



Sustainability Report

Web Version



2017

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Turning Change into Opportunity



Aiming to be a Great Company that can contribute to solutions to the world's social issues in a sustainable manner through our business

Hiroshi Moriya
President and CEO, Calsonic Kansei Corporation

Pursuit of CSR to Grow as a Great Company

The Calsonic Kansei Group is a *Monozukuri** company that supports the motorization of the world. In our position as a global supplier, we hope to be an important partner to car manufacturers all over the world, and be a company that contributes to the realization of a sustainable society as we further develop world-leading eco-friendly products and advance continuous CSR initiatives.

At the end of March 2017, our Mid-Term Management Plan, CK GX4 T10, which we pursued for six years, drew to a close, and it came time to take up the challenge of a new stage.

The CK GX4 T10 initiatives were pursued along the themes of four G keywords.

For the first G, “Green,” we successfully achieved our target of creating ten world-leading eco-friendly products.

For the second G, “Growth,” we declared a target of entering the global Top 10 automotive suppliers in sales revenue (one trillion yen or more). We have achieved that target of one trillion yen in sales since 2015.

For the third G, “Global,” we implemented a variety of initiatives to conduct competitive *Monozukuri* on a global scale with our unique, leading technologies.

Our global production structure of 79 sites in 15 countries and development structure of 14 locations in 8 countries are major achievements that have come from these endeavors, which I believe have contributed to the expansion of revenue and income. We have also built globally standardized production and development processes to make our operational processes more efficient.

While our Green, Growth, and Global endeavors have borne fruit, that is not to say that we have yet achieved our fourth G, to become a “Great Company.” To grow into a Great Company, we need to raise the value of our existence further by contributing to society. Declaring 2015 as our “First Year of CSR” we organized our CSR activities into a more systematic structure, and elevated them to company-wide initiatives. The outcome of these endeavors has been a major improvement in our external indicators regarding sustainability.

Our Outlook as an Independent *Monozukuri* Company – “Resilient” Sustainable Management –

At the end of March 2017, the Calsonic Kansei Group left the Nissan Motors Group, and transitioned into an independent *Monozukuri* company manufacturing automobile components. Leveraging the abundant industry knowledge of our new partner, Kohlberg Kravis Roberts (KKR), we will build up the new, reborn Calsonic Kansei Group.

In the process, the Calsonic Kansei Group is integrating our financial and non-financial operations, and we will further evolve our “resilient” sustainable management.

The keywords for our new Mid-Term Management Plan, which launches this year, are “sustainable growth” and “raising corporate value.” “Sustainable growth” refers to consistent improvement in our financial indicators, that is, continuing to renew our record-high profits that have continued since 2013. “Raising corporate value” will involve the pursuit of two things. The first is to become a key supplier that is indispensable to our customers, the automotive manufacturers. The second is to continue to raise the value of our existence in non-financial CSR aspects. We will set milestones that will allow the Calsonic Kansei Group to achieve its goal of becoming a Great Company in 2021.

The key to achieving this goal will be just how far each and every employee can act with a “CSR mindset.” This will require not only taking on board society’s demands, but also fostering a mindset for thinking about how they can contribute to society as individuals.

Our employees are one of the important stakeholders in our CSR activities. In addition to their contributions outside the company, we will continue to advance workplaces that have a pleasant and rewarding working environment for our employees.

Responding Promptly to the Demands of Global Society Amidst Fast-paced Change

The pace of change of global society continues to accelerate. The speed with which the Paris Agreement, the new international climate change framework, has come into force is symbolic of that trend. The Calsonic Kansei Group, as a member of the automobile industry, which has a deep association with the environment, is actively engaged in finding solutions to environmental issues. We will respond sensitively to these kinds of international developments and place even more efforts into our initiatives.

One major achievement of our CSR activities in Fiscal 2016 has been our response to human rights, which has become an issue of increased interest around the world. The Calsonic Kansei Group established a Human Rights Policy in April 2016, declaring our intention to respect international standards and protect basic human rights. As such, we are engaged in the respect of human rights not only of our own employees but also in our supply chain. In September 2016, we released a statement as required by the U.K. Modern Slavery Act that came into force in 2015.

We will also engage proactively, through our business operations, in achieving the [Sustainable Development Goals \(SDGs\)](#). We will also encourage our employees to be involved and contribute to resolving social issues as a good corporate citizen.

Creation of Social Value and Approaches to Diversity

The Tokyo Olympic and Paralympic Games will take place in 2020. One of the key concepts of these Games is “Unity in Diversity.” As a corporate group with its global headquarters located in the host country of Japan, we will be even more proactive in our approaches to diversity.

Specifically, in consideration of diversity, we will thoroughly cultivate our valued human resources in a way that will make the most of the individual characteristics of each and every one of our employees, and we will strengthen our business management to “grow together” with our employees. Diverse ideas spring forth from organizations whose members come from a wide range of backgrounds, including gender, age, birthplace, culture, faith, and beliefs, and it is from

those ideas that innovation is born. In other words, fostering an organization with diversity is essential to the Calsonic Kansei Group as it continues to take on the challenge of creating new value for society.

To Become a Group that Can Grow and Prosper Sustainably for 100 Years and Beyond

The Calsonic Kansei Group will mark the 80th anniversary of its foundation in 2018. For the Group to grow and prosper sustainably for the next 100 years and beyond, the pursuit of CSR activities will be imperative.

I hope that our stakeholders will watch over the Calsonic Kansei Group with anticipation of how it will proceed amidst such great changes. Turning those major changes into opportunities, we will continue to build up our initiatives within and outside the company, in the hope of drawing closer, step by step, to our goal of becoming a Great Company.

At the Calsonic Kansei Group, each and every employee will, as one team, enjoy the changes ahead and press forward in their daily work with even more confidence and pride than before.

* *Monozukuri* refers to the creation of value in all respects, through manufacturing fine products and providing excellent services in a timely manner to meet customers' expectations.

CSR Policy

Calsonic Kansei's CSR Policy outlines the responsibilities and policies Calsonic Kansei promises to fulfil for its stakeholders, with a view to achieving its "Corporate Vision." Based on this policy, each employee contributes to the achievement of a sustainable society by conducting their daily operations with an awareness of social responsibilities and with well-balanced business management based on environmental, social, and economic aspects.

Responsibilities to Customers

We aim to be the most trusted parts supplier by responding to the diversified needs and expectations of society and providing high-quality products and services that satisfy our customers.

Responsibilities to Business Partners

We will collaborate with our business partners, who provide us with components and services, as equals, and aim to create mutual improvement and sustainable growth through fair and ethical business practices.

Responsibilities to Employees

We respect the diversity and value of each employee and provide opportunities for them to develop talents that contribute to the company and to society, as well as securing a healthy and safe workplace environment. With this approach, we will create a company in which every employee can enjoy a rich life of hope, passion, and pride.

Responsibilities to Employees' Health and Safety

Based on the basic principle "the Health and Safety of employees takes precedence over all," we are committed to creating the safest and most appropriate workplace in the auto-parts industry through the participation of all employees.

Responsibilities to Shareholders

We aim to improve our profitability by continuously developing competitive products, and at the same time, we aim to enhance the company's corporate value by conducting fair business trade and with proactive information disclosure in order to return the generated benefits to our shareholders.

Responsibilities to Society

Monozukuri

We will contribute to the automotive society through our products by focusing on three key technologies: Environment, Safety and Comfort

Environment: Technologies for developing eco-friendly-vehicles

Safety: Technologies for creating automotive society without car accidents

Comfort: Technologies for developing vehicles which drivers can drive with comfort

Environment

We will contribute to creating an enriched society by each employee always being aware of the importance of nature and putting effort into conserving the environment through intellectual innovation gained from the integration of new technologies.

Participation in Social Activities / Social Contributions

We will contribute to the sustainable development of society as good corporate citizens by proactively participating in social activities of local communities through our business activities.

Our Stance on CSR

CSR Medium-term Plan

Basic Stance

Taking into consideration the progress made in CSR initiatives, the Calsonic Kansei Group formulated its first CSR Mid-Term Plan as an organization in May 2016. By incorporating requests from stakeholders more fully than before, the new plan stresses the importance of expanding the target for the PDCA cycle to all corners of our globalizing Group.

CSR Vision

Toward the goal of remaining an honest and trusted company, we strive to create a rewarding workplace, develop aware employees who tackle social issues, build a resilient company, and contribute to the achievement of a sustainable society.

Priority Measures

1. Improving Employee Awareness

From the viewpoint of encouraging active participation of women and securing human resources, which are some of the major issues in the manufacturing sector, we are working to create an easy-to-work-in and attractive workplace, and improve employee awareness levels so they are able to sense social issues on their own and work toward resolving them.

- (1) Creating a rewarding workplace (decent work)
- (2) Improving employee awareness about tackling social issues

2. Coexisting with Society

As a global company, we are building a system that complies with global rules.

- (1) Compliance with international standards in human rights and labor rules
- (2) Resolution of social issues through business operations

3. Improving Corporate Value

As we strengthen our environmental, social, and governance (ESG) initiatives in both financial and non-financial operations, place a particular focus on the development of eco-friendly products, so that we can continue to contribute to the realization of a sustainable society, while also growing sustainably ourselves at the same time.

- (1) Achieving the Mid-Term Management Plan
- (2) Strengthening our CSR activities

Our Stance on CSR

Key Issues in CSR Activities

Identification of Key CSR Issues

The Calsonic Kansei Group has identified its key CSR issues and KPIs as a concrete action plan for the CSR Mid-Term Plan, and is striving to reliably implement the PDCA cycle to achieve them. To identify the key CSR issues, we conducted a materiality analysis from a global Group perspective, paying particular attention to the precise identification of society's expectations.

Calsonic Kansei Group's Materiality

With regard to the Calsonic Kansei Group's materiality, we have classified the various initiatives we have undertaken to date according to the seven core subjects defined in ISO 26000, the guidance document for social responsibility, using the following two parameters: (1) degree of stakeholder expectation, and (2) the degree of difficulty and time it will take to achieve. In this way, we have adopted a process that identifies key CSR issues based on priority.

Based on the results of the materiality analysis, the Calsonic Kansei Group identified 25 key CSR issues and 43 initiatives, and has started implementing the PDCA cycle on those issues and initiatives according to their priority.

The progress of initiatives for each key issue and their outcomes are reviewed by senior management and released in our sustainability reports.

Issues to be Addressed



Materiality Assessment Process

Calsonic Kansei headquarters played a central role in the materiality assessment process, which was undertaken from a global Group perspective. As a means of incorporating a wide variety of stakeholder expectations, we adopted the following viewpoints as evaluation parameters.

Viewpoints Incorporated into Materiality Assessment

1. Feedback through day-to-day dialogue

Customer comments, employee questionnaires, market questionnaires, etc.

2. Global economic and social mega-trends and initiatives

World Economic Forum's Global Risk 2015, United Nations' Global Compact and [Sustainable Development Goals \(SDGs\)](#), etc.

3. International CSR guidance and guidelines

[ISO 26000](#), [GRI Sustainability Reporting Guidelines](#), etc.

4. Evaluations by ESG investment rating agencies

FTSE4Good, CDP Climate Change, Toyo Keizai's CSR Ranking, etc.

