

## Policy on CSR Activities

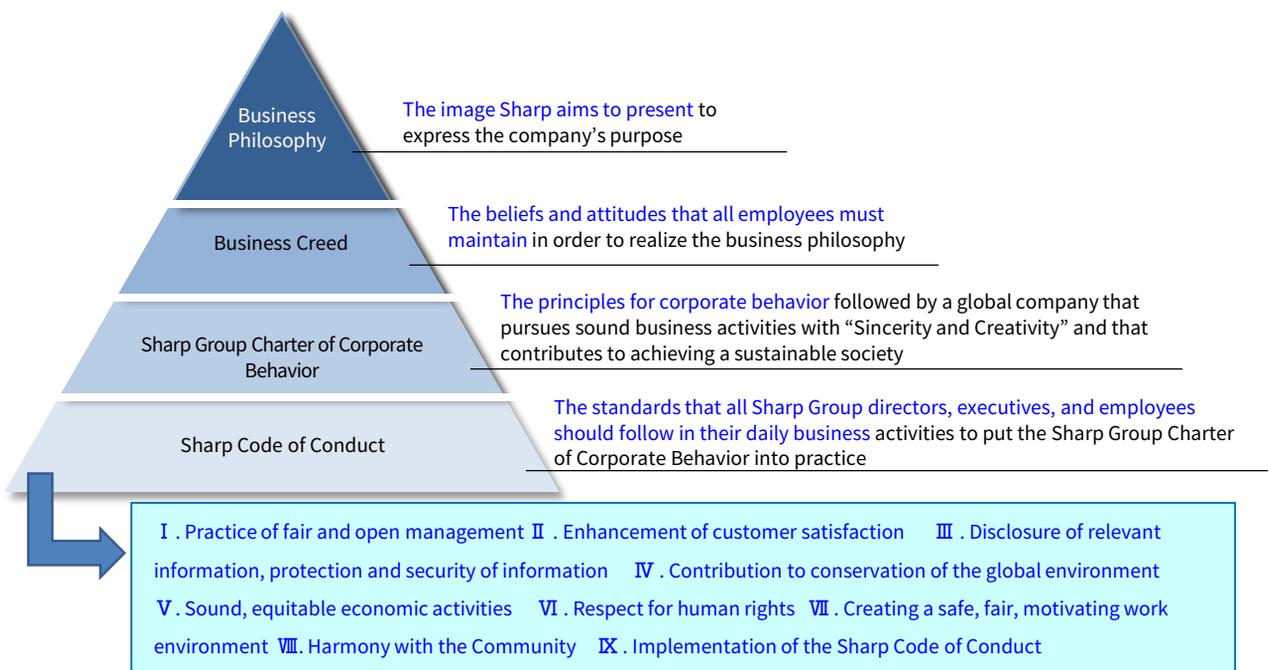
### Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct

Sharp's CSR activities are founded on its business philosophy and business creed. To realize this business philosophy and put this business creed into practice, Sharp has 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.

Sharp is a global company committed to achieving a sustainable society. Reflecting this, the Sharp Group Charter of Corporate Behavior sets nine principles to ensure that the Sharp Group fulfills its responsibility as a member of society and that it carries out sound business activities in line with its corporate creed of "Sincerity and Creativity."

The Sharp Code of Conduct dictates how all Sharp Group directors, executives, and employees should act in putting the Sharp Group Charter of Corporate Behavior into practice. All realms of the Sharp Group's business activities are required to pursue actions in line with this code.

The Charter of Corporate Behavior and Code of Conduct are reviewed as needed to accommodate changes in the business environment. This includes changes in the law and changes in what society and stakeholders expect of companies. The boards of directors of Sharp Group companies around the world have passed resolutions to adopt the Charter of Corporate Behavior and Code of Conduct. Sharp is also working to thoroughly communicate their content through training held every year.



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.

Related information : >[United Nations Global Compact](#)

## Policy on CSR Activities: Initiatives to Strengthen Social and Environmental Responsibility

### Sharp SER\* Policy

Coinciding with the transition to its new management structure in 2016, Sharp reviewed its CSR promotion structure in line with its new basic management policy. Sharp formulated the SER Policy in December 2016 in order to fulfill the social and environmental responsibilities of the Sharp Group.

#### SER Policy

1. Value the rights of employees and ensure their health and safety.
2. Fulfill environmental responsibilities in business activities and manufacturing processes.
3. Build and operate an SER management system based on international standards, regulations, and client requests.

