trainees learn the necessary social skills, such as interpersonal communication and an eagerness to actively collect information through support services.

Although only a few years have passed since such service training began, employees have sensed that the training has helped build stronger ties between the after-sales company (SEK) and manufacturing sites, including their development and planning departments. Sharp will continue to enhance its training program.

*1 Sharp Engineering Corporation: In charge of after-sales services for Sharp's home appliances



Voice

Words from a SEK Service Training Participant

Through this training, I was able to visit the homes of many customers, where I learned that they use many Sharp products. I met many fans of Sharp; after I had finished repairing their product, some customers told me that they will continue to buy Sharp products. I believe we have such devoted customers not only because our products are attractive but also because our service technicians are providing thorough services that put the customers first.



Koji Ikeda
In charge of the Second
Development Section
Next Generation AV Development
Center



Topics

Sharp's First Contest on the Techniques and Manners of Service Technicians

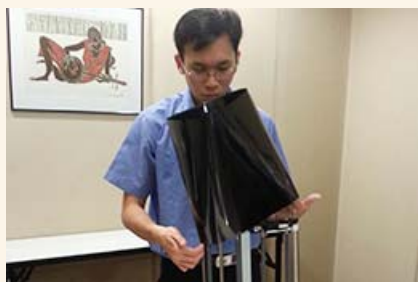
In Asia, where economic growth continues, Sharp is increasing its equipment sales and after-sales service to companies and government offices.

Since the equipment is used for business purposes, shortening downtime^{*2} during both regular maintenance and malfunction repairs gives customers a more favorable impression of Sharp and its products.

Sharp is enhancing its after-sales service by providing training to improve the technical capabilities of its service technicians. In fiscal 2014, Sharp held its first service technician contest on MFP-related service skills and business manners. The contest ran from December 2014 to March 2015.

Preliminary contests were carried out in Sharp service departments in five countries (India, Singapore, Vietnam, Thailand, and Malaysia). During the tournament finals, which were held in Malaysia in March 2015, the troubleshooting capabilities for MFP hardware and software troubles, the repair speed, and the business manners of each country's representative service technician were tested.

Through this contest, guidance was provided in areas that the service technicians had not fully understood, and contestants were able to share their technical skills and their knowledge of manners. By having each representative return to his country and horizontally convey there what had been learned through this contest, Sharp was able to improve customer satisfaction.



Service technician taking part in the contest



Contest participants

^{*2} Time when the product cannot be used due to periodic maintenance or malfunction.

Capturing the Hearts of Customers through CS Awareness

At SESC, a sales company in China, CS awareness training is conducted to teach service technicians about the services provided in Japan.

SESC has appointed some of its service technicians to carry out the mission of conveying CS awareness on a

full-time basis. They have received training at SEK, an after-sales service company in Japan. Not only did SESC's trainees acquire technical skills, but they were also trained on how to interact with customers through greetings, conversational skills, grooming, manners, and other such aspects. These full-time service technicians hold seminars for partner-company service personnel in charge of after-sales services. In fiscal 2014, 40 such seminars were held in various parts of China.



Using SEK training videos to learn telephone manners

Although there were concerns about introducing Japanese-style after-sales service in regions with different cultures, the program has been rated highly by partner-company service technicians who have participated in the training. SESC has received comments on the training as a useful tool for communicating with customers, on CS awareness as a requisite for reducing claims, and on the lack of such training at other companies.

Amid growing domestic demand, competition in China has intensified. SESC will provide after-sales service that captures the hearts of customers by responding with CS awareness.

Opening Ceremony for Renovated SPC Davao Branch Service Center in the Philippines

On March 23, 2015, SPC held a grand opening for its newly renovated service center in Davao, a city in the Mindanao region of the Philippines. To promote the revamped center, SPC invited the local media and Sharp dealers, and a press conference was held.

SPC also used the opening to introduce its new 1 Hour, 1 Day, 1 Week service for responding immediately to customer inquiries. With the aims of responding to customer inquiries within one hour, to visit sites within one day, and to solve issues within a week, the service will begin at large-scale bases and will gradually be introduced at service bases in major cities in the Philippines.

Since last year, SPC has been promoting Japan's OMOTENASHI customer service method at all of its bases. SPC aims to improve its CS by providing high-quality, Japanese-style customer support.

SPC currently owns 22 service bases. In June 2015, it opened a new service base in the Central Visayas region of Bohol Province.

Going forward, SPC will actively deploy after-sales service initiatives in other ASEAN countries, with the aim of improving customer satisfaction.



Exterior of the newly renovated Davao Branch Service Center



The revamped interior



Managers participate in a press conference at a local hotel

III. Disclosure of Relevant Information / Protection and Security of Information



Stakeholder Communications

- ▶ [Communicating with Customers](#)
- ▶ [Communicating with Business Partners \(Suppliers\)](#)
- ▶ [Communicating with Business Partners \(Dealers\)](#)
- ▶ [Communicating with Shareholders and Investors](#)
- ▶ [Communicating with Employees](#)
- ▶ [Communicating with Local Communities on the Environment](#)
- ▶ [Communicating with Local Communities](#)

Information Management

- ▶ [Information Security Strategies](#)

[III. Disclosure of Relevant Information / Protection and Security of Information]
Stakeholder Communications

Communicating with Customers

Incorporating Customer Feedback into the Creation of New Products and the Provision of After-Sales Service

In fiscal 2014, Sharp further strengthened customer support on the company website to enable customers to solve problems themselves, based on feedback received at its Customer Assistance Center.

For example, Sharp took the customer's perspective in expanding the services it offers. Initiatives included broadening the types of products covered under Fault Diagnosis Navigation—which enables users to identify the presence of a product malfunction by answering on-screen questions—to include LCD TVs, Blu-ray Disc Recorders, washing machines, air conditioners, refrigerators, facsimiles, and phones. Sharp also made improvements in its Visual Guides, which use animated graphics to lead users through product maintenance procedures that would be difficult to convey using only words and illustrations. A new feature allows customers to use a smartphone to arrange for product repairs and change repair dates via the website. Sharp is also working to provide greater convenience by introducing an Interactive Voice Guidance Phone Service (via a dedicated toll-free number) that uses interactive voice responses to guide users through frequently asked questions and their solutions. This service will enable users to solve problems even outside the normal operating hours of the Customer Assistance—for example, late at night.

In addition, Sharp has set a goal to create attractive products from three user perspectives ("Wanting to try using a product," "Finding it easy to use," and "Wanting to continue using the product for a long time..."). To this end, Sharp collects and analyzes information on how customers interact with products, using sources in addition to the verbal feedback obtained from the Customer Assistance Center—for example, door-to-door surveys, questionnaires, usability testing (tests to observe how customers actually operate products), and other means.

With the cooperation of customers, including those registered to SHARP i CLUB (a membership-based website service provided to people who use Sharp products), Sharp has conducted usability tests on microwave ovens and washing machines. Valuable feedback in the form of opinions obtained from customers while they were actually using the products was provided to development departments to help them create better products.



Voice

Feedback from Usability Test Participants

I'm happy that Sharp listened seriously to the opinions and thoughts that I expressed during the usability test. I would like to participate again if I have the opportunity. (Woman in her 60s)

I had been thinking about a replacement. This experience helped me make that next purchase since it got me thinking about the most convenient position for buttons and the size of display letters that I prefer. (Woman in her 60s)



Usability testing



Test participant interview

[III. Disclosure of Relevant Information / Protection and Security of Information]
Stakeholder Communications

Communicating with Business Partners (Suppliers)

Meetings with Business Partners

Every six months, each division at Sharp holds meetings with suppliers. These gatherings offer the opportunity to explain Sharp's commitment to CSR, discuss current business conditions and business policies, and request the understanding and cooperation of our business partners.

In the future, Sharp will actively work to communicate with its business partners in a positive, constructive manner, while continuing to engage in harmonious business transactions based on a mutual understanding of Sharp's Basic Purchasing Principles.



Meeting with business partners

[III. Disclosure of Relevant Information / Protection and Security of Information]
Stakeholder Communications

Communicating with Business Partners (Dealers)

Promoting Eco-Friendly Products

In order to propose eco-friendly and comfortable lifestyles to customers, Sharp holds GOTEN events with its dealers in various regions.

At these events, Sharp promotes its environmentally friendly products and sets up a corner—called *chikuden-chaya* ("energy storage teahouse")—where customers can drink tea.

From a *chikuden-chaya* corner set up in the middle of its booth, Sharp promotes storage cells to all of its visitors!



GOTEN in Kurume City, Fukuoka Prefecture

When promoting eco-friendly products, Sharp sales representatives take full advantage of knowledge they have gained from taking the Eco Test, which Sharp promotes as a way of helping employees acquire knowledge of environmental issues.

Sharp, working together with its dealers, is engaging in business activities that can contribute to the global environment, while encouraging employees to further improve their skills.

Overseas: Nurturing Our Relationships with Business Partners

To further deepen its relationships with business partners selling Sharp products in China and to enhance mutual prosperity, Sharp held dealer meetings on March 11 and 12, 2015 in its booth at the Appliance & Electronics World Expo^{*1} in Shanghai. About 200 trading partners participated in the meetings.

Sharp set up displays that let visitors experience its latest technologies and home appliances. Scenes showing how to utilize Sharp products provided detailed information on a range of commercial products: AQUOS LCD TVs; white goods, such as air purifiers, for which demand is expected to grow; and B-to-B products, which enable business to be conducted more smoothly.

Sharp will work to increase public awareness of its business activities and to strengthen its branding in China, while continuing activities that nurture its relationship with its business partners.

^{*1} China's largest electronics exhibition, held in Shanghai every March. The 2015 event was held from March 11 (Wednesday) to 14 (Saturday). Over 500 companies from 40 countries participated, and over 110,000 visitors attended.




Dealer meeting at the Appliance & Electronics World Expo venue




A surprise appearance by Sharp celebrity spokesperson Donnie Yen, star of LCD commercials in China, draws a huge crowd

Overseas: Activities to Strengthen Bonds with Dealers

In Asian countries, Sharp is holding KOTEN events that propose more comfortable and convenient lifestyles made possible by the special features of Sharp products. Strong bonds are created between Sharp's overseas sales companies and its dealers when they work together to hold these customer-targeted promotional events. And creating a variety of Japanese-themed events as well as a Japanese ambience lets visitors experience Japanese culture while also having fun.

 **Myanmar**
Apr. 2015



Thank you for supporting our second KOTEN event. During the sales season, when other stores were also holding promotions, we were able to differentiate our store by holding a KOTEN. I am very grateful to Sharp. I plan to hold another KOTEN next year, so I'd like to ask for Sharp's continued support.

Owner of Asia Fortuna
Major dealer in Myanmar

 **Bangladesh**
Jun. 2015



The various events staged during the KOTEN brought a lot of smiles to our customers' faces. I'm grateful to Sharp, and I look forward to holding more KOTEN events in the future. I ask for your continued cooperation.

Esquire Sales General Manager
Distributor in Bangladesh

 **Malaysia**
Oct. - Dec. 2014



Through ATOM training, we were able to improve our sales promotion capabilities and motivation. This has led to increased sales of value-added products such as Quattron and large refrigerators. I'm grateful for the support provided by Sharp. I'd like to ask Sharp to continue to implement step-up campaigns to create a strong relationship of mutual growth.

Executive of ESH
A major dealer in Malaysia



 **Vietnam**
Jan. 2015



Through Japanese-themed activities such as trying on kimonos and playing kendama games, we were able to attract a lot of customers. I think this is a very unique event, like no other. I'd like to continue working with Sharp on new activities to increase sales.

Owner of Viettrinox
Dealer participating in KOTEN in Vietnam

 **Indonesia**
Feb. 2015



Due to the sluggish market, many of our competitors have experienced reduced sales. However, we were able to maintain our sales levels. I'm grateful to Sharp, because Sharp not only delivers products but also provides follow-up that leads to actual sales.

Executive of Hartono
A major dealer in Indonesia

Overseas: Training and Human Resource Development for Our Dealers

To enable the staff of our dealers to conduct promotional activities suitable for their respective countries, Sharp supports practical ATOM (Attack Team of Market)^{*2} training aimed at improving participants' product knowledge and ability to provide better customer hospitality.

^{*2} ATOM training is a unique, practical training program conducted by Sharp. Participants acquire basic skills for serving customers, basic knowledge required for sales promotion activities, and enhanced sales techniques, through a system that also improves product knowledge.



ATOM training

[III. Disclosure of Relevant Information / Protection and Security of Information]
Stakeholder Communications

Communicating with Shareholders and Investors

Communicating with Investors

At both the Osaka and Tokyo Offices, major activities during fiscal 2014 included facilitating one-on-one IR meetings and video conferences with institutional investors and analysts. In addition to organizing visits to institutional investors in North America, Europe, and Asia, top management held briefings on management status and business strategy as part of its IR activities. Aimed at domestic and foreign investors, the briefings were conducted in conferences sponsored by securities companies.

During a conference held in Tokyo in September, Sharp conducted a business briefing on small and medium-sized displays and also held one-on-one and group meetings with domestic and foreign investors. Sharp used the briefing to introduce not only its display business strategy but also its new technologies, such as automotive free form displays*.

Going forward, Sharp will continue to provide appropriate and timely information on business activities, management improvements, and other initiatives and will also strengthen IR activities by top management.

* Display that employs IGZO technology and a unique circuit design method to meet users' need for various shapes.



A business briefing by top management

[III. Disclosure of Relevant Information / Protection and Security of Information]

Stakeholder Communications

Communicating with Employees

Sharp regards internal communications—whether personal, workplace, or corporate—as vital both to the fostering of an enthusiastic, "can-do" spirit among employees and to the future growth of the company. Accordingly, the company has carried out internal measures with members from across the organization, including the following departments: business planning, public relations, human resources, brand management, investor relations, and IT.

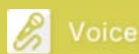
Going forward, Sharp will actively promote internal communications to maximize the motivation and capabilities of employees.

Direct Communication with Top Management

The Sharp President and members of top management have been visiting each base in Japan and abroad. In addition to seeing what's going on at each factory, business office, and sales and service base, they are exchanging views with employees who work at those locations. By using online streaming and microphone broadcasts to disseminate timely information, Sharp is enhancing the cohesion and morale of all employees.

Revival of an In-House Magazine (Booklet)

As a means of promoting communication with the families of employees and Sharp retirees, an in-house magazine was revived in January 2015. Along with introducing company initiatives and voluntary activities by business sites and affiliated companies, the magazine reports on employees working diligently at their jobs.



Voice

Words from an employee involved in editing

This in-house magazine makes me think about what I should do after reading the messages from the company. At the same time, reading articles on employees who take pride in their work inspires me to work harder. Since I give the magazine to my family after I have finished reading it, my family now has a good opportunity to learn about the company.

In the past, I used to casually peruse the magazine as a reader. Since becoming involved in the editing process, I have had to consider what type of contents readers want to read and how to convey the messages we want to get across. Since various people across organizations participate in the editing process, we are able to exchange views while creating the magazine. In addition, we try to improve the magazine through questionnaires conducted on Sharp's in-house website.

Going forward, I would like to continue producing this magazine while always keeping the reader's point of view in mind, and I would like to make every effort to ensure that this magazine evolves into a long-lasting Sharp-family publication.



In-house magazine *WIND*

Introduction of In-house Social Networking Service; Disseminating Information Via the Corporate Intranet

In May 2013, Sharp introduced an in-house Social Networking Service (SNS) to disseminate information and facilitate an exchange of views that cross the barriers of organization and region.

In addition, Sharp is working proactively to disseminate information via its in-house website. Included on the website is coverage of President Takahashi's field visits to bases, department-level initiatives, and information on Sharp's business situation and various policies and measures. In fiscal 2014, videos were widely distributed as a way to accurately convey information and achieve easy understanding.

Appointment of Internal Communications Promotion Committee

In July 2013, in Japan, Sharp appointed an Internal Communications Promotion Committee to accurately convey company information and the intent of policies. The Committee was also tasked with confirming whether policies were taking root in the field and with relaying opinions directly from the field back to the Head Office. The Internal Communications Promotion Committee also serves to report on the activities of each business site and affiliated company, and it plays a role in sharing information company-wide.

Communication through Events and Social Gatherings

Sharp also arranges opportunities for communication outside of work through regular social gatherings at each workplace (shoku.com) and through exchanges based on project activities that cut across departmental boundaries, as well as at events such as sports meets, hiking trips, and cultural festivals. In addition, Sharp is actively creating opportunities to promote communication between employees and their families by inviting family members to the company for workplace tours.



Workplace tour (exchanging business cards)



Workplace tour (environmental seminar)

[III. Disclosure of Relevant Information / Protection and Security of Information]
Stakeholder Communications

Communicating with Local Communities on the Environment

Toward Factories with Roots in the Local Community

Each of Sharp's domestic and overseas plants publishes an annual environment site report that summarizes the environmental activities of the plant, with the goal of communicating these efforts to the local community and others. Issued reports are uploaded to Sharp's website and distributed to local residents and factory visitors to help deepen their understanding of factory initiatives.

In fiscal 2014, *CSR REPORT 2014: Introduction to Environmental Initiatives by the Kameyama Plant* (produced by Sharp's Kameyama Plant) and *Environmental and Social Contribution Activities by the Sharp Mie Plant* (produced by the Mie Plant) were the recipients of an Excellence Prize in the 18th Environmental Communication Awards 2014*.



Award ceremony



Environmental site reports:
Kameyama Plant (left) and Mie Plant (right)

* The Environmental Communication Awards are co-sponsored by Japan's Ministry of the Environment and the Global Environmental Forum. By honoring environment-related TV commercials and outstanding environmental reporting efforts such as environmental activity reports, these awards aim to promote environmentally conscious management, foster a commitment to open environmental communications, and improve the quality of environmental information disclosure by business entities.

[III. Disclosure of Relevant Information / Protection and Security of Information]
Stakeholder Communications

Communicating with Local Communities

Promoting Community Service Activities with the Local Community in Mind

Responding to expectations and requests from local communities is an important part of planning and promoting community service activities, since such activities can lead to solutions to challenges facing those communities.

In addition to exchanging information and opinions with relevant local governments, NPO organizations, and local community members, Sharp is expanding community service activities via a variety of cooperative and collaborative efforts.

Specifically, Sharp has supplied local governments with lanterns—made from bamboo culled during forest thinning—to use during forest-preservation events. Sharp has also promoted measures that encourage Sharp employees participating in community activities to patronize local establishments. Sharp also strives to meet community expectations by cooperating with the local community in neighborhood cleanup activities near its bases and by helping conserve local canals.

Sharp will continue to collaborate with all relevant parties and will work to further such exchanges with people in local communities in the future.



Lanterns made from bamboo culled during the thinning of Sharp forests



Members of Sharp's Hiroshima Building association continue to participate in local canal conservation activities

Related information:

- > [Environmental activities](#)
- > [Employee volunteer activities](#)



Voice

Words from a Sharp Manager in Charge of Promoting Local Activities

Sharp's Head Office is located in Osaka City's Abeno Ward, and we cherish our ties with the local community.

One of our major activities is the SGC cleanup of nearby parks and roads. Once a month, volunteers come to work about 30 minutes earlier than usual to pick up garbage, such as cigarette butts and empty cans. After participating in a cleanup, we can start work feeling refreshed.

Sharp also participates in community activities. In the autumn of 2014, the "Abeno Trade Road" event was held to invigorate the community. We joined in by setting up a booth where visitors could experience Sharp products. We were able to introduce our products to many local residents, making it a good opportunity for showcasing the strengths of Sharp products.

As a show of support, we have also taken part in cleanup activities for the "Nishitanabe-Cho Bar" event held by neighborhood restaurants.

As a member of the local community, I would like to continue engaging with local residents—always with a sense of gratitude.

Hiroyuki Ota
General Manager
General Affairs Unit
Administrative Control Group



Taking part in local events held near the Head Office

[III. Disclosure of Relevant Information / Protection and Security of Information]

Information Management

Information Security Strategies

***Self evaluation:**

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|---|------------------|
| Centralize and unify management of publicly accessible websites (ongoing) | Revised management standards for websites disclosed externally, and thoroughly informed employees about these standards | △ |
| Conduct training to deal with advanced persistent threats | Trained all employees who use e-mail at work | ○ |

| | |
|--|---|
| Priority Objectives for Fiscal 2015 | Have departments that handle personal information obtain ISO 27001, an international standard for information security management systems |
| | Centralize and unify management of publicly accessible websites (ongoing) |
| | Promote security measures to prevent information leakage from MFPs |
| Medium-Term Objectives (up to Fiscal 2017) | Realize unified and effective information management operations that lead to the effective utilization of information |
| | Integrate all publicly accessible websites to a unified environment and strengthen the management of them |
| | Optimize all MFPs with respect to information security |

To safely and appropriately manage and utilize information and information systems, Sharp has established the Global Basic Policy on Information Security for ensuring information security.

Related information:

➤ [Global Basic Policy on Information Security](#) 

Strengthening of Information Management Systems

From October 2014, a department promoting information management from a company-wide perspective was created under the Management Planning Chief Officer.

Based on its Global Basic Policy on Information Security, Sharp is appropriately managing and handling confidential and personal information while also promoting information security measures. In addition, Sharp is carrying out measures to unify and streamline information management operations used with big data and the like.

Activities to Prevent Leakage of Confidential Information

As a group-wide measure against data breaches, Sharp is introducing a digital confidential document management system and a paperless teleconference system. The confidential document management system enables automatic encryption, document access control, and restrictions on such operations as the editing, printing, and copying of documents. The paperless teleconference system enables the digitization of important conference materials as protection against unauthorized use of confidential information.

To further enhance operations, Sharp will continue to review and improve relevant regulations while ensuring that all employees are well informed of them.

Information Security Measures

In Japan, e-learning sessions on information security are provided annually to all employees. In addition, annual information security self-checks are conducted at each business group and affiliated company.

Sharp is maintaining information security overseas by continually conducting information security and infrastructure audits that combine self-checks and on-site audits in each region (the Americas, Europe, Greater China, and Asia Pacific).

Responding to New Threats to Information Security

As a measure against targeted cyber-attacks, which have recently become a major issue, Sharp conducted drills for all employees who use e-mail for work. These drills provided instruction on how to deal with advanced persistent threats. To protect against breaches of internal computer networks by attackers, Sharp is strengthening its surveillance systems and operating a network-monitoring tool that detects and cuts off communications with suspicious external networks.

Sharp carried out information security measures for multifunctional printers, which can also be susceptible to information leakage. Unified company-wide information security standards were formulated for multifunctional printers connected to internal networks.

Management of Personal Information

To avert leaks, Sharp strictly manages not only internal information but also personal data collected from customers, business partners, employees, and others. This is done in line with the Basic Policy on Protecting Personal Information.

In Japan, all employees take part in annual e-learning sessions that cover the protection of personal information. In addition, Sharp has established internal regulations and it conducts regular audits (usually once a year) on the management of personal information.



Topics

Establishing Internal Regulations on the Handling of Personal Data

Recent advances in information and communication technology enable a wide range of information to be obtained. With this in mind, Sharp has established policies to constantly preserve the privacy of individuals. These policies protect not only personal information—as stipulated by law—but also all data regarding individuals (or "personal data"), such as web-browsing history and terminal IDs.

As well as declaring this privacy policy on its publicly accessible websites, Sharp has established relevant internal regulations. In September 2014, a guidebook was created for all employees who handle personal data, in order to increase their awareness of information security. This guidebook explains the importance of adequately handling all data regarding individuals, including their personal information. It also describes how to provide explanations and receive consent on the acquisition and usage of personal data.



IV. Contribution to Conservation of the Global Environment



Environmental Policy

- ▶ [Increasing Green Shared Value](#)

Environmental Sustainability Management

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- ▶ [Examples of Super Green Products for Fiscal 2014](#)
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Product Manufacture

- ▶ [Raising the Level of Environmental Performance in Factories](#)
- ▶ [Curbing Greenhouse Gas Emissions](#)
- ▶ [Close-Up: Kameyama Plant Wins Award for Energy-Saving Activities at Energy Conservation Grand Prize](#)
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Logistics

- ▶ [Reducing Logistics-Related Environmental Impact](#)

Disposal, Recycling

- ▶ [Expanding the Recycling of Used Products](#)
- ▶ [Environmental Technologies That Contribute to a Sustainable, Recycling-Based Society](#)

Biodiversity Protection

▶ [Protecting Biodiversity](#)

Boundary of Environmental Performance Data, Calculation Standards for Environmental Performance Indicators

▶ [Boundary of Environmental Performance Data, Calculation Standards for Environmental Performance Indicators](#)

Related information :

> [Medium-Term CSR Strategy: 5 Material Issues ③: Increasing Green Shared Value](#)

[IV. Contribution to Conservation of the Global Environment]

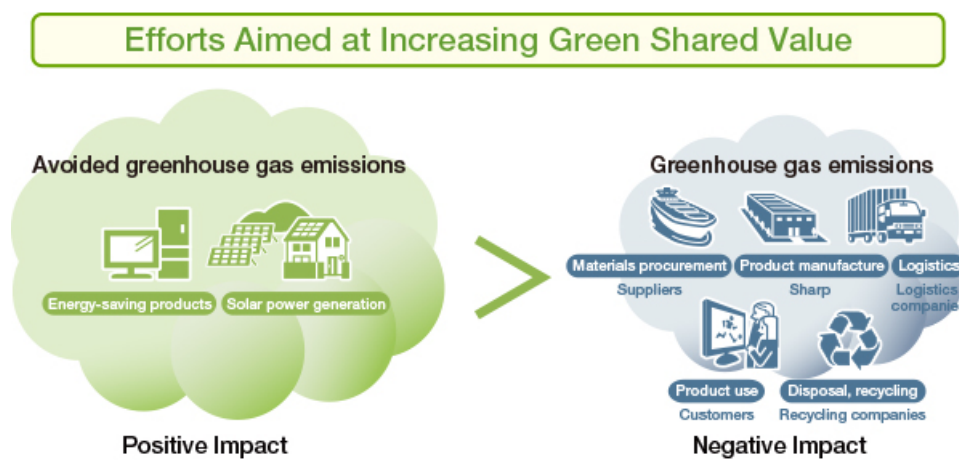
Environmental Policy

Increasing Green Shared Value

Sharp places the fulfillment of society's needs regarding environmental matters in close alignment with its strategy for business growth, with a view to achieving success in both areas. Sharp defines the value thus created as "Green Shared Value" and it has established an environmental policy of increasing this value.

In an effort to foster a low-carbon society—a key environmental goal for all—Sharp is controlling its greenhouse gas (GHG) emissions in conformity with the GHG Protocol Corporate Value Chain (Scope 3) Standard. This covers emissions not only in product manufacture, where reduction of GHG emissions is required by law, but also throughout the entire supply chain, from materials procurement to product use.

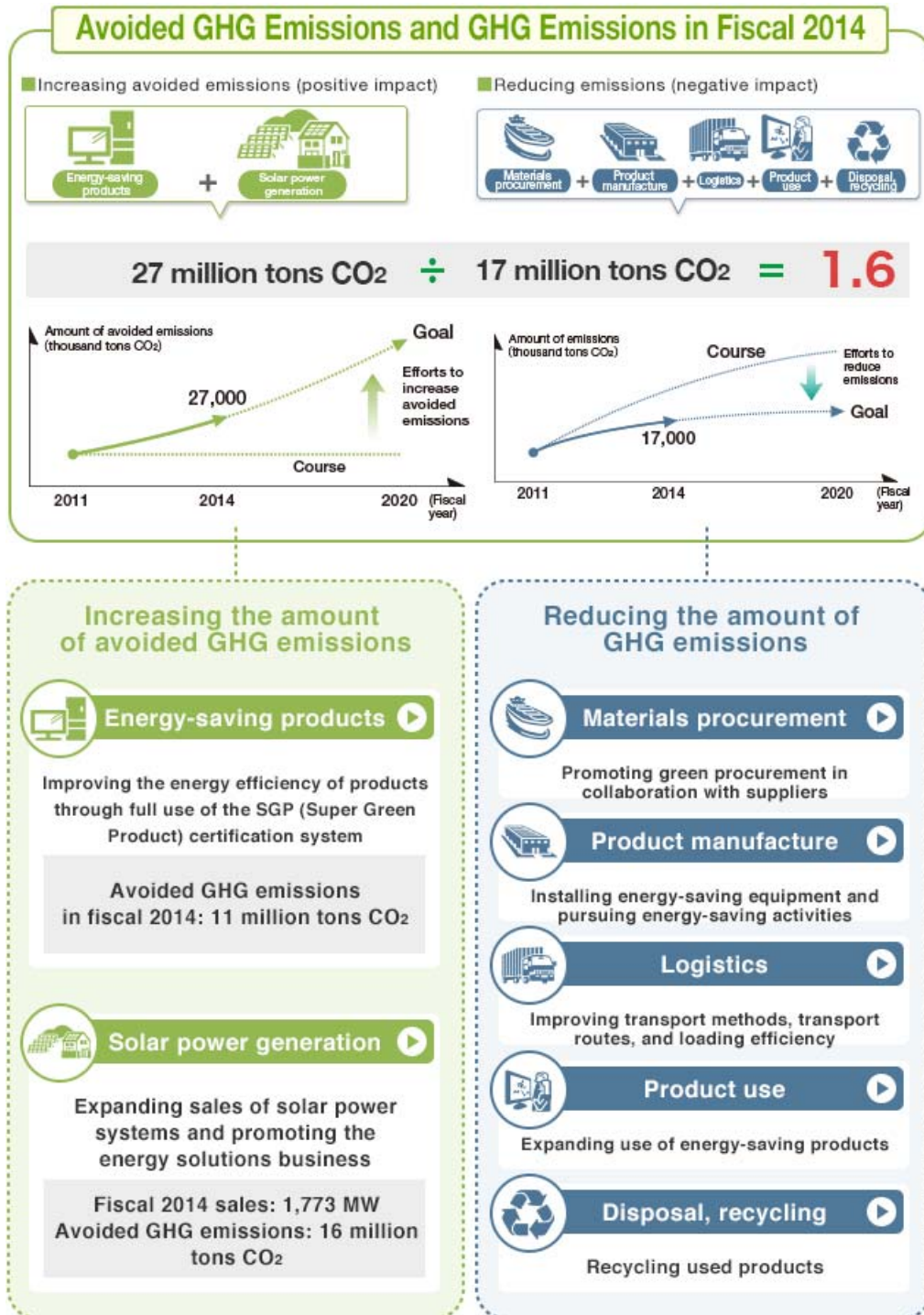
With a view to increasing Green Shared Value, Sharp is furthering its environmental initiatives by striving always to make the positive impact of its avoidance of GHG emissions—achieved through customer use of energy-creating and energy-saving Sharp products—more than balance out the negative impact of GHG emissions from its business activities.



Achievements for Fiscal 2014

In fiscal 2014, Sharp's positive impact (i.e., avoided GHG emissions) was equivalent to 27 million tons CO₂, down 10% from the previous fiscal year. This was due to such factors as a decrease in shipments of solar power systems. Meanwhile, the company's negative impact (i.e., GHG emissions) decreased by 15% from the previous fiscal year to 17 million tons CO₂. This was due to such factors as Sharp's development of a number of products with superb energy efficiency, such as large-screen LCD TVs.

As a result, the GSV index (the ratio of positive impact to negative impact) increased to 1.6 (i.e., 27 million tons CO₂ divided by 17 million tons CO₂).



For fiscal 2015 and beyond, Sharp will aim to increase Green Shared Value by growing its business while contributing to GHG reductions. It will do this by reducing GHG emissions across the entire supply chain, by developing more energy-saving products, and by expanding the use of solar power systems.