Active Incorporation of Expert Recommendations

For some time, Calsonic Kansei has actively sought to implement the recommendations of independent experts. For this year's report, we obtained a third-party opinion from Ms. Kumi Fujisawa, a highly respected expert in the areas of CSR and ESG.

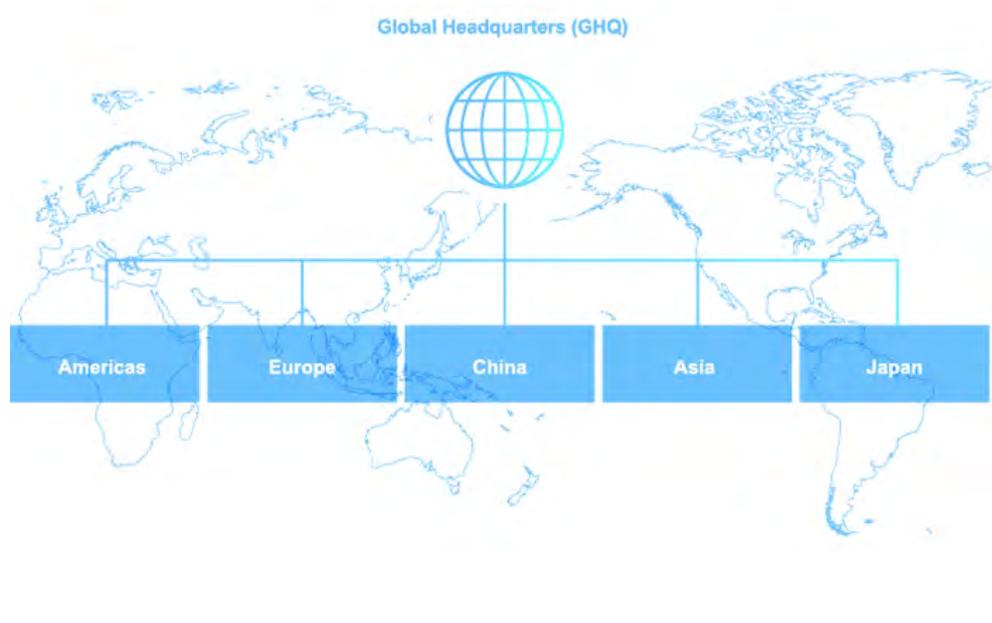
[> Third-party Opinion](#)

Approaches to Execution of Key CSR Issues

The Calsonic Kansei Group has appointed certain divisions to be responsible for each of the 25 key CSR issues. Since FY2016, those responsible divisions have played a central role in advancing the steady execution of the KPIs.

Also, in consideration of the increasingly borderless nature of our business, we are in the process of actively expanding the scope of the PDCA cycle beyond Japan to our overseas operations as well. Going forward, with Calsonic Kansei global headquarters acting as the division with overall control, we will set up divisions in each region to manage CSR, for the pursuit of CSR initiatives that are precisely in line with the individual characteristics of each region.

Global CSR Structure



Our Stance on CSR

Contribution to SDGs

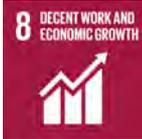
Calsonic Kansei's CSR and the Sustainable Development Goals (SDGs)

In September 2015, more than 150 members of the United Nations attended the UN Sustainable Development Summit at UN Headquarters in New York. The outcome of the summit was the adoption of "Transforming Our World: the 2030 Agenda for Sustainable Development." The Agenda contains a declaration and goals that serve as a plan of action for people, planet and prosperity. Those goals are the 17 Sustainable Development Goals and 169 targets, known as the SDGs.

As a global company, the Calsonic Kansei Group works to bring solutions to the challenges the world faces today through its business, and will strive to promote further CSR activities with the aim of achieving these internationally agreed goals.



17 Goals to Transform Our World

	<p>Goal 1: End poverty in all its forms everywhere</p>		<p>Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>
	<p>Goal 3: Ensure healthy lives and promote well-being for all at all ages</p>		<p>Goal 4: Ensure inclusive and quality education for all and promote lifelong learning</p>
	<p>Goal 5: Achieve gender equality and empower all women and girls</p>		<p>Goal 6: Ensure access to water and sanitation for all</p>
	<p>Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all</p>		<p>Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all</p>
	<p>Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation</p>		<p>Goal 10: Reduce inequality within and among countries</p>
	<p>Goal 11: Make cities inclusive, safe, resilient and sustainable</p>		<p>Goal 12: Ensure sustainable consumption and production patterns</p>
	<p>Goal 13: Take urgent action to combat climate change and its impacts</p>		<p>Goal 14: Conserve and sustainably use the oceans, seas and marine resources</p>
	<p>Goal 15: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss</p>		<p>Goal 16: Promote just, peaceful and inclusive societies</p>
	<p>Goal 17: Revitalize the global partnership for sustainable development</p>		

Stakeholder Engagement

Fundamental Principles

Global

Policy

The Calsonic Kansei Group values the transparency of its management both within and outside the company, and is committed to the active disclosure of information to its stakeholders. It is also engaged in the enhancement of activities to promote fair and constructive dialogue with its stakeholders.

Stakeholder





Stakeholder Initiatives



Activity

Achievements in Fiscal 2016

Major stakeholders		Major engagements	Initiatives
Customers	Automotive manufacturers	<ul style="list-style-type: none"> • Meetings with top executives • Regular sales/marketing and proposal activities • Customer satisfaction surveys • Exhibitions • Opinion exchanges 	<p>To respond to the increasingly diverse requirements and expectations of the times and to provide a high-quality spirit and service that will satisfy our customers, we engage an external specialist firm every year to conduct a quantitative evaluation of each of our product areas from six perspectives, including quality. This initiative has been ongoing since FY2010, and has shown improvements in the evaluations every year. The evaluation also gathers together opinions on areas that require improvement. In FY2015, opinions expressed included the need for improvement in the area of management.</p>
Suppliers	Companies that supply parts and services to the Calsonic Kansei Group	<ul style="list-style-type: none"> • Regular procurement activities • Suppliers Meetings (policy briefings, liaison meetings) • Supplier audits • Supplier exhibitions at CK headquarters • Due diligence surveys • Survey regarding action on conflict minerals • Establishment of supplier whistleblower desk 	<p>The Calsonic Kansei Group is committed to working together with our suppliers as equal partners for the mutual achievement of greater competitiveness and sustainable growth, and by following fair and ethical business practices. Suppliers meetings are held on an annual basis, at which we communicate the Group's procurement policies for the financial year, award suppliers that have excelled in their performance, and conduct questionnaire surveys. Separate liaison meetings are also held for each procurement category, as part of our efforts to achieve two-way communication.</p>
Employees	All employees of the Calsonic Kansei Group and their families, retired employees	<ul style="list-style-type: none"> • Personnel reviews • CK Way and Compliance Penetration Survey • Employee Commendation Program • Labor-management roundtables • Advice desk • Various counselling services • Internal whistleblowing scheme • Company intranet comment form • Company newsletter 	<p>We are engaged in efforts that respect the diversity and values of each individual employee and that will give them a place to develop their own character, so they may better contribute to the company and to society, and to a safe, healthy environment. Every year, we survey all Calsonic Kansei Group employees about the degree to which they practice the ten action principles of our action guideline, the CK Way. We also collect anonymous comments about problematic behavior, and activate the PDCA cycle to pursue improvements. For our retired employees, we send out the company newsletter for the first two years after their retirement and endeavor to maintain communication with them.</p>

Major stakeholders		Major engagements	Initiatives
Shareholders, Investors	Individual and institutional investors	<ul style="list-style-type: none"> • General Meeting of Shareholders • IR website • Financial results briefings • Facility tours • Workshops • Individual meetings • Business reports 	In addition to financial results briefings, we hold facility tours (five times a year) and workshops (once a year) for our institutional investors, at which the president and directors themselves brief our investors directly. We also maintain an ongoing dialogue with our investors through individual meetings (200 a year), and feed back to management their questions, opinions, and requests regarding the company's medium-term growth strategies and shareholder returns.
Government, Municipalities	Government agencies and municipalities in all regions in which the Calsonic Kansei Group has business locations.	<ul style="list-style-type: none"> • Responses to laws and regulations • Regular individual meetings • Saitama Mayor's visit to CK headquarters and meeting with CEO Moriya • Meeting between Governor of Saitama Prefecture and CEO Moriya • Cooperation with government events (volunteering, sponsorships, etc.) 	Through talks with the governor of Saitama Prefecture and Mayor of Saitama City, where CK headquarters is located, we share the challenges facing the local community, leverage those discussions in our corporate activities, and enhance our contributions to the local community. Both in Japan and overseas, we strive to contribute to local communities as a good corporate citizen by encouraging and sponsoring volunteer activities by our employees at government-organized events.
Local communities	Local residents and communities in all regions in which the Calsonic Kansei Group has business locations	<ul style="list-style-type: none"> • Kids Engineer program • Traveling classroom activities for elementary schools • Clean-up activities • Environmental Communication meeting • Meetings with residents' associations • Business site tours 	The Calsonic Kansei Group undertakes a range of activities aimed at gaining the acknowledgement and trust of local residents. As part of these initiatives, since 2015, we have invited, once in two years, representatives of local residents' associations and companies to the Calsonic Kansei R&D Center and corporate headquarters to take part in our "Environmental Communication" meetings to discuss CK's environmental activities. Similarly, our other facilities around Japan and overseas have established various opportunities for communication with their local communities and are engaged in cooperation with the local regions.

Customers

Ongoing Customer Satisfaction Surveys

 **Japan**  **Overseas**

System

The Calsonic Kansei Group conducts a customer satisfaction survey once a year to assess how customers view its business activities. 2016 marked the 12th year of this survey, which was first conducted in 2005.

The survey was conducted as a questionnaire to which customers applied a five-level rating on items related to quality, cost, delivery, development, management, and sales activities (QCDDMS) along with comments on specific improvement requirements.

Analysis is conducted based on the four points below.

- Long-term monitoring of changes in the same evaluation items
- Clarification of survey targets and understanding of the collection status (understanding of relationship with customers)
- Confirmation of changes and comments, and the clarification of issues
- Incorporation of methods for addressing issues in the plan for the next fiscal year and implementation of this plan

We aim to use this survey as a contact point for further enhancing communication with customers and for improving customer satisfaction.

Fiscal 2016 Survey Results and Response

We analyze survey data and customer feedback, by customer, product and region.

The following represents some of the customer feedback received during fiscal 2016.