\* Social and Environmental Responsibility

### Sharp SER Committee

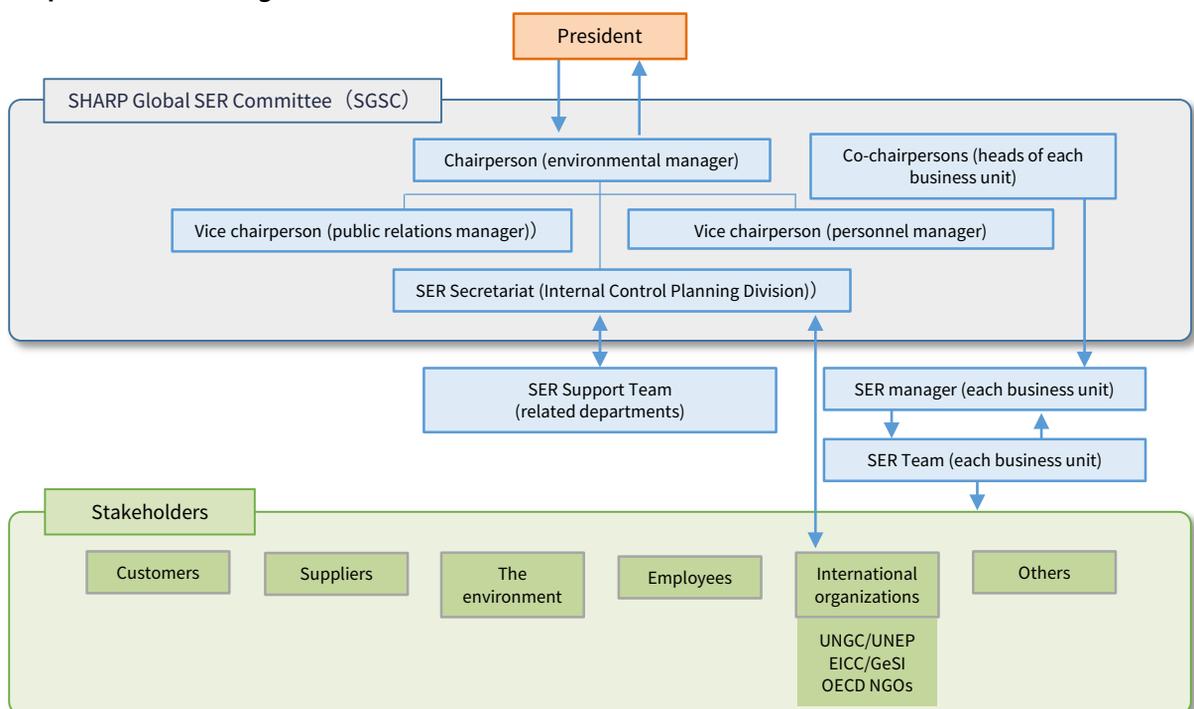
In December 2016, Sharp launched the Sharp Global SER Committee, chaired by the director of environmental affairs, to implement the SER Policy. It also formulated the Sharp SER Committee Operational Guidelines, which outline how the committee should be run.

The SER Committee makes decisions on items related to the promotion of SER activities throughout the Sharp Group. Activities include formulating SER guidelines, relaying them to each business unit, disclosing information to outside the company, and communicating with stakeholders. Additionally, by building an SER management system, the committee supports each business unit so that they can advance SER measures on their own initiative.

In addition, Sharp regularly holds an SER Conference with the participation of the co-chairpersons (the heads of each business unit) in order to deliberate and decide on important matters relating to SER and to promote their companywide deployment.

Going forward, Sharp will effectively promote SER initiatives, which emphasize safety, health, and environmental responsibility, via the SER Committee and steadily fulfill its corporate social responsibility.