[IV. Contribution to Conservation of the Global Environment]

Environmental Sustainability Management

Putting Environmental Sustainability Management into Practice

In accordance with internal 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.



Related information:

- > [Sharp Group Charter of Corporate Behavior](#)
- > [Sharp Code of Conduct](#)

System for Promoting Environmental Sustainability Management

Sharp Corporation has set up the CS and Environmental Promotion Division as an organization to decide on and promote environmental policies and other important items for the entire Sharp Group. Critical policies, strategies, and measures relating to environmental sustainability management are referred to the Group-Wide Conference. With the approval of corporate executives, these initiatives are thoroughly implemented across the entire Sharp Group. Twice a year the company holds a basic environmental policy meeting, at which the managers responsible for environmental affairs at each manufacturing-related department and base worldwide are thoroughly briefed on priority measures and strategies. This information is then shared with relevant parties at the sites where Sharp's manufacturing takes place (for example, the product design and manufacturing departments).

Sharp also holds Company-Wide GP (Green Product)/GF (Green Factory) Conferences in Japan as well as regional environmental conferences overseas to review and discuss environmental solutions and the progress made on each of the environmental measures being taken at each department and base. In this way, Sharp has a system in place to put environmental sustainability management into practice across its entire organization.

■ Sharp Group's Environmental Sustainability Management



Promoting an Environmental Management System

Sharp has been operating an environmental management system (based on ISO 14001) at its plants and offices since 1995 in order to strengthen environmental sustainability management and improve the environmental awareness of employees.

The company is reviewing and restructuring the underlying framework of this system—including its rules and operational structure—in order to match it to the particular needs of each plant and office and thus improve its efficacy.

Related information:

➤ [ISO 14001-certified plants and offices](#)

Environmental Performance Data Management System

To support environmental sustainability management, Sharp has established a system for managing data on Sharp's environmental performance. With high levels of precision and speed, this system compiles data on the environmental burden caused by Sharp's business activities via energy consumption, waste generation, and water usage, for example. This system is in operation at all Sharp bases worldwide, from plants to offices.

By collecting this data, Sharp is able to effectively grasp the current state of its environmental sustainability management, identify problems, and formulate measures.

Promoting Environmental Education

Sharp conducts company-wide environmental education through programs that include environmental compliance training to deepen the understanding of product-related laws and regulations and design-for-recycling training to develop products that are recycle-friendly. Sharp also has an education program at every plant and office, and each program includes specialized training for persons in charge of environmental matters and basic environmental training for other employees. Through these training programs, Sharp is boosting employee awareness and knowledge of environmental matters on an ongoing basis.

For fiscal 2015 and beyond, Sharp will renew its environmental education scheme so as to include comprehensive environmental education and pursue new environmental education programs that better reflect the needs of persons in charge of environmental affairs.



Case Study

Regular Environmental Training (Katsuragi Plant, Sakai Solar Cell Plant, Japan)

At the Katsuragi Plant (Katsuragi, Nara Prefecture), where solar modules and energy solution systems are developed, and at the Sakai Solar Cell Plant (Sakai, Osaka Prefecture), training on environmental matters is held on a regular basis.

In fiscal 2014, a total of 12 training programs were held. They included internal environmental auditor training; training on product-related environmental laws and regulations from various countries and training on Sharp's Green Product concept for employees in product design and technology development; and high-pressure gas safety training and waste disposal training for employees in production.

The plants' intranet sites have pages where readers can gain knowledge of environmental matters through easy-to-understand lessons.



Green Product training for employees in product planning and design



Environmental lesson pages on the intranet site



Voice

Words from a Manager

The solar modules we make contribute to global environmental protection through energy creation. That is why we consider it important to minimize the burden placed on the environment during the manufacture of solar modules and during the disposal process once the modules' operational life is over.

To communicate this view and information pertaining to environmental laws and regulations to all relevant departments, we update the environmental lesson pages on the intranet regularly and hold specialized training that matches each line of work. Our wish is to instill a sense of environmental protection in an even greater number of employees through ongoing environmental education activities.



Takahiro Hashimoto
Manager
Katsuragi Environmental &
Industrial Safety Center
Energy System Solutions
Division

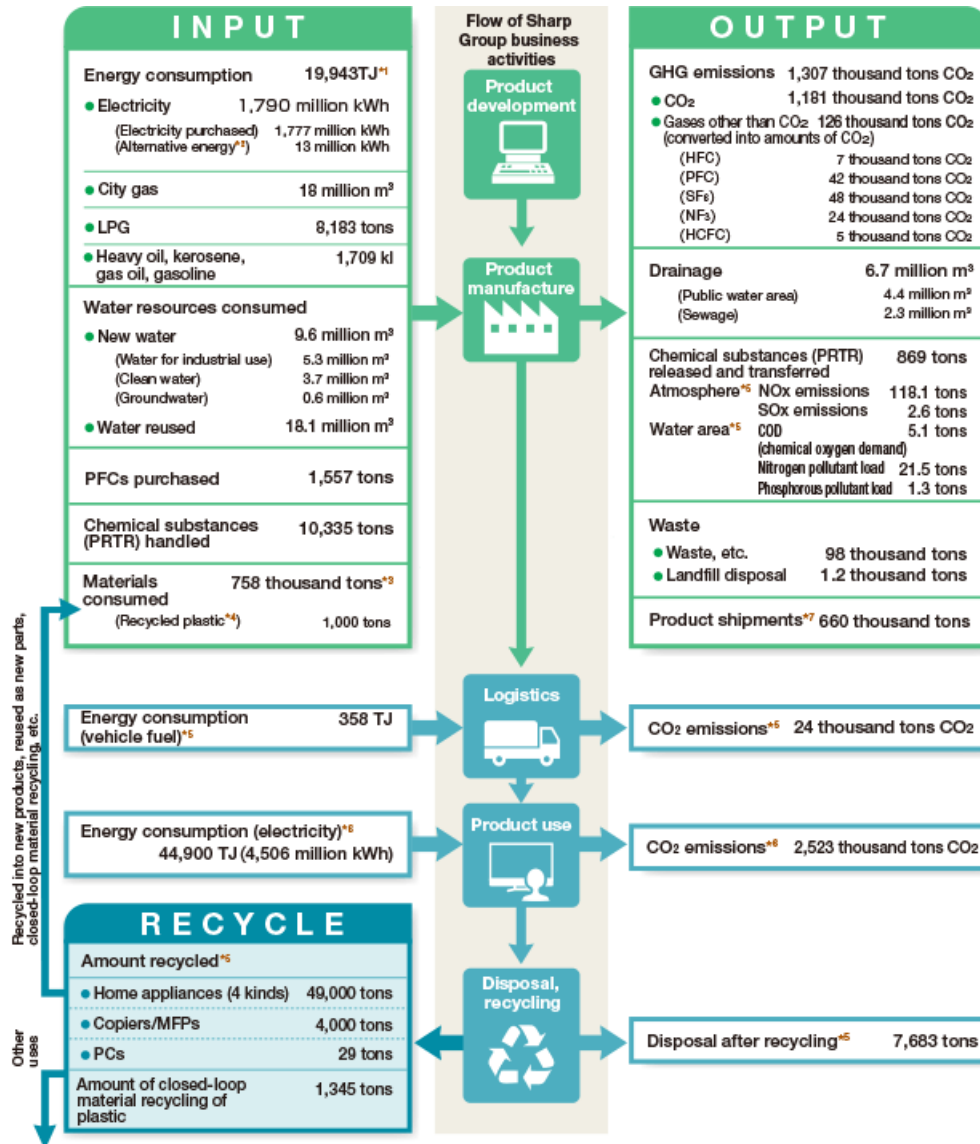
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Environmental Sustainability Management

Material Balance

Sharp uses numerical values to gain an overview of the burden its business activities place on the environment and uses these values 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) = 10¹² Joules

*2 Amount of solar power generated; amount of green power certificates purchased.

*3 Total weight of product shipments and waste, etc.

*4 Amount recycled through closed-loop plastic material recycling technology.

*5 In Japan.

*6 Annual energy used and amount of CO₂ emitted by products in the 13 major categories sold in fiscal 2014 (estimate).

*7 Total weight of products in the 13 major categories sold in fiscal 2014 and packaging materials used (estimate).

Related information:

> [Boundary of environmental performance data, calculation standards for environmental performance indicators](#)

Greenhouse Gas Emissions Based on the GHG Protocol Initiative

Sharp calculates greenhouse gas emissions based on the GHG Protocol^{*8} and then works to limit those emissions resulting from customer use of Sharp products and from Sharp's business activities, including those in the supply chain. The results for fiscal 2014 are as follows.

^{*8} The GHG Protocol is an international standard for calculating greenhouse gas (GHG) emissions. It was jointly established by the World Business Council for Sustainable Development (WBCSD), a coalition of the world's leading companies, and the World Resources Institute (WRI), a United States-based think tank.

Greenhouse Gas Emissions by Scope 1/2/3 Categories Based on the GHG Protocol Initiative (Fiscal 2014)

| Scope | Emissions (thousand tons CO ₂) | Notes |
|--|---|---|
| Scope 1 (direct GHG emissions from business activities) | 196 | Emissions from combustion of gas, heavy oil, etc. |
| Scope 2 (indirect GHG emissions from energy usage in business activities) | 1,111 | Emissions from the use of electricity |
| Scope 3 (indirect GHG emissions from areas outside the scope of business activities) | 29,052 | Calculated for 10 categories such as Procurement, Shipping & Distribution, Product Usage, and Employee Commuting & Business Trips |

■ Greenhouse Gas Emissions by Scope 3 Category (Fiscal 2014)

| Classification | Category | Emissions (thousand tons CO ₂) | Notes |
|----------------|--|---|---|
| Upstream | Purchased goods and services | 3,220 | CO ₂ emissions from the manufacture of materials procured for main products* ⁹ that the Sharp Group sold in the relevant year |
| | Fuel- and energy-related activities not included in scope 1 or 2 | 100 | CO ₂ emissions from transmission losses of electricity purchased by the Sharp Group |
| | Upstream transportation and distribution | 40 | CO ₂ emissions from transportation and distribution of materials procured by the Sharp Group |
| Sharp | Business travel | 20 | CO ₂ emissions from business travel by all employees of Sharp Corporation |
| | Employee commuting | 20 | CO ₂ emissions from commuting by all employees of Sharp Corporation |
| | Leased assets | - | Included in scope 1 and 2 CO ₂ emissions |
| Downstream | Processing of sold products | 330 | CO ₂ emissions from processing at destination of Sharp Group products |
| | Downstream transportation and distribution | 230 | CO ₂ emissions from transportation and distribution of products manufactured by the Sharp Group |
| | Use of sold products | 25,090 | CO ₂ emissions in the relevant year from the use of main products* ⁹ that the Sharp Group sold in the relevant year |
| | End-of-life treatment of sold products | 2 | CO ₂ emissions from recycling 4 types of appliances* ¹⁰ that Sharp Corporation sold in Japan |
| Total | | 29,052 | |

*⁹ 13 product categories: LCD TVs, air conditioners, refrigerators, washing machines, air purifiers, microwave ovens, LED lights, Blu-ray Disc recorders, facsimiles, mobile phones, LCD monitors, copiers/MFPs, solar cells

*¹⁰ TVs, air conditioners, refrigerators, washing machines

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Environmental Sustainability Management

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 is applying the results to environmental sustainability management.

Environmental Conservation Costs

In fiscal 2014, Sharp's environmental conservation investment was approximately 2.3 billion yen, and environmental conservation expenditures were approximately 34.6 billion yen. Costs associated with "Planning and Design (research and development)" made up a large percentage of these figures.

Economic Benefits

An increase in the positive effects of "Minimize and recycle waste (recycle resources)," such as the increased use of recycled water and the expanded recycling of waste into valuable resources, was offset by a decrease in the energy-saving effects of "Reduce GHG emissions (global environmental conservation)." As a result, the actual benefit remained almost unchanged from the previous fiscal year at approximately 2.5 billion yen.

| 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 | |
|--|---|---|----------|--|---|--|
| Description of Major Activities | | Investment | Expenses | Actual Benefit | Physical Effects | |
| Environmental Sustainability Management (management activities/ social responsibility) | <ul style="list-style-type: none"> • Operation of environmental management system • Environmental education • Expand social contribution activities • Information disclosure | 24 | 2,067 | — | Promote environmental sustainability management | |
| | | | | | Number of employees with environmental education | 133 |
| | | | | | Environmental social contributions | |
| Planning and Design (research and development) | <ul style="list-style-type: none"> • R&D on solar power systems • Promote closed-loop recycling of plastic materials • R&D on basic environmental technologies | 1,616 | 21,217 | — | Supply environmentally conscious products | |
| | | | | | Number of new Super Green products | 66 models |
| | | | | | CO ₂ emissions reduced by solar power systems | 15,587 thousand ^{*3} tons CO ₂ |
| Manufacturing | <ul style="list-style-type: none"> • Reduce GHG emissions (global environmental conservation) • Minimize and recycle waste (recycle resources) • Prevent pollution (prevent pollution) | 53 | 2,225 | 844 ^{*2} | GHG emissions reduced by controlling electricity and fuel consumption | |
| | | | | | CO ₂ emissions reduced | 29 thousand tons CO ₂ |
| | | | | | PFCs emissions reduced | 1 thousand t-CO ₂ |
| Recycling/ Logistics (upstream/downstream) | <ul style="list-style-type: none"> • Introduce PFCs^{*1} abatement systems • Install solar power systems • Energy-saving equipment | 418 | 5,447 | 1,648 | Waste recycled or sent for appropriate disposal | |
| | | | | | Waste recycled | 71 thousand tons |
| | | | | | Recycled and reused water | 17,876 thousand m ³ |
| Total | <ul style="list-style-type: none"> • Install scrubbers • Introduce exhaust gas treatment systems | 236 | 3,513 | — | Observe environmental laws and regulations | |
| | | | | | Prevent air/water pollution and noise/vibration | |
| | | | | | Promote risk management | |
| Total | <ul style="list-style-type: none"> • Collect used products • Promote proper recycling of used products | 0 | 120 | — | Collection, recycling, and proper disposal of used products | |
| | | | | | Used PCs recycled | 29 tons |
| | | | | | Used copiers/MFPs recycled | 4 thousand tons |
| Total | <ul style="list-style-type: none"> • Promote proper recycling of used products | 0 | 120 | — | Used home appliances (4 categories) recycled | |
| | | | | | 49 thousand tons | |
| | | | | | Environmental burden during distribution reduced | |
| Total | <ul style="list-style-type: none"> • Promote proper recycling of used products | 0 | 120 | — | Rate of modal shift | 26.3% |
| | | | | | Percentage of low-pollution vehicles | 99.8% |
| | | | | | Total | |

*1 HFCs, PFCs, sulfur hexafluoride (SF₆), nitrogen trifluoride (NF₃), HCFCs

*2 Total effects of measures pertaining to the use of equipment that is depreciating.

*3 Amount reduced by solar power systems sold in fiscal 2014, assuming that they will be in operation for the next 20 years.

*4 Amount reduced by products in the four major categories (LCD TVs, air conditioners, refrigerators, copiers/MFPs) sold in fiscal 2014, assuming that they will be used for the next 10 years.

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 that result from environmental conservation activities, expressed in monetary units (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).

Sites Covered

Sharp Corporation sites (Head Office, Tanabe, Kameyama, Mie, Tenri, Fukuyama, Mihara, Katsuragi, Sakai, Tochigi, Nara, Yao, and Hiroshima), Sharp Manufacturing Systems Corporation, Sharp Niigata Electronics Corporation, Sharp Yonago Corporation, and Sharp Mie Corporation

Period Covered

April 1, 2014 to March 31, 2015

Referenced Guidelines

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

[IV. Contribution to Conservation of the Global Environment]

Product Development

Developing Environmentally Conscious Products and Devices

*Self evaluation

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self evaluation* |
|--|----------------------------------|------------------|
| Super Green Products (Japan): Certify 65 products | Certified 66 products | ○ |
| Green Device Challenge Points: Achieve an average of 45 points | Achieved an average of 83 points | ◎ |

| | |
|--|---|
| Priority Objectives for Fiscal 2015 | <ul style="list-style-type: none"> ① Super Green Products (Japan): Certify 50 products (criteria and evaluation content to be revised each year) ② Green Device Challenge Points: Achieve an average of 50 points (criteria and evaluation content to be revised each year) |
| Medium-Term Objectives (up to Fiscal 2017) | <ul style="list-style-type: none"> ① Super Green Products (Japan): Certify 50 products (criteria and evaluation content to be revised each year) ② Green Device Challenge Points: Achieve an average of 50 points (criteria and evaluation content to be revised each year) |

Along with establishing guidelines for environmentally conscious design, Sharp sets assessment standards for the certification of environmentally conscious products (such as LCD TVs and refrigerators) and devices (such as LCD modules and sensors). Every year, the company revises these guidelines and standards, thus constantly improving the environmental performance of its products and devices.

Developing Green Products

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

In developing products, Sharp sets specific objectives according to the GP Standard Sheet, which is formulated based on the GP Guidelines. In the trial manufacture and mass production stages, it determines how well the actual product has met these objectives, with those achieving the standards being awarded GP status.

The content of the GP Standard Sheet—the benchmark for development objectives—is revised each year in order to constantly improve the environmental performance of Sharp products.

Green Product Concepts

| | |
|--|--|
| Energy Saving / Energy Creating | Products with superb energy-saving / energy-creating performance Improve the energy efficiency and reduce the energy consumption of products; other measures |
| Resource Conservation | Products designed to conserve resources Reduce the amount of materials used; design products that conserve resources during use; extend the life span of products; other measures |
| Recyclability | Products designed for recycling Design products that are easy to disassemble; use easy-to-recycle materials; other measures |
| Safe Use and Disposal | Products that can be used and disposed of safely Do not use substances that negatively affect people's health or the environment; other measures |
| Use of Green Materials and Devices | Products that use green materials and devices Use recycled materials / biomass-based plastics; other measures |
| Environmental Consciousness Pertaining to Batteries, etc. | Products that use batteries, manuals, and packaging with enhanced environmental consciousness Reduce product packaging; design products that allow easy removal of batteries; other measures |
| Showing Eco Information of Products | Products that show their environmental performance and information Acquire environmental labels (eco labels); implement LCA; other measures |

Expanding the Use of Green Materials

In line with a Green Product Concept endorsing the "use of green materials and devices," Sharp is promoting the use of recycled plastic and biomass-based plastic (bioplastic).

To expand the use of recycled plastic, Sharp has developed closed-loop material recycling (CMR) technology, which enables plastic to be repeatedly recycled and reused. Sharp's environmental technology R&D departments and product planning departments are collaborating with recycling companies to collect waste materials, develop plastic recycling methods, and develop product designs that suit each type of recycled plastic.

At present, Sharp reuses plastic recovered from waste home appliances that are subject to the Home Appliance Recycling Law in Japan. Looking forward, Sharp will expand the amount of recycled plastic it uses (for example, by reusing parts from collected copiers/MFPs) and will expand the scope of recycling across product categories.

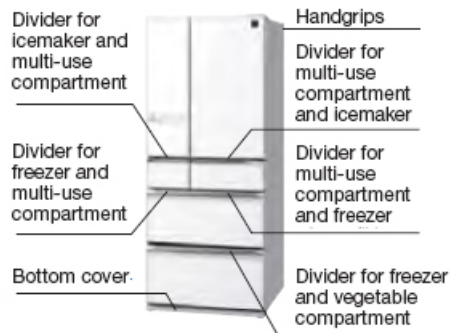
Green Material Application Examples

| Green material | | Product | Applicable parts |
|------------------|----------------------|---|---|
| Recycled plastic | Polypropylene (PP) | Washing machines | Wash tubs (all models), base frame, other |
| | | Refrigerators | Dividers, handgrips, other |
| | PC+ABS ^{*1} | In-vehicle Plasmacluster Ion generators | Internal parts |
| | | Handy data terminals | Recharger |
| Bioplastic | | Mobile phones | Recharger |

^{*1} A polymer alloy of polycarbonate and acrylonitrile, butadiene, and styrene (a macromolecular material given new properties as a result of mixing in several types of polymers).

■ Recycled Plastic Is Used In These Parts

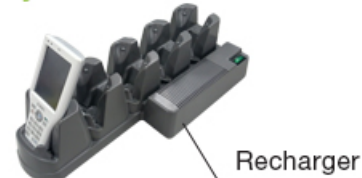
Refrigerator



Plasmacluster Ion generator



Handy data terminal



Related information:

➤ [Expanding Closed-Loop Plastic Material Recycling Technology for the Repeated Reuse of Plastic](#)

Developing Super Green Products

Since fiscal 2004, Sharp has been certifying products that offer a particularly high level of environmental performance as Super Green Products (SGP). In fiscal 2013, Sharp revised the criteria for this certification. Products are certified if they offer class-leading energy-saving or energy-creating performance or if they offer significantly reduced power consumption through the use of unique Sharp technology. This way, Sharp is aggressively pursuing the development of products that consume as little power as possible, as well as developing high-efficiency solar cells.

In fiscal 2014, 66 product models were certified as SGP. Sales of those products reached 224.6 billion yen, with SGP sales accounting for 35.1% of all GP sales.

Developing 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 design departments in fiscal 2004.

In developing devices, Sharp sets specific objectives according to the GD Standard Sheet, which is formulated based on the GD Guidelines; and in the trial manufacture and mass production stages, it determines how well the actual device has met these objectives, with those achieving the standards being named GD.

In fiscal 2013, Sharp revamped the GD assessment system by adding new criteria concerning forward-looking initiatives that take customer and business partner demands into consideration. The degree to which these criteria are satisfied is represented in points called GD Challenge Points. In April 2015, Sharp raised the level of assessment by adding criteria that are more difficult to achieve. Sharp will make full use of this system, with the aim of continuously creating devices that have an even higher level of environmental performance.

| Green Device Concepts | |
|-------------------------------|--|
| Energy Efficiency | Devices with superior energy efficiency and that consume less energy Reduce power consumption during operation and in standby mode; other measures |
| Resource Conservation | Devices designed to conserve resources Reduce device weight or volume; other measures |
| Recyclability | Devices designed for recycling Use standard plastic; design devices that are easy to disassemble; other measures |
| Safe Use and Disposal | Devices that can be used and disposed of safely Manage usage of chemical substances contained in parts and materials; other measures |
| Long Life | Devices that make products last longer Extend the life of the product with exchangeable parts and consumables (target: LCD devices); other measures |
| Packaging | Devices that use packaging with enhanced environmental consciousness Reduce packaging; other measures |
| Information Disclosure | Devices that give environmental information Provide information on chemical substances in devices; other measures |

Identifying and Reducing Environmental Impacts throughout the Life of Products

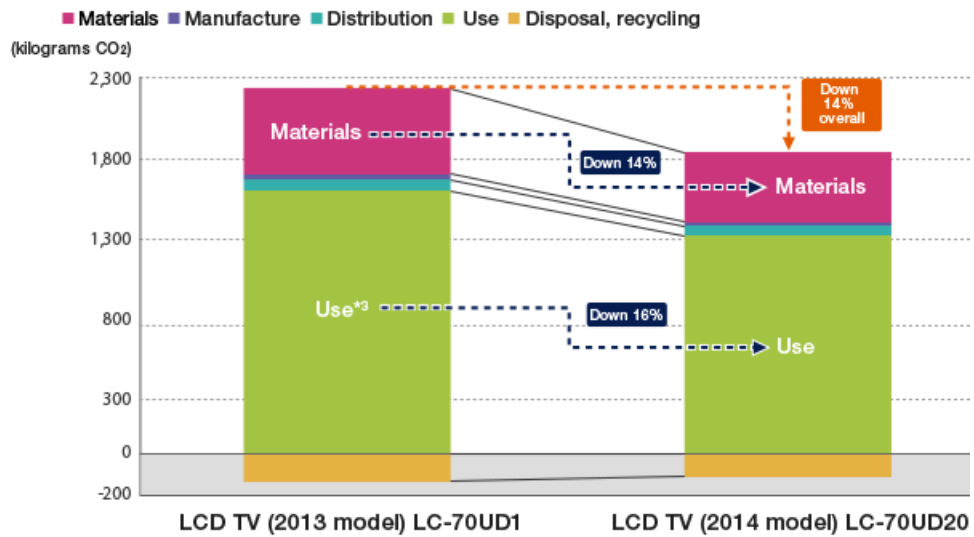
Sharp performs a life cycle^{*2} assessment (LCA) on its products to identify their impact on the environment throughout their service life. Converting this impact into CO₂ emissions provides a quantitative measure that Sharp uses in its efforts to reduce environmental impacts. For example, LCD TVs and other consumer electronics have a large impact during use. Thus, by focusing on improving their energy savings, overall environmental impact can be effectively reduced.

To reduce environmental impact in the procurement and disposal stages, Sharp is lessening its use of resources. It does this by improving product and packaging designs to make products and packaging lighter, thinner, and more compact.

Sharp will continue to develop products with smaller environmental impacts by taking product life cycles into consideration.

^{*2} The life of a product from materials and parts procurement to manufacture, distribution, use, disposal, and recycling.

LCA and Power Consumption Data for LCD TVs



| | | |
|-------------------------------|--------------|--------------|
| Annual power consumption*4 | 310 kWh/year | 260 kWh/year |
| Weight of main unit | 55 kg | 44 kg |
| Volume of packaging materials | 548 liters | 516 liters |

*3 CO₂ emissions during use are calculated using a CO₂ emission coefficient of 0.570 kilograms CO₂/kWh (announced by the Federation of Electric Power Companies of Japan for fiscal 2014).

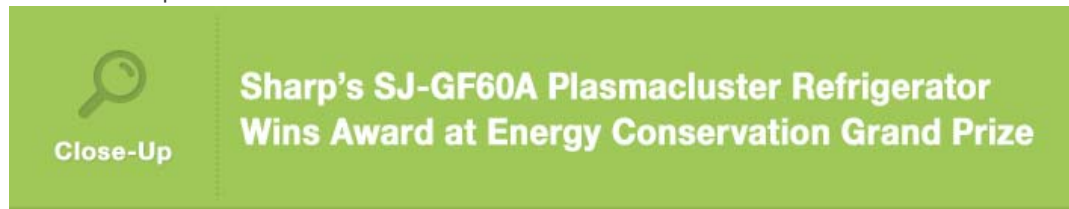
*4 Annual power consumption is calculated assuming an average viewing time of 4.5 hours in a general household (with AV position set to "Standard"), based on the Law Concerning the Rational Use of Energy (Energy Conservation Law).

Product Environmental Assessment System

Sharp operates the e-SPIRITS product environmental assessment system to ensure compliance with environmental laws and regulations as well as to promote environmentally conscious product design.

e-SPIRITS allows Sharp to keep a database of GP and GD development know-how and design data from all Sharp design and development bases. This database is used to raise design standards as well as to standardize in-house life cycle assessments (LCA). In addition, e-SPIRITS is used in the certification of SGP on a worldwide basis. This way, e-SPIRITS is contributing to the creation of environmentally conscious Sharp products and devices.

[IV. Contribution to Conservation of the Global Environment]
Product Development



At Sharp, products with a particularly high level of environmental performance are certified as Super Green Products (SGP).

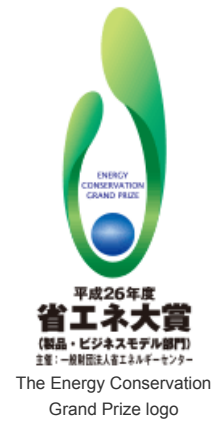
In fiscal 2014, Sharp's SGP-certified SJ-GF60A Plasmacluster refrigerator won the ECCJ*1 Chairman's Prize, one of the awards in Japan's 2014 Energy Conservation Grand Prize program. Honored in the product/business model category, the SJ-GF60A was recognized for its energy-efficient construction as well as for its features that enhance energy savings during use.

A high-performance heat-release system and a high-efficiency freezing process are among the improvements that enable the SJ-GF60A to consume 35% less energy*2 than its predecessor model. Further energy savings come from a design that eliminates the center partition, thereby reducing the heat load of the condensation-prevention heater, and from an auto door-closing function that ensures the doors are properly closed.

Because a refrigerator's energy consumption is greatly affected by how the appliance is used, Sharp equipped the SJ-GF60A with COCORO Engine artificial intelligence. COCORO Engine uses voice messages and light to inform users of smart, energy-efficient ways to use the refrigerator. And to prevent food waste, the SJ-GF60A's vegetable and chilled compartments employ a sealed, high-humidity structure that keeps food from drying out. By keeping food fresh for as long as possible, this refrigerator can reduce food waste.

*1 Energy Conservation Center, Japan

*2 Comparing the SJ-GF60A (220 kWh/year) to the SJ-XF60S model of the same capacity released July 2010 (340 kWh/year).



COCORO Engine's messages help you save energy



The award-winning SJ-GF60A-R (red) and COCORO Engine message examples



Voice

Words from an Assistant Manager

By improving the environmental performance of the refrigerator itself and by incorporating features that help users save more energy during use, we were able to win an award in the Energy Conservation Grand Prize program. Energy efficiency has become the norm in refrigerators. So, looking forward, we will put more effort into ways to reduce food waste to achieve environmentally friendly eating.

The first step in this direction is the Mega Freezer refrigerator series we released in October 2014. These models feature a large freezer compartment and also enable high-quality freezing. With these models, we aim to reduce the rate of food waste to zero. Our wish is to contribute to society by developing more such environment-friendly refrigerators.



Tomoyuki Inoue
Assistant Manager, Domestic
Product Planning, Refrigeration
Systems Unit, Health and
Environment Systems Division

[IV. Contribution to Conservation of the Global Environment]

Product Development

Examples of Super Green Products for Fiscal 2014

The following*1 are examples of Sharp products certified under the company's Super Green Product (SGP) certification program*2 as offering a particularly high level of environmental performance.

*1 These models are for the Japanese market.

*2 A program that certifies products as SGP if they enable class-leading energy-saving or energy-creating performance or if they enable significantly reduced power consumption through the use of unique Sharp technology.



Promoting Super Green Products

Sharp's product planning and technical departments as well as other related departments work together to bring forth more products that meet the SGP criteria. The company has a special section* on its website dedicated to introducing the efforts that go into SGP development and Sharp's stance towards creating environmentally friendly products.

* In Japanese only (URL: www.sharp.co.jp/corporate/eco/sgp/)



This web page gives a behind-the-scenes look at product development

[IV. Contribution to Conservation of the Global Environment]

Product Development

Promoting the Solar Energy Solutions Business

Medium-Term Objectives
(up to Fiscal 2017)

Increasing sales in solutions businesses to 50% of all sales in the Energy System Solutions Division

Ever since it started development of solar cells in 1959, Sharp has created and promoted the use of a range of solar power systems. As of fiscal 2014, Sharp's total solar cell production volume had reached 10.3 GW. Sharp operates its solar energy solutions business around the world. Activities include development and production of solar cells and modules, system design, construction of solar power plants, operation and maintenance, management as an IPP (independent power producer), and supply of energy management systems centered on storage batteries.

Expanding Solar Energy Solutions in Japan

As of March 31, 2015, approximately 710,000 households in Japan were equipped with Sharp solar power systems. In December 2014, Sharp released a new line of Blacksolar^{*1} residential-use solar modules. Employing a back contact structure^{*2}, these highly efficient new Blacksolar modules can output 3.5% more electricity than previous Blacksolar models^{*3}.

Sharp's solar energy business goes beyond simply installing solar power systems. Looking ahead to a future of smart energy use, Sharp is developing zero-energy house (ZEH) solutions that involve residents creating electricity through solar power systems, storing it in batteries, and consuming it smartly through HEMS (home energy management systems) and energy-saving appliances. As a first step, Sharp released a cloud storage battery system in July 2014. This system enables efficient cloud-based energy management.