Points for Improvement by Function

Sales

1. Issues related to costs and cost details (221 cases)
2. Issues related to management (51 cases)
3. Issues related to response and speed (37 cases)

Development

1. Issues related to new development and advanced development (95 cases)
2. Issues related to management (project management, etc.) (44 cases)
3. Issues related to proposal activities (37 cases)

Quality

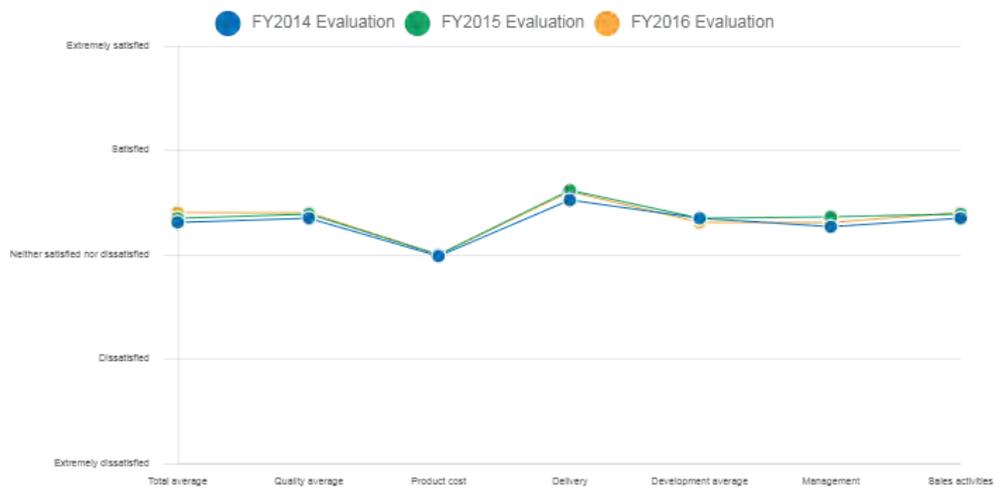
1. Issues related to management (104 cases)
2. Issues related to response and speed (58 cases)
3. Issues related to analysis capabilities (32 cases)

We hope that the planning and implementation of improvement proposals for each of these functions will lead to improved customer satisfaction and the establishment of better relationships.

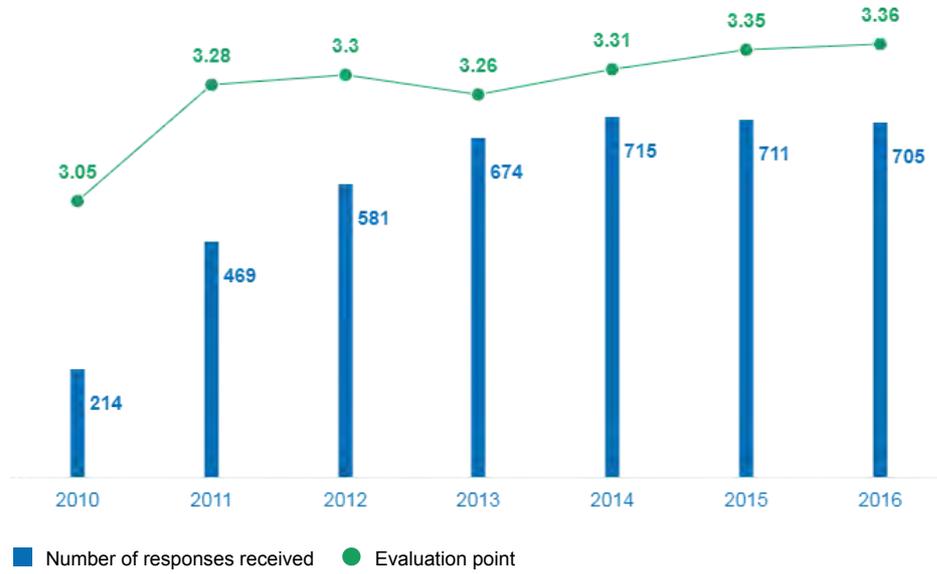
FY2016 Customer Satisfaction Evaluation by Product (Change from FY2015)

	Product	Total average
UP	A	0.25
	B	0.24
	C	0.24
	D	0.06
	E	0.05
	F	0.05
	G	0.04
	H	0.01
DOWN	I	-0.00
	J	-0.05
	K	-0.24
	L	-0.42

FY2016 Customer Satisfaction Evaluation by Item



Trends in Customer Evaluation Ratings (5 points is the highest score)



Public-Private Cooperation Creating Innovations to Propel Saitama Prefecture



Kiyoshi Ueda

Governor of
Saitama Prefecture

Hiroshi Moriya

President and CEO
Calsonic Kansei Corporation



The Social Significance of Doing Business in Saitama

* This meeting was held in April 2017. The title and other information are from the time of the meeting.

Moriya After a change in its major shareholder, Calsonic Kansei has embarked on a new course as an independent monozukuri company, a manufacturer of automotive components and creator of innovation to support the global automotive industry. Next year, 2018, we will mark the 80th anniversary of our foundation. It will also be ten years since we relocated our headquarters to Saitama Prefecture. Positioning

these milestones as the company's "second foundation," we hope to give fresh thought to what we should do for society.

Governor Ueda, you have been actively pursuing economic policies for some time, including attracting companies to the prefecture, haven't you?

Governor Saitama Prefecture has great momentum at the moment. We now have the third fastest population growth after Okinawa and Tokyo, and our nominal GDP in 2014 was ¥20,914.4 billion. In terms of GDP growth between 2003 and 2013, we were second only to Aichi Prefecture. I believe that this is the result of the efforts we have put into attracting companies to the prefecture, nurturing cutting-edge industries, and supporting companies. The Saitama Prefectural Government has a budget of ¥1.86 trillion, about half of which is for personnel and social security expenses. We have ¥150 billion in investment expenses, and spend ¥80 billion on public works. We have been attracting companies since 2005, and the most recent figures for total investment in the prefecture to date is ¥1,366 billion. This means that average investment per year is about the same as the Prefectural Government's annual investment expenses. Companies located in the prefecture pay business tax, corporate tax and fixed asset tax, their employees pay consumption tax, and their consumer behavior creates added value, all of which is contributing to Saitama Prefecture's economy. I believe that one of the greatest challenges for the prefecture has been to find ways to avoid relying on public works and to create an environment in which private-sector companies find it easy to do business.

Calsonic Kansei has located its headquarters in Saitama Prefecture, from which you are conducting business on a global scale, but what is your view of your relationship with the local community?

Moriya Our R&D Center and corporate headquarters are located in Saitama City, our advanced electronic components plant is in Kodama-cho, and our Production Engineering

Center and interior components plant are in Yoshimi-cho. All of our global head-office functions related to monozukuri are here in Saitama Prefecture. Many of our employees also live in the prefecture, and they are a major vital force for the company. The kinds of CSR initiatives we are placing our greatest efforts into are contributions to the local community and the environment. We currently have 79 locations in 15 countries around the world, each of which has close relationships with its local community. We want to build good relationships with the local community and government, which are our important stakeholders in Saitama Prefecture, and become a model for our colleagues around the world. We hope to continue to cooperate with the local community even more going forward.

Governor Yes, I agree. I think there are many ways in which the public and private sectors can cooperate, creating a win-win situation for both sides. The "tree-planting with commemorative plate" initiative is a good example of this. Individuals and organizations that donate a certain amount or more to the Sainokuni Green Fund can have a tree planted in their name, with a commemorative plate attached.

This has become a popular way to commemorate occasions such as weddings and birthdays. These kinds of initiatives make it possible to make the prefecture greener without using taxpayers' money. Also, depending on what kind of private-sector energy and ideas are introduced, there are still dynamic things we can do even if tax revenue declines. I think it would be good if we could come up with ideas like this together.

Aiming for co-existence and co-prosperity with the local community

Governor What thoughts do you have about solving social issues in the region?

Moriya One of the most important social issues that the Calsonic Kansei Group needs to address is the environment. In our Mid-Term Management Plan that started in 2011, we set a target of creating ten eco-friendly products, and we have achieved that target. Our sites in Saitama have obtained ISO 14000 certification and are conducting appropriate environmental management. Going forward, we will continue our efforts to contribute to the creation of a “clean society” through our business.

The residents of this region are very important stakeholders for our company. With our aim of co-existence and co-prosperity with the local community, in addition to the “local clean-up” initiatives conducted at each location, at corporate headquarters, we hold “environmental communication” meetings, and have opened up our electric vehicle charging stations to the general public free of charge and installed groundwater filtering systems. This latter move is so we can provide drinking water to local residents in the event of a disaster. We also want to actively encourage our employees even further to participate in volunteer activities in the prefecture. As you say, Governor, it is precisely because Saitama Prefecture is placing so much effort into harnessing the dynamism of the private sector that new business opportunities will emerge. If the prefectural government, companies, and the local community can come up with and implement ideas, it will create a win-win situation for everyone involved.



Expectations for Calsonic Kansei

Moriya Tell me what expectations you have, if any, of companies in the prefecture.

Governor I would like to see them hold more factory tours, as it would be very educational for social studies. Consumers seem to be much more familiar with the companies that deal with

the consumer end product, such as the car companies, but I would like to see Calsonic Kansei, which manufactures important components for those end products, promoting itself more.

Moriya We want to convey the fun of monozukuri to children, who will be responsible for the future. Since 2012, we have conducted a “Supporting What You Want to Do Project.” This consists of traveling classrooms, in which our employees visit elementary schools to teach them about the enjoyment of monozukuri. Last year, we also held factory tours for elementary schoolchildren and their caregivers. In addition to nurturing the next generation, another area we are focusing on is diversity initiatives. With the aim of realizing a society in which all people can work with vitality, at Calsonic Kansei, we strive to engage a diverse range of personnel. Governor, could I ask you what your thoughts are on employee welfare, parenting support, diversity, and other similar issues?

Governor The prefectural government does provide some assistance in those areas, but I would like to see efforts to retain employees for longer through workplace-based childcare. At hospitals and the like, it is apparently easier for nurses to keep working when they have access to childcare in the hospital. Even if it is difficult for a single company to do it alone, one solution may be for multiple companies to fund and co-manage childcare facilities for their employees. Having said that, unless one company becomes the “flag-bearer” and plays a core role, it may be difficult to pursue this, so I would like to see Calsonic Kansei, which is undisputedly a leading company, pull others along in this regard.

Moriya Thank you. We are moving into an era in which it will become more and more difficult to secure personnel, so we do want to become an attractive company that our employees will want to work at for a long time.

Governor If multiple companies were to get together, there would be potential not just in the area of parenting, but also for new businesses and innovations to emerge.

Towards further public-private sector cooperation

Governor As a company located in Saitama, what expectations do you have of the prefectural government?

Moriya We would like to collaborate in the area of monozukuri. We want to pursue the dissemination and interaction of our monozukuri technologies, which we hope will lead to the invigoration of the local economy.



Governor The Prefectural Government has designated 563 manufacturing plants that have solid technological capabilities as Sai no Kuni (Land of Color and Splendor) Factories. We are pleased to have designated first Calsonic Kansei's Kodama Plant, followed by your Yoshimi Plant in 2016. Kawaguchi was originally the site of many casting foundries and metal factories, so as an extension of that, the area now has many companies that supply components for aircraft and automobiles and the like. We think it would be a good idea if these designated factories were to form some kind of group that could hold networking events and the like.

Moriya You mentioned the growth in Saitama's GDP. I look forward to new business opportunities emerging in Saitama Prefecture as a result of collaboration between companies in the prefecture. There are many monozukuri companies gathered in the prefecture, after all.

Governor In a breakdown of the value of manufactured goods shipped from Saitama Prefecture, transport equipment accounts for 17.9%, and food products for 12.9%.

Moriya Calsonic Kansei is as an automotive components company, but I think it would be quite stimulating to exchange opinions with food companies or similar and to tour each other's factories. In the production of automotive components, "Safety First" is our prime policy, and our electronics plant and plastics plant have stringent controls regarding contaminants, so we may be able to collaborate in common initiatives in the area of hygiene management. We would like to deepen our learning through collaboration with other companies.