#### ■ Sharp SER Committee Organization Chart

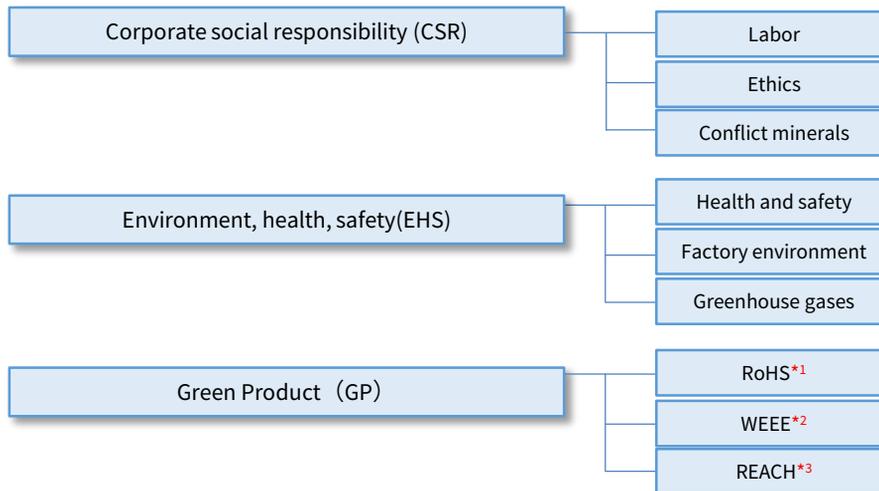


## Policy on CSR Activities: Initiatives to Strengthen Social and Environmental Responsibility

### Promoting SER Measures

With regard to specific measures for promoting SER activities, the SER Secretariat and the SER Support Team have formulated SER policy guidelines related to the following themes, in collaboration with each business unit.

#### ■ Themes



Each business unit selects the SER policy guideline that is most important to them and formulates and promotes its own SER measures (targets, key performance indicators, scope, and execution plan, etc.).

Every quarter, the SER Committee confirms the status of promotion of the SER measures in each business unit and conducts appropriate follow-ups as necessary.

#### ■ SER Policy Guidelines (Excerpt)

Theme	Policy	Scope
Labor, health, and safety	Restrict long working hours that can lead to health problems	All employees in Japan
Labor and ethics	Prevent harassment	All employees in Japan
Labor and ethics	Respect for human rights at overseas bases	Employees at overseas bases
Factory environment	Reduce and recycle waste	All production sites
Greenhouse gases	Suppress greenhouse gas emissions associated with business activities (improve energy use efficiency)	All production sites
RoHS	Eliminate the use of newly restricted substances*4 under the EU RoHS directive	All business units
WEEE	Comply with requirements set by the waste electrical and electronic equipment recycling laws of each country, such as the EU WEEE directive	All business units
REACH	Manage substances of very high concern*5, as stipulated by the EU REACH regulations	All business units
Conflict minerals	Conform with conflict mineral related laws and regulations and respond effectively	Applicable business units
General	Restructure supplier SER management system	Suppliers
General	Respond to survey and audit requests from clients	All production sites and consolidated production subsidiaries in Japan

\*1 An EU directive on the restriction on the use of certain hazardous substances in electrical and electronic equipment

\*2 An EU directive on waste electrical and electronic equipment

\*3 A set of EU regulations on the registration, evaluation, authorization, and restriction of chemicals

\*4 Four phthalate esters (DEHP, BBP, DBP, and DIBP) mainly used as plasticizers for resins

\*5 Substances that may have serious effects on human health and the environment

## Identifying Material Issues in CSR

For the sustainable development of stakeholders and the Sharp Group, Sharp believes that it should engage in CSR activities and fulfill its social responsibility while incorporating the opinions and expectations of stakeholders. Sharp understands the effects of its business activities on its stakeholders, and it has extracted key CSR themes while sorting out the opinions and expectations of stakeholders. It then identified CSR material issues and incorporated them into the CSR management PDCA cycle.