In the industrial sector, Sharp is expanding its business to encompass EPC^{*4}. This entails designing and constructing solar power plants, procuring equipment for them, conducting operation and maintenance, and managing facilities as an IPP. As of the end of fiscal 2014, Sharp's IPP business was operating in 24 locations across Japan, generating a total of 60 MW.



Cloud storage battery system
From left: JH-55FM3P hybrid power conditioner,
JH-WB1503 lithium-ion batteries (left: main unit; right: sub unit),
JH-RWL6W multi-energy monitor

*1 Models NQ-210AD/148AD/095LD/095RD

*2 This structure maximizes the light-receiving area by eliminating the electrodes on the solar cell surface.

*3 Models NQ-203AD/143AD/092LD/092RD

*4 In plant construction, an EPC (engineering, procurement, and construction) contractor carries out the engineering and design of the plant, procures all the necessary materials and equipment, and constructs the plant.

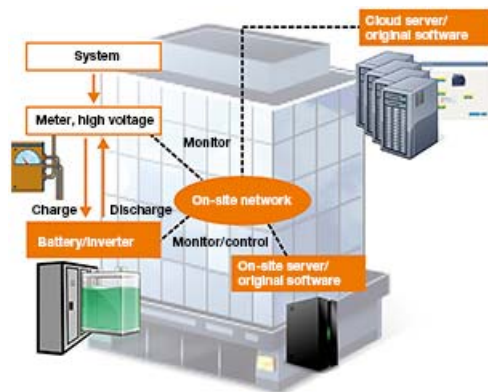
Spreading Energy Solutions around the World

Sharp is also conducting EPC business and operation and maintenance work in overseas markets.

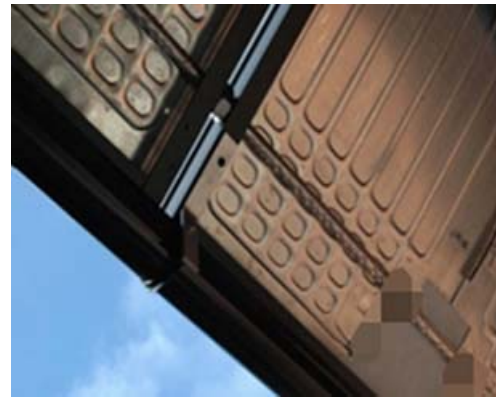
In California (US), where demand charges^{*5} are particularly high, Sharp released a peak-cut system in October 2014. This system reduces a customer's peak electricity consumption by releasing battery-stored electricity during times of increased electricity demand. This helps the user to save on their overall electricity costs. Sharp plans to market this system in other areas of the US where demand charges are on the rise.

In Europe, Sharp is working to commercialize a photovoltaic-thermal (PV-thermal) system that makes use of both solar light and heat. An originally developed heat-collecting photovoltaic module generates electricity while the collected heat is used to boil water and heat rooms via a heat pump. In a proof-of-concept experiment run in a typical UK household, utility costs for central heating were reduced by roughly 60%.

Sharp will continue to develop various energy solutions for overseas markets.



Peak-cut system



PV-thermal system (drain pipe on the underside of a solar module)

^{*5} Electricity charge billed based on maximum (peak) electricity demand during a certain period of time.

[IV. Contribution to Conservation of the Global Environment]
Product Development



Sharp Provides HEMS for Kashiwa-no-ha Smart City (Japan)

Sharp partnered with Mitsui Fudosan Co., Ltd. to develop the Kashiwa-no-ha HEMS, a home energy management system that operates in conjunction with the Kashiwa-no-ha AEMS (area energy management system). As well as enabling a household to see its energy usage, the HEMS can control home appliances and offer energy-saving tips tailored to the lifestyle of the family using it. And because it works in harmony with the AEMS, owners can use a dedicated HEMS tablet to view information related to the entire Kashiwa-no-ha Smart City. Such information includes the following: comparisons with energy savings achieved by other households or by the entire residential community; a tally of energy-saving points earned, which correspond to local community credits; community event and traffic information; and emergency information in the event of a disaster. With this system, the entire community is able to use energy more sensibly.

In addition, the roofs, walls, and eaves of buildings in Kashiwa-no-ha Smart City have been equipped with Sharp Blacksolar modules and solar modules that let light through.



Kashiwa-no-ha HEMS tablet (image)



A community event notice (image)

Voice Words from a Business Partner

For some time, we were looking into using renewable solar energy as a dispersed power source for Kashiwa-no-ha Smart City. We eventually opted for Sharp solar modules, owing to the durability of their mounting racks and their reliability, backed by the company's years of experience in solar modules. Another reason we chose Sharp was that they were able to customize the HEMS installations for us. This meant that users could gauge energy consumption by the whole household—or even by individual home appliances—and that the HEMS could work in conjunction with the AEMS to monitor and control the entire community's energy use.



Makoto Kondo
Chief, Business Group,
Kashiwa-no-ha Urban Planning
and Development Department,
Mitsui Fudosan Co., Ltd.

Sharp Completes 52 MW Mega-Solar Power Plant in Thailand

Sharp received an order for the construction of a 52 MW-dc^{*1} mega-solar power plant from SSP^{*2}, an independent power producer in Thailand. Construction was completed in February 2015 and the plant has since started operations. With the addition of this new power plant, the total power generation capacity of Sharp solar power plants in Thailand now exceeds 140 MW. The new plant employs thin-film solar modules that offer superior performance at high temperatures. Sharp installed approximately 400,000 of these modules—along with the requisite BOP—on an expansive area of about 1.3 km². Maintenance and operational control is provided by SSMA^{*3}, whose specially trained and qualified personnel provide operational support.

^{*1} Direct current

^{*2} Serm Sang Palang Ngan Co., Ltd., a special-purpose company whose parent organization is the Tang Kim Heng Group. SSP plans, invests in, and operates power generation businesses.

^{*3} Sharp Solar Maintenance Asia Co., Ltd. SSMA is a subsidiary of Sharp Corporation established on March 21, 2011, to provide operation and maintenance services for large-scale solar power plants in Asia.



Mega-solar power plant in Lop Buri Province, Thailand



Voice

Words from a Project Leader

My Thai language skills are limited, but thanks to the perseverance of the local workers—not to mention our thorough safety training and the many safety patrols conducted by our dedicated staff—we were able to complete construction on time and achieve satisfactory levels of power generation.

For this project, part of the maintenance procedure is performed using a machine that Sharp developed especially for cleaning solar modules. With mega-solar power projects, we have to minimize costs in every area, from design and construction to operation and maintenance. New technologies such as the module-cleaning machine help in this respect, as we keep striving to meet our business partners' requests for cost efficiency.



Naoki Yoshimi, Technical Manager, Sharp Solar Solution Asia (SSSA)
(front, 3rd from left) and staff

[IV. Contribution to Conservation of the Global Environment]

Product Development

Green Procurement / Managing Chemical Substances in Products

Green Procurement—Reducing Environmental Impact in the Supply Chain

In fiscal 2000, Sharp established the Green Procurement Guidelines to procure goods with low environmental impact with the cooperation of suppliers, and it has been working to increase environmental consciousness at the level of parts and materials. In fiscal 2005, contracts with Sharp's suppliers were amended to require compliance with the Green Procurement Guidelines. In fiscal 2011, Sharp revised the guidelines to promote the biodiversity protection efforts of its suppliers.

In April 2015, Sharp revised its Supply-Chain CSR Deployment Guidebook to be in compliance with the EICC (Electronic Industry Citizenship Coalition) Code of Conduct. In doing so, Sharp integrated its green procurement survey and CSR procurement survey, which were conducted separately, into a single CSR/green procurement survey.

Sharp and its suppliers will continue conducting business with a focus on environmental protection in order to reduce environmental impact throughout the entire supply chain.



Voice

Words from a Supervisor

Our environmentally friendly manufacturing starts from the procurement of environmentally friendly parts and materials. We gain the cooperation of our business partners in implementing green procurement practices that enable us to meet product-related environmental laws and regulations in Europe and other parts of the world. To be specific, we use the SCOPE^{*1} website to run checks of the chemical substances contained in parts and materials delivered to Sharp by our suppliers and to survey the progress being made by suppliers in protecting the environment. These findings are put to use in environment-friendly product designs. We are also developing user-friendly systems and swiftly sharing the findings with our business divisions.



Ippei Inoh
Supervisor, Environmental
Planning Department,
Environmental Protection
Unit, CS & Environmental
Promotion Division

^{*1} SCOPE (Sharp Cooperation System of Procurement for Essential Partners) is a portal site that provides access to surveys on chemical substances contained in Sharp products and on CSR/green procurement.

Managing Chemical Substances in Products

Appliances such as refrigerators and TVs are composed of hundreds or thousands of parts, each of which contains a variety of chemicals. To properly manage these chemicals, countries around the world have enacted laws and regulations that bring these chemicals under control. In the EU, for example, the RoHS directive^{*2} restricts the use of specified chemicals in products, while REACH regulations^{*3} require companies to convey and disclose information on chemicals used throughout the supply chain. Countries such as Japan and China also have laws requiring companies to disclose information on certain chemicals contained in products.

In fiscal 1994, Sharp established its own standards for managing chemicals contained in parts and materials used for its products. Based on these standards—which were stricter than voluntary industry standards or standards stipulated by laws and regulations—Sharp introduced its original Chemical-Product Assessment (C-PA) system to evaluate the safety of chemicals. In this way, Sharp has been working to ensure the safety of products during use and to reduce the environmental impact at the time of disposal.

Sharp also has in place its own chemical substance management system, through which it cooperates with suppliers to collect data on chemicals contained in parts and materials. The company is working to upgrade and expand this database of chemicals contained in its products.

*2 An EU directive on the "Restriction on the use of certain Hazardous Substances." (Promulgated in 2003; revised in 2011.)
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. (Directive still current as of March 31, 2015.)

*3 REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals) is a set of EU regulations covering chemicals produced in and imported into the EU. (Took effect in 2007.)

[IV. Contribution to Conservation of the Global Environment]

Product Manufacture

Raising the Level of Environmental Performance in Factories

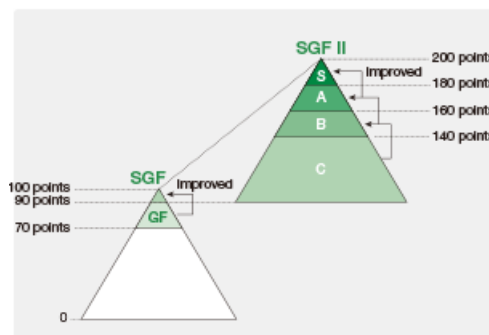
| | |
|---|---|
| Priority Objectives for Fiscal 2015 | Implement Sharp Green Factory (ShGF) scheme in factories in Japan |
| Medium-Term Objectives (up to Fiscal 2017) | Implement ShGF scheme in factories in ASEAN countries |

Developing the Sharp Green Factory (ShGF) Concept

Since fiscal 2003, Sharp has been using its own assessment and certification system to raise the level of environmental performance at its factories. Assessment criteria include "hard" aspects, such as introducing high-efficiency equipment and exhaust abatement systems, and "soft" aspects, such as the appropriate operation and management of those equipment and systems. As a result, almost all Sharp factories have achieved targeted levels of environmental performance and Super Green Factory (SGF) status.

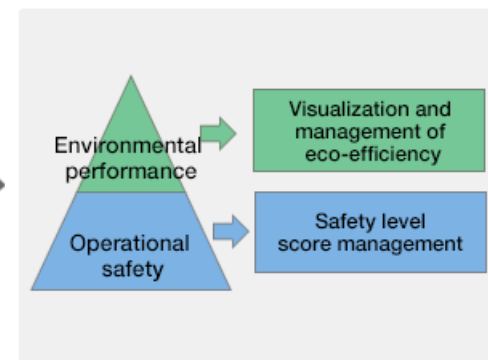
As the next step, Sharp is developing a new scheme called Sharp Green Factory (ShGF), the goal of which is to maintain existing high levels of environmental performance and raise operational safety levels at Sharp factories.

Super Green Factory Assessment and Certification System



Raising the level of environmental performance

Sharp Green Factory (ShGF) Scheme



Maintaining existing high levels

Maintaining Environmental Performance Levels of Factories

Sharp is maintaining the level of environmental performance at its factories by transparently managing eco-efficiency in the four key areas of energy, waste, water resources, and chemical substances and by responding to problems identified at each factory.

Raising Operational Safety Levels of Factories

Sharp has formulated the Environmental Safety Operations Guidelines, which serve as a guide both to environmental maintenance procedures (mainly in response to laws and regulations) and to the appropriate management of factory infrastructure and environment-related equipment. The aim of the guidelines is to enable Sharp to respond correctly to the strengthening of factory-related laws and regulations and to the deterioration of facilities and equipment over time.

Sharp will audit the operational status of the guidelines every year and work to raise operational safety levels through score management of the audit results.



Case Study

Obtaining External Environmental Certification (SEID, Indonesia)

SEID, Sharp's manufacturing and sales subsidiary in Jakarta, has obtained a "Blue" rating in PROPER* for the fourth consecutive year. PROPER is an environmental assessment program run by the Indonesian government to evaluate and rate the environmental performance of companies in Indonesia. The Blue rating certifies that a company firmly complies with environmental laws and regulations and is actively engaged in environmental protection. The program requires companies to undergo yearly audits, which are becoming stricter by the year, in order to be certified. SEID was certified for fiscal 2014 because it met environmental criteria through stringent control of exhaust and wastewater emissions and because it thoroughly complied with all environmental laws and regulations, including those concerning the disposal of hazardous waste.



PROPER Blue certificate



Measuring exhaust emissions

* PROPER (Program for Pollution Control, Evaluation, and Rating) rates and discloses a company's environmental management performance at one of five levels. The highest level is Gold, followed by Green, Blue, Red, and Black.

[IV. Contribution to Conservation of the Global Environment]

Product Manufacture

Curbing Greenhouse Gas Emissions

*Self evaluation:

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self evaluation* |
|--|---|------------------|
| Specific energy consumption rate (Japan): Improve by average of 1% each year (average for fiscal 2010 to 2014) | Improved by average of 3.0% (average for fiscal 2010 to 2014) | ◎ |
| Specific energy consumption rate (overseas): Improve over fiscal 2013 levels | Improved by 4% over previous fiscal year | ◎ |

| | |
|--|--|
| Priority Objectives for Fiscal 2015 | Improvement rate of specific energy consumption rate (baseline year: fiscal 2012): 25% |
| Medium-Term Objectives (up to Fiscal 2017) | Improvement rate of specific energy consumption rate (baseline year: fiscal 2012): 27% |

Sharp Group Activities to Control Greenhouse Gas Emissions

Sharp is taking active measures to curb greenhouse gas (GHG) emissions resulting from its business activities in an effort to contribute to the prevention of global warming.

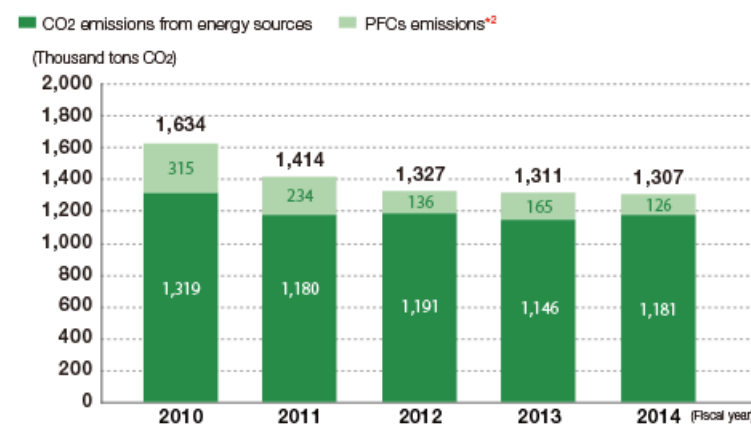
As a result of strengthening efforts involving all equipment and systems—ranging from production lines to utility systems for supplying electricity, gas, and water—the Sharp Group's GHG emissions in fiscal 2014 decreased by 0.3% compared to the previous fiscal year, despite a rise in the CO₂ emission coefficient*¹ of electricity purchased in Japan. Sharp was also able to decrease GHG emissions per production unit by 2% compared to the previous fiscal year.

In addition to implementing energy-saving measures, Sharp will continue its efforts to curb GHG emissions by studying the adoption of gases with lower impact on global warming as replacements for PFCs (perfluorocarbons)*², which have a higher impact on global warming.

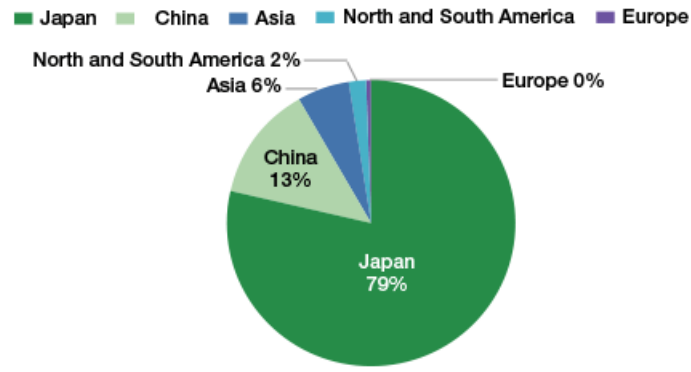
*¹ A coefficient for calculating the amount of CO₂ emissions resulting from the use of fuel and electricity.

*² HFCs, PFCs, sulfur hexafluoride (SF₆), nitrogen trifluoride (NF₃), HCFCs

■ Amount of GHG Emissions

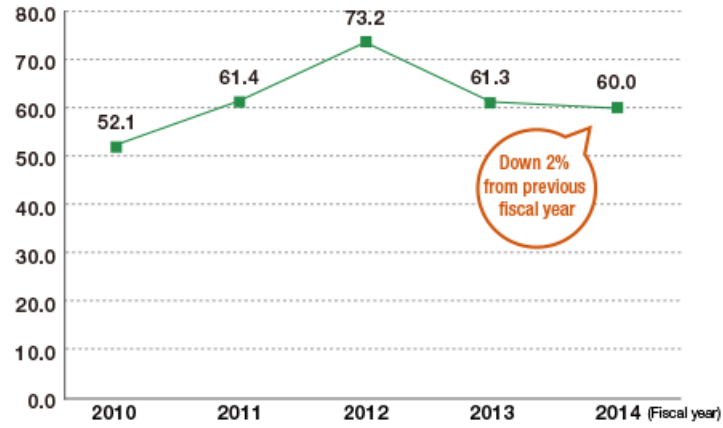


■ GHG Emissions by Region (Fiscal 2014)



■ GHG Emissions per Production Unit

(Tons CO₂/100 million yen)



[IV. Contribution to Conservation of the Global Environment]

Product Manufacture



Close-Up

Kameyama Plant Wins Award for Energy-Saving Activities at Energy Conservation Grand Prize

In LCD factories, a large amount of base-load energy^{*1} is used to run, among other things, manufacturing machines and air conditioning equipment in clean rooms.

At the Kameyama Plant (Kameyama, Mie Prefecture, Japan), in response to worsening energy utilization efficiency^{*2} caused by changes in the external environment, efforts were made to reduce base-load energy usage by strengthening the activities of the Energy Savings Working Group. This group was established across related departments in fiscal 2011. In the three years following fiscal 2011, the Kameyama Plant carried out 307 energy-saving activities. Five of the most effective of these activities were recognized at Japan's 2014 Energy Conservation Grand Prize program and were awarded the METI^{*3} Minister's Prize (Energy-Saving Initiatives category).

The five actions were as follows: (1) installing a heat-recovery system for outdoor air-processing units^{*4}; (2) optimizing air conditioning in clean rooms; (3) changing the operation of cooling towers^{*5} according to the season; (4) modifying the start-up control software for backup fans and pumps used in production equipment; and (5) switching to LED lighting inside the factory. Sharp's various efforts resulted in a reduction in energy consumption equivalent to 5,505 kiloliters of crude oil a year—the amount of electricity consumed annually by 6,800 typical households. At the same time, the Kameyama Plant was able to achieve reductions in operating costs that exceeded the costs of investment, thereby contributing both to environmental protection and to better business management.



The Energy Savings Working Group in action



At the Energy Conservation Grand Prize ceremony

^{*1} Energy needed regardless of production volume.

^{*2} Refers to the area of LCD panel that can be manufactured using energy equivalent to 1 kiloliter of crude oil.

^{*3} Ministry of Economy, Trade, and Industry

^{*4} Equipment that takes in outside air, adjusts its temperature and humidity, and delivers it to a clean room.

^{*5} Equipment to produce cooling water to use in air conditioning.



Voice

Words from a Manager

Throughout the entire Kameyama Plant, we worked to reduce base-load energy use in order to improve the efficiency of energy utilization, which had worsened during fiscal 2011. Going beyond utility equipment such as air conditioning units, our efforts extended to encompass the production equipment used in clean rooms to manufacture LCD panels.

We will strive to further improve energy utilization efficiency by adopting new energy-saving measures.



Shiro Imazu
 Manager, Kameyama
 Environmental & Industrial
 Safety Center, Display Device
 Administration Division

[IV. Contribution to Conservation of the Global Environment]

Product Manufacture

Minimizing and Recycling Waste

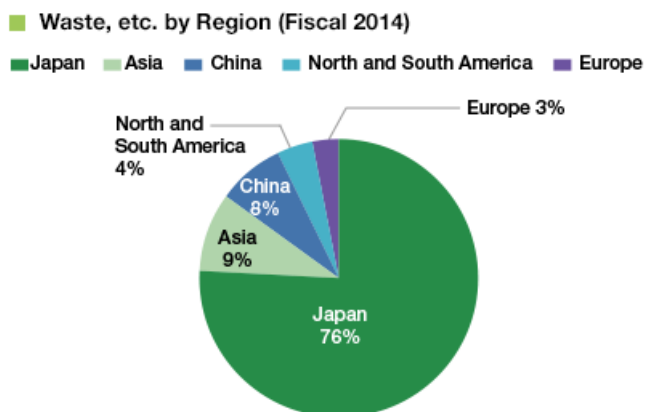
| | |
|---|--|
| Priority Objectives for Fiscal 2015 | Final landfill disposal rate of 1.1% or less |
| Medium-Term Objectives (up to Fiscal 2017) | Final landfill disposal rate of 1.0% or less |

Curbing the Amount of Waste, etc. Generated by the Sharp Group

Sharp has been working to reduce waste and to recycle as much of it as possible in an effort to contribute to building a resource-recycling society. In fiscal 2014, the amount of waste, etc. generated by the Sharp Group decreased by 4% compared to the previous fiscal year, and waste, etc. generated per production unit was down 6% compared to the previous fiscal year.

As a result of ongoing efforts to recycle solid and liquid waste and to recover valuable resources, in fiscal 2014 Sharp production plants in Japan achieved zero discharge to landfill* for the 14th consecutive year. With a view to making even more effective use of resources, Sharp has set a target of minimizing—on a global scale—its final landfill disposal rate, while making every effort to reduce waste.

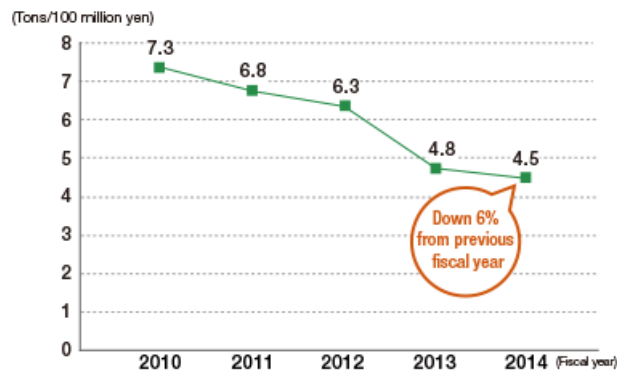
* Sharp defines "zero discharge to landfill" as a final landfill disposal rate of less than 0.5%. Final landfill disposal rate (%) = Amount of landfill disposal ÷ amount of waste, etc. generated × 100.



Related information:

> [Data on waste generated by Sharp Corporation \(Japan\)](#)

■ Waste, etc. per Production Unit



Appropriate Storage and Treatment of PCB Wastes in Japan

Each Sharp plant and office properly manages and stores waste PCB (polychlorinated biphenyls) and fulfills reporting requirements to the government. In addition, Sharp has registered with the appropriate disposal certification authority and is on track to finish treating PCB waste to make it harmless by the legally set March 31, 2027 deadline. Sharp currently uses no PCBs, with the exception of a certain amount present in high-voltage transformers.

Case Study Reducing Waste by Adopting Reusable Cargo Shift-Prevention Bands (NSEC, China)

In fiscal 2013, NSEC, a Sharp manufacturing subsidiary in Nanjing, switched from using stretch film (i.e., protective packaging material that prevents loads from collapsing) to using reusable cargo shift-prevention bands for the transportation of mid-size 32- and 40-inch LCD TVs. In fiscal 2014, after conducting tests to confirm the suitability of these bands for transporting larger TVs, NSEC began using them for all TV models (with the exception of 90-inch models). This effort has resulted in the elimination of 20 tons of waste stretch film per year.



(Before) Using stretch film



(After) Using cargo shift-prevention bands

Voice Words from a Manager

It had long been a concern of ours that we used to just throw away used stretch film. We wanted somehow to be more environmentally friendly and save on costs. That's why we began using reusable cargo shift-prevention bands. After carefully testing for any adverse effects on product quality, we tried them out with mid-size TVs. Then, once we'd adjusted the length and width of the bands, we proceeded to use them with larger TV models. As a result, we've been able to reduce waste and costs. We're looking into other areas where we can use these bands, so that we can be more environmentally friendly.



Yu Zhen
 Manager, Business Promotion Division, Sales Administration Department, Business Strategy Promotion, NSEC

[IV. Contribution to Conservation of the Global Environment]

Product Manufacture

Effectively Using Water Resources

| | |
|---|--|
| Priority Objectives for Fiscal 2015 | Improvement rate of volume of new water used per production unit (baseline year: fiscal 2012): 22% |
| Medium-Term Objectives (up to Fiscal 2017) | Improvement rate of volume of new water used per production unit (baseline year: fiscal 2012): 23% |

Sharp Group Reduces the Amount of New Water Used and Uses More Recycled Water

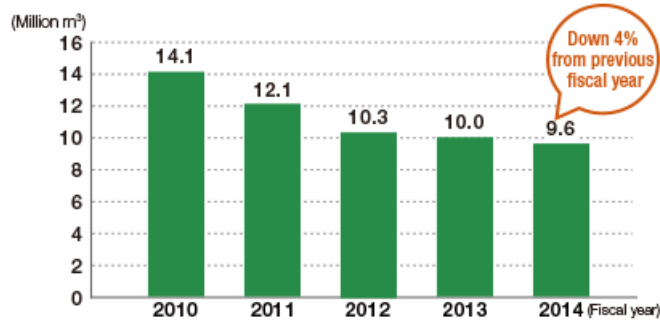
Sharp is striving to make effective use of water resources by reducing the amount of new water (i.e., water from the water supply system) it uses and by expanding the use of recycled water.

The volume of new water used by the Sharp Group in fiscal 2014 decreased by 4% compared to the previous fiscal year; the volume of new water used per production unit also decreased, by 5%.

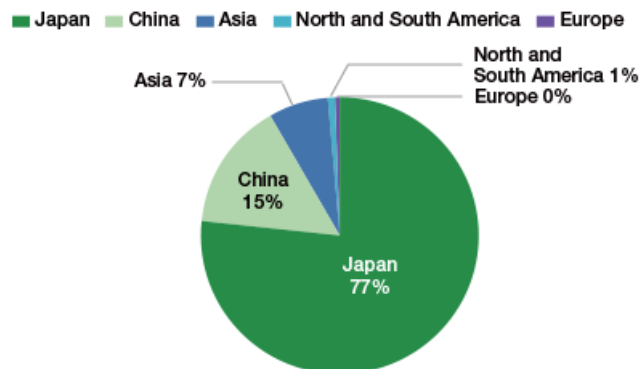
The Kameyama Plant (Kameyama, Mie Prefecture, Japan) and the Mie Plant (Taki District, Mie Prefecture, Japan) require a large amount of water in the production process for LCD panels. At both plants, Sharp has adopted a closed-loop water recycling system that recovers and reuses nearly 100% of the water discharged from the production process. Through measures such as this, the Sharp Group is maintaining a recycling rate* of at least 60%.

* Recycling rate = Amount recycled ÷ (amount of new water + amount recycled)

■ Volume of New Water Used



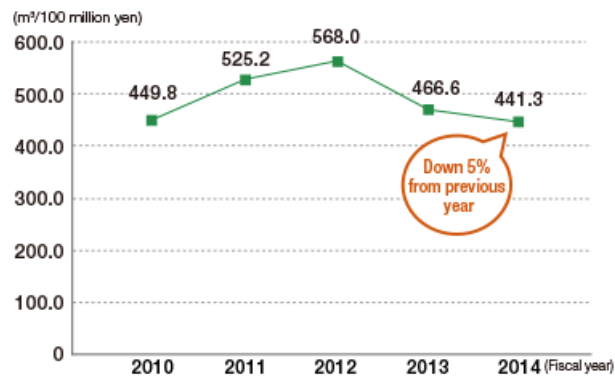
■ New Water Used by Region (Fiscal 2014)



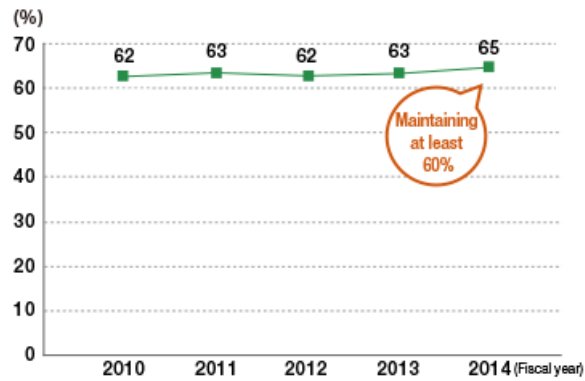
Related information:

➤ [Data on water used by Sharp Corporation \(Japan\)](#)

■ Volume of New Water Used per Production Unit



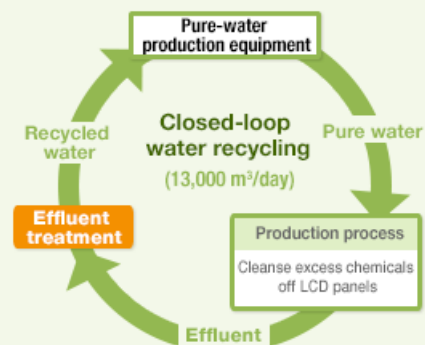
■ Water Recycling Rate



Case Study Closed-Loop Water Recycling System (Mie Plant, Japan)

The Mie Plant (Taki District, Mie Prefecture) has adopted a closed-loop water recycling system to repeatedly recycle the large amount of water used for the production of LCDs.

The water used in the production process goes through steps such as biofiltration (the natural decomposition of chemicals using microorganisms), microfiltration (the removal of minute particles via a microfiltration membrane), and reverse osmosis (the removal of chemical ions). The purity of the resulting water is the same as or even better than that of industrial-use water. Water quality is then further improved by passing it through pure-water production equipment.



Closed-loop water recycling flow



Tank in which chemicals are decomposed using microorganisms

[IV. Contribution to Conservation of the Global Environment]

Product Manufacture

Effectively Managing Chemicals Used in Factories

| | |
|---|---|
| Priority Objectives for Fiscal 2015 | Improvement rate of amount of PRTR chemicals released and transferred per production unit (baseline year: fiscal 2012): 10% |
| Medium-Term Objectives (up to Fiscal 2017) | Improvement rate of amount of PRTR chemicals released and transferred per production unit (baseline year: fiscal 2012): 15% |

Effective Management of Chemical Substances

Sharp meticulously controls chemical substances used at its plants. When introducing new chemical substances and new handling equipment, Sharp conducts rigorous preliminary audits based on its own process assessment system^{*1} to ensure employees' safety and health and to minimize environmental impact.