Governor Saitama Prefecture is one of the top prefectures in Japan in terms of the value of production of pharmaceuticals and cosmetic products. Pharmaceutical production has extremely stringent safety and quality controls. I would think that networking with different industries would be very inspiring for both sides. Saitama is achieving growth through the good balance of a diverse range of industry types located in the prefecture. This is probably because Saitama has favorable conditions for corporate activity, including its convenient access to the Tokyo metropolitan area. Our support measures for companies are also proving effective.

Moriya To put this another way, this is the "sustainable growth" that is Calsonic Kansei's ideal. Even in times of economic downturn, pharmaceuticals are essential, and people still want to wear cosmetics, don't they? Collaboration in the area of monozukuri will also, I believe, lead to the cultivation of monozukuri personnel for the next generation. I would like to see our industry as a whole driving a wedge into the trend for young people to drift away from technology, by strengthening its collaborations with junior high schools, industrial high schools, and technical colleges.



Building Personnel Employment Models as Joint Public-Private Sector Initiatives

Governor We have established the Saitama Prefecture Global Fund for the active participation of global human resources, to assist people who want to study abroad, and we are engaged in cultivating global human resources as a public-private sector co-operative initiative. For our new “From Saitama to the World” scholarship

program, we have decided to give naming rights to companies and individuals who donate to the scholarship fund. I would like to thank Calsonic Kansei for being one of the first companies to make a donation. It would be wonderful if the students who received these scholarships were to join companies in Saitama Prefecture on their return from their study abroad, wouldn't it?

Moriya We were happy to cooperate with this initiative in the form of the “Calsonic Kansei Next Generation Scholarship,” from our desire to produce people from Saitama Prefecture who have a global perspective and who will be able to participate actively in the world.

Calsonic Kansei has also been involved in the Saitama Prefecture Overseas Internship Programs since 2011. Every year, university students from Saitama Prefecture are offered the opportunity to intern at our overseas locations for two to three weeks.

We also accept students from industrial high schools and technical colleges for internships. While it would be ideal if they ultimately ended up working for us, even if that does not happen, we want them to learn about monozukuri. We have a number of unique, leading technologies, but there is a limit to what private-sector companies can do to disseminate those technologies. Going forward, we hope to continue to pursue collaboration with government in initiatives such as technology

older generation. According to Cabinet Office data, the so-called dankai sedai, Japan's baby boomer generation, which experienced Japan's period of rapid economic growth, has a higher level of consumer confidence than other generations. Fifty years ago, when the population surpassed 100 million, those aged 65 years and over accounted for just 7% of the population. Japan's population is projected to fall below 100 million 30 years from now, and in 2060, the 65-years-and-over age group will account for 40% of the population, or some 40 million people. There may even come a time when the elderly outnumber people of working-age. I believe we need systems that will extend Japan's healthy longevity, so that people aged 65 years and over who want to continue working will be able to do so.

Moriya You mean seeing our aging society not as a risk but as a business opportunity?

Governor The working-age population in 1995 accounted for 70% of the entire population, but by 2040, that will have fallen to 54%, which will be the smallest of the major nations. However, if people were to keep working until the age of 74, the working-age population in 2040 would be 66%, making it the highest in the world. Subsequently, we would be vying with the United States for first place. If we think in these terms, we need to create the environment in which people could keep working healthily until the age of 74. It would be good if we could come up with ways of enabling people to work no matter what their age, by using experience to compensate for declining muscle strength, and introducing AI and equipment.

Moriya I agree completely. Moreover, the active participation of women in the workforce will also be essential. We are seeing increases in the number of women working in our plants, and I would like to cultivate female plant managers. To create an environment in which diverse personnel can work, we will need to actively incorporate technology such as automation and IoT, and think of ways in which anyone can be involved in monozukuri.

Governor For Japan to compete in the world, I imagine that these kinds of innovations will be indispensable. Consumption would also be encouraged, and everyone will be happy.

Moriya This is one perspective for achieving growth.

Governor I look forward to cooperation between the private and public sectors to boost Saitama Prefecture further.

Moriya I realize you are probably very busy, but please do come and visit our corporate headquarters. Thank you very much for your time today.



Employee

Employee Awareness Survey



System

Each year, the Calsonic Kansei Group conducts a survey to assess how well the CK WAY, the common action guidelines for our employees, is being implemented. We use 64 multiple choice questions to determine how well the values in the 10 areas pursued in the CK WAY are being shared in the workplace, and to assess actual employee behavior. The results are used to develop action plans aimed at further improvements.

In Fiscal 2016, we achieved a 99.8% response rate at all of our global locations. Calsonic Kansei Group's strengths lie in the "Challenge", "Commitment & Target" categories, along with "Diversity," which in the past has been a weakness.

In contrast, the survey results showed that there is room for further improvement in the "Self-Discipline," "Learning," and "People-Oriented" categories. In Fiscal 2016, we also participated in Nissan Motor Company's employee awareness survey. Based on the outcomes of that survey, we are working to make improvements in each workplace, each facility, and across the entire Group, to achieve a company that employees find rewarding to work for.

Labor-Management Relations



System

Based on the stance that healthy labor-management relations are essential for corporate growth, Calsonic Kansei and its Group companies in Japan have built stable labor-management relations with the Calsonic Kansei Group Union Confederation (CKGU), to which their employees belong. We strive to improve the working conditions of our employees and revise relevant systems through regular opinion exchanges at labor-management roundtables and in the Working Style Improvement Committee. As of the end of March 2017, 100% of our employees (excluding those in managerial positions, re-hires, and non-regular workers) belonged to the CKGU.

Job reassignments are made from a long-term, human resources development viewpoint, after considering the individual employee's career path preferences that have been identified through interviews with the HR Group and the employee's supervisor. At least three months' notice is given before a job transfer to ensure a fair transfer process.

Participation in Outside Organizations and Other Initiatives

Basic Stance

In order to help create a better society, the Calsonic Kansei Group is actively participating in cross-industry initiatives and advanced initiatives being promoted through industry-government-academia collaboration.

Main Participating Organizations

Japan Auto Parts Industries Association (JAPIA)

Society of Automotive Engineers of Japan (JSAE)

Keidanren

Japan Electronics and Information Technology Industries Association (JEITA)

Japan Institute of Industrial Engineering (JIIE)

Saitama Association of Corporate Executives

International Association for Universal Design (IAUD)

Industry-Government-Academia Projects

In Fiscal 2016, Calsonic Kansei participated in 35 industry-academia collaborative research initiatives.

Compliance with Japan's Corporate Governance Code (FY2016)



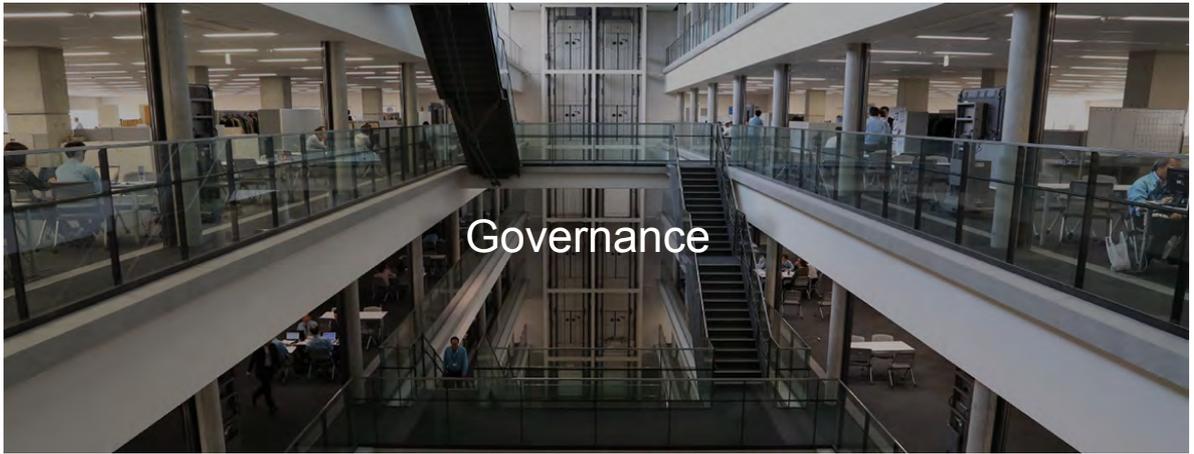
Policies

To comply with Japan's Corporate Governance Code, which went into effect on June 1, 2015, Calsonic Kansei has issued a Corporate Governance Report disclosing its policies related to the following principles and sub-principles: 1.4 Cross-Shareholdings, 1.7 Related Party Transactions, 3.1 Full Disclosure, 4.1.1 Scope and content of matters delegated to management, 4.9 Independence Standards and Qualification of Independent Directors, 4.11.2 Concurrent posts in other companies of directors and statutory auditors, 4.11.3 Analysis and evaluation of effectiveness of the Board of Directors as a whole, 4.14.2 Training policy for directors and statutory auditors, and 5.1 Policies for Constructive Dialogue with Shareholders. We actively incorporate the business management ideals that the Corporate Governance Code demands, and, while pursuing dialogue with stakeholders, strive to realize a sustainable society.

In line with Principle 4.8 Effective Use of Independent Directors (at least two), Calsonic Kansei appointed two independent outside directors at the June 2016 General Meeting of Shareholders, in an effort to ensure diversity among the members of the Board of Directors.

The Board of Directors met 21 times in Fiscal 2016, including extraordinary meetings. The rate of attendance of our outside directors was 100%*, as was the rate of attendance of our outside auditors.

* For outside directors appointed in June 2016, this refers to the rate of attendance after their appointment.