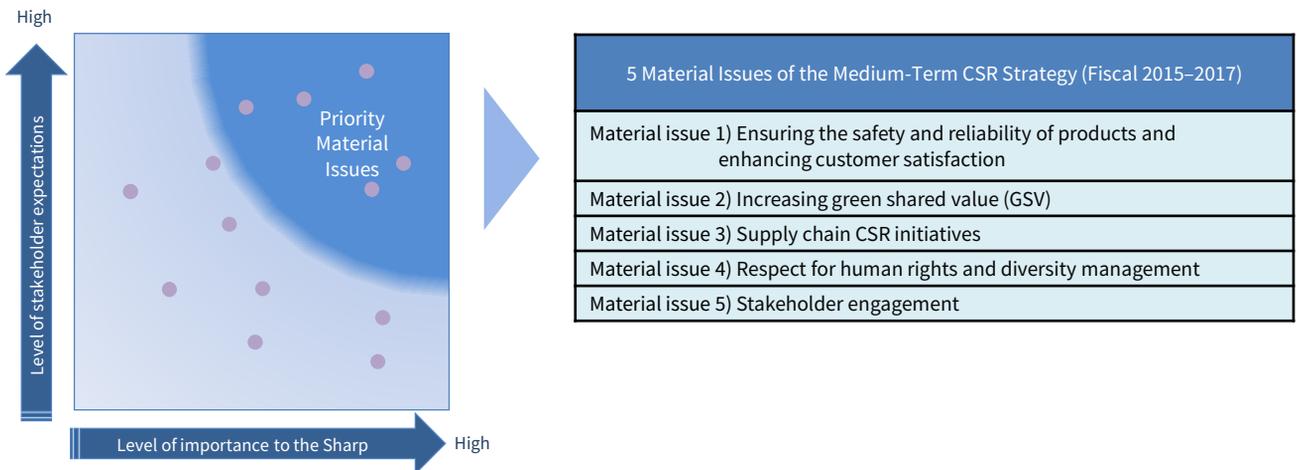


### Confirming Major CSR Themes

Sharp has distilled its major CSR themes by sorting out the opinions and expectations of various stakeholders (customers, local communities, business partners, shareholders, investors, and employees) while also taking into consideration various survey results and the moves of other companies.

### Identifying Material Issues in CSR

The major CSR themes (extracted 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 below.



### Incorporating into CSR Management

Sharp organized the identified CSR material issues in line with the Sharp Group Charter of Corporate Behavior. It then formulated the Medium-Term CSR Strategy (fiscal 2015–2017), bearing in mind the characteristics of the company’s businesses and the regions where it does business.

Under the Medium-Term CSR Strategy, each relevant department sets key performance indicators (KPI), incorporates them into the CSR management PDCA cycle, and practices PDCA (plan, do, check, act). Sharp reviews each measure as necessary in accordance with changes in society.

## 5 Material Issues (Materiality) in CSR

### Material Issue 1: 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

\* Self evaluation: ★★★ Achieved more than targeted / ★★ Achieved as targeted / ★ Achieved to some extent

Fiscal 2016 Measures	Fiscal 2016 Achievements	Self Evaluation*
Create products that customers can use with peace of mind by ensuring the safety and reliability of products and improving user-friendliness	<ul style="list-style-type: none"> <li>Improved quality through product safety assessment, reliability tests, and usability review</li> <li>Held product safety technical training for design engineers</li> <li>Established guidelines for reliability design</li> <li>Strengthened efforts in user-centered design (UCD) through usability review and training</li> </ul>	★★
Increase after-sales customer satisfaction	<ul style="list-style-type: none"> <li>Japan/overseas: Achieved target for customer satisfaction level by enhancing service capabilities and customer response skills</li> <li>Japan: Held training based on actual customer response cases at service bases nationwide</li> <li>Overseas: CS mind training conducted at major ASEAN nations</li> </ul>	★★
Fiscal 2017 Measures	Management Indicators	Scope
Create products that customers can use with peace of mind by ensuring the safety and reliability of products and improving user-friendliness	Number of serious incidents related to quality issues	Japan/overseas
Increase after-sales customer satisfaction	Customer satisfaction level	Japan/overseas

### Material Issue 2: Increasing Green Shared Value

As the world experiences population growth and economic development, the consequences of a range of environmental issues are becoming increasingly visible. These issues include increasing rates of energy consumption, shortages of raw minerals and water, and destruction of the natural environment. Against this backdrop, the Sharp Group is pursuing business activities based on its environmental policy of increasing Green Shared Value (GSV).

One of the most pressing issues is realizing a low-carbon society. To contribute to this effort, Sharp is focusing on expanding the development of environmentally conscious products, and raising and maintaining a high level of efficiency for energy use in its business activities.

#### Material Issue Goals of the Medium-Term CSR Strategy

Contribute to the realization of a low-carbon society by expanding the development of environmentally conscious products and raising and maintaining a high level of efficiency for energy use in its business activities

\* Self evaluation: ★★★ Achieved more than targeted / ★★ Achieved as targeted / ★ Achieved to some extent

Fiscal 2016 Measures	Fiscal 2016 Achievements	Self Evaluation*
Expand the development of environmentally conscious products	<ul style="list-style-type: none"> <li>Super Green Products (Japan): Certified 55 products</li> </ul>	★★
Raise and maintain a high level of efficiency for energy use in business activities	<ul style="list-style-type: none"> <li>Maintained an appropriate level of efficiency for energy use at all 13 plants in Japan</li> </ul>	★★
Fiscal 2017 Measures	Management Indicators	Scope
Expand the development of environmentally conscious products	Number of Super Green Products	Japan/overseas
Raise and maintain a high level of efficiency for energy use in business activities	Improvement rate of energy use efficiency (over fiscal 2012 level)	Japan/overseas

## 5 Material Issues (Materiality) in CSR

### Material Issue 3: Supply Chain CSR Initiatives

There is increased awareness of social issues affecting the global supply chain, such as human rights, labor standards, and environmental problems such as the destruction of nature. The Sharp Group recognizes the importance of meeting society's expectations towards Sharp regarding the contribution it should make, as a global company, to address such issues.