Sharp strives for effective management of chemical substances: employees handling these go through regular education and drills to prevent accidents, and checks are carried out through an environmental safety operations audit system^{*2}.

Sharp also monitors and reports the release and transfer of chemical substances covered by the PRTR Law^{*3}. Of these PRTR chemicals, 19 were handled in Japan and eight overseas^{*4} in quantities of 500 kg or more by one or more plants during fiscal 2014.

^{*1} An in-house system for preliminarily assessing and confirming the safety, environmental load, and other factors of chemical substances and their handling equipment.

^{*2} An in-house system for assessing the activities of the division in charge of environmental management at factories.

^{*3} PRTR: Pollutant Release and Transfer Register. A system that mandates the collection and dissemination of information, such as the amount of harmful chemicals discharged and transferred.

^{*4} Sharp defines target substances based on laws in Japan.

Fiscal 2014 PRTR Data (Japan)

(Unit: kg)

| PRTR No. | Chemical | Amount handled | Amount discharged | | Amount transferred | | Amount consumed | | Amount removed |
|----------|--|----------------|-------------------|------------------------|--------------------|------------------|-----------------------|-----------|----------------|
| | | | Into atmosphere | Into public water area | Into sewage | Into waste, etc. | Contained in products | Recycled | |
| 20 | 2-Aminoethanol | 6,586,319 | 1,102 | 204 | 0 | 277,535 | 0 | 5,189,835 | 1,117,643 |
| 31 | Antimony and its compounds | 720 | 0 | 0 | 0 | 14 | 706 | 0 | 0 |
| 44 | Indium and its compounds | 27,142 | 0 | 0 | 0 | 7,329 | 814 | 18,999 | 0 |
| 71 | Ferric chloride | 120,120 | 0 | 0 | 0 | 0 | 0 | 83,663 | 36,457 |
| 82 | Silver and its water-soluble compounds | 742 | 0 | 0 | 0 | 0 | 446 | 296 | 0 |
| 232 | N, N-dimethyl formamide | 3,381 | 0 | 0 | 0 | 0 | 0 | 0 | 3,381 |
| 272 | Copper salts (water-soluble, except complex salts) | 13,603 | 0 | 0 | 0 | 13,332 | 0 | 0 | 271 |
| 332 | Arsenic and its inorganic compounds | 1,497 | 0 | 0 | 0 | 1,457 | 13 | 27 | 0 |
| 343 | Pyrocatechol (also known as catechol) | 1,275 | 0 | 0 | 0 | 1,275 | 0 | 0 | 0 |
| 355 | Bis (2-ethylhexyl) phthalate | 558 | 0 | 0 | 0 | 558 | 0 | 0 | 0 |

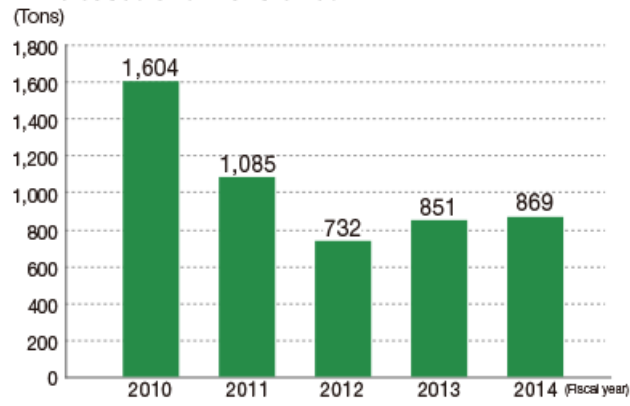
| | | | | | | | | | |
|--------------|---|------------------|--------------|------------|----------|----------------|----------------|------------------|------------------|
| 368 | 4-tert-butylphenol | 2,101 | 36 | 0 | 0 | 2,065 | 0 | 0 | 0 |
| 374 | Hydrogen fluoride and its water-soluble salts | 773,819 | 685 | 0 | 0 | 514,104 | 0 | 142,268 | 116,762 |
| 401 | 1,2,4-benzenetricarboxylic 1,2-anhydride | 502 | 0 | 0 | 0 | 32 | 470 | 0 | 0 |
| 405 | Boron compounds | 2,077 | 2 | 0 | 0 | 1,427 | 487 | 161 | 0 |
| 407 | Polyoxyethylene alkyl ether | 890 | 0 | 1 | 0 | 856 | 0 | 0 | 33 |
| 412 | Manganese and its compounds | 27,419 | 0 | 0 | 0 | 0 | 27,149 | 270 | 0 |
| 438 | Methylnaphthalene | 14,211 | 71 | 0 | 0 | 0 | 0 | 0 | 14,140 |
| 448 | Methylenebis (4,1-phenylene) diisocyanate | 491,187 | 0 | 0 | 0 | 98 | 491,089 | 0 | 0 |
| 453 | Molybdenum and its compounds | 12,135 | 0 | 14 | 0 | 2,421 | 432 | 9,268 | 0 |
| Total | | 8,079,698 | 1,896 | 219 | 0 | 822,503 | 521,606 | 5,444,787 | 1,288,687 |

Fiscal 2014 PRTR Data (Overseas)

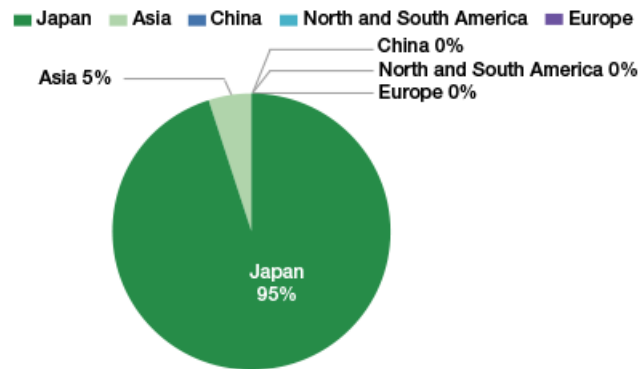
(Unit: kg)

| PRTR No. | Chemical | Amount handled | Amount discharged | | Amount transferred | | Amount consumed | | Amount removed |
|--------------|---|------------------|-------------------|------------------------|--------------------|------------------|-----------------------|--------------|----------------|
| | | | Into atmosphere | Into public water area | Into sewage | Into waste, etc. | Contained in products | Recycled | |
| 31 | Antimony and its compounds | 4,778 | 0 | 0 | 0 | 48 | 3,208 | 1,522 | 0 |
| 104 | Chlorodifluoromethane (also known as HCFC-22) | 179,584 | 616 | 0 | 0 | 0 | 178,968 | 0 | 0 |
| 291 | 1,3,5-tris (2,3-epoxypropyl)-1,3,5-triazine-2,4,6 (1H,3H,5H)-trione | 3,660 | 0 | 0 | 0 | 37 | 2,457 | 1,166 | 0 |
| 300 | Toluene | 705 | 705 | 0 | 0 | 0 | 0 | 0 | 0 |
| 355 | Bis (2-ethylhexyl) phthalate | 12,350 | 0 | 0 | 0 | 8,980 | 0 | 3,370 | 0 |
| 384 | 1-bromopropane | 2,127 | 0 | 0 | 0 | 21 | 722 | 1,384 | 0 |
| 413 | Phthalic anhydride | 2,499 | 0 | 0 | 0 | 25 | 1,678 | 796 | 0 |
| 448 | Methylenebis (4,1-phenylene) diisocyanate | 2,049,130 | 0 | 0 | 0 | 33,550 | 2,015,580 | 0 | 0 |
| Total | | 2,254,833 | 1,321 | 0 | 0 | 42,661 | 2,202,613 | 8,238 | 0 |

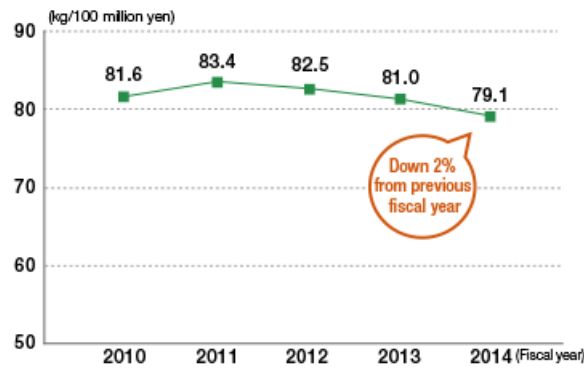
Amount of Chemical Substances Released and Transferred



Chemical Substances Released and Transferred by Region (Fiscal 2014)



Amount of Chemical Substances Released and Transferred per Production Unit

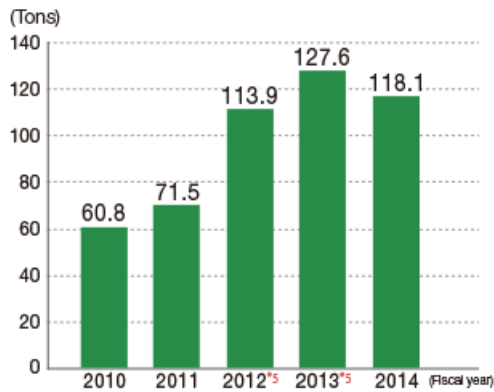


Managing Environmental Load into Air and Water Areas

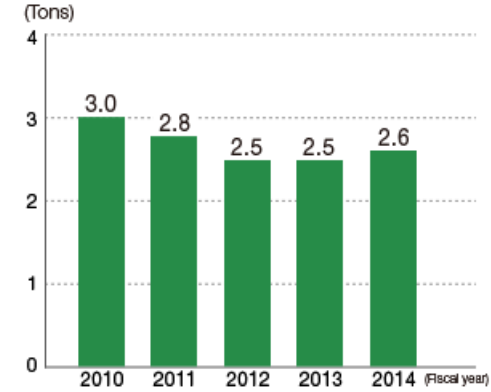
Sharp properly manages pollutants that affect air and water quality by determining their concentration and discharge amount. Each Sharp plant ensures proper management by establishing voluntary standards that are stricter than those set forth in laws and regulations and stricter than those agreed upon with local communities.

Atmospheric Emissions in Japan

NOx Emissions



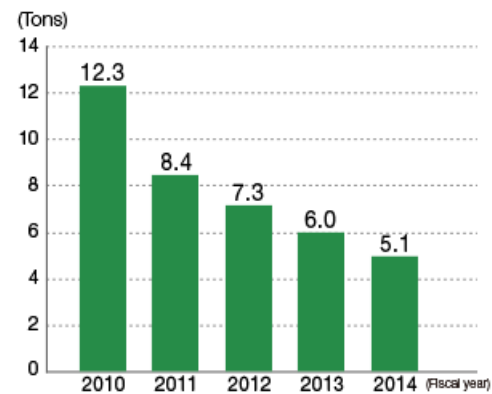
SOx Emissions



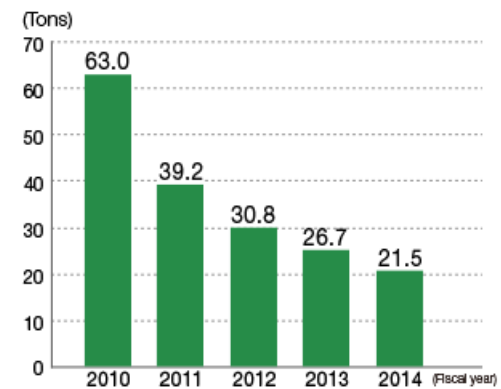
*5 Results for fiscal 2012 and 2013 showed an increase in NOx emissions. This was due to measures taken to make up for electricity shortages, such as raising the operating rate of cogeneration systems.

Emissions into Water Areas in Japan

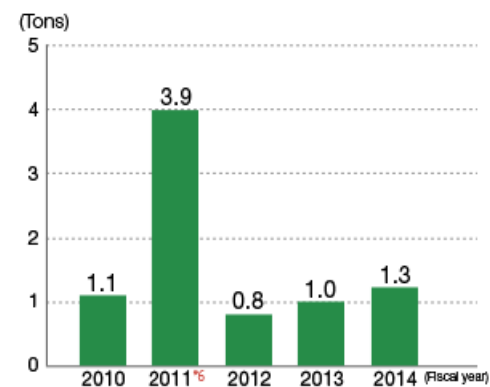
COD (Chemical Oxygen Demand)



Nitrogen Pollutant Load



Phosphorous Pollutant Load



*6 Results for fiscal 2011 showed an increase in the phosphorous pollutant load, due to a change in production chemicals used at Sharp Yonago Corporation; however, it was still below the maximum level allowed by law.

[IV. Contribution to Conservation of the Global Environment]

Logistics

Reducing Logistics-Related Environmental Impact

*Self evaluation:

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self evaluation* |
|---|---|------------------|
| CO ₂ emissions per shipping volume (Japan): Reduce by average of 1% each year (average for fiscal 2010 to 2014) | Reduced by average of 3% (average for fiscal 2010 to 2014) | ◎ |
| Priority Objectives for Fiscal 2015 | Reduce by average of 1% each year (average for fiscal 2011 to 2015) | |
| Medium-Term Objectives (up to Fiscal 2017) | Reduce by average of 1% each year (average for fiscal 2013 to 2017) | |

In cooperation with shipping contractors, Sharp is working to reduce the environmental impact of its logistics activities by, for example, improving transport methods, transport routes, and load efficiency.

Reducing the Environmental Impact of Logistics in Japan

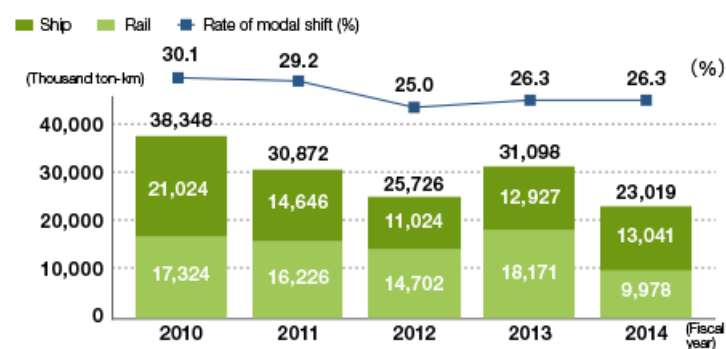
Sharp observes a rule set forth in the Japanese Law Concerning the Rational Use of Energy (Energy Conservation Law) that requires specified shippers to reduce CO₂ emissions per shipping volume by 1% or greater per year. All Sharp Group companies in Japan are working to steadily reduce the environmental impact and costs associated with logistics by improving transport and load efficiencies and by shifting to environmentally friendly modes of transport (modal shift).

In fiscal 2014, Sharp Group CO₂ emissions from shipping activities in Japan were 24 thousand tons (down 22% from the previous fiscal year). Emissions per shipping volume were 0.2 tons CO₂/thousand ton-km, an average annual reduction of 3% for the most recent five years.

Sharp is steadily shifting from conventional trucking to more environmentally friendly modes of transport, such as shipping (non-international coastal trading vessels) and rail (Japan Railways containers). Due to overall lower transport in fiscal 2014, the volume of transport by ship and rail was 23,019 thousand ton-km (down 26% from the previous fiscal year), and Sharp was able to maintain the rate of modal shift at 26.3%. And, by unloading imported goods at harbors chosen for their proximity to their main sales locations, Sharp is reducing re-transport between distribution centers. These efforts enable Sharp to reduce the environmental impact of its distribution activities.

As in fiscal 2013, Sharp was certified in fiscal 2014 with an Eco Rail Mark* by the Ministry of Land, Infrastructure, Transport, and Tourism and the Railway Freight Association.

■ Modal Shift (Transport Volume by Ship and Rail) in Japan



* Products or companies that use a certain amount of rail transport for freight are given Eco Rail Mark certification. Products or companies use the mark to provide consumers a criterion for choosing products.

Reducing the Environmental Impact of International Logistics

Sharp has a wide range of initiatives to reduce the amount of CO₂ that is emitted as a result of international and intraregional shipping. The company is reducing airfreight volume as it switches to environmentally friendly modes of transport, and it is also improving load efficiency. Further, it is reviewing shipping routes and switching to harbors that are closer to the final destinations for products. Sharp is also switching to suppliers located closer to its factories.

In fiscal 2014, the CO₂ emissions from international and intraregional transport of products and devices produced and sold by Sharp Corporation came to approximately 234 thousand tons.

[IV. Contribution to Conservation of the Global Environment]

Disposal, Recycling

Expanding the Recycling of Used Products

***Self evaluation:**

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self evaluation* |
|---|---|------------------|
| Improve recycling efficiency | Increased amount of recycled plastic and streamlined washing machine recycling line | ○ |
| Increase amount of mixed plastic collected and raise sorting accuracy (boost value) | Increased amount of mixed plastic collected by 6% by optimizing sorting machine | ○ |
| Formulate processing technology plan for used solar panels | Formulated processing technology plan for used solar panels | ○ |

| | |
|--|---|
| Priority Objectives for Fiscal 2015 | (1) Increase amount of recycled plastic by dismantling to smaller pieces by hand (2) Complete design of shredder/sorter for used solar panels |
| Medium-Term Objectives (up to Fiscal 2017) | (1) Construct high-efficiency recycling line in anticipation of an increase in flat-panel TVs sent to recycling; reduce time required (2) Test-run shredder/sorter for used solar panels |

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

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

As a member of the B Group*¹ for home appliance recycling, Sharp has constructed—and is operating—a highly efficient recycling system consisting of 18 recycling plants in Japan.

In fiscal 2014, Sharp collected about 1.4 million units of the four types of appliances covered by the Home Appliance Recycling Law. This figure represents a 10% decrease from the previous fiscal year, reflecting a compensatory drop and slow recovery in demand following an increase of last-minute purchases prior to the consumption tax hike of April 2014.

For all four appliance types, the B Group's rate of recycling greatly exceeded the legally stipulated levels. It also meets the new stricter criteria, which will come into effect during fiscal 2015 (i.e., recycling rates of 80% for air conditioners, 74% for flat-panel TVs, 70% for refrigerators/freezers, and 82% for washing machines/dryers)*².

Sharp Corporation's Recycling Results for 4 Home Appliance Types in Fiscal 2014

| | Unit | Air conditioners | CRT TVs | Flat-panel TVs | Refrigerators/freezers | Washing machines/dryers | Total |
|--|----------------|------------------|---------|----------------|------------------------|-------------------------|--------|
| Units collected from designated collection sites | Thousand units | 184 | 258 | 292 | 351 | 335 | 1,420 |
| Processed and recycled units | Thousand units | 201 | 249 | 287 | 378 | 356 | 1,471 |
| Processed and recycled weight | Tons | 8,247 | 6,376 | 5,612 | 23,777 | 12,892 | 56,904 |
| Recycled weight | Tons | 7,850 | 4,917 | 5,022 | 19,326 | 12,120 | 49,235 |
| Recycling rate | % | 95 | 77 | 89 | 81 | 94 | — |
| Legally required recycling rate | % | 70 | 55 | 50 | 60 | 65 | — |

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

*2 CRT TVs are still covered by the old criteria.

Effectively Using Resources and Improving Recycling Efficiency at the Recycling Plant

Sharp and Kansai Recycling Systems Co., Ltd. ^{*3} are joining forces to make effective use of resources and to improve recycling efficiency.

Previously, when refrigerators were recycled, around 20% of the total weight of insulation (urethane) in the shredding/sorting process consisted of shredded plastic. By boosting sorting accuracy, Sharp was able to halve the amount of this plastic to 10% of the total weight. This has also increased the amount of mixed plastic collected by 6%. Looking ahead, Sharp will make further improvements to prevent plastic from being mixed in with urethane.

For the recycling of washing machines, Sharp developed and introduced an automatic dismantling device for motors. Compared to dismantling by hand, this device is 10% faster. It also produces higher-grade material that can be shipped to other companies.

^{*3} A consumer electronics recycling company established in Japan with joint investment from Sharp, Mitsubishi Materials Corporation, and four other companies.



Case Study Recycling Training

Sharp is committed to developing and designing products with consideration for their easy collection and recycling. Since fiscal 2001, to promote easy-to-recycle product design, Sharp has been conducting design-for-recycling training, aimed mainly at personnel responsible for product planning and design. In fiscal 2014, 26 people took part in training for recycling LCD TVs and home appliances.

This training program incorporated lectures, factory tours, and exchanges with employees involved in dismantling operations. Participants received hands-on experience in dismantling actual products collected at the recycling plant. At the end of the training, participants shared their views, mentioning any difficulties they encountered when dismantling products and discussing how products could be made easier to recycle. The knowledge and experience gained during this training is reflected in the planning and design of new products.



Lecture on design-for-recycling



Hands-on training in dismantling a washing machine



Voice Words from a Trainee

I found this training session to be very informative. It gave me an overview of the entire recycling process of a product as it is returned to basic materials, and it also gave me core knowledge on topics such as how to design recycle-friendly products. It also allowed me to actually see recycling in action—for example, how products are dismantled and how issues that need to be solved are identified. I gained a renewed sense of the importance of design-for-recycling.

I hope to apply the knowledge gained from this training into my work in designing washing machines, so I can develop products that are even more environmentally friendly.



Jin Sakamoto
Supervisor, Engineering
Department 1, Laundry
Systems, Health and
Environment Systems Division

Reusing and Recycling Copiers and MFPs in Japan

Sharp is reusing and recycling copiers and MFPs collected both through Sharp distribution channels and through common industry channels. In fiscal 2014, approximately 30,000 used copiers and MFPs were collected for either reuse or recycling. The company is also collecting used toner cartridges and remanufacturing them to the same quality standard of new products, thus assuring that customers will always get the same high quality. Sharp designs its toner cartridges for easy reuse and recycling; this ensures durability and reduces the amount of time needed to reprocess used cartridges.

Sharp will continuously work to increase the number of copier/MFP models and toner cartridge types it recycles, with the goal of expanding reuse and recycling.

Recycling Used Products Overseas

Recycling TVs and Other Consumer Electronics in the US (SEC, US)

In September 2007, SEC—Sharp's manufacturing and sales subsidiary in New Jersey—established the Electronic Manufacturers Recycling Management Company, LLC (MRM) in cooperation with Panasonic Corporation of North America and Toshiba America Consumer Products, LLC. Tasked with recycling audio-visual products, especially TVs, the MRM program has since expanded nationwide to offer recycling opportunities at approximately 1,600 collection points. Working in compliance with the laws and regulations of each state, MRM recycled approximately 50,144 metric tons of used consumer electronics in fiscal 2014.

[IV. Contribution to Conservation of the Global Environment]

Disposal, Recycling

Environmental Technologies That Contribute to a Sustainable, Recycling-Based Society

*Self evaluation:

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self evaluation* |
|--|---|------------------|
| Develop technology for adding extra value to recycled plastic materials | Developed technology for adding extra value to recycled plastic materials (antibacterial PC+ABS ^{*1}) | ◎ |
| Start experiment to verify water purification effects of Sharp-developed zeolite ^{*2} | Started experiment to verify water purification effects of Sharp-developed zeolite | ◎ |

| | |
|--|---|
| Priority Objectives for Fiscal 2015 | (1) Develop technology for adding extra value to recycled plastic materials (flame-retardant HIPS ^{*3}) (2) Introduce prototype mass-production equipment (100 kg scale) |
| Medium-Term Objectives (up to Fiscal 2017) | (1) Practical application of recycled plastic material (flame-retardant HIPS) (2) Determine business model for Sharp-developed zeolite |

^{*1} A polymer alloy of polycarbonate and acrylonitrile, butadiene, and styrene (a macromolecular material given new properties as a result of mixing in several types of polymers).

^{*2} The generic term for a crystalline, microporous aluminosilicate mineral composed mainly of silicon, aluminum, and oxygen.

^{*3} High-impact polystyrene (general-purpose polystyrene given impact resistance by adding rubber).

Sharp's Initiatives for a Sustainable, Recycling-Based Society

As the company strives to contribute to the creation of a sustainable, recycling-based society, Sharp considers environmental friendliness a key factor in all stages of a product's life cycle, from design to manufacture to disposal. In particular, Sharp is focusing on recycling materials recovered from used products.

In fiscal 2001, Sharp succeeded in the practical application of closed-loop material recycling (CMR) technology: the tubs of used washing machines were recycled into material that was used to make new washing machine tubs. This technology has since been improved over the years to enable recovered plastic to be recycled repeatedly and reused in parts of new products, for example as shelves and vegetable compartments in refrigerators and rear cabinets in flat-panel TVs.

In recent years, Sharp has been engaged in developing technology to recycle scrap glass discarded during the LCD panel production process into highly functional paint and into zeolite, a material that can purify water. In fiscal 2014, Sharp began experiments to verify the water purification effects of zeolite synthesized from waste LCD panel glass. With the number of discarded flat-panel TVs expected to rise greatly in the future, Sharp is focusing its efforts on the recycling of LCD panels, a key component in such TVs.

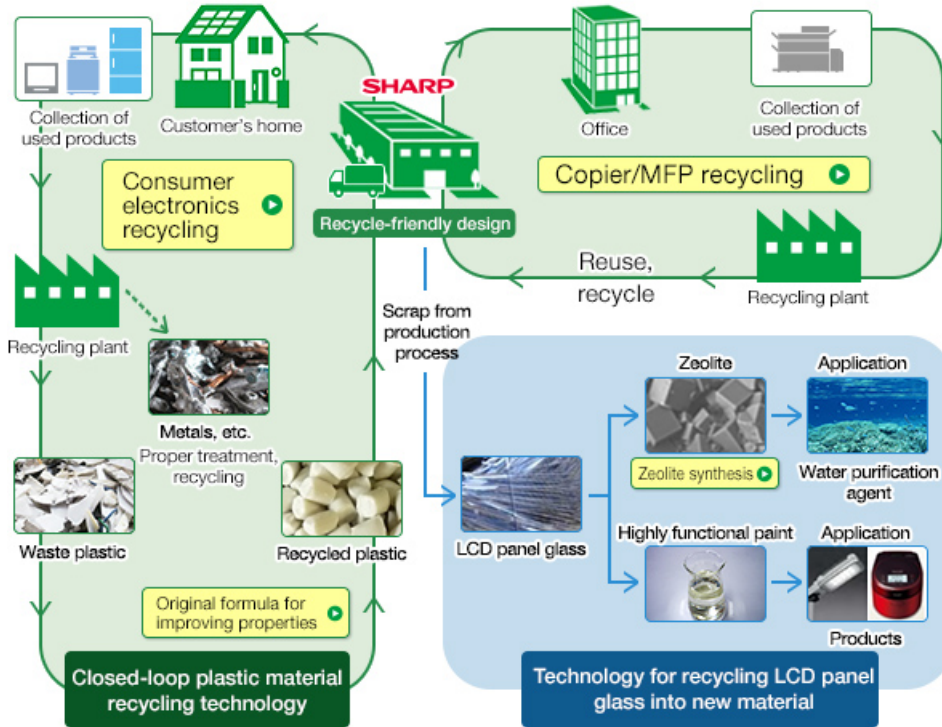
| Developments in plastic CMR technology | | Developments in LCD panel glass recycling (into new material) | |
|--|--|---|---|
| FY2000 | Development of CMR technology and practical application into PP ^{*4} washing machine tubs | FY2009 | Development and practical application of highly functional paint |
| FY2002 | Development of CMR technology and practical application into PS ^{*5} refrigerator shelves | | |
| FY2012 | Development of technology to recover PP from mixed plastic and CMR technology for recovered PP and practical application | FY2012 | Development of basic technology to form zeolite on surface of LCD panel glass |

| | | | |
|--------|--|--------|--|
| FY2013 | Development of technology for improving properties of PC+ABS and practical application (recycling rear cabinets of flat-panel TVs) | FY2013 | Development of technology to synthesize zeolite from waste LCD panel glass and to put it to practical use (succeeded in mass production on a kilogram scale) |
| FY2014 | Development of technology for adding extra value to PC+ABS (antibacterial effect) and practical application | FY2014 | Start of experiments to verify water purification effects of Sharp-developed zeolite |

*4 Polypropylene

*5 Polystyrene

■ Sharp's Efforts towards a Recycling-Based Society



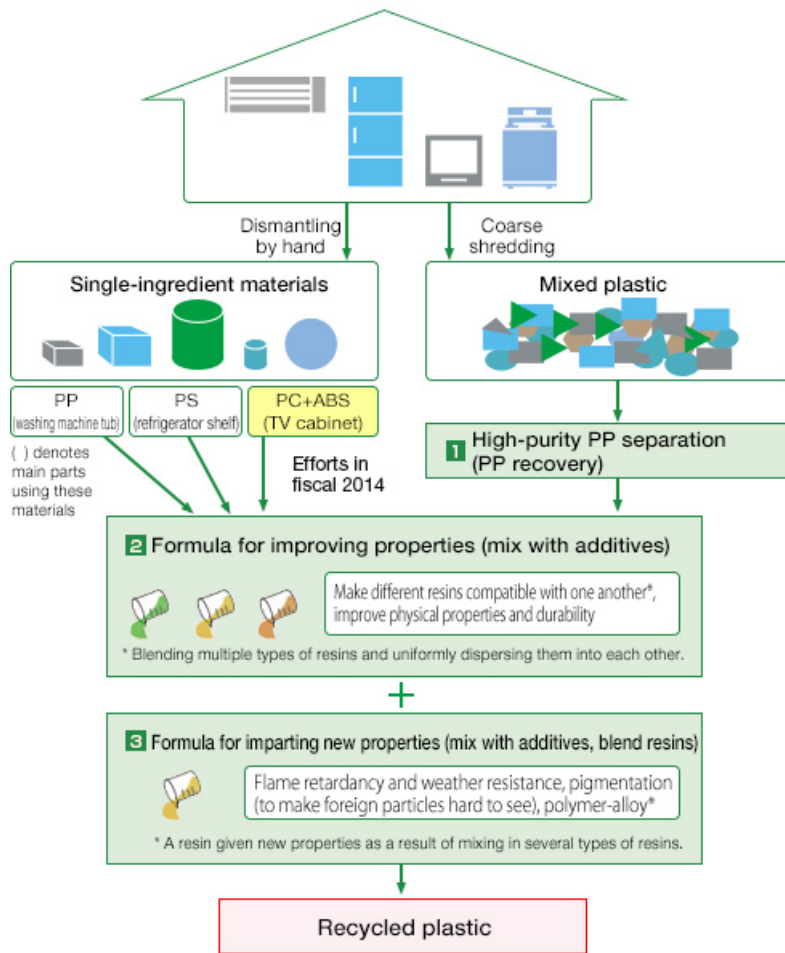
Expanding Closed-Loop Plastic Material Recycling Technology for the Repeated Reuse of Plastic

Sharp and Kansai Recycling Systems Co., Ltd. jointly developed closed-loop plastic material recycling technology that enables the repeated recovery of plastic from used consumer electronics products as well as the reuse of that plastic in parts of new consumer electronics products for the Japanese market. This technology has been in practical use since fiscal 2001.

Thanks to the development and introduction of technologies that integrate everything from recovery to quality control, Sharp has been able to increase the volume of recyclable plastic year after year. These technologies include **1** a technology for recovering high-purity PP from mixed plastic parts and **2** a technology for improving the properties of recovered PP and PS materials so that their quality is on a par with that of new materials.