Corporate Governance

Compliance

Risk Management

Corporate Governance Structure (FY2016)



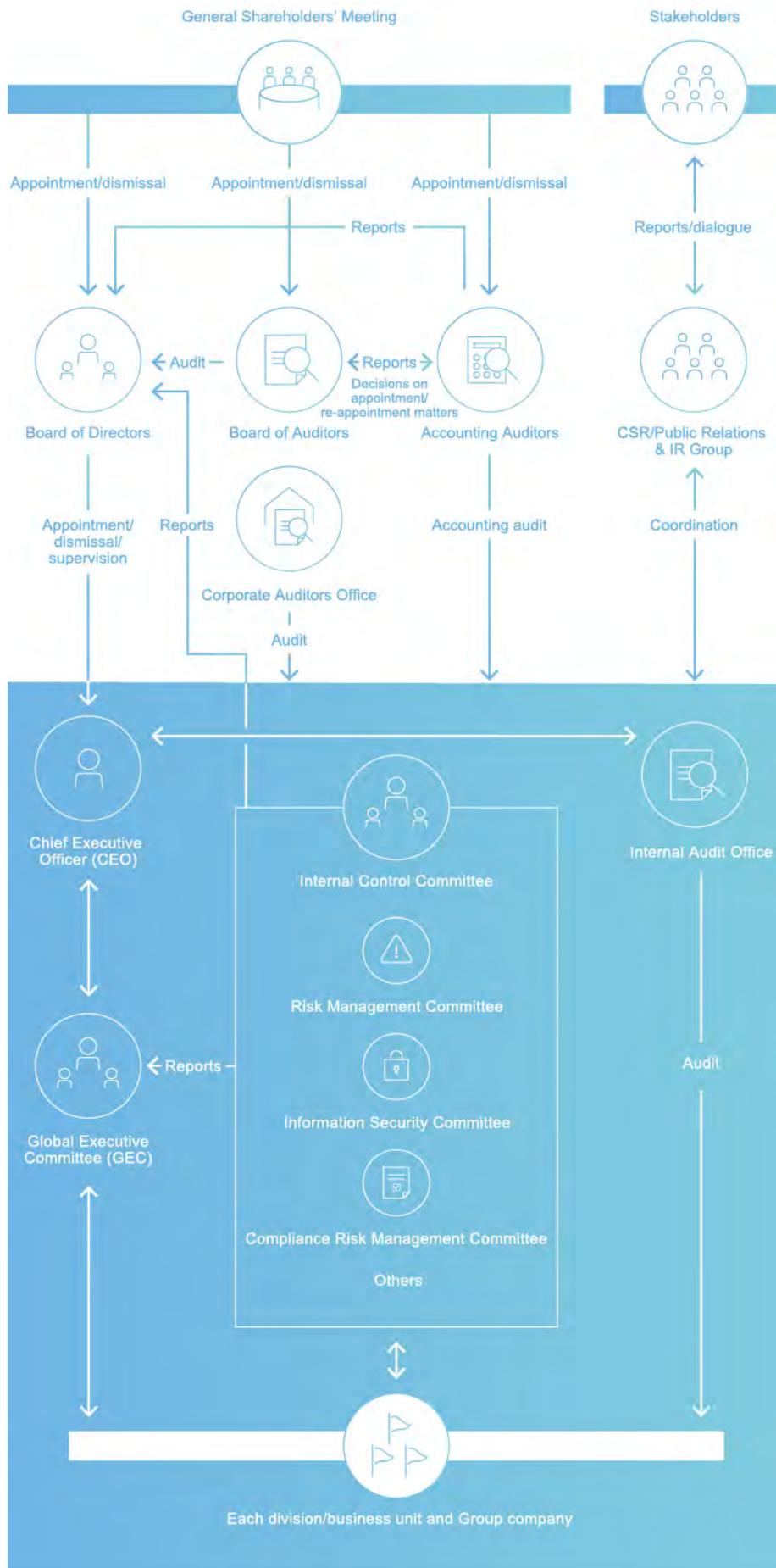
System

As a company with a board of company auditors, Calsonic Kansei has built a corporate governance structure led by its Board of Directors, auditors, and Board of Auditors. Board of Directors meetings are called and chaired by the Chairman of the Board of Directors or the President.

There are five directors, two of whom are outside directors. This ensures that diverse viewpoints are incorporated into management decisions and strengthens the mutual-monitoring function among the directors. Our criteria for determining the independence of outside directors conform with the independence standards stipulated in the Company Act and by the Tokyo Stock Exchange.

The auditors conduct a thorough audit of the directors' performance from a professional perspective. Furthermore, two of the four auditors are outside auditors, to ensure that audits are conducted from a more independent standpoint and to strengthen the auditing function. The current structure has been chosen because we believe these measures will ensure the effectiveness of our corporate governance.

Corporate Governance Structure



Construction of Internal Control System



System

For our internal control systems, to establish a structure that will ensure appropriate business operations, we have established the Calsonic Kansei Basic Policy on Internal Control, along with related company rules and regulations such as the Calsonic Kansei Code of Conduct (Japan version), Regulations for Meetings of the Board of Directors, Regulations on Safety and Health Management, and Regulations for Management of Insider Trading Prevention. We ensure that our board members and employees are thoroughly familiar with these rules and regulations and that the performance of their duties fulfills our company's social responsibilities.

Additionally, to ensure proper business operations within the Calsonic Kansei Group, we report on certain important issues, carry out discussions, and make decisions based on the clear and transparent Rules of Delegation of Authority established at the global level. These reports, discussions, and decisions are made in committees such as the Global Executive Committee (GEC)*, which consists of company officers and managers of group subsidiaries.

Committees Responsible for Internal Control



System

The Calsonic Kansei Group has established various types of committees, led by company executives, based on both environmental and social aspects. Each committee deliberates on policies and measures related to risk management, and, in addition to reporting to the executive responsible, regularly submits reports to the Board of Directors through the Internal Control Committee.

By working closely with these committees, we aim to solidify and further enhance our CSR activities.

In Fiscal 2016, there were no legal violations with respect to the environment, labor, bribery, information security, product safety, or exports. As such, Calsonic Kansei was not subject to any sanctions such as fines.

Furthermore, in the same Fiscal year, we received no complaints about any issues affecting society. In terms of anti-competitive activities, after a determination by the European Commission that there had been an act that violated European competition legislation, a fine of 1,747,000 euros was imposed. We will take further actions such as education and audits to ensure that there is no repeat occurrence,

On May 8, 2017, subsequent to the year of this report, due to a tender offer made for the company, Calsonic Kansei delisted its shares from the First Section of the Tokyo Stock Exchange. Nevertheless, we will continue to work toward appropriate organizational governance and information disclosure under our CSR policy.

Committee	Reports to the Board of Directors	Title and division of responsible director
Risk Management Committee	Twice a year (joint report)	Senior Vice President, Global Corporate Development Division
CK-DOA Committee		Executive Vice President and Chief Financial Officer, Corporate Planning Division
Information Security Committee		Executive Vice President and Chief Information Officer, Global Corporate Reform Division
Compliance Risk Management Committee		Senior Vice President, Global Corporate Development Division
Health and Safety Management Committee		Senior Vice President, Global Corporate Development Division
Environmental Management Meeting		Executive Vice President, Global Production Division
Export Control Committee		Senior Vice President, Global Corporate Development Division
J-SOX Steering Committee		Executive Vice President and Chief Financial Officer, Corporate Planning Division


[Establishment of Systems to Ensure Proper and Legitimate Business Activities \(Basic Principles and Systems of CK's Internal Control\)](#)

Compliance

Basic Stance



Policy

In the pursuit of the smooth operation of its business, the Calsonic Kansei Group recognizes the importance of all employees practicing compliance, based on a strong sense of ethics. The Calsonic Kansei Global Code of Conduct was established in 2003 in order to strengthen the global compliance structure. This serves as a shared code of conduct that defines proper behavior for employees around the world, and it applies to the entire Calsonic Kansei Group.

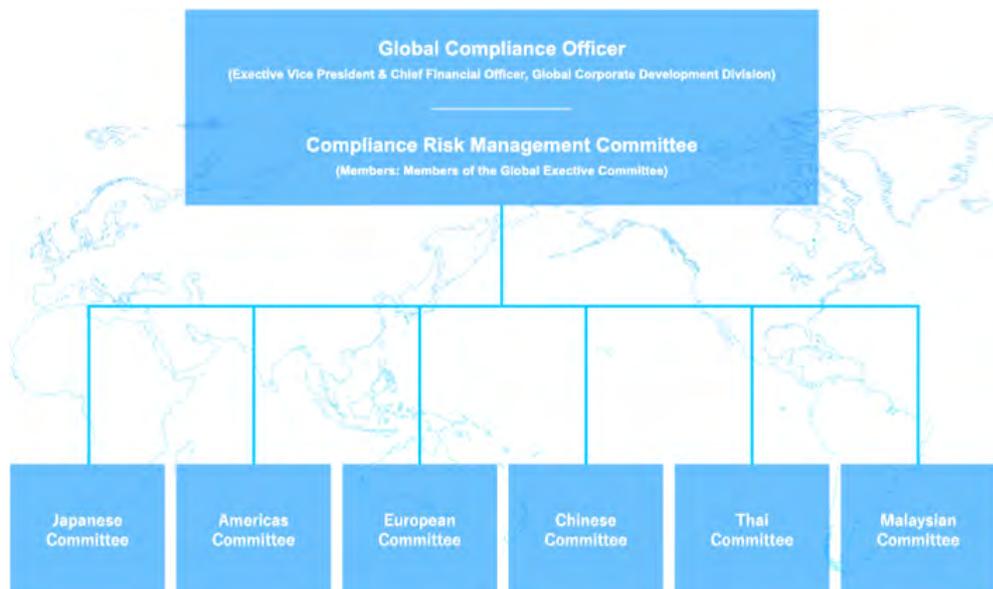
Compliance Promotion System



System

The Calsonic Kansei Group has established the Compliance Risk Management Committee to promote compliance in each region and at each of our business locations around the world. It has assigned executives and staff members responsible for compliance at each business location, and is working to spread and foster an awareness of compliance.

Global Compliance Structure



Spreading Awareness of Compliance

Periodical Monitoring



System

The Calsonic Kansei Group periodically monitors the major compliance activities of its regions and business locations around the world under the compliance program consisted of seven elements. The outcomes of this monitoring are reported to the Compliance Risk Management Committee to assist in further improvements of the process.

Compliance Program

1. Standards and procedures
2. Organizations
3. Education and training
4. Monitoring and auditing
5. Incentive and discipline
6. Reporting and investigating
7. Response and prevention (management of compliance risks such as anti-bribery and anti-trust)

Compliance Education and Awareness



System

The Calsonic Kansei Group conducts training on the Code of Conduct every year and collects pledges in order to strengthen awareness about compliance. In fact, 100% of our employees in Japan and overseas signed pledges in Fiscal 2016.

As part of our education on the Code of Conduct, we also provide education as necessary on the global risks of anti-trust law and anti-bribery law. For these risks, we have established basic policies and rules – global (group-wide), for our Japanese locations, and for our overseas locations and conducted communication and awareness-raising activities across the entire Calsonic Kansei Group. In Fiscal 2016, in addition to our full participation education program, we also held training for corporate officers on anti-bribery law in Japan, and anti-trust law and anti-bribery law training for the relevant departments in Japan, the Americas, and Europe, in our efforts to keep the relevant people fully aware of these risks. We will also progressively hold this targeted training in Asia, with the aim of reducing the risks on a global basis.

We have also developed our CSR Guidelines for Suppliers and asked their cooperation in ensuring anti-bribery and other compliance.



Anti-bribery training for corporate officers in Japan

Internal Whistleblowing System



System

The Calsonic Kansei Group has introduced a Group-wide internal whistleblowing system to ensure that each and every employee understands and implements compliance and is able to confirm whether corporate activities are being conducted properly.

We have developed a framework that enables employees to directly communicate opinions, questions, and requests to the company. This is helpful not only in terms of improving operations and the workplace, but also in terms of creating a corporate culture that complies with corporate ethics.

This framework also incorporates the concept of whistleblower protection in accordance with the Whistleblower Protection Act that came into effect in April 2006, in accordance with which it operates an external CK Helpline to serve as the contact point in Japan. The CK Helpline accepts reports both online and over the phone and allows employees to make reports using either their actual name or anonymously. An experienced person from a third-party organization receives the reports while protecting the privacy of the whistleblower, and then contacts the related department or organization so that the appropriate response can be taken.

In each region and business location around the world, we have also established and run internal whistleblowing systems that are optimized for each company while giving consideration to the culture and laws of each country. In the Americas and Europe, we have established hotlines as external contact points that accept reports 24 hours a day. We will also look into the establishment of an external contact point in Asia going forward.