Through CSR initiatives in the supply chain, Sharp is responding appropriately to changing circumstances and strengthening its relationships of trust with stakeholders such as 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

\* Self evaluation: ★★★ Achieved more than targeted / ★★ Achieved as targeted / ★ Achieved to some extent

Fiscal 2016 Measures	Fiscal 2016 Achievements	Self Evaluation*
Expand the scope of and firmly establish CSR surveys at Sharp plants	■ Expanded CSR surveys to 25 Sharp plants in Japan and overseas (9 plants in the previous fiscal year)	★★
Firmly establish CSR/green procurement surveys of suppliers	■ Conducted CSR/green procurement surveys of suppliers at Sharp plants in Japan and overseas; achieved target for supplier response rate	★★
Conformity of client companies to CSR standards	■ Number of items pointed out during CSR audits of client companies decreased	★★
Fiscal 2017 Measures	Management Indicators	Scope
Firmly establish CSR surveys at Sharp plants and continuously improve performance	Number of plants that had CSR surveys conducted Assessment score of plants responding to surveys	All production sites and consolidated production subsidiaries in Japan
Fully revamp system toward improving CSR/green procurement surveys of suppliers	Operation of new system and trials at certain Sharp plants	Certain Sharp plants
Conformity of client companies to CSR standards	Number of items pointed out during CSR audits of client companies	Plants identified as critical

### Material Issue 4: 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, strategic diversity management is an important task. The priority of this management style is to promote and retain 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; invigorate organizations by promoting diversity

\* Self evaluation: ★★★ Achieved more than targeted / ★★ Achieved as targeted / ★ Achieved to some extent

Fiscal 2016 Measures	Fiscal 2016 Achievements	Self Evaluation*
Promote measures in line with action plan for Act on Promotion of Women's Participation and Advancement in the Workplace	■ Percentage of female managers 3.3% as of April 1, 2017 (same as previous year)	★★
Maintain employment rate for the disabled	■ employment rate for the disabled : 2.47%	★★
Prevent abuse of authority	■ Employee satisfaction with workplace and management indicated in workplace-satisfaction surveys Up 0.01 points for workplace satisfaction level; up 0.03 points for management satisfaction level (over fiscal 2014 levels)	★
Fiscal 2017 Measures	Management Indicators	Scope
Promote measures in line with action plan for Act on Promotion of Women's Participation and Advancement in the Workplace	Have at least 5% of managers be women (by the end of fiscal 2019)	Sharp Corporation
Maintain employment rate for the disabled	Employment rate maintained at 2.4%	Sharp Corporation, Sharp Tokusen Industry Co., and certain affiliated companies in Japan* <sup>1</sup>
Prevent abuse of authority	Improvement of employee satisfaction with workplace and management indicated in surveys* <sup>2</sup>	Employees of the Sharp Group in Japan and on temporary transfer to overseas bases

\*<sup>1</sup> Target scope defined by the public sector

\*<sup>2</sup> Workplace-satisfaction surveys

## 5 Material Issues (Materiality) in CSR

### Material Issue 5: Stakeholder Engagement (Contributing to Local Communities)

To achieve sustainable development of its business activities and of the regions in which it does business, the Sharp Group is pursuing activities that are oriented toward community involvement and development<sup>\*1</sup>. Sharp will apply what it has gained from collaborations and dialogues with the residents of local communities to its business activities, so that it can achieve further growth.

#### 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.

\* Self evaluation: ★★★ Achieved more than targeted / ★★ Achieved as targeted / ★ Achieved to some extent

Fiscal 2016 Measures	Fiscal 2016 Achievements	Self Evaluation*
Participate in local social action programs	<p>■ Maintained the number of Sharp Green Club (SGC) activities<sup>*2</sup></p> <p>Activities to protect biodiversity and the environment, community collaborative activities: Held 1,098 times with the participation of a total 17,871 people (including Sharp employee family members and others)</p>	★★
Fiscal 2017 Measures	Management Indicators	Scope
Continue participation in local social action programs	Number of social action programs maintained	Sharp Group in Japan

\*1 One of the seven core subjects of social responsibility in ISO 26000.

\*2 A joint Sharp labor-management volunteer organization that conducts activities such as forest preservation and cleanups.