Sharp is currently developing **3** another technology that will give materials added value by imparting properties such as flame retardancy and weather resistance, with the aim of expanding applications for recycled plastic. In fiscal 2014, Sharp developed technology that imparts an antibacterial property to recycled PC+ABS. While offering the physical properties and durability demanded of plastic components, this technology gives users a sense of cleanliness, safety, and peace of mind. These plastic components can be used in a wide range of products that require an antibacterial effect, in contexts including companies, schools, and medical institutions. Antibacterial PC+ABS material is currently being used in battery chargers for Sharp handy data terminals, which are used in distribution outlets and the like.

■ Recycling Plastic Recovered from the 4 Types of Home Appliances



5-battery charger for the RZ-H250 series handy data terminal

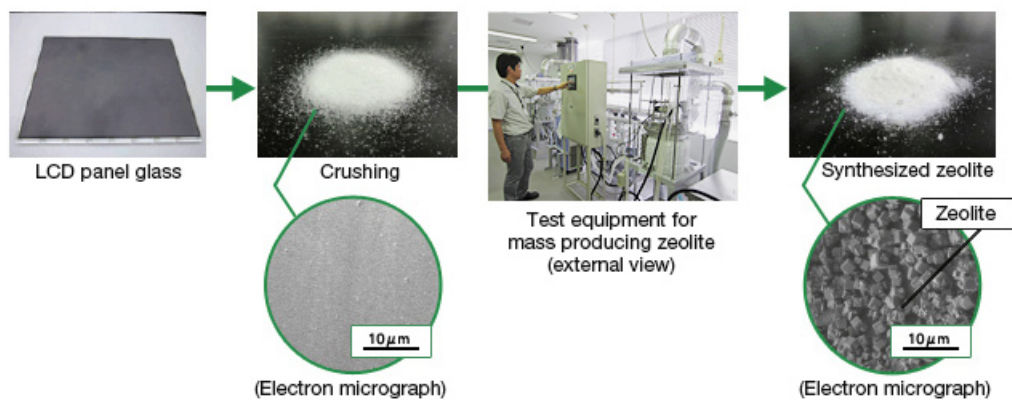
Developing Technology to Recycle LCD Panel Glass into New Material

Having noticed that a portion of LCD panel glass constituents is similar to zeolite, Sharp went on to conduct joint research with Osaka Prefecture University on a technology to synthesize zeolite from LCD panel glass. As well as being used as a catalyst, zeolite has many other functions, including those involving ion exchange and adsorption. Recently, zeolite has been attracting attention as an environmental purification material that can help purify water and improve soil quality.

In fiscal 2012, the joint research team succeeded in developing basic technology for forming zeolite on the surface of LCD panel glass. This involves using crushed scrap glass discarded during the LCD panel production process. Sharp successfully mass-produced this material on a kilogram scale. Starting in fiscal 2014, it began experiments to verify the water purification effects of zeolite produced this way.

In fiscal 2015, Sharp will introduce prototype mass-production equipment to manufacture zeolite on a 100-kilogram scale, and it will work to expand the volume of zeolite synthesis. Sharp will move forward on the practical application of this technology and study its application in the recycling of LCD panel glass in flat-panel TVs.

■ Process of Synthesizing Zeolite from Waste LCD Panel Glass



[IV. Contribution to Conservation of the Global Environment]

Biodiversity Protection

Protecting Biodiversity

Under the Sharp Group Policy on the Sustainable Support of Biodiversity, the Sharp Group carries out a multifaceted approach in which it protects biodiversity through business activities and social action programs at worldwide bases.

Biodiversity Protection through Business and Social Action Programs

Biodiversity refers to the existence of a variety of ecosystems, species, and genes. With the modern world's environmental pollution, more and more species are becoming extinct and ecosystems are in danger.

While Sharp's business activities impact biodiversity, the company also benefits from the resources that biodiversity provides. That is why Sharp is promoting activities to protect biodiversity and exploit it sustainably.

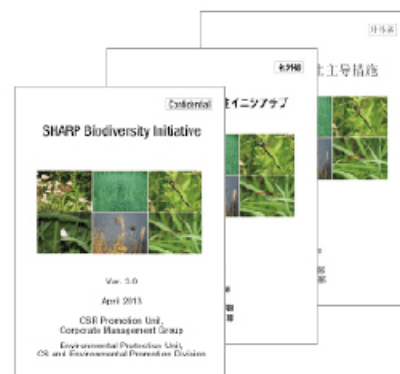
Based on the Sharp Group Policy on the Sustainable Support of Biodiversity, Sharp formulated the Sharp Biodiversity Initiative in November 2009. The Initiative describes biodiversity in an easy-to-understand manner, and it outlines concrete measures for business activities and social action programs that take biodiversity into account.

In fiscal 2014, Sharp continued to implement various measures based on the Sharp Biodiversity Initiative, while each Sharp base conducted various activities geared to its specific circumstances.

■ Sharp's Efforts for Protecting Biodiversity



■ Sharp Biodiversity Initiative (English, Japanese, and Chinese)



Related information:

> [Environmental Activities](#)



Case Study

Raising *Sasayuri*, a Rare Indigenous Flower of Nara (Tenri Plant, Japan)

The Tenri Plant (Tenri, Nara Prefecture) is cultivating *sasayuri* (*Lilium japonicum*), a flower species indigenous to the Tenri Kofun Sharp Forest located within the factory grounds. *Sasayuri* ("bamboo lily") is a wild lily native to Japan. It is very difficult to cultivate; it takes a year and half to germinate from seed to sprout and five to seven years to flower.

In the spring of 2009, two *sasayuri* plants were found growing wild in the Tenri Kofun Sharp Forest. The Tenri Plant began a project of protecting the lilies and expanding the areas where they could flourish. The project involves obtaining seeds from the plants' capsules*, sowing them in a designated area, removing weeds from around the lilies, and setting up and maintaining a fence around the growing area.

Flowers were successfully produced from sowed seeds for the first time in June 2015. The Tenri Plant will keep up its efforts to protect the local natural environment and pass it on to future generations.



Harvesting seeds from a capsule

The first *sasayuri* to be cultivated by the Tenri Plant

* A capsule is a type of fruit composed of two or more carpels. At maturity, the dry fruit splits apart and releases the seeds contained inside.



Case Study

Releasing Crabs into the Sea for Ecosystem Conservation (SMTL, Thailand)

SMTL, a manufacturing subsidiary in Nakornpathom, Thailand, conducts environmental protection activities as part of its annual company outing.

In fiscal 2014, 200 employees took part in an activity that involved releasing about 200 crabs into the sea in a government-designated nature reserve. Crabs live in holes that they dig in the ocean floor. Their digging draws oxygen into the soil, which increases the activity of microorganisms that work to decompose organic matter and generate minerals. This in turn helps to preserve the natural environment.



Releasing crabs into the sea

Such environmental activities, which have become something of a tradition at SMTL, provide an excellent opportunity to boost employees' awareness about biodiversity protection.



Voice

Words from a Participating Employee

Thailand has some of the most abundant and diverse coastal ecosystems in the world. But recent years have seen much destruction of these ecosystems. Looking to the future, climate change in particular will have an increasing impact on coastal ecosystems. It is therefore becoming ever more important to restore these ecosystems or create new ones. Everyone should realize this fact and cooperate accordingly.

I've been interested in this activity ever since I first heard about it. And today, I was one of the participants who released crabs into the sea. I feel very proud to have been part of this initiative; it was an activity that everyone who was there enjoyed. I will continue to take part in other environmental preservation initiatives of SMTL.



Thongchai Sutthavas
Senior Manager,
MIS Department, SMTL

[IV. Contribution to Conservation of the Global Environment]

Boundary of Environmental Performance Data, Calculation Standards for Environmental Performance Indicators

Boundary of Environmental Performance Data, Calculation Standards for Environmental Performance Indicators

The Environmental Performance Data (actual) found in the pages of “IV. Contribution to Conservation of the Global Environment” are calculated based on the following boundary and calculation standards.

Period Covered

April 1, 2014 to March 31, 2015

Boundary of Environmental Performance Data

Sharp Corporation and consolidated subsidiaries

Plants: 30 plants/20 companies (15 plants/5 companies in Japan, 15 plants/15 companies overseas)

Offices: 36 offices/30 companies (13 offices/7 companies in Japan^{*1}, 23 offices/23 companies overseas)

Japan

| | | |
|-----------------------|-------------------|--|
| Plants | Sharp Corporation | Kameyama Plant |
| | | Mie Plant |
| | | Tenri Plant (including Advanced Materials & Energy Engineering Laboratories performance) |
| | | Fukuyama Plant |
| | | Mihara Plant |
| | | Katsuragi Plant (including Toyama Plant performance) |
| | | Sakai Plant |
| | | Tochigi Plant |
| | | Nara Plant |
| | | Yao Plant |
| | | Hiroshima Plant |
| | | Sharp Manufacturing Systems Corporation |
| | | Sharp Niigata Electronics Corporation |
| | | Sharp Yonago Corporation |
| | | Sharp Mie Corporation |
| Offices ^{*1} | | Sharp Corporation |
| | | Sharp Electronics Marketing Corporation |
| | | Sharp Business Solutions Corporation |
| | | Sharp-Engineering Corporation |
| | | Sharp Energy Solutions Corporation |
| | | Sharp Trading Corporation |
| | | Sharp Business Computer Software Inc. |

^{*1} Sapporo Building, Sendai Building, Makuhari Building, Shibaura Building, Nagoya Building, Head Office/Tanabe Building, Abeno Building, Hirano Building, Fujiidera Building, Hannan Building, Hiroshima Building, Fukuoka Building, Okinawa Building

North America

| | | | |
|---------|---|--------|-----------------|
| Plants | Sharp Manufacturing Company of America (SMCA)*2 | US | Tennessee |
| | Sharp Electrónica Mexico S.A. de C.V. (SEMEX) | Mexico | Baja California |
| Offices | Sharp Electronics Corporation (SEC) | US | New Jersey |
| | Sharp Laboratories of America, Inc. (SLA) | | Washington |
| | Sharp Electronics of Canada Ltd. (SECL) | Canada | Ontario |
| | Sharp Corporation Mexico S.A. de C.V. (SCMEX) | Mexico | Mexico City |

*2 Manufacturing division of SEC

Europe

| | | | |
|---------|--|-------------|----------------------|
| Plants | Sharp Manufacturing Company of U.K. (SUKM)*3 | UK | Wrexham, North Wales |
| | Sharp Manufacturing France S.A. (SMF) | France | Soultz |
| | Sharp Manufacturing Poland Sp.zo.o. (SMPL) | Poland | Torun |
| Offices | Sharp Electronics GmbH (SEG) | Germany | Hamburg |
| | Sharp Electronics (U.K.) Ltd. (SUK) | UK | Middlesex |
| | Sharp Laboratories of Europe, Ltd. (SLE) | | Oxford |
| | Sharp Electronics France S.A. (SEF) | France | Paris |
| | Sharp Electronics (Italia) S.p.A. (SEIS) | Italy | Milan |
| | Sharp Electronics (Schweiz) AG (SEZ) | Switzerland | Rüschlikon |
| | Sharp Electronics (Nordic) AB (SEN) | Sweden | Bromma |
| | Sharp Electronics Benelux B.V. (SEB) | Netherlands | Houten |
| | Sharp Electronics Russia LLC. (SER) | Russia | Moscow |

*3 Manufacturing division of SUK

Asia, Middle East, Oceania

| | | | |
|--------|---|-------------|--------------|
| Plants | Shanghai Sharp Electronics Co., Ltd. (SSEC) | China | Shanghai |
| | Nanjing Sharp Electronics Co., Ltd. (NSEC) | | Nanjing |
| | Sharp Office Equipments (Changshu) Co., Ltd. (SOCC) | | Changshu |
| | Wuxi Sharp Electronic Components Co., Ltd. (WSEC) | | Wuxi |
| | Sharp Appliances (Thailand) Ltd. (SATL) | Thailand | Chachoengsao |
| | Sharp Manufacturing (Thailand) Co., Ltd. (SMTL) | | Nakornpathom |
| | Sharp Manufacturing Corporation (M) Sdn. Bhd. (SMM) | Malaysia | Johor |
| | Sharp (Phils.) Corporation (SPC) | Philippines | Manila |
| | PT. Sharp Semiconductor Indonesia (SSI) | Indonesia | Karawang |
| | PT. Sharp Electronics Indonesia (SEID) | | Jakarta |

| | | | |
|---------|---|-------------|-----------------|
| Offices | Sharp Electronics (Shanghai) Co., Ltd. (SES) | China | Shanghai |
| | Sharp Electronics Sales (China) Co., Ltd. (SESC) | | |
| | Sharp Electronic Components (Taiwan) Corporation (SECT) | Taiwan | Taipei |
| | Sharp Electronics (Malaysia) Sdn. Bhd. (SEM) | Malaysia | Selangor |
| | Sharp-Roxy Sales (Singapore) Pte., Ltd. (SRS) | Singapore | |
| | Sharp Electronics (Singapore) Pte., Ltd. (SESL) | | |
| | Sharp Software Development India Pvt. Ltd. (SSDI) | India | Bangalore |
| | Sharp Middle East Free Zone Establishment (SMEF) | UAE | Dubai |
| | Sharp Corporation of Australia Pty. Ltd. (SCA) | Australia | New South Wales |
| | Sharp Corporation of New Zealand Ltd. (SCNZ) | New Zealand | Auckland |

Calculation Standards for Environmental Performance Indicators

| Environmental performance indicators | | Unit | Calculation method |
|--------------------------------------|---------------------|--|---|
| INPUT | Product manufacture | Energy consumption | TJ Calculated based on the Law Concerning the Rational Use of Energy (Energy Conservation Law) and the Japanese Ministry of the Environment's Greenhouse Gas Emission Calculation and Reporting Manual |
| | | Water resources consumed | Million m ³ Consumption and recycled use of industrial-use water, tap water, and groundwater |
| | | PFCs purchased | Tons HFCs, PFCs, sulfur hexafluoride (SF ₆), nitrogen trifluoride (NF ₃), and HCFCs purchased annually |
| | | Chemical substances (PRTR) handled | Tons Among the substances covered under the PRTR Law, the total amount of substances handled annually at each plant in quantities of 500 kg or more |
| | | Materials consumed | Thousand tons Total weight of products in the 13 major categories*4 sold in fiscal 2014 (estimate), plus packaging material used (estimate) and waste, etc. generated |
| | Logistics | Energy consumption | TJ Revised ton-km method |
| | Product use | Energy consumption | TJ (million kWh) Estimate of annual energy used by products in the 13 major categories*4 sold in fiscal 2014. Calculation based on each product's annual energy consumption rate (using a heat input per unit of 9.97 MJ/kWh). |
| | Disposal, recycling | Home appliances (4 kinds) | Thousand tons Amount of used home appliances (4 kinds) recycled |
| | | Copiers/MFPs | Thousand tons Amount of recycled copiers and MFPs |
| | | PCs | Tons Amount of recycled PCs |
| | | Amount of closed-loop plastic material recycling | Tons Amount of closed-loop plastic material recycling |

| Environmental performance indicators | | Unit | Calculation method | |
|--------------------------------------|---------------------|---|--|--|
| OUTPUT | Product manufacture | Greenhouse gas emissions | Thousand tons CO ₂ <ul style="list-style-type: none"> ■ CO₂ emissions from purchased electricity <ul style="list-style-type: none"> Japan: Using CO₂ emission coefficient (kg-CO₂/kWh) published in the Electric Power Industry's Environmental Action Plan, announced by the Federation of Electric Power Companies of Japan Overseas: Using GHG Protocol Calculation Tools (GHG emissions from purchased electricity) ■ CO₂ emissions from consumed fuel Using emission coefficient published in the Ministry of the Environment's Greenhouse Gas Emission Calculation and Reporting Manual ■ Greenhouse gases other than CO₂ Using global warming potential published in the Fourth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC) | |
| | | Drainage | Million m ³ | Annual drainage into public water areas and sewer system |
| | | Chemical substances (PRTR) released and transferred | Tons | Among the substances covered under the PRTR Law, the total amount of substances (handled annually at one or more plant in quantities of 500 kg or more) that were released and transferred |
| | | NOx emissions | Tons | Annual drainage |
| | | SOx emissions | Tons | Annual drainage |
| | | COD (chemical oxygen demand) | Tons | Drainage into public water areas |
| | | Nitrogen pollutant load | Tons | Drainage into public water areas |
| | | Phosphorous pollutant load | Tons | Drainage into public water areas |
| | | Waste, etc. | Thousand tons | Industrial waste + general office waste + valuable resources recovered |
| | | Final landfill disposal | Thousand tons | Final landfill disposal of industrial waste + final landfill disposal of general office waste |
| | | Product shipments | Thousand tons | Total weight of products in the 13 major categories* ⁴ sold in fiscal 2014 (estimate) |
| | Logistics | CO ₂ emissions | Thousand tons CO ₂ | Revised ton-km method |
| | Product use | CO ₂ emissions | Thousand tons CO ₂ | Estimate of annual energy used and amount of CO ₂ emitted by products in the 13 major categories* ⁴ sold in fiscal 2014 |
| | Disposal, recycling | Disposal after recycling | Tons | [Weight of 4 kinds of home appliances, PCs, and copiers/MFPs collected] – [Weight recycled into new products or materials, or reused] |

*⁴ LCD TVs, air conditioners, refrigerators, washing machines, air purifiers, microwave ovens, LED lights, Blu-ray Disc recorders, facsimiles, mobile phones, LCD monitors, copiers/MFPs, solar cells

V. Sound, Equitable Economic Activities



Fair Business Practices

- ▶ [Maintaining Free and Fair Competition and Proper Representations](#)
- ▶ [Intellectual Property](#)
- ▶ [Fully Complying with Export and Import Control](#)
- ▶ [Communicating with Shareholders and Investors](#)
- ▶ [Preventing Insider Trading](#)

Appropriate Purchasing Activities

- ▶ [Fair and Impartial Procurement Activities](#)
- ▶ [Promoting CSR across the Supply Chain](#)
- ▶ [Dealing with the Conflict Minerals Issue](#)

Related information:

- ▶ [Medium-Term CSR Strategy: 5 Material Issues](#) ◉ [Supply Chain CSR Initiatives](#)

[V . Sound, Equitable Economic Activities]

Fair Business Practices

Maintaining Free and Fair Competition and Proper Representations

Compliance with Antitrust Laws

Sharp has made antitrust laws in particular a priority area and is working constantly to ensure compliance with them. In August 2013, the Japan Fair Trade Commission finalized its cease and desist order and surcharge payment order, both of which were issued in 2008 against Sharp regarding an alleged LCD module cartel. In response to that, Sharp reorganized its existing Antimonopoly Act Manual and formulated the Antimonopoly Act Compliance Manual (Action Guidelines). These guidelines serve to strengthen company-wide awareness of compliance so as to prevent any repeat of such violations of the Antimonopoly Act. In addition, Sharp implemented an online training program in antitrust laws for all employees in Japan, conducted training at every Sharp business site and affiliated company, and reviewed the answers submitted by Sharp employees for the checklist in its internal control self-check system to comply with antitrust laws in Japan (which prohibit the formation of cartels).

Compliance with Laws Related to Fair Advertising Practices and Proper Representations

Sharp is taking the following measures to ensure proper representations through compliance with laws and regulations regarding fair advertising and publicity activities, the Act against Unjustifiable Premiums and Misleading Representations, and labeling under the fair competition code.

- 1) Establish a dedicated team to check the representations made in brochures, ads, and other such materials prior to their release.
- 2) Establish an in-house review system to deal with any questionable representations. For example, set up a company-wide committee on fair representations, headed by a general counsel, to make final decisions on what to do with questionable representations.
- 3) Hold regular in-house training on the Act against Unjustifiable Premiums and Misleading Representations and the fair competition code.
- 4) Appoint an outside expert as a part-time corporate advisor to obtain objective guidance and advice on issues and matters requiring consultation related to representations/labeling.

In addition to these measures, Sharp is fostering awareness among its employees on preventing violations of these laws and regulations by ensuring that representations are in accord with in-house standards and checklists as set forth in in-house rules and guidelines. The company is also using a dedicated website on its corporate intranet to support skill development in personnel in charge of representations.

Sharp will work on an ongoing basis to further strengthen its checking system in Japan and abroad, while also enhancing related policy measures. The company will continue to ensure compliance with representation/labeling laws as well as laws and regulations governing fair advertising and publicity activities aimed at stakeholders, particularly customers.



System for ensuring proper representations/labeling

[V. Sound, Equitable Economic Activities]

Fair Business Practices

Intellectual Property

Intellectual Property Strategy and Management System

Sharp regards its intellectual property strategy as one of its corporate strategies, and it is promoting it together with its business strategy and R&D strategy. By defining core technology areas with respect to each business and by allocating engineers or researchers who have extensive familiarity with patents in each core technology, Sharp is strategically filing patent applications that are tightly coupled with its business development. This ensures the company's superiority in each business area and strengthens its business base.

In addition, Sharp is also acquiring useful patents invented in cooperation with other companies or derived from the activities of alliances, such as industry-university cooperation.

As of the end of March 2015, Sharp held 18,137 Japanese patents and 23,343 foreign patents. In addition, Sharp is filing applications and registering rights for designs and trademarks globally under its brand strategy.

| | End of March 2013 | End of March 2014 | End of March 2015 |
|------------------|-------------------|-------------------|-------------------|
| Japanese patents | 20,764 | 18,925 | 18,137 |
| Foreign patents | 25,093 | 24,033 | 23,343 |

Protecting Intellectual Property

Sharp is firmly committed to protecting its own intellectual property rights, which form the basis of its business activities, while also respecting the intellectual property rights of others. While Sharp takes an amicable approach to resolving issues of infringement, it is the company's policy to seek the judgment of a third party, such as the courts, when its intellectual property rights are not respected.

By strengthening in-house rules, Sharp is also working to bolster protection for trade secrets and to prevent unauthorized disclosure of production technologies and manufacturing know-how, particularly those that are unique or critically important to Sharp.

Further, 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.

Incentives for Employee Inventions

To comply with the intent of Article 35 of Japan's Patent Law, Sharp consulted with employees before stipulating its in-house rules, called the "Regulations for Employee Inventions." The regulations include detailed standards on rewarding an employee who comes up with an invention while on the job and hands over the right to obtain patents for that invention to the company.

Sharp also reviewed and revised compensation systems in subsidiaries and affiliated companies in Japan and overseas according to the intent of the patent law in each country, and it has come up with programs that improve incentives for employees who devise inventions. In this way, Sharp has built and is promoting systems to compensate employees fairly and appropriately, depending on the contribution their invention makes to the company and on the contribution that each employee involved made to the invention.

Anti-Counterfeit Actions

Sharp has implemented the following two main initiatives to combat counterfeit goods:

- 1) When counterfeit goods are traded within the national borders of a country, Sharp will petition local law enforcement agencies to crack down and will hold training workshops for officials. Sharp will also cooperate with other companies in the same business area to expose the goods.
- 2) When counterfeit goods are moved from one country to another country, Sharp will petition local customs authorities to crack down and will hold training workshops for officials.

Sharp will continue its efforts against counterfeit goods through these actions.

[V. Sound, Equitable Economic Activities]

Fair Business Practices

Fully Complying with Export and Import Control

Export Control

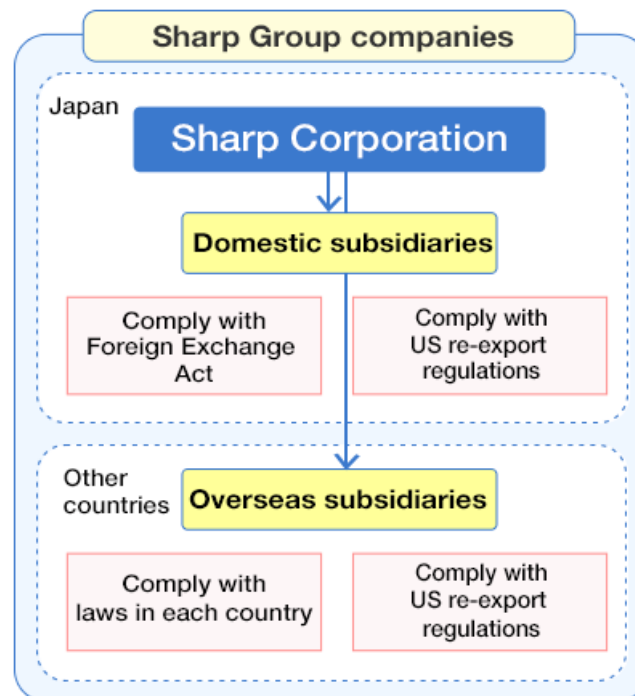
In Japan, Sharp has been among the first in the industry to remain steadily engaged in export control ever since the days of the Cold War, when COCOM regulations were in effect. In the past, it was obvious which cutting-edge technologies should be put under control; but today, with the advance of technology, there is an increasing number of cases of consumer-use technologies and products being diverted for use in a military or weaponry context. Manufacturers are required to pay the utmost attention when exporting products and components and transferring technologies. In addition, North Korean missiles and nuclear threat, Iran's nuclear development, the crisis in Ukraine, terrorist attacks in various regions by groups like the so-called Islamic State, and other such issues have put global security in an unpredictable state—necessitating the implementation of even stricter export control.

When exporting goods and transferring technologies from Japan to other countries, Japanese companies are obliged to comply with laws and regulations related to export control, such as the Japanese Foreign Exchange and Foreign Trade Act (Foreign Exchange Act). Each Sharp Group company, including domestic and overseas subsidiaries, has a system in place for secure export control based on the Sharp Code of Conduct and Sharp Compliance Program on Export Control. Through this system, Sharp strictly monitors goods and technologies that fall under local export control regulations, while rigorously screening the destination and the end use of Sharp products and technologies to ensure that they will not be used in a military or weaponry context.

In addition to observing the Foreign Exchange Act, companies must comply with the Export Administration Regulations of the United States* on re-exporting US-origin products. These regulations are also applicable in countries outside of the US, and Sharp is working to comply with these regulations.

Sharp's multi-faceted approach to export control has so far resulted in no violation of laws and regulations on export control.

When supplying regulated goods to a customer in Japan, Sharp informs the customer that those goods are regulated. If a customer inquires whether goods or technologies are regulated, Sharp will issue—upon the customer's request—a certificate indicating whether or not the goods or technologies are regulated.



Sharp's system for export control

The key to Sharp's stringent export control is education; Sharp has various education programs that foster employee awareness of export control. It provides e-learning sessions to all employees whose work is related to export control and also offers them to employees whose work does not directly involve export control, as a means to get them acquainted with the matter. Sharp also provides group training for employees being transferred overseas and for employees being assigned to new positions related to export control.

Ever more countries are establishing laws and regulations pertaining to export control, and the importance of export control is growing worldwide. For this reason, Sharp is working to strengthen its system for export control, while also enhancing its ability to disseminate information aimed at preventing any violations of laws and regulations.

Sharp will maintain this policy and system for export control and work to contribute to secure export control on a global basis.

* The US restricts the re-export of US-origin products to a third country. The regulations have an extraterritorial effect outside the US, so there is the possibility that the US government will impose a penalty on parties that violate these regulations.

[V . Sound, Equitable Economic Activities]

Fair Business Practices

Communicating with Shareholders and Investors

*Self evaluation:

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

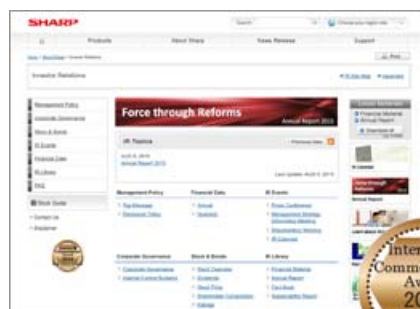
| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|--|------------------|
| Strengthen information transmission by paying more visits to overseas investors | Increased visits by Sharp executives to institutional investors in North America, Europe, and Asia | ○ |

| | |
|--|--|
| Priority Objectives for Fiscal 2015 | Enhance IR communications by Sharp executives |
| Medium-Term Objectives (up to Fiscal 2017) | Continue to enhance information disclosure to shareholders and investors and improve communications through various IR initiatives |

Sharp is enhancing its communication with shareholders and investors through general shareholders' meetings and IR (investor relations) activities that respond to diversifying needs.

In addition to adequately disclosing information, Sharp is actively communicating with its shareholders and investors through IR activities within Japan and abroad. In fiscal 2014, Sharp's IR activities included one-on-one meetings with institutional investors and analysts, briefings on financial results, visits to overseas institutional investors by top management, and participation in conferences sponsored by securities companies.

Detailed financial information was disclosed in IR documents that included summaries of financial results and presentation materials. Moving forward, Sharp will disclose information designated under the laws and regulations of Japan, and it will also actively disclose other information, such as business overviews and management policies.



Investor relations website

<http://sharp-world.com/corporate/ir/>



2015 Annual Report

<http://sharp-world.com/corporate/ir/library/annual/>

Sharp holds ordinary general shareholders' meetings earlier than many other Japanese companies and sends out early notices of the meetings. It also strives to create an environment that enables shareholders to easily exercise their voting rights. Efforts include participating in an electronic voting platform (for institutional investors), posting English notices about the meetings on its website, and allowing shareholders to exercise voting rights by computer and mobile phone.

Sharp strives to provide the accurate information that shareholders need to make appropriate decisions. In addition, Sharp is working to further enhance information disclosure. One way it is doing this is by posting videos of shareholders' meetings on its website; these can be viewed the day after the meetings and for a certain period of time.

SRI (Socially Responsible Investment)*

As of July 2015, the following SRI ratings agencies had given Sharp a favorable CSR rating or included Sharp in their SRI indices.

- FTSE4Good Global Index (UK)
- MSCI World ESG Index, MSCI Global Climate Index (US)
- Morningstar Socially Responsible Investment Index (Japan)



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

[V. Sound, Equitable Economic Activities]

Fair Business Practices

Preventing Insider Trading

Sharp has effectuated regulations restricting insider trading, established controls on undisclosed material facts ("insider tips"), and instituted restrictions on the buying and selling of stocks and other securities. Sharp has also implemented in-house training related to insider trading. This training includes, among other approaches, an educational campaign on the corporate intranet that targets Sharp Group employees in Japan with the aim of preventing insider trading by Sharp Group directors, auditors, executive officers, or employees.

In addition, given the importance of disclosure, when "material facts specified in the Financial Instruments and Exchange Act" and/or "important company information that should be disclosed in a timely manner as stipulated by securities exchanges" is generated, Sharp does its utmost to promptly disclose and publicize the relevant details. Further, regarding media and analyst coverage, Sharp deals with it in a positive manner, while fully honoring the spirit of disclosure and remaining attentive so as not to violate insider-trading regulations.

In fiscal 2014, Sharp continued its controls on material facts, as stipulated by the regulations restricting insider trading. It also made proactive efforts to prevent insider trading, such as holding lectures on insider trading regulations at employee training sessions. These lectures reflected an amendment to the Financial Instruments and Exchange Act that came into force in Japan on April 1, 2014.

[V . Sound, Equitable Economic Activities]

Appropriate Purchasing Activities

Fair and Impartial Procurement Activities

By closely communicating with all business partners and by engaging in activities that deepen mutual understanding, Sharp is promoting CSR initiatives across the supply chain.

Determining Procurement from the Standpoint of Providing Equal Opportunity and Fair Evaluation

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

Sharp aims to maintain impartiality and fairness in all purchasing activities, in order to facilitate a prosperous coexistence with business partners.

Close Communication and Mutual Understanding

To ensure continued mutual growth and prosperity with its suppliers, Sharp is going beyond initiatives related to the quality, price, and delivery of parts and materials. Through CSR initiatives across the supply chain, Sharp is also seeking to fulfill its social responsibilities over a wide range of areas that include product safety, environmental protection, human rights and labor, and health and safety.