Under our whistleblowing systems, we respond carefully to ensure that whistleblowers do not suffer any disadvantages from the perspective of whistleblower protection.

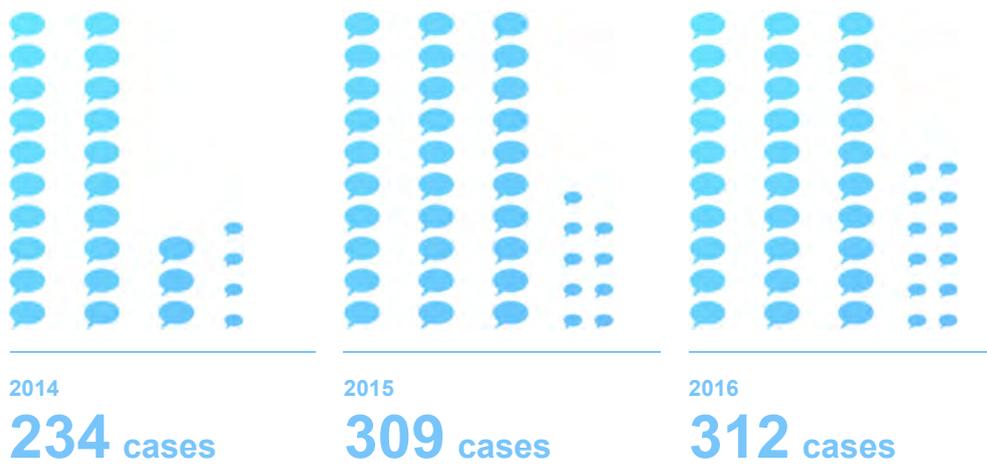
In terms of internal whistleblowing systems, in Fiscal 2016, we established a whistleblowing contact point for suppliers, as well as employees. As with reports from employees, any reports

received from suppliers will be dealt with in confidence to protect the privacy of the whistleblowers, to ensure that they are not disadvantaged.

In the event of behavior in a workplace that could be suspected of a human rights violation, the company must be prompt in understanding the situation and taking an appropriate response. The Calsonic Kansei Group believes that respect for human rights and the prevention of human rights violations are important to the employee whistle blowing system's interview process. Confidentiality is strictly adhered to in the running of the system, including the privacy of the person seeking advice, to ensure that the whistleblower does not suffer any disadvantages.

In fiscal 2016, 312 whistleblowing cases were recorded across the entire Group. All cases were satisfactorily dealt with and improvements made to the system, in consultation with the relevant departments.

Trends in Number of Whistleblowing Cases



Export Control (Security Trade Control)



System

The Calsonic Kansei Group has established the Export Control Committee, led by the CEO, to comply with Export Trade Control Orders and Foreign Exchange Orders under the Foreign Exchange and Foreign Trade Act. This committee also implements appropriate export control of goods, technologies and other matters with the potential to be diverted into weapons and military use. It consists of members of each division involved with exports, and its tasks include control of the export of parts, equipment and measuring instruments, control of the transfer of technologies and engineering diagrams, acquiring information on new laws and regulations, and training of employees.

Overseas, personnel responsible for exports at each business location conduct proper management in cooperation with corporate headquarters to comply with the export control regulations of each respective country.

There were no violations of such regulations in Japan or overseas during Fiscal 2016.

Export Control System



> Calsonic Kansei's Global Anti-Corruption Policy

Risk Management

Basic Stance



System

The Calsonic Kansei Group has established a Risk Management Committee in response to the global expansion of our business and the diversification of risk. This committee is composed of Global Executive Committee (GEC) members and the executive in charge of General Support and Human Resources serves as the Chairman. The PDCA cycle for risk management activities, which includes the identification of major risks and the development of response plans, is then implemented by the executives responsible for each business unit, functional division, and region.

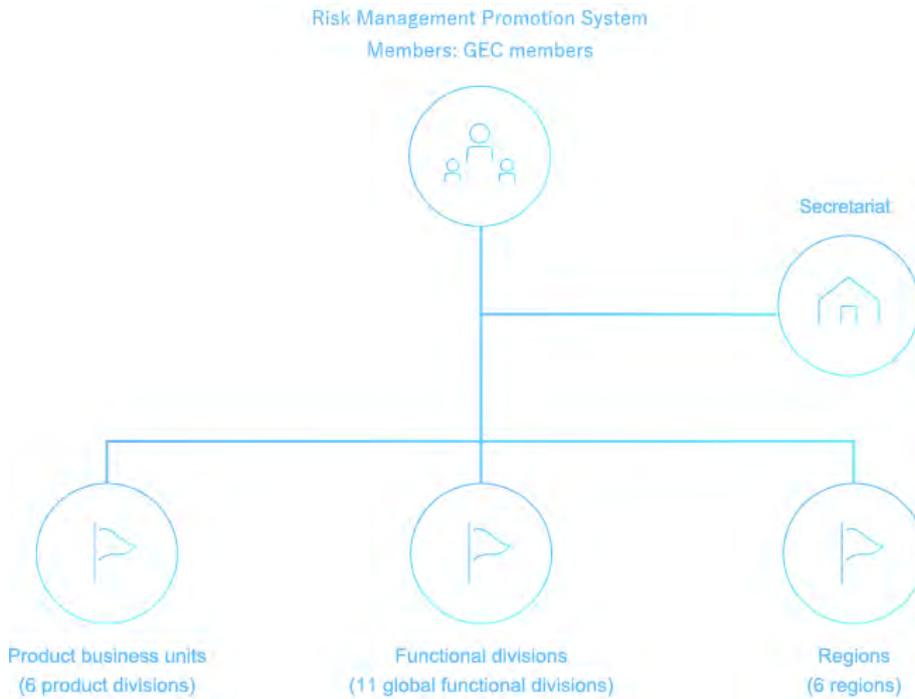
Risk Management Promotion System



System

The Risk Management Committee globally oversees six product business units, eight functional divisions, and six regions, and strives to conduct proper risk management by engaging in activities that reduce or eliminate risks.

Risk Management Promotion System



Activities of the Risk Management Committee

Each year, the Calsonic Kansei Group assesses the frequency and severity of potential risks, including natural disasters and financial and product risks, to identify major risks for both the entire Group and the individual divisions. We work to reduce or eliminate risks through these activities, and strive to use them as opportunities to expand our business by ensuring an appropriate risk level.

In fiscal 2016, the Risk Management Committee identified a total of four issues as potential major risks for the entire Group, namely, large-scale disasters, production continuity (supply risk), quality, and China's VOC restrictions*. The Committee then formulated measures based on an execution plan, and evaluated the execution status and results of these measures.

In each region, in addition to taking steps to address major risks common to the entire Group worldwide, the Committee identified risks unique to each region, formulated activity plans, and evaluated the results of the measures taken.

When a risk does materialize, the Committee will continue working to take swift and appropriate action.

* China's VOC regulations: Restrictions in China on emissions of volatile organic compounds (VOC) inside vehicle cabins

BCP Preparation



System

As part of its business continuity planning (BCP), the Calsonic Kansei Group has established the Disaster Management Regulations, in preparation for disasters such as earthquakes and typhoons. Based on these regulations, we have also developed the Company-Wide Disaster Prevention Manual, which is an action guide for employees to follow.

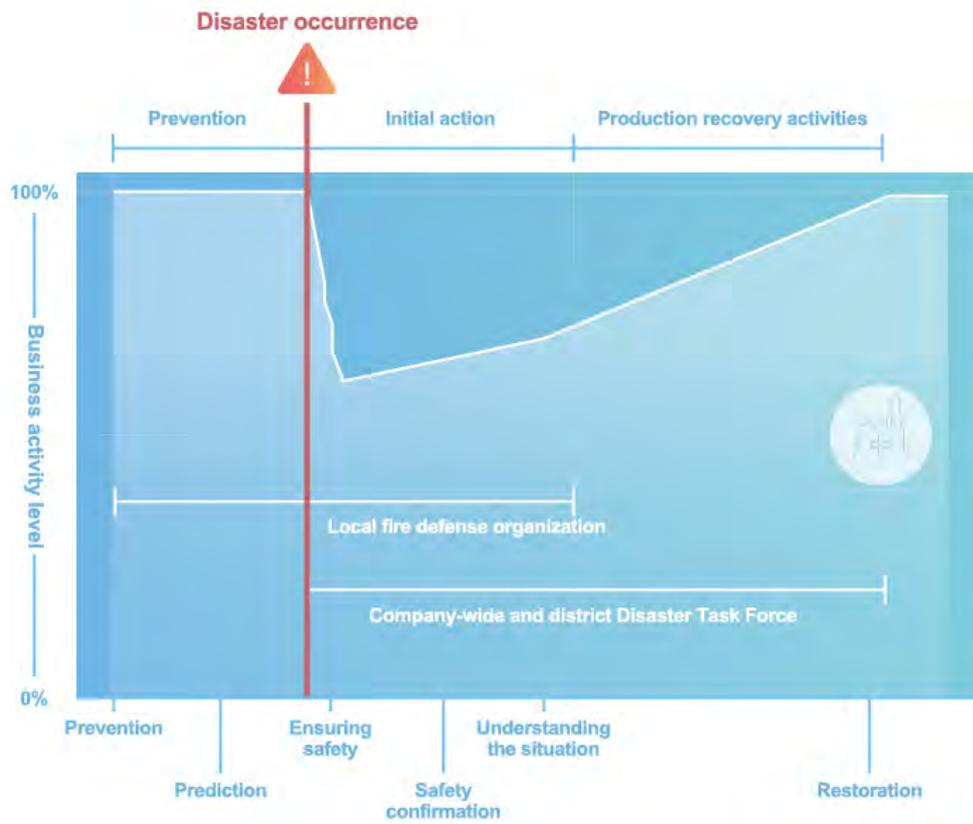
In the event of a disaster that could interfere with production continuity in the Group, the Central Disaster Task Force will be activated in Group Headquarters. To deal with possible interruptions to power transmission, the Central Disaster Task Force is equipped with emergency power generators, along with multiple means of communication including satellite phones.

This Central Disaster Task Force has been called into action on two occasions to date—the Great East Japan Earthquake and the major flooding event in Thailand. In both of these cases, it was able to secure the safety of employees and achieve rapid recovery of production.

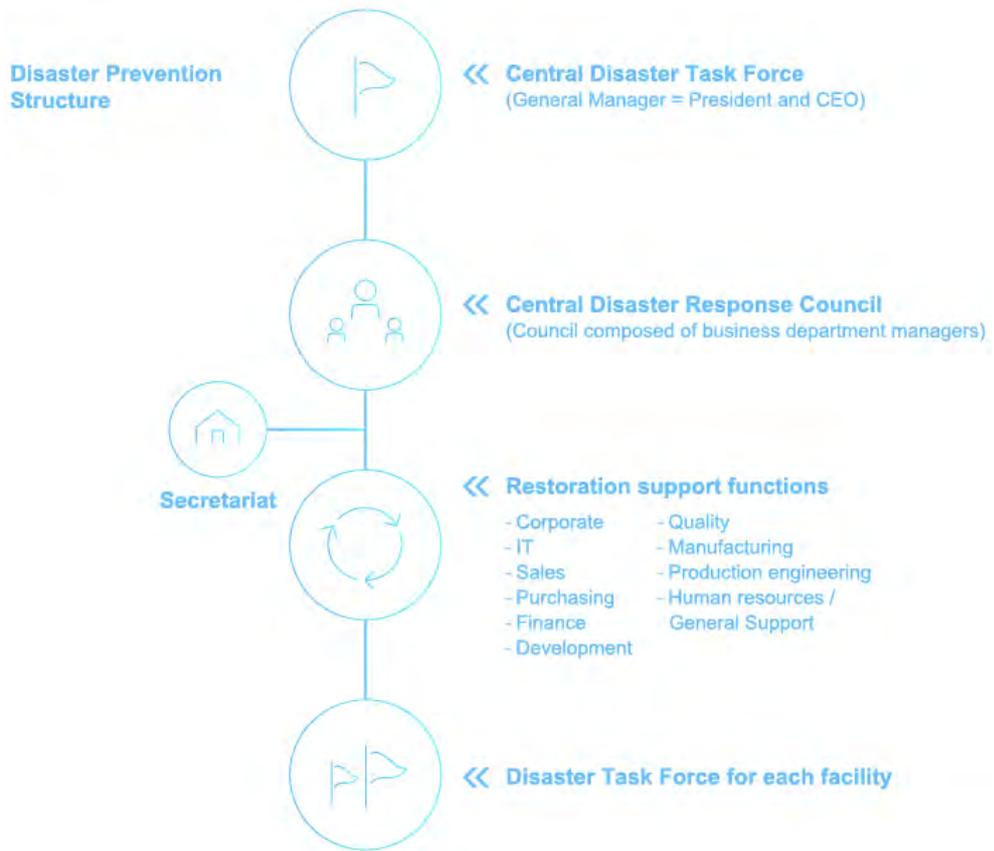
Furthermore, in preparation for a large-scale major earthquake disaster over a wide area, earthquake early warning systems have been installed in all Group facilities in Japan. Emergency power generators have also been installed in manufacturing locations where there is the possibility of fire, so that fire-fighting measures can be conducted at any time.

Additionally, at the Calsonic Kansei R&D Center and Headquarters, the main building has a seismically isolated structure that will enable it to serve as a temporary shelter for people who are unable to return home following a disaster.

Basic Response in the Event of a Major Earthquake



Disaster Prevention Structure



BCP Preparation Initial fire-fighting training



Basic first aid training

Information Security

Basic Stance



Policy

The Calsonic Kansei Group shares its Information Security Policy on a global level, while the Global Information Security Committee implements the required measures as and when needed to strengthen information security, referencing matters such as incidents of information leaks both within and outside the Group. We also conduct an ongoing annual in-house education program in an effort to spread awareness of and instill information security.

To ensure that the personal information of employees, business partners and other parties is adequately protected, we have developed Personal Information Management Regulations that stipulate matters including management systems, rules, and procedures based on laws, related government ordinances, and other guidelines, etc., concerning the protection of personal information. Personal information is thoroughly managed throughout the entire company in accordance with these regulations.

Information Security Management Structure



System

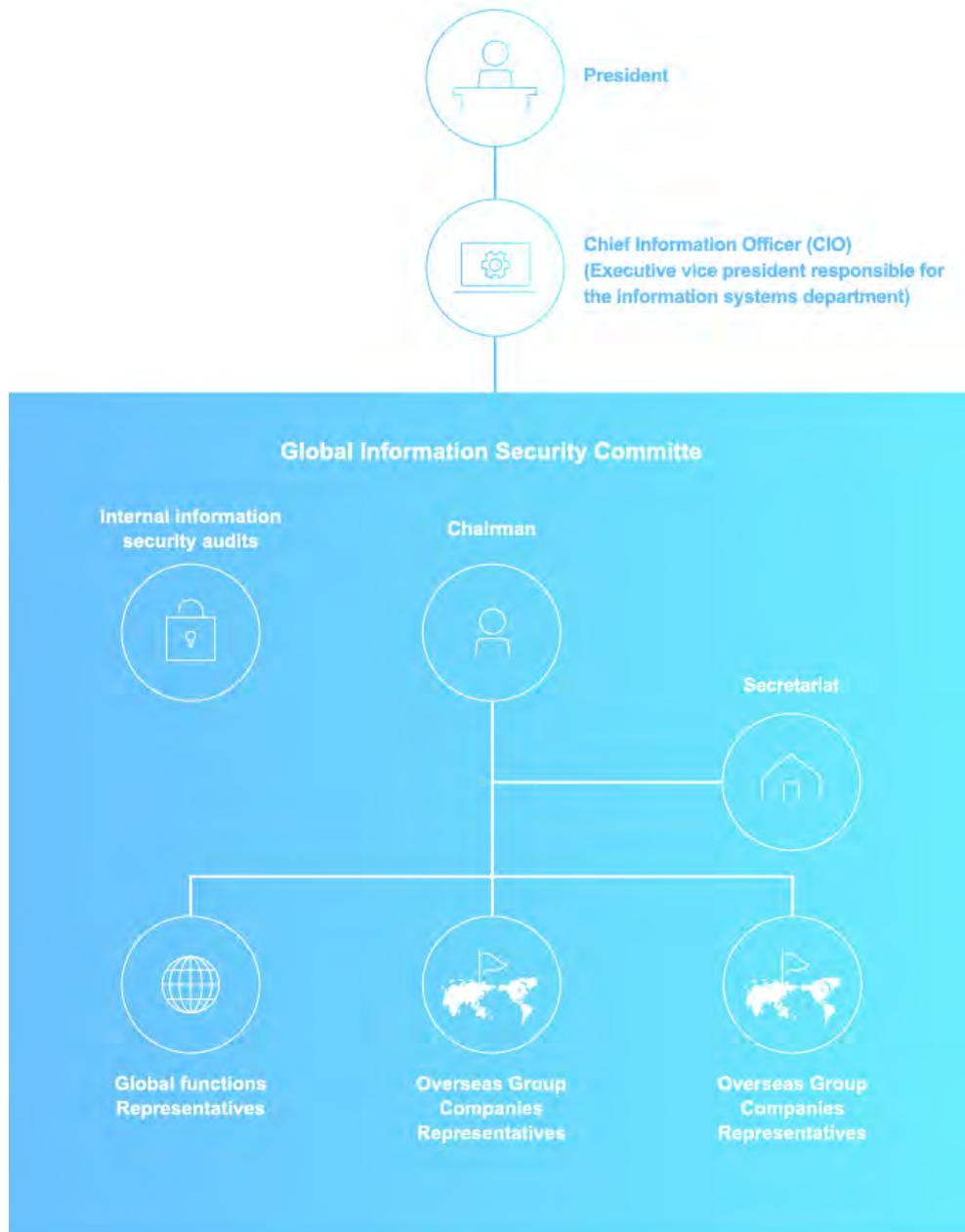
In order to address information security as a management issue at Calsonic Kansei, we have established an information security management structure with the vice president responsible for the information systems department serving as the Chief Information Officer (CIO).

The CIO holds regular meetings of the Global Information Security Committee, to hold the necessary discussions for ensuring the proper implementation of information security for the entire Group. A Secretariat, comprising personnel from the information systems, general affairs, and human resources departments, has been established to serve as a dedicated information security division and to assist the CIO.

In addition, the CIO plans and implements measures to ensure that internal regulations related to information security run smoothly and efficiently.

At major overseas Group companies, we have established Regional Information Security Committees and have introduced management structures equivalent to those at Calsonic Kansei. These structures have full responsibility for information security at each company.

Information Security Management Structure



Information Security Education and Awareness-Raising

Global

System

A high level of awareness regarding proper information management by every employee is essential for information security compliance, so we are working to strengthen awareness of compliance. In addition to implementing security measures such as the management of digital data access rights and restrictions on the use of external storage media, we are also conducting activities to raise awareness among employees.

Education and Awareness Activities

Initiatives	Details
Security measures	<ul style="list-style-type: none"> • Clarification of access rights through confidentiality classifications • Restrictions on writing data onto external storage media • Anti-virus measures and hard-disk encryption
Employee awareness-raising activities	<ul style="list-style-type: none"> • Communication of awareness-raising messages by the responsible executives • Implementation of new employee education and regular employee education programs • Assessment

Results of Employee Education

	FY2014	FY2015	FY2016
Training Participation rate	84%	99%	100%

Activity Report

Disaster Response Activities

● Japan

System

Calsonic Kansei introduced a safety confirmation system in Fiscal 2014 and conduct safety training based on annual safety training plans. These measures have been gradually introduced at Group facilities in Japan since Fiscal 2015.

In October 2015, we installed a groundwater membrane filtration system at the Calsonic Kansei R&D Center and Headquarters to provide safe drinking water to employees who are unable to go home following a disaster, as well as nearby residents. This system can still provide drinking water even if the public water supply system is disrupted.



Groundwater membrane filtration system



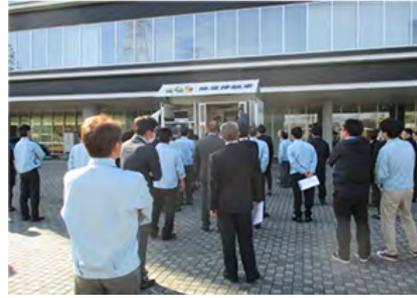
Bags for supplying water to neighboring residents



Some of the emergency food stockpile



General training with local firefighting agencies



Mock earthquake experience using an earthquake simulation truck

Information Security Activities in Fiscal 2016



Global

System

- The Global Security Committee met twice and the Japan Region Information Security Committee met four times in Fiscal 2016 to deploy new measures related to improving information security and to share information on the status of audits.
Security measures: internal audit conducted on risks of information leaks
 - Employee awareness-raising activities: employee education provided with global standardized content
 - “Security Week” held with the aim of improving knowledge and awareness of security among all employees on a global level
 - Distribution of a message by CEO, Hiroshi Moriya, and the responsible directors to raise awareness
 - Messages posted on intranet and display on wall posters to improve awareness of security
-



Social Contribution Activities

For a Safe, Reliable, and Comfortable Automotive Lifestyle

Together with our Business Partners
Quality Management
Creating Social Values through Innovations

Respecting Human Rights

Creating an organization in which employees can participate actively

Protecting the Health and Safety of our Employees
Creating an Organization that Values the Individual and Diversity Fair Treatment and Evaluation
Human Resources Development to Expand Individual Capabilities
Promotion of Diversity
Promotion of Work-Life Balance
Employee Data

Social Contribution Activities

Basic Stance



Policy

From the perspective of building a sustainable society, it is incumbent on companies to build mutually beneficial relationships with the various communities with which they come into contact through their business activities. The Calsonic Kansei Group has long been focused on participating in and developing communities as a good corporate citizen. When planning and implementing social contribution activities, we always consider how we can best leverage the Group's unique characteristics and knowledge and contribute to the development of local communities and industries.

Four Areas of Our Social Contribution Activities



Policy

Calsonic Kansei is expanding its social contribution activities so that it may contribute to the development of a better society. In Fiscal 2016, we assessed the future directions of our activities, and decided to strengthen and expand our social contribution activities on a global scale, with a focus on the following four areas.