In both the Basic Purchasing Principles and the Sharp Supply-Chain CSR Deployment Guidebook, which summarizes Sharp's basic concept based on the Basic Purchasing Principles, Sharp clearly declares the implementation of CSR initiatives—such as complying with all laws, regulations, and social standards, and protecting the environment—as one of its procurement policies. Specifically, these include prohibition of child/forced labor and discrimination, as well as compliance with labor-related laws, such as those dealing with employees' right to organize and their right to collective bargaining. Sharp also asks its business partners to actively promote such activities.

To deepen the understanding between Sharp and its business partners, Sharp business divisions and overseas production bases have been holding regular roundtables and meetings for their suppliers. In addition, Sharp exchanges information with supplier sales representatives on a daily basis.

Basic Purchasing Principles Requests to Suppliers

- ① Compliance with laws and social standards
 - Compliance with laws related to manufacture and distribution of material
 - Compliance with laws related to labor
 - Compliance with laws related to health and safety and arrangement of proper labor environment
 - Prohibition of child and forced labor
 - Prohibition of discrimination based on race and sex and respect for the dignity of each employee
 - Compliance with environmental laws
 - Prohibition of bribery and unfair acts
- ② Promotion of sound business operations
- ③ Consideration for the environment
- ④ Securing optimal quality and cost
- ⑤ Stable supply of parts and materials
- ⑥ Leading technology
- ⑦ No disclosing of confidential information

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 Corporation and its affiliated companies implement compliance checks and in-house education on an ongoing basis.

Regarding compliance checks, in fiscal 2009, to encourage internal voluntary reporting of compliance issues and further strengthen precautionary measures to prevent recurrence of problems, the material purchase departments of all business groups, as well as Head Office groups and affiliated companies, began self-audits in which they check how well they are complying with the Subcontract Act.

[V . Sound, Equitable Economic Activities]

Appropriate Purchasing Activities

Promoting CSR across the Supply Chain

*Self evaluation:

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|--|------------------|
| <ul style="list-style-type: none"> Introduce and develop an effective auditing structure, which includes ties with external auditing organizations | <ul style="list-style-type: none"> Worked with external auditing organizations and conducted audits on three plants of overseas suppliers | ○ |
| Priority Objectives for Fiscal 2015 | <ul style="list-style-type: none"> Implement CSR procurement surveys based on international CSR standards, and expand CSR audits conducted in collaboration with external audit organizations | |
| Medium-Term Objectives (up to Fiscal 2017) | <ul style="list-style-type: none"> Firmly establish functions for CSR procurement surveys and audits | |

Promoting CSR Measures

In fiscal 2007, to help its suppliers gain an understanding of Sharp's CSR philosophy and to promote CSR-related measures among suppliers, Sharp created its own Sharp Supply-Chain CSR Deployment Guidebook. This guidebook was distributed and made available on the Sharp website.

Through this initiative, Sharp is advancing CSR efforts throughout the supply chain by requesting that suppliers around the world step up their efforts in areas related to CSR.

Since fiscal 2007, Sharp has been increasing general understanding of CSR in the supply chain by having its suppliers fill out CSR procurement surveys based on this guidebook.

Furthermore, in 2011, Sharp amended the Basic Parts Purchase Agreement signed with partners in Japan to add an article on CSR initiatives that requests adherence to the policies stipulated in the guidebook. The company worked steadily to reenter these agreements with domestic suppliers in fiscal 2013, and it is currently working to deploy relevant initiatives with its overseas suppliers. In April 2015, Sharp revised the content of its guidebook to conform with the EICC Code of Conduct*, a global standard for the electronics industry. Sharp is working to further promote CSR initiatives throughout the entire supply chain.

■ Contents of the Sharp Supply-Chain CSR Deployment Guidebook

A. LABOR

Freely Chosen Employment Young Workers Working Hours Wages and Benefits
Humane Treatment Non-Discrimination Freedom of Association

B. HEALTH and SAFETY

Occupational Safety Emergency Preparedness Occupational Injury and Illness
Industrial Hygiene Physically Demanding Work Machine Safeguarding
Sanitation, Food, and Housing Health and Safety Communication

C. ENVIRONMENTAL

Environmental Permits and Reporting Pollution Prevention and Resource Reduction
Hazardous Substances Wastewater and Solid Waste Air Emissions
Materials Restrictions Storm Water Management
Energy Consumption and Greenhouse Gas Emissions

D. ETHICS

Business Integrity No Improper Advantage Disclosure of Information
Intellectual Property Fair Business, Advertising and Competition
Protection of Identity and Non-Retaliation Responsible Sourcing of Minerals Privacy

E. MANAGEMENT SYSTEM

Company Commitment Management Accountability and Responsibility
Legal and Customer Requirements Risk Assessment and Risk Management
Improvement Objectives Training Communication
Worker Feedback and Participation Audits and Assessments Corrective Action Process
Documentation and Records Supplier Responsibility

Related information:

➤ [Sharp Supply-Chain CSR Deployment Guidebook](#) 

* Code of Conduct established by EICC (Electronic Industry Citizenship Coalition, an influential international organization) to promote CSR throughout the supply chain.

CSR Procurement Survey Status

Since fiscal 2007, Sharp has been globally implementing a CSR procurement survey using an online response system that allows suppliers to use the Internet to enter answers to self-checks based on the Sharp Supply-Chain CSR Deployment Guidebook.

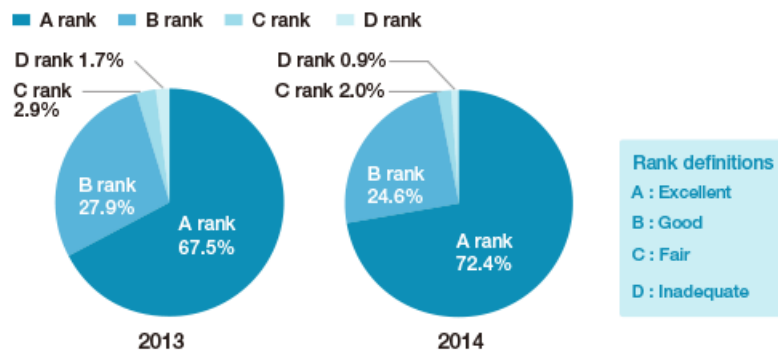
Sharp requests improvement of CSR initiatives from suppliers who have ranked D in their results for a particular survey area—or who have ranked C or below for two years in a row—by having them prepare and submit a corrective action plan.

In fiscal 2014, Sharp conducted a seventh survey of suppliers in Japan, a sixth survey of suppliers in China and Malaysia, and a fifth survey of suppliers elsewhere in the Asia region, as well as in Europe and North America. To date, the surveys have been completed by approximately 2,000 suppliers (at approximately 3,800 sites) worldwide.

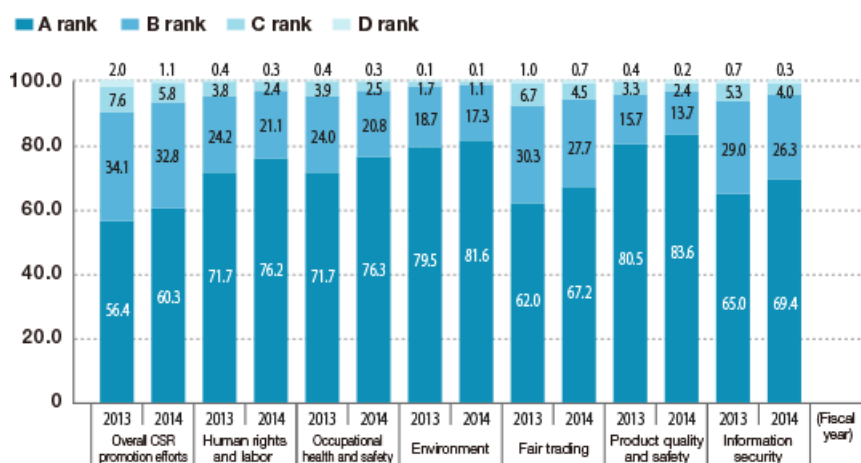
From fiscal 2015, Sharp is conducting surveys based on the Sharp Supply-Chain CSR Deployment Guidebook, which was revised based on the EICC Code of Conduct, a global standard.

Moving forward, Sharp will continue administering surveys once a year in principle. While requesting improvements as needed and providing supportive measures, Sharp will use these surveys as an opportunity to improve communication with suppliers and continuously raise the level of CSR initiatives throughout the supply chain.

Rankings by Overall Score



Evaluation Ranking by Area



CSR Audit Status

Sharp promotes a CSR audit structure in which the plants of key suppliers are identified based on evaluation results of CSR procurement surveys and transaction status. During audits, auditors actually visit sites to verify activities regarding areas such as labor, health and safety, the environment, and ethics.

In fiscal 2014, Sharp conducted a CSR audit of plants operated by suppliers in China and Vietnam. For selected plants, additional third-party audits by external audit organizations were conducted as a way of ensuring more effective CSR auditing. These CSR audits were carried out in response to changes in the external and internal environments, such as revisions to international CSR standards.

No violation of laws or serious noncompliance was found during the audits. After holding on-site discussions with suppliers regarding areas that did not meet Sharp's expectations or that required greater effort, Sharp made a variety of requests for improvement.

In fiscal 2015, Sharp will increase the number of plants targeted for CSR auditing, while continuing to work with external audit organizations. Sharp will expand the scope of its CSR audits based on its guidebook, which was revised in April.

Moving forward, Sharp will identify and prevent supply chain CSR risks with its suppliers and will aim to make further contributions to global society throughout its entire supply chain. This will be achieved through regular CSR procurement surveys and by firmly establishing, as well as improving, its audit systems.

Responding to CSR Requests from Clients

As Sharp's operations have become more globalized, the international CSR standards demanded by clients of Sharp's device business have changed rapidly, becoming increasingly sophisticated and complex.

To promote CSR initiatives that meet the expectations of its clients, Sharp is conducting internal CSR audits at a number of its plants, based on clients' CSR standards.

In fiscal 2014, internal audits based on the clients' environmental standards were conducted at the Kameyama and Taki Plants, using external audit organizations. Discrepancies were reviewed and necessary remedial measures were enacted.

Thanks to these initiatives, subsequent environmental audits conducted by clients brought to light no major issues, and Sharp received high marks for its efforts.

In fiscal 2015, Sharp will nurture trust with its clients and further strengthen its partnerships by responding appropriately to CSR requests from clients.



Internal audits are conducted by external audit organizations, based on the client's environmental standards

[V . Sound, Equitable Economic Activities]

Appropriate Purchasing Activities

Dealing with the Conflict Minerals Issue

Basic Policy for the Conflict Minerals Issue

In the Democratic Republic of the Congo (DRC), the environmental destruction and inhumane acts against local residents perpetrated by armed anti-government militia forces have become a major international issue.

Minerals such as tantalum, tin, tungsten and gold mined illegally in the DRC and adjoining countries have become a source of financing for the armed anti-government militias, and hence, these minerals are called "conflict minerals." With the establishment of the conflict minerals provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the US in July 2010 and the declaration of the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas by the OECD, companies that use these minerals for the manufacture or functionality of their products are being strongly urged to conduct their activities appropriately, in an effort to cut off funding to such armed forces.

As a member of the global community, Sharp is conducting appropriate measures guided by the basic policy outlined below.

For the purpose of not being complicit in the human rights abuses and environmental disruptions, etc. associated with conflicts in the Democratic Republic of the Congo, any raw materials, parts, products, etc. which include any conflict minerals mined illegally in the Democratic Republic of the Congo or in an adjoining country shall neither be procured nor used. In addition, appropriate measures, etc. to that effect shall be taken.

Initiatives for Dealing with the Conflict Minerals Issue

From fiscal 2012, by participating in the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA), Sharp began adapting its survey activities to EICC/GeSI^{*1}, the Japanese automotive industry, and related industries. Sharp then started using the industrial-standard EICC/GeSI reporting template (current CFSI reports or CMRT^{*2}) to monitor usage of conflict minerals and smelters, beginning with suppliers related to the device business.

In fiscal 2013, Sharp revised the Sharp Supply-Chain CSR Deployment Guidebook to add an article on the "Coordinated Response to the Conflict Minerals Issue" and requested that suppliers familiarize themselves with that article and cooperate in the activities outlined there.

In fiscal 2014, Sharp encouraged its suppliers to actively participate in the Conflict Minerals Inquiry Briefings organized by JEITA, continued to promote awareness of the importance of efforts to resolve the conflict minerals issue, and introduced systematic investigations.

In fiscal 2015, Sharp is enhancing collaboration with the JEITA Responsible Minerals Trade Working Group—for example, it is dispatching its employees as lecturers to the aforementioned Conflict Minerals Inquiry Briefings in order to resolve common issues. Additionally, Sharp is promoting responsible mineral procurement through measures that include firmly establishing and enhancing the efficiency of systematic investigations. This should yield more precise identification of materials-related information, such as country of origin and smelters used. Sharp carries out all of these efforts with an eye to achieving a supply chain with adequate consideration to CSR.

^{*1} Leading overseas organization for the promotion of supply-chain CSR.

EICC (Electronics Industry Citizenship Coalition) is an alliance of electronics companies. GeSI (Global e-Sustainability Initiative) is an organization for mobile phone manufacturers and carriers. The two organizations collaborate to promote the formulation of CSR programs within various supply chains. Together, they have created CFSI (Conflict-Free Sourcing Initiative), which specializes in the conflict minerals issue and in which JEITA is a partner association.

^{*2} Conflict Minerals Reporting Template

VI. Respect for Human Rights



Respect for Human Rights

- ▶ [Efforts Related to Human Rights](#)
- ▶ [Developing Company-Wide Diversity Management](#)
- ▶ [Fostering a Vibrant Corporate Culture](#)
- ▶ [Human Resource Development](#)

Related information:

- > [Medium-Term CSR Strategy \[5 Material Issues ©\] Respect for Human Rights and Diversity Management](#)

[VI. Respect for Human Rights]

Respect for Human Rights

Efforts Related to Human Rights

The Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct stipulate the guiding principles on human rights for all executives and employees. As a global company, Sharp respects the diverse cultures and values of different countries and the characteristics of each individual.

Guiding Principles

Excerpt from the Sharp Group Charter of Corporate Behavior

The Sharp Group respects fundamental human rights and does not engage in discriminatory actions or human rights violations in any of its business activities. The Sharp Group does not sanction child labor or forced labor.

Excerpt from the Sharp Code of Conduct

- 1) We respect—and will not violate—fundamental human rights and the dignity of individuals in all business activities. If it becomes evident that any of our business activities, products, or services has a negative impact on human rights, we will take corrective action.
- 2) We do not allow child labor or any form of forced labor, and we support initiatives for the effective abolition of such labor practices.
- 3) With respect to all corporate activities—including employment practices concerning recruitment, salary, promotion, and training opportunities—we do not discriminate based on nationality, race, ethnic group, color, sex, health status, pregnancy, sexual orientation, age, marital status, religion, creed, social status, birth, property, bodily feature, physical or mental disability, political opinion, and the like.
- 4) We will refrain from all unacceptable acts and behavior, including any kind of abuse, mocking, verbal insult, sexual harassment, or power harassment.
- 5) On the basis of international standards and applicable laws, we respect employees' right to the freedom of association—for example, their right to join a union, carry out protests, participate in workers' councils, and the like—without being subjected to retaliation, intimidation, or harassment.

Activities Related to Respect for Basic Human Rights and Personal Dignity

Sharp participates in the United Nations Global Compact as part of its worldwide efforts to abide by international standards for human rights and labor.

In Japan, Sharp continuously carries out human rights education activities, one example being human rights training conducted annually at each site. (A total of approximately 50 sessions were held in fiscal 2014). Sharp also gives newly appointed heads of overseas bases booklets covering such topics as respect for human rights. Overseas, Sharp promotes human rights protection at each site in line with local laws.

Good Labor-Management Relationship through Dialogue

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

In Japan, Sharp holds monthly meetings with 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 and affiliate, where opinions are exchanged on business conditions and on labor-management issues pertaining to the work environment.

In Europe, Sharp holds European Works Council meetings every year to review managerial issues throughout Europe. In China, companies are obligated to hold meetings with employee representative assemblies to decide on issues such as employee working conditions. In line with relevant local laws, Sharp strives to build cooperative labor-management relationships.

[VI. Respect for Human Rights]

Respect for Human Rights

Developing Company-Wide Diversity Management

***Self evaluation:**

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|--|------------------|
| <ul style="list-style-type: none"> ■ Strengthen efforts at diversity inclusion (acceptance of diversity) <ul style="list-style-type: none"> ○ Strengthen and promote measures to raise the percentage of female managers to 5% by fiscal 2018 ○ Maintain 2.3% employment rate for the physically or mentally challenged | <ul style="list-style-type: none"> ■ Strengthened efforts at diversity inclusion <ul style="list-style-type: none"> ○ Held career development training programs for female supervisors to raise awareness and to strengthen activities to enhance the careers of supervisors (137 participants) ○ Rate of female managers 2.5%* as of April 1, 2015 (up from 2.2% as of April 2014) (*Percentage of Sharp Corporation female managers, including employees of major consolidated subsidiaries within Japan and employees dispatched to overseas subsidiaries) ○ Maintained targeted employment rate of 2.3% for the physically or mentally challenged in fiscal 2014 with rate of 2.32% | ○ |
| Priority Objectives for Fiscal 2015 | <ul style="list-style-type: none"> ■ Continue to strengthen efforts at diversity inclusion <ul style="list-style-type: none"> ○ Continue to strengthen and promote various measures to raise the rate of female managers to 5% by fiscal 2018 ○ Increase female recruits: aim to hire new female recruits at a rate of 50% for business (clerical) work and 10% for technical work ○ Maintain 2.3% employment rate for the physically or mentally challenged | |
| Medium-Term Objectives (up to Fiscal 2017) | <ul style="list-style-type: none"> ■ Continue to strengthen efforts at diversity inclusion <ul style="list-style-type: none"> ○ Expand and enhance promotion activities for non-Japanese employees in Japan, physically or mentally employees, elderly employees, and others ○ Continue to strengthen and promote various measures to raise the rate of female managers to 5% by fiscal 2018 ○ Maintain the targeted employment rate for the physically or mentally challenged | |

Sharp's approach to diversity is based on its business philosophy, which states, "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." By having employees respect one another's differences, Sharp aims to generate new value for developing products that can create future new lifestyles for customers and for proposing new services.

Developing Company-Wide Diversity Management

Efforts Towards Diversity

In 2004, Sharp established a Corporate Equal Partnership Project Team. From the very start, Sharp saw this special department as a business strategy for maximizing the abilities of each employee, not simply as a way to give preferential treatment to women and minorities. In 2009, the team was expanded to become the Diversity Development Group. This group is responsible for promoting total diversity management, including training and utilization of non-Japanese employees working in Japan, recruitment of people with disabilities, and re-employment of the elderly (retirees).

Concepts Underlying the Diversity Program

- 1) Diversity management is a human resources strategy for utilizing a diverse range of employees; it is also a business strategy.
- 2) At Sharp, diversity is built upon the company's business philosophy.
- 3) Formulate and pursue programs aimed at capitalizing on the unique individual attributes of various employees—including women, non-Japanese employees in Japan, the physically or mentally challenged, and retirees—and promote their active participation in the company.
- 4) Consistently promote diversity.
- 5) As a foundation for promoting diversity, strive to ensure that systems supporting the balance between work and family life become widespread and take root.
- 6) Work to build a corporate environment that accepts diversity.

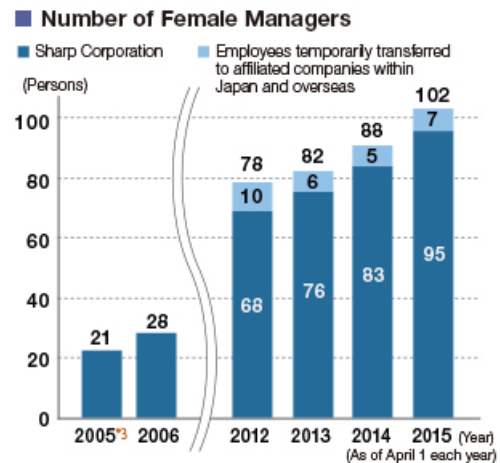
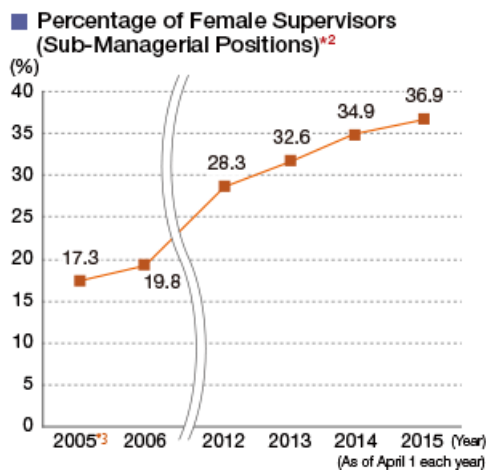


Promoting Activities of Female Employees

Sharp actively recruits and promotes female employees and supports their careers. The company's goal is to have new female recruits make up 50% of new hires for business (clerical) work and 10% for technical work. In fiscal 2015, about 30% of new recruits were female employees.

Since fiscal 2005, Sharp has been promoting measures such as a female leader candidate-development program, while also enhancing its training of female managers based on its Corporate Affirmative Action for Women Strategy Program. Sharp appointed a female executive officer for the first time in fiscal 2011; its first female director and non-Japanese female manager followed in fiscal 2013. Looking ahead, Sharp will continue to actively encourage the promotion of women to managerial roles, in line with the company's goal of raising the percentage of female managers to 5%^{*1} by fiscal 2018.

^{*1} As of April 1, 2015, the percentage of Sharp Corporation female managers, including employees of major consolidated subsidiaries within Japan and employees dispatched to overseas subsidiaries, stood at 2.5%.



^{*2} Sharp Corporation only

^{*3} Corporate Affirmative Action for Women Strategy Program started in 2005

■ Sharp Corporation Personnel Composition

(persons)

| | | Male | Female | Total |
|---------------------|--|----------------|---------------|----------------|
| Directors, auditors | | 15 | 1 | 16 |
| Employees | Executive officers | 16 | 0 | 16 |
| | Managers | 2,840 | 95 | 2,935 |
| | Sub-managers | 7,042 | 652 | 7,694 |
| | General staff (fiscal 2015 new employees) | 6,121 (195) | 1,017 (84) | 7,138 (279) |
| | Subtotal | 16,019 | 1,764 | 17,783 |
| Total | | 16,034 | 1,765 | 17,799 |

(%)

| | | | |
|--------------|------|-----|-------|
| Ratio | 90.1 | 9.9 | 100.0 |
|--------------|------|-----|-------|

(As of April 1, 2014)

■ Percentages of Men and Women Working at Major Overseas Subsidiaries

(%)

| Base | | Directors/managers | | Non-supervisory employees (permanent employees) | | Total | |
|------------------|--------------------------|--------------------|--------|--|--------|-------|--------|
| | | Male | Female | Male | Female | Male | Female |
| SEC (US) | Sales base | 79.0 | 21.0 | 65.6 | 34.4 | 69.4 | 30.6 |
| SMCA (US) | Manufacturing base | 83.3 | 16.7 | 56.0 | 44.0 | 60.4 | 39.6 |
| SEMEX (Mexico) | Manufacturing base | 82.0 | 18.0 | 55.4 | 44.6 | 56.9 | 43.1 |
| SEG (Germany) | Sales base | 72.0 | 28.0 | 70.4 | 29.6 | 70.7 | 29.3 |
| SUK (UK) | Sales base | 89.8 | 10.2 | 68.2 | 31.8 | 80.6 | 19.4 |
| SUKM (UK) | Manufacturing base | 92.3 | 7.7 | 55.4 | 44.6 | 59.2 | 40.8 |
| SEID (Indonesia) | Manufacturing/sales base | 80.5 | 19.5 | 65.5 | 34.5 | 66.3 | 33.7 |
| SATL (Thailand) | Manufacturing base | 77.6 | 22.4 | 28.4 | 71.6 | 30.7 | 69.3 |
| SMM (Malaysia) | Manufacturing base | 70.3 | 29.7 | 34.7 | 65.3 | 40.9 | 59.1 |
| SESC (China) | Sales base | 76.5 | 23.5 | 57.3 | 42.7 | 60.0 | 40.0 |
| SOCC (China) | Manufacturing base | 89.5 | 10.5 | 31.1 | 68.9 | 33.8 | 66.2 |
| NSEC (China) | Manufacturing base | 67.7 | 32.3 | 63.2 | 36.8 | 63.5 | 36.5 |
| WSEC (China) | Manufacturing base | 63.7 | 36.3 | 38.4 | 61.6 | 40.2 | 59.8 |

Activities inside the Company

■ Career Development Activities for Female Supervisors

This fiscal year, 137 female supervisors (in sub-managerial positions) took part in career enhancement training seminars in six groups. This training helped them to actively create a vision of their career, foster a management mindset, and build networks with fellow female employees.

■ Helping Managers Foster Development of Female Personnel

Managers who train female employees play a key role in the active promotion of women. With this in mind, Sharp issued a guidebook for managers working with female subordinates. Designed for use during personnel evaluation meetings, the guidebook outlines differences between male and female brain structures and key points to keep in mind during communications between supervisors and female subordinates.

■ Expanding the Duties of Female Employees

In 2014, as part of its effort to promote diversity within the company, Sharp launched the "Eijo Program," which provides strategic training for female sales personnel. Two workshops were held for both female sales personnel of domestic sales departments and their supervisors. Participants actively exchanged opinions at the workshops.


🗣️ Voice
⋮ Words from Participants of the "Eijo Program"

■ Female Salesperson


Regardless of the challenges we face, I want to create a corporate culture where we take pride in our work. By harnessing the positive qualities of new female employees, we will aim to have a positive impact on the realization of a healthy society.

■ Manager

It is increasingly necessary to create a business climate in which both women and men are motivated to become managers in the same way. Ideas and initiatives derived from a woman's perspective can be a huge driving force for the company in terms of manufacturing and distributing health and environment-related white goods. That's why I look forward to female employees taking on a larger role in the future.



Yuko Shirado
Supervisor, PCI System Sales Department (Shibaura), PCI/BtoB Business Center, Health and Environment Systems Division



Masahiko Iwamoto
Manager, PCI System Sales Department (Yao), PCI/BtoB Business Center, Health and Environment Systems Division

■ Supporting Female Employees Returning from Maternity or Childcare Leave

To support employees returning from childcare leave, Sharp recently held a reinstatement support seminar, which was designed to encourage temporarily departed employees to recall their working frame of mind. The seminar involved an explanation of the company's current circumstances and various support systems concerning childbirth and nursing. As well, female employees who had earlier returned to work after taking childcare leave shared their experiences and provided advice on how to balance work and child rearing. Attendees were also given the opportunity to build networks with other working mothers.



Reinstatement support seminar for childcare leave returnees

■ Promoting Childcare Leave for Male Employees

To create a more employee-friendly workplace, Sharp has made efforts to establish a support system and environment in which both male and female employees can participate in child rearing. In light of Japan's low birth rate, diversifying work and life styles, and increase in double-income households, Sharp has revised its childcare leave system to promote child rearing by male employees. As a result, for the past few years, approximately 150 male employees per year have taken childcare leave so that they could take part in child rearing. Sharp will continue to support its employees' active participation in childcare and in family life with their children.



Voice

Words from a Male Employee Who Experienced Childcare Leave

Since I joined Sharp, I've been in charge of developing displays for new products, such as TVs, mobile phones, and portable games. Actually, I'm mainly involved in developing display technology for smartphones and tablets.

I have two sons and a daughter, born in 2007, 2011, and 2013. My wife and I looked into details of the childcare leave system and decided that I would take childcare leave each time one of my children was born.

During my leave periods, I put all my efforts into child rearing and housework. I learned how hard it can be for a housewife, as so many things don't go as planned. When I took my second period of childcare leave, I could also help out with my elder child's homework. It was good to see how he was doing at school. Being in a different environment and situation from work helped me broaden my perspective as well as grow as an individual.

I try to be open and regularly share details about my daily work and operations. Before taking childcare leave, I shared as much information as possible with my department coworkers. Others in the department followed my lead in taking childcare leave, and I think we have now established in our department a culture that naturally promotes this approach.

I believe it's important to maintain a work-life balance, not just for child rearing but also when it comes to sharing housework. However, if fathers are to take a bigger role in the home, there has to be more balance with the office workload. Along with our own efforts, we have to work closely with our bosses, co-workers, and department members while helping each other out. Childcare leave has taught me a great deal. We can encourage more male employees to participate in child rearing by taking the lead in using childcare leave and also by sharing such experiences with others and encouraging others to try taking childcare leave.

Masahiro Shimizu
 Assistant Manager
 Development Office 4 (Kameyama)
 Display Mode Development Center
 Display Device Development Division
 Took childcare leave in 2009, 2012, and 2014

Activities outside the Company

■ Women's Networking Forum

This annual forum was launched in fiscal 2004 for women working in various industries in the Kansai region of Japan. Approximately 700 participants from 60 companies and organizations usually take part, with Sharp acting as one of the companies in charge. In fiscal 2014, our female employees attended as role models and participants.

■ Diversity Western Japan Study Group

Since 2004, Sharp has participated in a study group for staff members in charge of diversity promotion at companies in the Kansai region of Japan. Approximately 60 participants from 30 companies and organizations are involved. We take part in activities such as sharing research-topic information among companies, providing internal feedback, and working with external organizations.

■ Participating in Events Organized by Osaka City

A female employee of Sharp Electronics Marketing Corporation participated in the "Osaka Women's Soko Chikara" project organized by Osaka City and presented her group's achievements during a forum held in March.

Expanding Opportunities for Non-Japanese Employees in Japan

With the globalization of business, Sharp is working globally to secure and systematically train human resources who can meet the needs of each workplace. In recent years, Sharp has promoted greater employment of international students and people of other nationalities residing in Japan. As of April 2015, there are approximately 110 non-Japanese employees from 20 countries (including Indonesia, Canada, Serbia, Peru, Rwanda, and China) working in various departments.

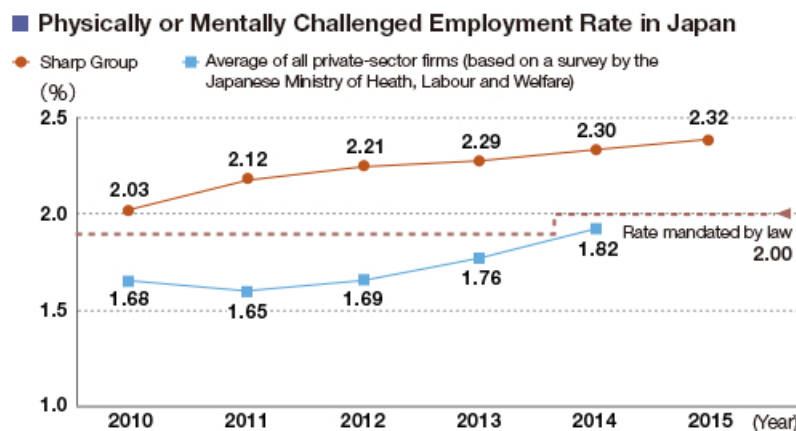
Promoting Employment of the Physically or Mentally Challenged

Ever since Sharp founder Tokuji Hayakawa established the "accumulation of community service" as one of the "Five Accumulations of Competency,"^{*4} Sharp has been actively involved in social service and welfare. The entire Sharp Group makes efforts to promote the employment of the physically or mentally challenged and to create a better work environment for these employees.

Specifically, Sharp launched a recruitment website addressing the employment of physically or mentally challenged people. This website contains information on initiatives to hire such individuals to work in the Sharp Group. Sharp is also striving to make the company an easier place to work, through the use of support measures such as PC note-taking (a method for conveying audio information by entering it into the keyboard of a PC) during training sessions attended by hearing-impaired participants.

In fiscal 2014, Sharp Group (including affiliated companies) met its goal for the percentage of physically or mentally challenged employees by maintaining the 2.3% level. As of June 1, 2015, that percentage was 2.32%, exceeding the 2.0% rate mandated by law (as stated in the Act for Employment Promotion etc., of Persons with Disabilities).

^{*4} Accumulation of trust, accumulation of capital, accumulation of community service, accumulation of human resources, and accumulation of trading partners



Related information:

> [Social Welfare Activities](#)



Voice

Words from a Disabled Employee

Since joining Sharp, I've been in charge of developing space-measurement techniques using cameras at the Communications and Video Technology Research Center. Since I have difficulty hearing, I used to have a hard time keeping up with discussions at large meetings. In my current workplace, there's a rule requiring that minutes be created after each meeting, which helps me to keep up to speed with what's going on. Sometimes I have difficulty hearing even during face-to-face conversations. At such times, I don't hesitate to ask the other person to repeat what he or she said, and I try to stand closer to someone who is speaking from a distance.

I try to keep up good communications with my coworkers. For example, I'll ask for advice when I encounter difficulties with my research, rather than simply keeping them to myself. I try to enhance my knowledge by using SNS to interact with people who have different expertise from me. And I take part in exhibitions and collect information as part of my research. This helps to prevent me from being intimidated by my more experienced coworkers.

My work is very rewarding, especially when our team comes together to present our research achievements or hold demonstrations—either in-house or at an outside event—and get feedback from others. Only three years have passed since I joined Sharp, and I'm keen to catch up quickly to my coworkers. I'd also like to expand my knowledge as a researcher and be able to take a multi-faceted approach to resolving issues.



Taichi Miyake
Research Laboratory 5
(Makuhari), Communications
and Video Technology
Research Center, Corporate
Research and Development
Division
Joined the company in April 1,
2013 (hearing-impaired)



Case Study

Efforts of Sharp Tokusen Industry Co.

The precursor of Sharp Tokusen Industry Co. was the Hayakawa Branch Factory, a pressing factory that employed visually impaired WWII veterans. That factory sprang from the determination of Sharp founder Tokuji Hayakawa to repay persons with disabilities for opening up his life path. In 1977, Sharp Tokusen Industry was the first company in Japan to be certified as a special subsidiary for employing the physically or mentally challenged.

Later, it changed its operations to fit the development of Sharp Corporation's electronics business and contributed to the expansion of business as a member of the Sharp Group. Going forward, Sharp will further promote social contribution through its activities for the employment of the physically or mentally challenged and through its educational support activities.



Sharp Tokusen Industry's current office building

Activities outside the Company

■ Participating in Seminars Held by External Organizations

In November 2014, Sharp introduced case studies at a seminar concerning effective support measures for developing the careers of disabled students. The event was organized by the Japan Student Services Organization (an independent administrative institution) and Doshisha University.

Reemployment of Retirees

From 2011, Sharp introduced a professional employee system that reemploys employees who have reached the mandatory retirement age of 60. This stems from the company's stance on promoting the utilization of senior employees who have a strong work ethic. It also takes into consideration employees who wish to give back and contribute to society through the skills and knowledge they have accumulated over many years.

Sharp reviewed its standards in response to the revised Stabilization of Employment of Older Persons Act, which came into effect in April 2013. Sharp now reemploys, until the age of 65, any interested employees who have reached the mandatory retirement age of 60.

[VI. Respect for Human Rights]

Respect for Human Rights

Fostering a Vibrant Corporate Culture

Sharp is striving to create a corporate culture in which employees can work energetically, proactively, and cooperatively with others while maximizing their potential without fear of failure.

Revision of Functions to Change Corporate Culture and Promote Continuous Activities

Continuous Promotion of Change through the Action-Reform Declaration

In January 2014, Sharp formulated an action-reform declaration stipulating specific actions for everyone at Sharp to take in order to become more familiar with Sharp's business philosophy and business creed and to link those principles to their work.

Every executive and employee has written a declaration on his or her action-reform declaration card and carries the card at all times. Executives have shared their declarations on Sharp's internal website. Other awareness-raising activities are conducted continuously, including introducing the declarations of individual employees and sharing episodes related to those declarations during workplace gatherings.

Revision of Employee Performance Review System

To create a culture in which every employee undertakes challenges in constant pursuit of new value—without fear of failure, even when tackling difficult goals—Sharp introduced a new employee performance review system for managers in April 2014. This system was also introduced to general employees in April 2015.

Management Reform Initiative for Managers

As well as formulating an action-reform declaration and revising the and revising the employee performance review system, Sharp held training sessions as part of its efforts to drive widespread change and transform the mindset and skills of managers. These management reform training sessions have involved around 3,400 managers and have been held since the latter half of fiscal 2013 at major domestic bases.

- 2013 latter-half theme: action-reform declaration, 360-degree advice system
- 2014 first-half theme: coaching skills
- 2014 latter-half theme: personnel evaluation skills

Sharp views management reform as an effective route to changing its corporate culture. Going forward, Sharp will continue to hold regular training sessions of this type, in order to provide opportunities for managers to reinforce and share their raised awareness.

Continuous Promotion of Company-Wide Movement for Change

In May 2013, Sharp started a movement to transform the company.

Ongoing activities designed to help changes take root include the following: a campaign in Japan encouraging the use of the Japanese honorific suffix "-san" when addressing employees, in order to bring people in different positions and generations closer and create an atmosphere in which frank and unrestricted communication can take place; a movement to revitalize work by improving workflow for enhanced efficiency; applying five principles for improving meetings; and following 10 articles for improving e-mail manners.



A character named *Kaerun* and handwritten messages from the president illustrate the movement for change

Sharp carries out other awareness-raising activities to boost the momentum of its movement for change. For example, the company maintains a bulletin on its internal website, where handwritten messages from the president are posted together with other information, such as case studies from divisions, departments, and affiliated companies.

Measures to Invigorate Internal Communication

Sharp is conducting measures to invigorate in-house communication among all employees regardless of their age, qualifications, work duties, and company section. These efforts include the sharing of management information, site visits by the president, videos posted on the company intranet, proactive use of SNS, and events to promote exchanges.

By creating an environment in which everyone can speak frankly and without restriction, Sharp encourages employees to voluntarily and proactively strive to reach goals, to actively work with others, and to take on new challenges—thus transforming the mindset of each employee.

[VI. Respect for Human Rights]

Respect for Human Rights

Human Resource Development

***Self evaluation:**

© Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|--|---|------------------|
| <ul style="list-style-type: none"> ■ Strengthen human resource development measures with a view to Sharp's future (recovery and growth) <ol style="list-style-type: none"> 1. Nurture future executive leaders 2. Boost the management capabilities of managers 3. Strengthen the ability to create new business and new markets by tying in with new business models | <ol style="list-style-type: none"> 1. Conducted training to develop future executive leaders through four job-level-specific stratified training programs (managerial staff, general managers, assistant general managers, and supervisors) 2. Conducted nationwide training for all managers in Japan to change their management activities 3. Conducted training activities, such as programs to develop human resources for creating new businesses | ○ |

| | |
|--|---|
| Priority Objectives for Fiscal 2015 | Steadily implement human resource development measures <ol style="list-style-type: none"> 1. Nurture future executive leaders 2. Conduct job-level-specific stratified training 3. Develop global human resources |
| Medium-Term Objectives (up to Fiscal 2017) | Reconstruct functions for human resource development <ol style="list-style-type: none"> 1. Corporate human resource development functions and structures 2. Human resource development functions and structures according to each company |

Personnel, Education, and Training Systems That Respect Employee Initiative and Diversity

Based on the belief that human resources are the most important asset for a corporation, Sharp has implemented a variety of personnel, education, and training systems that respect initiative and diversity and that are designed to develop the character, motivation, and creativity of each employee. As Sharp strives to expand its business in rapidly emerging markets, it is focusing efforts on developing personnel who can play an active role in the global field.

Next-Generation Executive Leader Training, Expert Training, and Job-Level-Specific Stratified Training

The Sharp Leadership Program targets younger employees in semi-managerial or supervisory positions, with the objective of systematically nurturing executive leaders. The Challenge Course, for younger employees in semi-managerial positions, is intended to enable early promotion of younger personnel.

In addition to Global Manufacturing Leader Training, which aims to develop manufacturing personnel throughout the globe, Sharp provides Expert Training to develop technical and sales experts and Job-Level-Specific Stratified Training to give systematic training in the knowledge, skills, and management techniques required at each stage after joining the company.

Human Resources Development Tree



Topics Sharp-Wide Convention for Third-Year Employees

With the goal of training young employees at an early stage, Sharp conducted job-level-specific personnel training for third-year employees. Following this, activities were conducted based on the theme of Sharp's re-growth. At the Human Resources Development Unit Center in Tenri City, Nara Prefecture, a company-wide convention was held at which third-year Sharp employees presented proposals based on their training achievements. The judging panel comprised the President, the Division General Manager of the Corporate Research and Development Division, and the Chief Officer of the Human Resources Development Unit. Taking part were ten teams made up of 56 employees selected from divisions and affiliated companies. The teams presented lively proposals for new products and new businesses. In addition, there was an open exchange of opinions during a social gathering involving attendees and the judging panel.

Participants commented that the training activity brought to their attention various issues that can go unnoticed during normal operations, and they noted that such realizations can lead to new discoveries. The activity made employees aware of the importance of having a clear vision and direction. Attendees were motivated by being able to meet and talk with the President and top management. Also, they came to appreciate the challenge of dealing with differing perspectives and the importance of conveying one's opinions effectively.



Teams awarded the grand prize



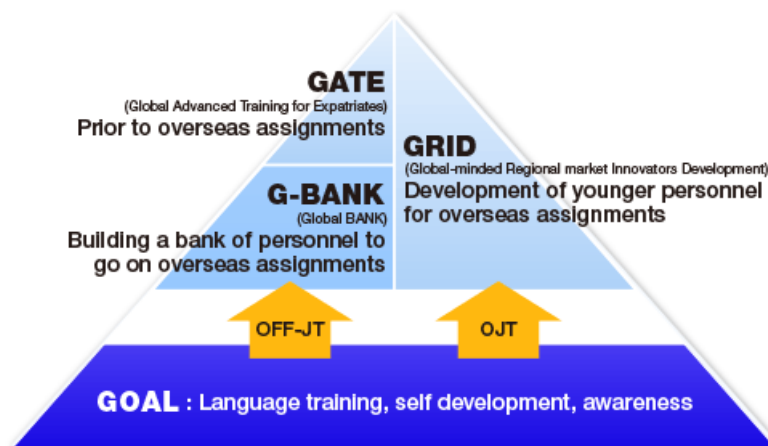
Sharp holds personnel training programs to develop human resources who understand the basic principles and value chain involved in creating business, and who have a mindset geared to creating new business. The purpose of these programs is to accelerate the creation of new businesses. Four teams and 28 employees from 12 domestic divisions participated in these programs in fiscal 2013; in fiscal 2014, seven teams and 29 people from 10 divisions participated.



Personnel Training Program for Creating New Businesses

Global Human Resource Development

As management becomes more globalized, it becomes increasingly necessary to foster personnel who can actively communicate with people of different cultures and values as well as make use of those differences. In an effort to develop personnel who can work actively in the global field while making the most of diversity, Sharp has established a human resource and education system based on the 4Gs (Global formation)—GATE, G-BANK, GRID, and GOAL.



| Name of System | Details of Activities |
|----------------|---|
| GATE | Enables employees scheduled for immediate overseas assignment to systematically acquire the knowledge and practical communication skills required to carry out duties smoothly overseas. <ul style="list-style-type: none"> ■ The total number of employees involved since fiscal 2008 is approximately 1,050. |
| G-BANK | Enables employees scheduled for overseas assignments within three years to acquire the basic knowledge and language proficiency required for working in a global setting; also fosters personnel for future overseas assignments. <ul style="list-style-type: none"> ■ The total number of employees involved since fiscal 2008 is approximately 650. |
| GRID | Designed for young employees who will be involved in developing Sharp's future overseas business, this program fosters personnel who can be strategically dispatched to newly emerging economies and work actively in those countries and regions. <ul style="list-style-type: none"> ■ Approximately 60 participants have been dispatched since the program started in fiscal 2011. |
| GOAL | A program open to all employees to help them improve their foreign-language competency, a basic skill required for pursuing global business. |



Topics

Global Sales Training in China and the ASEAN Region

In order to increase corporate sales in China and the ASEAN region, Sharp held G-S³ (GS Cubic^{*1}) training focused on B-to-B sales. In August and November 2014, a total of 36 employees underwent training in Thailand, and in September, a further 54 employees received training in China.



Trainees in China

*1 G-S³ stands for Global Sales, Strategy, and Solutions

Talent Development and Motivation-Boosting Programs

Open Recruitment System

Several times a year, Sharp implements the Open Recruitment System in Japan, which entails inviting employees throughout the company to apply for newly available positions in critically important areas. Positions relate to areas such as pioneering new business and developing new technologies and products. In fiscal 2014, jobs were offered in approximately 80 topic areas, and about 100 employees were assigned a new position.

Personnel Declaration System, Career Development Rotation

Under Sharp's Personnel Declaration System, all employees submit a career development plan along with a self-assessment of their job aptitude. Sharp then stores this information—along with records of interviews with supervisors—in a personnel database. This provides an overview of how employees are progressing with respect to their career goals. By reviewing the contents of the database and various job descriptions, Sharp creates opportunities for employees to experience multiple types of jobs. The aim is, through job rotations, to foster personnel with a broad scope of expertise.

Step-Up Campaign (Qualification Acquisition Encouragement Plan)

To support employee self-development, Sharp offers monetary rewards to employees who have acquired qualifications, with the amount depending on the difficulty of acquiring the qualification. This plan covers about 250 qualifications, including some for field-specific techniques and skills, some directly related to daily duties, and some for language skills—essential in the development of globally minded employees.

Award System

Sharp annually honors domestic and overseas employees and divisions/departments that have achieved outstanding performance. In fiscal 2014, approximately 110 awards were presented to about 4,500 employees.

VII. Creating a Safe, Fair, Motivating Work Environment



Creating a Better Workplace Environment

- ▶ [Company-Wide Small-Group Activities](#)
- ▶ [Activities to Support Work-Life Balance](#)
- ▶ [Promoting Occupational Safety and Health](#)

[VII. Creating a Safe, Fair, Motivating Work Environment]
 Creating a Better Workplace Environment
 Company-Wide Small-Group Activities

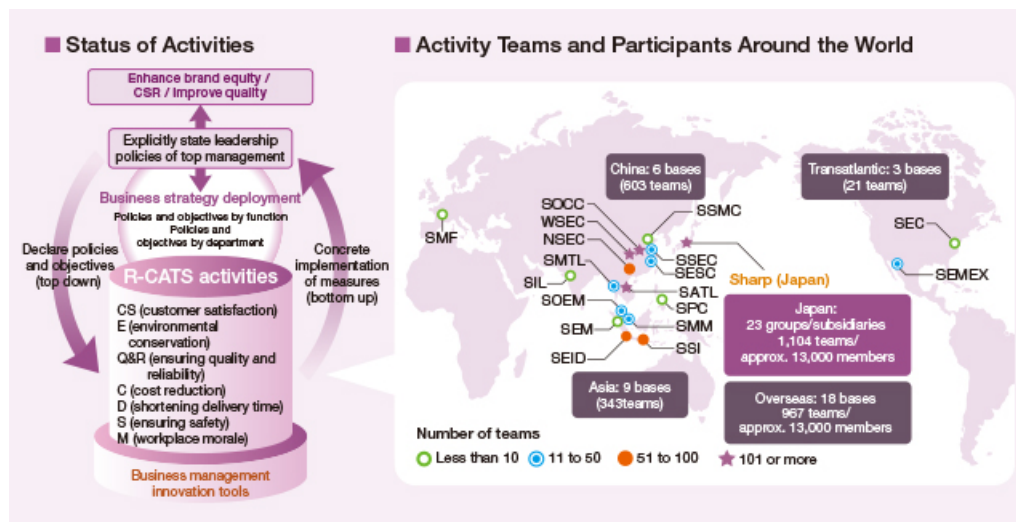
R-CATS Small-Group Activities with a CSR Perspective

With a view to delivering satisfaction and peace of mind to stakeholders, Sharp employees in Japan and overseas belong to small groups called R-CATS*. Through group activities, these teams confront the challenges of improving the quality of their work, and they build new systems and methods for carrying out job-related tasks from the perspective of stakeholders. Sharp views R-CATS activities as an important way to cultivate employees with excellent problem-solving capabilities, as well as the ability to adapt to change.

In fiscal 2014, approximately 26,000 employees worldwide participated in R-CATS activities and carried out activities to solve job-related problems and achieve goals.

In fiscal 2015, R-CATS activities will be revitalized as an effective system for bringing about change that can lead to the recovery and growth of Sharp.

* Revolution-Creative Action Teams



R-CATS presentation teams from the Manufacturing and Production Technology Block and their managers

Achievements are presented by selected teams from Japan and overseas during the All-Sharp R-CATS Convention, and case studies on successful improvements are shared throughout the company.

To create an environment in which excellent examples can be studied at any time, the case studies are posted on Sharp's intranet.

During a QC Circle Kinki Branch, Osaka, and South Kinki district presentation competition, a customer service center team gave a presentation on how to improve supervisor skills related to customer inquiries. The team was given an encouragement award. In addition, during a QC Circle championship tournament in Nara, a team from the Digital Information Appliance Division in charge of overseas base management received an excellence award by making a presentation on how to minimize surplus parts for ODM production when models are discontinued.

Sharp will continue to enhance its activities by actively participating in external competitions.



A customer assistance center team receives an award



Presentation by a team from the Digital Information Appliance Division

[VII. Creating a Safe, Fair, Motivating Work Environment]
 Creating a Better Workplace Environment
Activities to Support Work-Life Balance

In line with its promotion of diversity, Sharp supports its employees by creating a rewarding, safe, and healthy workplace. Sharp gives employees a choice of work styles—allowing them to select the style that best suits them at various stages in their lives—thereby helping them achieve a work-life balance that will enable them to lead rich lives both at work and at home.

Specifically, Sharp is expanding support programs focusing on childcare and nursing care and distributing guidebooks and providing other information to promote use of the programs. In addition, to help employees realize an efficient working style that offers satisfaction both at the company and at home, Sharp continuously promotes initiatives like No Overtime Day and encourages employees to plan for and take their annual paid vacation days.

These efforts have earned high appraisal from outside the company, with Sharp receiving certification from the Japanese Ministry of Health, Labor, and Welfare based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



Work-Life Balance Guidebook and Nursing Care Guidebook



The Next-Generation Certification mark (nicknamed Kurumin) shows that the company is certified by the Ministry of Health, Labor, and Welfare

Work-Life Balance Support Programs (Main Programs and Participation at Sharp Corporation)

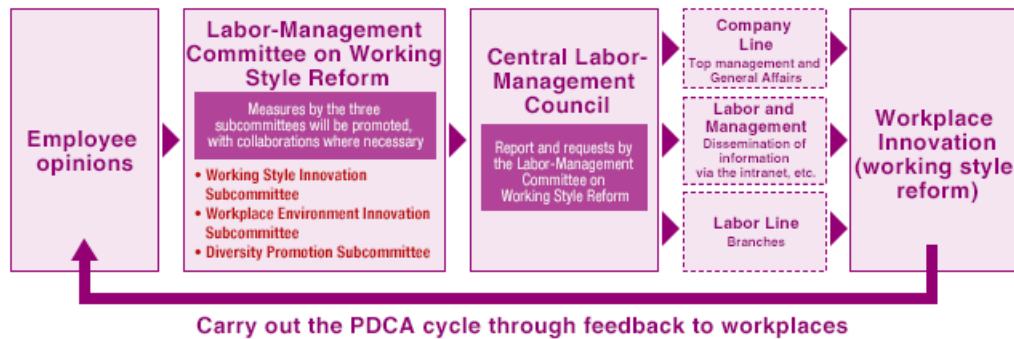
| Program Name | Description | Participation (year and no. of persons) | | |
|--|---|--|-------------------|-------------------|
| | | Fiscal 2012 | Fiscal 2013 | Fiscal 2014 |
| Childcare Leave* | Allows a leave of any length until the last day of March following the child's first birthday or until the child is 18 months old. (In 2012–2013, 98.6% of those who took childcare leave returned to work.) <Childcare assistance grants> 1) The 10-day period beginning at the start of the childcare leave period is treated as a period with pay. 2) An allowance of 60,000 yen a month is provided during the leave period (excluding the 10-day period when salary is paid). | 262 (Men: 205) | 223 (Men: 161) | 208 (Men: 162) |
| Reduced-Hours Employment During Childbearing/Childcare | A system by which an employee can reduce work time for a maximum of three hours per day (in units of 30 minutes) during pregnancy. Also allows a female/male employee the same reduced-hours employment system until the last day of March after her/his child has reached the sixth year of elementary school. | 38 | 33 | 34 |
| Childcare Support Work Program | Allows flexible work schedules (work day start and end times) until the last day of March after the child has reached the sixth year of elementary school. This allows an employee to shorten working hours up to an average of three hours per day in one-hour units. | 433 | 454 | 465 |
| Nursing Care Leave* | Allows an employee to take leave to care for a family member requiring nursing care for a total of two years (can be divided up). | 7 | 7 | 9 |
| Nursing Care Support Work Program | Allows flexible work schedules (work day start and end times) for nursing care, as needed. Employee can shorten working hours in one-hour units up to an average of three hours per day. | 3 | 4 | 7 |

* Personnel evaluations conducted while an employee is on childcare leave or nursing care leave will never work against the employee in terms of receiving a raise or promotion.

| | |
|----------------|--|
| Other Programs | Multipurpose Leave, Multipurpose Leave Taken in One-Hour Units (or half-day units), Staggered Commuting Hours during Pregnancy, Guaranteed Reemployment after Childbearing/Childcare, Paternity Leave, Daycare Adaptation Leave, Reemployment after Nursing Care, Reduced-Hours Employment or Reduced Weekly Working Days for Nursing Care, Subsidies for Families of Single Employees Conducting Nursing Care, Travel Expense Subsidies for Single Employees Returning Home for Nursing Care, Nursing Care Leave, Nursing Leave, Home Helper Expense Subsidies, Leave of Absence/Increasing Half-Day Use of Annual Paid Holidays for Fertility Treatment, Fertility Treatment Financing System, Reduced-Hours Employment for Career Development Support, Volunteer Leave. |
|----------------|--|

Labor-Management Committee on Working Style Reform

In April 2014, Sharp launched a Labor-Management Committee on Working Style Reform to help bring about workplaces in which all employees can be productive. The committee is divided into three subcommittees: Working Style Innovation, which aims to address work environments where personnel work long hours; Workplace Environment Innovation, which pursues better workplace communications; and Diversity Promotion. Through cooperation between labor and management, Sharp is deploying various measures that reflect the opinions of its employees.



[VII. Creating a Safe, Fair, Motivating Work Environment]

Creating a Better Workplace Environment

Promoting Occupational Safety and Health

***Self evaluation:**

© Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|--|------------------|
| <ul style="list-style-type: none"> ■ Reduce work accidents, equipment and environmental accidents, and company car accidents ■ To reduce mental problems and illnesses, strengthen and promote measures to deal with their possible causes, such as long work hours and power harassment ■ Make "Healthy Sharp 23" (name of program with targets and measures for employee health by the end of 2023) an integral part of the workplace, build systems and promote concrete measures | <ul style="list-style-type: none"> ■ Work accidents increased, while company car accidents decreased ■ Established a Labor-Management Committee on Working Style Reform through cooperation between labor and management; carried out measures to reduce long working hours (survey of working hours, formulation of measures based on findings, and horizontal deployment of initiatives at business sites, etc.); pursued initiatives to eradicate power harassment (enhancing consultation functions, holding training for all managers, etc.) ■ Increased awareness of the Healthy Sharp 23 initiative and promoted specific measures | △ |

| | |
|--|---|
| Priority Objectives for Fiscal 2015 | Reduce work accidents, equipment and environmental accidents, and company car accidents |
| | Reduce loss of working days due to mental problems and illnesses |
| | Review a promotion structure for health management and conduct initiatives based on Healthy Sharp 23 goals |
| Medium-Term Objectives (up to Fiscal 2017) | Eliminate accidents resulting in lost workdays |
| | By the end of fiscal 2017, reduce by 10% or more (compared to fiscal 2013) the total number of sick leave days taken due to mental problems and illnesses |
| | <ul style="list-style-type: none"> ■ Establish a health management promotion structure ■ Achieve Healthy Sharp 23 numerical targets (reduce the percentage of employees who have a BMI of 25 or higher to 23.3%, smoking rate to 21.7%, and achieve a regular exercising rate of 28.3%) |

Basic Policies on Safety and Health

Sharp Group Basic Policies on Safety and Health

Basic Philosophy

The Sharp Group regards protecting the safety, security, and health of employees all over the world as indispensable to its business activities, and is dedicating appropriate management resources in a spirit of Sincerity and Creativity, in order to achieve a safe and pleasant working environment.

Basic Policy

1. Legislative Compliance

In addition to strict compliance with legislation related to safety and health in each country and region, all Group companies must comply with in-house standards established in line with the standard Group policy, with the aim of improving levels of safety and health.

2. Establishment of Management Organization

The Sharp Group has established a management organization to deal with safety and health, with clearly delineated roles, authority, and responsibilities, and is promoting activities at the structural level.

3. Establishment and Operation of Management System

The Sharp Group has established an occupational safety and health management system, and is engaged in continuous evaluation and improvement of its activities, with a view to eliminating potential hazards and risks to safety and health in the workplace.

4. Implementation of Education and Training

The Sharp Group is endeavoring to raise awareness of safety and health and to promote voluntary activities by implementing for all employees the education and training required to improve safety and health.

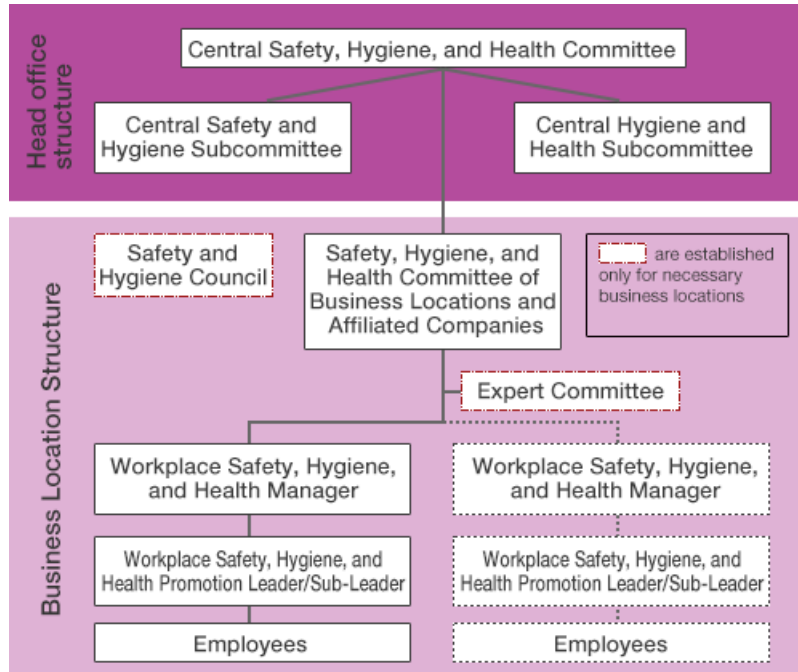
5. Setting Targets and Full Employee Participation in Practical Activities

The Sharp Group sets targets for preventing accidents and improving employees' health, and is striving to meet these targets by means of practical activities in which all employees participate.

Organization Promoting Safety and Health

Although the Sharp health insurance association was primarily responsible for maintaining and promoting the health of its employees and their families, from April 2014 Sharp decided to fully implement health measures in addition to its framework on safety and health activities. In order to show Sharp's resolve, the Central Safety and Health Committee was renamed the Central Safety, Hygiene, and Health Committee.

The Sharp Group's Safety and Health Management organization structure is shown in the chart below.



Aiming for a Secure, Safe, and Healthy Workplace

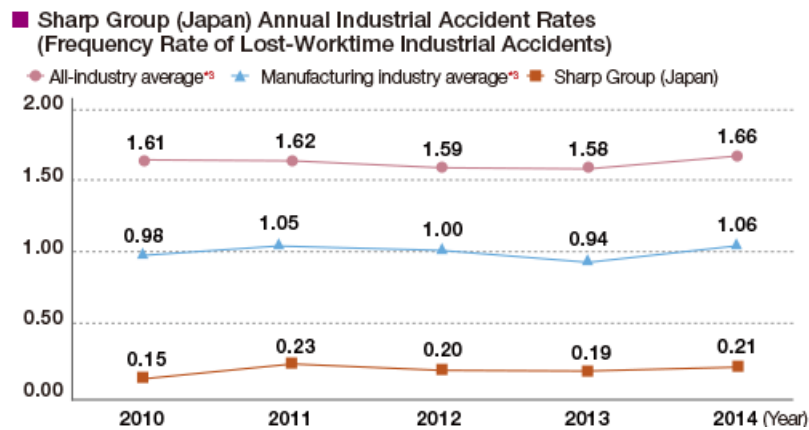
In order to ensure that activities for the maintenance and improvement of safety, hygiene, and health go smoothly at each business location, Sharp holds Central Safety, Hygiene, and Health Committee meetings that bring the company and the labor union together to decide basic measures for safety, hygiene, and health from a company-wide perspective. The Committee formulates annual company-wide policies and basic measures, and promotes the implementation of these measures at business locations. It has also organized a team consisting of Central Safety, Hygiene, and Health Committee members to conduct safety and health inspections at each site.

Moreover, a Safety, Hygiene, and Health Committee consisting of labor and management representatives at each business location holds a monthly meeting to report and discuss safety, hygiene, and health activities and decide on improvement measures. A Safety and Hygiene Council at each business location holds meetings in which subcontractors who are permanently stationed within Sharp sites also take part. Participants discuss liaison and coordination among related operations and share information in an attempt to improve the safety and hygiene management system for the entire business location.

The result of these continuing measures is that the Sharp Group's ^{*1} industrial accident rate (frequency rate of industrial accidents ^{*2} leading to lost work time) in Japan in 2014 was 0.21. This rate is consistently below the national average for the manufacturing industry.

^{*1} Sharp Group in Japan: Sharp Corporation, SEMC, SEO, SESJ, SBS, SEK, SMS, STC, iDeep Solutions (SDP, SFC, OSS, and SOR are not included in 2012)

^{*2} Indicator that represents the incidence of industrial accidents per million work hours (one day or more of suspended operations)



^{*3} Averages for all industries and the manufacturing industry are based on a survey by the Japanese Ministry of Health, Labor, and Welfare.

Promoting the Introduction of the Occupational Safety and Health Management System

Sharp is promoting the introduction of an occupational safety and health management system in an effort to further address the potential risk of accidents in the workplace and to firmly set in motion proactive safety activities that prevent or reduce risks. By fiscal 2010, 11 of Sharp Corporation's domestic production sites^{*4} had acquired OHSAS 18001 certification^{*5}.

In order to implement preventative safety measures similar to those at its production sites, Sharp's non-production sites and affiliates are conducting their own original occupational safety and health management efforts, which include surveying workplace risks and using the findings to improve occupational safety and health.

As part of its efforts to raise the standard of its occupational safety and health management, Sharp is working to have its overseas manufacturing bases in each country acquire OHSAS 18001 or other certifications.

^{*4} As of the end of fiscal 2014, 10 of Sharp Corporation's domestic production sites and affiliated companies have acquired the OHSAS 18001 certification.

^{*5} One of the occupational safety and health management system certification standards; it is the most widely used standard around the world today.

OHSAS 18001-Certified Sites, Affiliated Companies and Overseas Bases

| | |
|----------|--|
| Japan | Tochigi, Kameyama, Mie, Yao, Sakai, Nara, Mihara, Fukuyama, Hiroshima, Sharp Mie Corporation |
| Overseas | SSI (Indonesia), WSEC (China), SATL (Thailand), SMTL (Thailand), SUKM (UK) |

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

In order to help employees avoid mental illnesses or deal with them at an early stage and to support employees on medical leave in making a smooth return to work, Sharp in Japan has a counseling system with medical specialists or industrial counselors at main offices and plants. The company also conducts various training and educational activities to deepen employees' knowledge of mental health care and to have them acquire methods for dealing with mental health issues.

Also, as part of its periodic health checkups, Sharp carries out mental stress checkups on all employees by self-diagnosis. (There was a 97.7% participation rate in fiscal 2014.) For employees who are diagnosed with high stress levels, Sharp provides one-on-one counseling through industrial physicians or counselors.

By enhancing mental health measures for primary, secondary, and tertiary prevention of mental illness, we will boost the execution of systems and strengthen measures to deal with the causes of mental problems and illnesses—such as long work hours and power harassment—and in doing so create a workplace where employees enjoy rewarding jobs and where there are fewer cases of mental problems and illnesses.

Programs for Mental Health Care

<Primary prevention>

- Sharing knowledge and awareness through job-level-specific mental health group work training
- Distributing a Workplace Mental Health Handbook to all employees
- Holding certification tests for mental health management at the company

<Secondary prevention>

- Providing mental stress checkups simultaneously with regular physical checkups for all employees
- Providing face-to-face counseling at main sites by company counselors or medical specialists
- Giving advice by e-mail, phone, or in-person counseling through specialized outside organizations
- Counseling for those employees who have experienced major changes in their environment, such as transfer, transfer not accompanied by family, and job promotion

<Tertiary prevention>

- A support system that provides ongoing communication with employees on medical leave from work
- A support program to help employees who were on medical leave make a smooth return to work, in cooperation with an industrial physician, one's assigned department, and the General Affairs Department
- Providing a trial period for employees who were on medical leave to support their return-to-work training

Activities to Promote and Maintain Health

Sharp has in place a number of measures aimed at supporting the health of employees and their families. These measures include the following: guidance for people whose health checkups show they need help, health seminars at Sharp sites around Japan, lifestyle improvement campaigns using self-assessment sheets, information featuring Sharp's health mascot, the company's no-smoking campaign, events promoting exercise habits such as workplace walking and relay marathon competitions, a wellness project in which participants attempt to lose 3 kg of bodyweight, a dental health event, and specific health guidance for employees and their families.



700 employees and their families participate in a workplace relay marathon competition at Nagai Park in Osaka

Furthermore, to effectively promote employees' health based on health checkup data and clinical data from medical institutions, Sharp has started a new data health plan from fiscal 2015.

Sharp's Health Initiative: "Healthy Sharp 23"

Sharp's Business Philosophy says that it will contribute to the culture, benefit, and welfare of people throughout the world. To this end, Sharp teamed up with the Sharp health insurance association and the Sharp labor union in fiscal 2014 to begin comprehensive support for the health of Sharp employees and their families.

Sharp has named its initiative "Healthy Sharp 23." This program incorporates numerous activities aimed at achieving certain health targets by the end of March 2023. It is inspired by Healthy Japan 21 (second stage)^{*6}, a health promotion campaign by Japan's Ministry of Health, Labor, and Welfare. The "Healthy Sharp 23" program will grow to include an increasing number of activities that promote the health of employees and their families.

^{*6} Stipulates the basic direction and goals for the promotion of health based on the Health Promotion Act. (July 10, 2012 Ministry of Health, Labor, and Welfare Notification No. 430)

■ "Healthy Sharp 23" Goals

■ Items and Targeted Values by the End of March 2023

- (1) **Reduce the percentage of employees who have a BMI of 25 or higher to 20% or less (fiscal 2014: 26.0%).**
Reduce the percentage of obesity to one in five people, from the present one in four people, for the prevention of lifestyle-related diseases, etc.
- (2) **Lower the smoking rate to 12% or less (fiscal 2014: 26.5%) of employees.**
For the prevention of cancer, cardiovascular disease, diabetes, etc. and also to reduce passive smoking, the smoking rate will be reduced to the same level as in Healthy Japan 21 (second stage).
- (3) **Regular exercising for 35.6% or more (fiscal 2014: 23.3%) of employees.**
Regular exercise will be promoted for the prevention of lifestyle-related diseases and to prolong life expectancy.
- (4) **Reduce the total amount of sick leave associated with mental health disorders and illnesses by 25% compared to fiscal 2013.**
Since mental illnesses are a major setback for both the company and employees, and as they often involve long recovery times, such disorders will be reduced by creating a workplace where employees can work enthusiastically.
(In cases where employees take sick leave, the entire workplace will provide support by permitting ample time for recovery and by supporting a smooth return to work.)
- (5) **Eliminating constant excessive work hours.**
Long and persistent overtime work will be prohibited for both employees and managers, to increase the number of employees who have a favorable work-life balance and who can work enthusiastically.

VIII. Harmony with the Community



For Local Communities

- ▶ [Promoting Social Contribution Activities](#)
- ▶ [Environmental Activities](#)
- ▶ [Educational Activities](#)
- ▶ [Social Welfare Activities](#)
- ▶ [Employee Volunteer Activities](#)

Related information:

- > [Medium-Term CSR Strategy \[5 Material Issues ©\] Stakeholder Engagement](#)

[VIII. Harmony with the Community]

For Local Communities

Promoting Social Contribution Activities

| | |
|---|---|
| Priority Objectives for Fiscal 2015 | <ul style="list-style-type: none"> ■ Promote stakeholder engagement (establish schemes for holding dialogues with local communities and conduct trials at domestic production bases) ■ Maintain the same number of social contribution activities conducted in fiscal 2014 and introduce trials for new activities |
| Medium-Term Objectives (up to Fiscal 2017) | <ul style="list-style-type: none"> ■ Firmly establish structures to promote stakeholder engagement at domestic production bases and provide feedback on results (fiscal 2016) ■ Firmly establish structures to promote stakeholder engagement at domestic group companies and also establish global schemes (fiscal 2017) |

Basic Concept of Social Contribution Activities

Sharp pursues social contribution activities based on its business philosophy of widely contributing to the culture and welfare of people throughout the world. Sharp carries out various community-based activities that address social issues.

When it comes to its social contribution activities, Sharp places particular emphasis on the environment, education, and social welfare, and it continues to voluntarily create structures and systems in support of its activities. Through these activities, Sharp pursues harmony and coexistence with society while striving to be a company whose social contributions win the trust of society at large.

Three Important Fields of Social Contribution Activities



Structures and Systems to Promote Social Contribution Activities

Sharp Corporation's Head Office has a unit that specializes in the planning and promotion of all domestic and overseas social contribution activities. This unit plans social action measures and builds structures and systems for implementing social contribution activities.

To foster a volunteering spirit at the company and enhance social awareness among its employees, Sharp also provides systems and an environment that make it easier for employees in Japan to participate in social contribution activities. As well as offering its employees opportunities to volunteer, Sharp has a volunteer leave system (under which employees can take up to one year of leave to engage in volunteer activities) and a multipurpose leave system (under which employees can receive eight days of extra paid leave per year to engage in socially valuable activities).

Typifying the environmental activities that Sharp pursues are forest conservation and community cleanup campaigns conducted by the Sharp Green Club (SGC), a volunteer organization jointly established by Sharp and its labor union. Another major Sharp undertaking is its annual Wakakusayama greening activity conducted in Nara Park.



Photographed by Norihide Yasuoka of the Office Solutions Division

Status of Social Contribution Activities

In fiscal 2014, Sharp continued to conduct social contribution activities centered on the three priority fields of the environment, education, and social welfare.

In fiscal 2015, Sharp will continue its community-based social contribution activities, such as the cleanup campaigns conducted by SGC.

[VIII. Harmony with the Community]

For Local Communities

Environmental Activities

***Self evaluation:**

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|--|--|------------------|
| <ul style="list-style-type: none"> ■ Continue local social action programs, including efforts to protect the environment and biodiversity ○ Maintain fiscal 2013 levels of participation by employees in action programs | <ul style="list-style-type: none"> ○ About 825 events held (up 2.7% over previous year); total of about 20,628 participants, including employee family members (up 9.8% over previous year) | ◎ |

As a corporate citizen, Sharp undertakes activities in a manner rooted in local lifestyles and social contexts, while contributing to the global environment through its business activities. All of these efforts are based on Sharp's Basic Environmental Philosophy of "Creating an Environmentally Conscious Company with Sincerity and Creativity."

Environmental Conservation Activities in Japan

Sharp also carries out activities led by Sharp Green Club (SGC), a volunteer organization composed of Sharp and its labor union. This group pursues environmental conservation activities at domestic business sites and sales and service bases in Japan. The group's activities include the following: Sharp Forest projects conducted in 11 areas to protect biodiversity and regenerate *satoyama* (areas that lie between the foot of a mountain and arable land); efforts to protect wetlands in accordance with the Ramsar Convention*; and other activity planning in eight areas. Sharp conducts community-based cleanup campaigns and greening activities as part of its effort to increase the cleanliness and greenery of local communities and areas surrounding its business sites. In fiscal 2014, the Hiroshima City government gave an award to the Hiroshima Building, a Sharp sales base, in recognition of its decade-long cleanup activities and the contribution it has made towards the environmental beautification of Hiroshima City.

In addition to cleanup campaigns, SGC has been leading a growing number of company-wide activities. These activities have included flower-planting in the business district of Makuhari Shintoshin (Chiba Prefecture) and greening activities—efforts to protect biodiversity and preserve traditional mountain-burning practices—in Wakakusayama (Nara Prefecture).

In fiscal 2014, a total of 825 such activities were conducted with the participation of about 20,000 people. Looking ahead, Sharp will continue to contribute to local areas by conducting community-based activities.

Related information:

> [Protecting Biodiversity](#)

* An international treaty concerning the conservation of important wetlands as habitats for waterfowl and the protection of the wildlife inhabiting those wetlands.



Flower-planting activities (Makuhari Building)

Enriching Sharp Forests

Sharp established forest-preservation agreements with local governments in areas near its major business sites at locations throughout Japan, from Hokkaido to Kyushu. A total of 11 Sharp Forests were created.

By working with local organizations and NPOs, Sharp conducts activities to protect biodiversity by planting and nurturing trees and by regenerating *satoyama* areas.

Sharp conducts initiatives to cultivate Sharp Forests so that owls can live there. April 2015 saw the first hatching of an owl at the Kounoyama Sharp Forest (Kishiwada City, Osaka Prefecture). Sharp will continue to cultivate forests with rich biodiversity reflecting regional characteristics.



Conservation Activities at Ramsar Convention Wetlands

Sharp conducts conservation and other activities in areas surrounding eight of its sales bases located as far afield as Hokkaido and Okinawa.

For activities at Manko Lake (Naha City and Tomigusuku City, Okinawa Prefecture), Sharp works closely with the Ministry of the Environment and local governments. Local residents participate voluntarily in Sharp's unique wetland conservation activities, which have helped Sharp to form bonds with local communities. In the future, Sharp will continue to work with local residents to preserve the environment and biodiversity.



Voice

Words from a Local Government Representative

In November 2006, the Sharp Green Club started planting cherry trees in unused fields, inspired by *Man'yōshū*, an ancient collection of Japanese poetry. The group also pulled up weeds and trimmed trees in the surrounding *satoyama* area and bamboo forests. Unused agricultural land and the *satoyama* area were deteriorating, but Sharp converted it all into a conservation area and called it Asuka Forest.

Annual activities continue to be conducted with the local community. And in 2014, Sharp introduced food vouchers for nearby facilities.

Our village is actively involved in turning the entire village into a living museum. Efforts have included preserving the landscape, starting rental services for an extra-compact mobility, and opening a guest house to welcome visitors. I hope Sharp employees will also use these facilities.

Last of all, I would like to ask Sharp to continue its activities to preserve the landscape of Asukamura and keep contributing to the local community.



Yuichi Morikawa
Asukamura Mayor

Related information:

- > [Employee Volunteer Activities](#)
- > [Communicating with Local Communities](#)

Activities Overseas

As a corporate citizen, Sharp is proactively undertaking environmental conservation activities—including planting and nurturing trees and releasing juvenile fish into water areas—that lead to biodiversity protection. Through efforts such as these, targeting various environmental social issues at local bases around the world, Sharp aims to develop environmental awareness among its employees while also contributing to the global environment.

Sharp will continue developing community-based environmental conservation activities through further cooperation with local organizations.

In October 2014, employees of SPC, a production and sales base in the Philippines, joined local government and company personnel in a joint cleanup activity at Manila Bay, a popular sightseeing spot.



In December 2014, SMEF, a sales base in the United Arab Emirates, participated in desert cleanup activities organized by the Emirates Environmental Group, an environmental NGO based in Dubai. As a member of this NGO, SMEF continues to conduct environmental activities.



[VIII. Harmony with the Community]

For Local Communities

Educational Activities

***Self evaluation:**

© Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|--|------------------|
| Continue educational support activities that enlighten children on global environmental issues and increase their interest in science, as well as educational support activities that nurture their desire for a career | <ul style="list-style-type: none"> ○ Held environmental education classes for a total of about 7,600 pupils at about 140 elementary schools in Japan and overseas ○ Held educational classes for a total of about 3,200 students, including product-making education classes for elementary school pupils and career education classes (conducted by a special Sharp subsidiary) for students of special needs schools | △ |
| Priority Objectives for Fiscal 2015 | Continue educational support activities for disabled children, including career education | |
| Medium-Term Objectives (up to Fiscal 2017) | Continue next-generation educational support activities | |

Sharp is undertaking educational support activities directed at children, on whose shoulders the future will rest, to increase their awareness of global environmental issues and their interest in science and to get them thinking about future careers. Starting with environmental education activities introduced in elementary schools from fiscal 2006, Sharp has been gradually increasing its programs in Japan to include elementary school product-making education, factory tours and environmental/product-making classes, and career education activities for special-needs schools*1 and similar organizations. Sharp also conducts overseas educational support activities that address environmental issues in each region.

*1 Schools designed to provide elementary, junior high, and high school education to the visually impaired, hearing impaired, and mentally challenged. These schools help learners with special needs to overcome difficulties in learning and in daily life, and to obtain necessary knowledge and skills to achieve a higher level of personal self-sufficiency.

Activities in Japan

Since fiscal 2012, Sharp Corporation and Sharp Tokusen Industry Co., a Sharp special subsidiary*2, have been working together to enhance career education activities conducted at special-needs schools and similar organizations for physically or mentally challenged students. The aim of these activities is to foster a career-minded perspective in students and motivate them to work and achieve greater self-sufficiency. By March 2015, around 1,700 pupils had attended classes at around 80 schools in 34 prefectures of Japan. The classes are run by dispatch instructors who are themselves disabled. Adding to the count students who attend workplace tours and work experience training at the special subsidiary, Sharp's various career-related activities have so far involved about 4,800 students. A typical example of a special-needs school trip: in December 2014, 10 students from the Nagasaki Deaf School visited the Sharp Tokusen facilities and took a guided tour as part of their educational program.



Tour by students of the Nagasaki Deaf School

*2 A subsidiary that has made special efforts supporting the employment of challenged people, as defined in Japan's Act on Employment Promotion, etc. of Persons with Disabilities (e.g. improving facilities where the physically or mentally challenged work).

Related information:

➤ [Social Welfare Activities: Efforts at a Special Subsidiary](#)



Voice

Reflecting on a School Tour of Sharp Tokusen Industry Co.

On our school trip to Osaka, we had the opportunity to take a tour of the Sharp Tokusen facilities. A number of our students plan to enter the workforce after they graduate from our regular high-school course. They were able to learn a great deal from the workplace tour and from a lecture given by a hearing-impaired employee. I think our students were able to see the kind of efforts that are made in various business environments to make it easier for disabled people to work. They also saw how important it is for both the disabled and the non-disabled to consider how to create a work-friendly environment for all.



Daigo Nakamura
High School Director,
Nagasaki Deaf School

In addition, Sharp is conducting community-based educational support activities that include environmental classes held at schools and other facilities where mega solar and solar power generation systems using Sharp solar cells have been installed. In August 2014 at a roadside station in Tochigi Prefecture called Yaita Eco House, Sharp held an environmental class for 12 local children. The class included quizzes and experiments and formed part of a solar power awareness event organized by the Yaita City Agriculture Public Corporation.



Environmental class held at the Yaita Eco House roadside station



Voice

Comments from the Organizer of a Solar Power Awareness Event

"Discover How Solar Power Works!" is a popular summertime event that started in fiscal 2011, when the Yaita roadside station opened. Along with their parents, local elementary school students who live in Yaita City (Tochigi Prefecture) get to learn about solar power generation through talks and experiments. Thankfully, the speakers from Sharp give thoughtful and easy to understand talks—that's a major part of what makes this event so popular.



Mitsuo Yamanaka
Yaita City Agriculture Public
Corporation

Activities Overseas

Sharp's overseas environmental education program, which began in fiscal 2008, includes classes held in China and several ASEAN nations. In fiscal 2014, roughly 2,100 pupils in 30 schools overseas learned about regional environmental issues, such as global warming and protection of ecosystems.



Classes at SCIC, Sharp's China region head office



Classes at SOEM, a Malaysia-based manufacturing subsidiary



Classes at SEID, an Indonesia-based manufacturing and sales subsidiary



Classes at SEMEX, a Mexico-based manufacturing subsidiary

[VIII. Harmony with the Community]
For Local Communities
Social Welfare Activities

***Self evaluation:**

◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Fiscal 2014 Objectives | Fiscal 2014 Achievements | Self Evaluation* |
|---|--|------------------|
| Provide sales opportunities to the same number of social welfare facilities as in fiscal 2013 | Provided sales opportunities to about 386 social welfare facilities (up 3.2% over previous year) | ○ |

In the field of social welfare, Sharp focuses on providing support for the physically or mentally challenged. Activities include employment of disabled persons at a special Sharp subsidiary; job assistance for the physically or mentally challenged in the form of sales opportunities provided to attendees of vocational training centers for the disabled; and career education support for children with disabilities in Japan. Sharp also undertakes support activities overseas, such as donating to welfare facilities and charities, to combat various social issues and thereby improve the social welfare of local communities.

Activities in Japan

Activities at a Special Subsidiary

Sharp Tokusen Industry Co.—which was approved as the first special subsidiary in Japan—promotes the employment of the physically or mentally challenged, while also carrying out activities to support the social participation of disabled people.

Sharp gives lectures to the disabled and to those who support the physically or mentally challenged. These lectures broadly convey points that the disabled must keep in mind in order to work in the wider society, while also covering relevant measures that companies need to take.

Other Sharp activities include dispatching disabled employees to special-needs schools to act as instructors and to explain how the disabled can achieve a degree of self-sufficiency by earning money, and how they can contribute to society by working. Such efforts help participants achieve a higher level of personal self-sufficiency.

Related information:

- > [Educational Activities](#)
- > [Promoting Employment of the Physically or Mentally Challenged](#)



Lecture at an external organization

Providing Sales Opportunities for Vocational Training Center Products

In a joint labor/management effort, Sharp works with local governments and non-profit organizations to provide opportunities on its premises for the sale of products, such as bread and cookies, made at vocational training centers for the disabled located in communities near Sharp facilities. In fiscal 2014, such sales took place at 16 locations throughout Japan, with the participation of a total of 179 facilities. In March, at 21 locations across the country, Sharp continued to support both face-to-face and mail-order sales of products made in training centers in the area stricken by the Great East Japan Earthquake.

SESJ, a sales company in Japan, conducted joint nationwide events and exhibitions of solar-related products. During these events, sales department personnel gave visitors novelty items made at Toppoi, a welfare services center for persons with disabilities. Located in Toyonaka City (Osaka Prefecture), TOPPOI is operated by a social welfare organization. In fiscal 2014, 1,200 items were distributed at 44 venues.



Eco-clip novelty item and brochure distributed by SESJ at joint exhibitions



Voice

Words from Facilities Selling Products at the Fukuyama Business Site

Harumi Ikeda

Manager of Andante Joy Joy Work Hikino, a social welfare organization

At first, we were worried whether customers would be interested in our products. But, happily, we've managed to sell bread, fried dough cookies, and rusks. The disabled participants from our facility chat with customers as they comment on our baked goods or ask for recommendations. We're delighted to see so many people come in to buy our products, and we always look forward to the next sales opportunity.



Participants making bread

Shintaro Yamane

"Zeno" Shonen Bokujo Yumenoki-Wakaba Bakery Mugikko, a social welfare organization

In the month when we sell products to Sharp, the disabled participants from our facility get excited as they make bread and cookies and wonder how many of our products we'll sell. We do our best to deliver delicious bread and cookies to the workers at the Sharp factory. We'd like to ask for your continued support.



Preparing items to bake

Yukiko Tokunaga

Nanohanakai Nanohana Sagyousho, an NPO

Eleven years ago, we started baking cookies just as desserts for the disabled participants. It's great that we now have an opportunity to directly sell our products to Sharp factory employees. We are very pleased when we manage to sell a lot of cookies.



Participants making cookies



Words from an Intermediate Support Organization Cooperating in Sales Activities at the Fukuyama Business Site

Total Life Support Fukuyama was established as a network base for 62 facilities that provide welfare services for disabled people in Fukuyama city. We receive various orders from companies requesting work or products manufactured by the disabled. After making any necessary adjustments, we subcontract those orders to welfare facilities.

Every year, the Fukuyama business site provides opportunities for many of our welfare facility members to talk directly with customers—something that everyone appreciates. Such opportunities hopefully give customers a deeper understanding of the products manufactured by our welfare facilities, while also giving our disabled members a boost in motivation and income. We would also like to thank the people at Sharp for allowing us to sell them goods on commission for products manufactured at welfare facilities that cannot conduct direct sales.



Kentaro Nishiyama
Director
Total Life Support Fukuyama,
a general incorporated
association

Activities Overseas

As a corporate citizen, Sharp is targeting priority issues in social welfare even at local bases around the world. The company focuses on making donations and undertaking charitable activities for schools and facilities for the physically or mentally challenged and the elderly. These activities lead to greater social awareness in Sharp employees while also contributing to local communities. Sharp will continue actively developing community-based social welfare action programs.



Donating to a children's welfare facility in the Philippines
In June 2014, SPC, a manufacturing and sales base in the Philippines, donated books to a local orphanage.



Opportunities to Sell Welfare Facility Products in China
From December 2014 to January 2015, the Chinese production base NSEC held a sales event for beadwork products made by disabled people in Nanjing City.



Japanese Culture Experience Events in Indonesia

In Jakarta in February 2015, SEID, a production and sales base in Indonesia, invited about 50 children from an orphanage to participate in cooking and origami classes at the 100 Doraemon Secret Gadgets Expo.

[VIII. Harmony with the Community]

For Local Communities

Employee Volunteer Activities

In an effort to pass on the gratitude of its founder, Sharp actively encourages its employees to take part in volunteer activities that give back to local communities. Sharp is fostering a volunteer spirit at the company and enhancing social awareness among its employees through community-based activities that tackle social issues.

Community-Based Activities

Based on the three points listed below, Sharp works to create an environment where each and every employee can actively participate in community-based social action programs and volunteer activities:

1. Establishing volunteer leave and other company systems;
2. Establishing the Sharp Green Club (SGC) volunteer organization as a joint effort between labor and management;
3. Providing employees opportunities to participate in volunteer activities in coordination with NPOs and other third-party organizations.

In fiscal 2014, Sharp introduced a new form of volunteer activity it terms pro bono* activities. Through community-based volunteer activities, Sharp is fostering a volunteer spirit at the company and enhancing social awareness among its employees.

* Activities conducted during non-business hours or for a limited time, during which company employees voluntarily offer their occupational skills and experience to help resolve management issues at NPOs or other organizations tackling social issues.



Volunteer activities at the Osaka Women's Marathon

As one of its community service activities, Sharp volunteers at marathon events held near its business sites.



Picking up litter near the Tochigi business site

Sharp continues its effort to pass on the gratitude of its founder to local communities through cleanup activities near its business sites and along commuting routes.

Related information:

- > [Communicating with Local Communities](#)
- > [Environmental Activities](#)



Voice

Words from a Sharp Collaborator Regarding Pro Bono Volunteer Activities

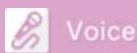
There has been increasing attention given to HR development methods that cross organizational borders, exemplified by concepts such as cross-border learning and competition among mixed-company/industry teams. Elements include morning activities, workshops, reading clubs, and pro bono activities. By working outside their company, employees can widen their perspective, come up with new ideas, experience eye-opening realizations, and make new discoveries. As well as leading to the improvement of products and services, such new findings can directly (and indirectly) contribute to employees' full-time work by inspiring them to rethink their work style.

Since 2014, I have held seminars at Sharp encouraging pro bono activities. Interested employees of various ages and from various departments participate in these seminars and work with external parties to conduct pro bono activities. Participants in previous seminars bring their coworkers along, and we are seeing a gradual increase in the scale of their pro bono activities.

Advanced skills combined with innovative thinking will really give you an edge. Pro bono is more than just a social contribution activity. It represents a new working style that expands one's relationship with society and widens one's perspective—something that can lead to in-house innovations. I hope that such activities gain more momentum in Sharp.



Ikuma Saga
Director
NPO Service Grant



Voice

Words from a Volunteer Joint Labor-Management Organization

The aim of Sharp Green Club (SGC) is to foster awareness of environmental protection among employees and give back to local communities through each employee's participation in community-based social action programs. During fiscal 2014, Sharp continued to make sincere endeavors involving activities such as community cleanup campaigns, tree planting, forest cultivation, and efforts to protect rare flora and fauna.

With ten years having passed since these activities began, SGC established an action policy in fiscal 2015 to promote self-growth, enhance social awareness among employees, and deepen collaborative efforts with local communities. In addition to our conventional activities aimed at protecting the environment and biodiversity, we are expanding our activities to encompass general social action programs.

Looking ahead, we will continue to further our collaboration with local governments and NPOs to undertake community-based activities, such as assisting with local events.



Shuichi Tsuda
SGC Vice Chairman
Sharp Workers Union
Chairman

[Guideline Content Index]

ISO 26000 Content Index

Sharp is pushing forward with CSR measures, acting in accordance with ISO 26000, an international standard providing guidance on social responsibility.

| Core Subjects | Issues | Relevant Pages |
|---------------------------|--|--|
| Organizational governance | Organizational governance | <ul style="list-style-type: none"> > Top Message > Policy on CSR Activities > CSR Dialogue > Process for Identifying Material Issues in CSR > Business and CSR > Structure to Promote CSR Policies and Measures Company-Wide > Corporate Governance > Internal Control > Risk Management |
| Human rights | <ol style="list-style-type: none"> 1. Due diligence 2. Human rights risk situations 3. Avoidance of complicity 4. Resolving grievances 5. Discrimination and vulnerable groups 6. Civil and political rights 7. Economic, social, and cultural rights 8. Fundamental principles and rights at work | <ul style="list-style-type: none"> > Top Message > [5 Material Issues ①] Supply Chain CSR Initiatives > [5 Material Issues ②] Respect for Human Rights and Diversity Management > Compliance > Fair and Impartial Procurement Activities > Promoting CSR across the Supply Chain > Dealing with the Conflict Minerals Issue > Efforts Related to Human Rights > Developing Company-Wide Diversity Management > Human Resource Development > Activities to Support Work-Life Balance > Promoting Occupational Safety and Health |
| Labor practices | <ol style="list-style-type: none"> 1. Employment and employment relationships 2. Conditions of work and social protection 3. Social dialogue 4. Health and safety at work 5. Human development and training in the workplace | <ul style="list-style-type: none"> > Top Message > Efforts Related to Human Rights > Developing Company-Wide Diversity Management > Fostering a Vibrant Corporate Culture > Human Resource Development > Activities to Support Work-Life Balance > Promoting Occupational Safety and Health |
| The environment | <ol style="list-style-type: none"> 1. Prevention of pollution 2. Sustainable resource use 3. Climate change mitigation and adaptation 4. Protection of the environment, biodiversity, and restoration of natural habitats | <ul style="list-style-type: none"> > Top Message > [5 Material Issues ③] Increasing Green Shared Value > IV. Contribution to Conservation of the Global Environment (Environmental Policy / Environmental Sustainability Management / Product Development / Product Manufacture / Logistics / Disposal, Recycling / Biodiversity Protection) |

| | | |
|---------------------------------------|---|--|
| Fair operating practices | <ol style="list-style-type: none"> 1. Anti-corruption 2. Responsible political involvement 3. Fair competition 4. Promoting social responsibility in the value chain 5. Respect for property rights | <ul style="list-style-type: none"> > Top Message > [5 Material Issues ①] Supply Chain CSR Initiatives > Compliance > Maintaining Free and Fair Competition and Proper Representations > Intellectual Property > Fully Complying with Export and Import Control > Preventing Insider Trading > Fair and Impartial Procurement Activities > Promoting CSR across the Supply Chain > Dealing with the Conflict Minerals Issue |
| Consumer issues | <ol style="list-style-type: none"> 1. Fair marketing, factual and unbiased information, and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness | <ul style="list-style-type: none"> > [5 Material Issues ①] Ensuring the Safety and Reliability of Products and Enhancing Customer Satisfaction > Ensuring Quality and Safety > Making Easier-to-Use Products > Enhancement of Customer Satisfaction > Information Security Strategies > Promoting CSR across the Supply Chain |
| Community involvement and development | <ol style="list-style-type: none"> 1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment | <ul style="list-style-type: none"> > [5 Material Issues ①] Stakeholder Engagement > III. Disclosure of Relevant Information / Protection and Security of Information (Customers / Business Partners / Shareholders and Investors / Employees / Local Communities) > VIII. Harmony with the Community (Promoting Social Contribution Activities / Environmental Activities / Educational Activities / Social Welfare Activities / Employee Volunteer Activities) |

[Guideline Content Index]

United Nations Global Compact 10 Content Index

Sharp joined the United Nations Global Compact in June 2009 and is pushing forward with CSR activities in line with the Global Compact's 10 principles.

| The Global Compact's 10 Principles | Relevant Pages |
|--|--|
| <p>Human Rights</p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p> | <ul style="list-style-type: none"> > Top Message > 5 Material Issues ① Supply Chain CSR Initiatives > 5 Material Issues ② Respect for Human Rights and Diversity Management > Compliance > Fair and Impartial Procurement Activities |
| <p>Labour</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p> | <ul style="list-style-type: none"> > Promoting CSR across the Supply Chain > Dealing with the Conflict Minerals Issue > Efforts Related to Human Rights > Developing Company-Wide Diversity Management > Activities to Support Work-Life Balance > Human Resource Development > Promoting Occupational Safety and Health |
| <p>Environment</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p> | <ul style="list-style-type: none"> > Top Message > 5 Material Issues ③ Increasing Green Shared Value > IV. Contribution to Conservation of the Global Environment (Environmental Policy / Environmental Sustainability Management / Product Development / Product Manufacture / Logistics / Disposal, Recycling / Biodiversity Protection) |
| <p>Anti-Corruption</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p> | <ul style="list-style-type: none"> > Top Message > Compliance > Maintaining Free and Fair Competition and Proper Representations |

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Published September 2015