Supporting the next generation



Safety



Environment



Community

Activities Expenditure

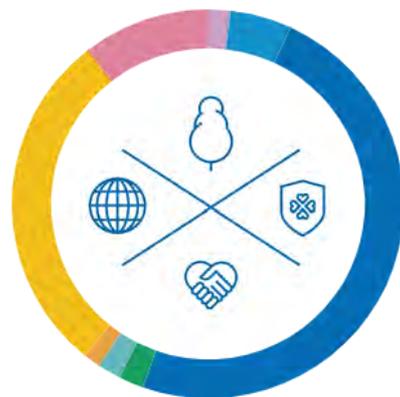


Activity

From Since Fiscal 2015, Calsonic Kansei and its Group companies in Japan began a policy of have calculating calculated their expenditure on social contribution activities by separately for the individual fields, as defined cited by the Japan Business Federation (Keidanren) One-Percent Club as examples of areas that should be addressed. Expenditure for FY2016 is anticipated to be around \10 million, with the breakdown expected to be virtually the same as the previous fiscal year.

Social Contribution Activities Expenditure

 Social welfare and social inclusion	¥ 200,000	1.8%
 Health and Medicine, Sports	¥ 550,000	5.1%
 Education, including social education	¥ 5,234,000	48.5%
 Culture and the arts	¥ 230,000	2.1%
 Local Activities	¥ 210,000	1.9%
 International exchange and cooperation	¥ 150,000	1.4%
 Aid to Disaster-Stricken Areas	¥ 3,104,902	28.7%
 Environment	¥ 10,000	0.1%
 Other	¥ 1,122,000	10.4%





Supporting the Next Generation

Japan

Activity

Through the internal volunteer-run Team SKETT, Calsonic Kansei and its Group companies in Japan conduct a wide range of activities for supporting children who will lead the future going forward.



Developing Future Engineers

We provide elementary school students good opportunities to experience vehicle technology and manufacturing with our hope that they become familiar with vehicles and *Monozukuri*.

We consider this activity as an opportunity for employee development, since they are able to learn the principles and fundamentals of the technologies they communicate to the children, at the same time, children are able to gain an interest in *Monozukuri*

Participation in Kids Engineer

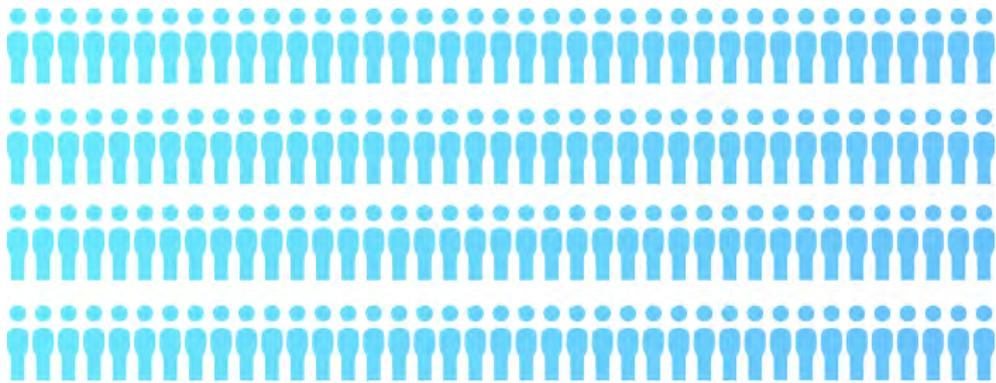
Team SKETT has participated in Kids Engineer, a hands-on exhibition for elementary schoolchildren organized by the Society of Automotive Engineers of Japan, Inc., since the inaugural event in 2008.

In Fiscal 2016, Team SKETT participated in Kids Engineer 2016, held in Yokohama in August, and in Mini Kids Engineer in Tohoku, held in the Tohoku region in November.

More than 4,000 participants learned about the enjoyment of *Monozukuri* at these events.



Number of Participants Attending Kids Engineer (2016)



More than **4,000**
participants attended

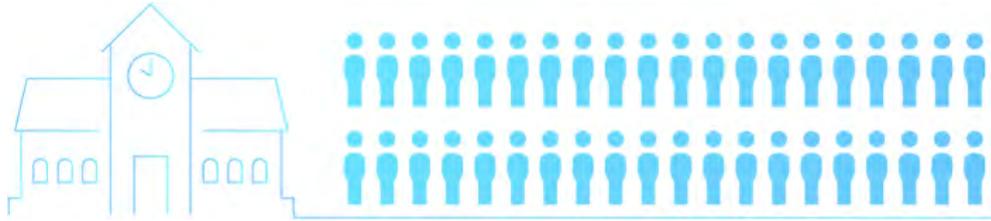
Traveling Classrooms for Elementary Schools and Craft Workshops

Since 2012, Calsonic Kansei has been delivering which was launched in 2012, provides special science lessons for elementary schools.

In Fiscal 2016, it conveyed the fun of science to more than 800 students at more than 16 elementary schools.

We also hold craft workshops at local children's halls and community centers to give children the opportunity to experience first hand the fun of making things.

TRAVELING CLASSROOMS FOR ELEMENTARY SCHOOLS



Traveled to
more than **16**
elementary schools

More than **800**
school students participated



Activity

Support for the Highschool International Conference Committee

Calsonic Kansei also supports the Highschool International Conference Executive Committee, an NGO run by high school students based mainly in the Kanto region, as part of our efforts to support children that who will lead the future.

Approximately 25 high school students participated voluntarily at in the 7th Highschool International Conference, held in December July 2016 on the theme of “The World We See,” and approximately 50 students participated in the 8th Conference, held in March 2017 on the theme of “International Cooperation.” The participants listened to the stories of a number of guests studying in countries abroad, after which they each chose a country they wanted to study in and developed an activity plan for that country. The participants deepened their knowledge by listening to lectures given by experts and to the stories of university students about their own experiences, and held discussions among themselves about future challenges and what actions they themselves could take.

We will continue supporting this committee in the hope that it will lead to the further enhancement and expansion of activities and to the development of global human resources capable of leading the future.



Eighth Highschool International Conference

Support for the Student Formula Japan Competition

Calsonic Kansei is involved participates in the running of and supports Student Formula Japan (SFJ), a competition held since 2003 under the sponsorship of the Society of Automotive Engineers of Japan (JSAE), providing steering committee members and operational staff. The competition is an opportunity for students to develop skills related to manufacturing, which in turn contributes to the development of the Japanese automotive industry. It serves as a public-interest activity for self-motivated students to cultivate various skills involved with manufacturing, and as training for those who will one day play critical roles in the future of the automotive industry We also interact with students by exhibiting our products at the SFJ venue and support the nurturing of the engineers of the future. The students are the stars of this event, pitting their *Monozukuri* skills against each other with vehicles they have conceived, designed and built themselves. The main objective of SFJ is to nurture professional individuals who will contribute to the development and promotion of automotive technology and industry, with the support of industry, academia, and government.



Community

Installing Groundwater Membrane Filtration System



Activity

In October 2015, a groundwater membrane filtration system was installed at the R&D Center and Headquarters. The system draws up groundwater and subjects it to sophisticated filtering treatment to create safe potable water. Without impacting the water flowing beneath the surface of the earth, this enables a dual supply of water from the public water supply and the groundwater. In times of disaster when the public water supply cannot be usedis unavailable, the system also provides a “water lifeline” of drinking water. We also plan to make the drinking water available to people neighboring residents in the neighborhood during any region-wide water outages.



Groundwater membrane filtration system installed at R&D Center and Headquarters

Environmental Communication

● Japan

Activity

In November 2015 Calsonic Kansei held an Environmental Communication gathering at the R&D Center and Headquarters with the local residents' association and people associated with the company in order to discuss its environmental activities.

With 32 participants, including members of the neighboring residents' association, companies and local government, we spent four-and-a-half hours introducing examples of our business activities and efforts for the environment, and then showing our guests around the factory and having a free exchange of opinions. Many of the participants expressed a desire for closer links with our company, which showed us the high expectations our neighbors have of us. We plan to hold this event every two years. Our Group companies in Japan are already holding these Environmental Communication gatherings with their neighbors as well.

We are also pursuing the promotion of field trial activities for electric vehicles (EV), through our participation in the E-KIZUNA Summit, and are engaged in promoting the popularization of EV. Specifically, we have introduced "Workplace Charging," which allows employees and visitors to charge their EV at the workplace, and we have also installed rapid charging facilities outside the Headquarters entrance for locals to use free of charge.



Environmental Communication Meeting

As a Good Corporate Citizen



Both in Japan and overseas, we aim to contribute to local communities as a good corporate citizen by recommending and sponsoring staff volunteers at government-hosted events. We also strive to forge partnerships with local communities by setting up various opportunities for communication with them.





China Region

Creating a Beautiful Local Environment



Calsonic Kansei (Guangzhou) Corporation Dalian Branch
Earth Day participants

Employees Uniting as One to Actively Pursue Initiatives

To contribute to the realization of a sustainable society, growing our business together with society is essential. To achieve this, we are undertaking a variety of global environmental initiatives, such as the efficient use of energy, roads and park clean-up drives, and forest maintenance.

In China, March 12 is designated “Tree-planting Day.” On Tree-planting Day in 2017, managers from the various departments of Calsonic Kansei (Guangzhou), including accounts, human resources, finance, general affairs, and production, gathered to plant a total of six trees, such as sweet osmanthus, moutan peony, and camphor trees, around the plant gate and in front of the cafeteria. These trees have been imbued with the intentions of encouraging employees to “develop a mindset of nurturing nature,” and to “grow together with trees we have planted.”

On Earth Day on April 22 every year, Calsonic Kansei (Guangzhou) Corporation Dalian Branch encourages employees to express their appreciation for the Earth, for the protection of the beautiful environment. The theme for Fiscal 2016 was “environmentally friendly commuting to reduce CO₂ emissions.” On that day, employees who usually drive their own car to work commuted by bus, bicycle, or on foot.

Expansion of Initiatives Through Stronger Global Collaboration

Our sites in China have only just begun engaging in CSR initiatives, but by collaborating with Global Headquarters and each other, they will work to strengthen their initiatives further.



Americas Region

Building Homes, Communities, and Hope



Calsonic Kansei North America, Inc.
Technical Resource Management
Design Engineering Manager

Shawn Ryan

Benefiting the Local Community

In Fiscal 2016, Calsonic Kansei North America Technical Center (CKNA MI) participated in several Habitat for Humanity* events to benefit the local community of Metro Detroit.

* An international non-governmental organization that addresses housing problems in more than 70 countries throughout the world, with the vision of "a world where everyone has a safe and decent place to live."

Civic Pride and Social Responsibility

The DE Management team kicked off these events by working together on a future home for a local family. Several of the DE groups did smaller scale projects that promoted a sense of team building. The final project was a group of DE team members from different communities coming together to support the Rock the Block community event. The aim of this event is to revitalize the region and benefit families, individuals, and veterans in need.

CKNA MI has shown a strong sense of civic pride and social responsibility through its participation in these events, and we hope to continue to support this cause in the future.



Asia Region

All Employees United to Engage in Social Contribution and Environmental Conservation



Calsonic Kansei (Thailand) Co., Ltd.

Employees Representative Group

Recycling to Help Make Prosthetic Limbs More Affordable

With nearly 2,000 employees, the CKT workplace generates a large volume of recyclable waste such as cans every day. This waste is usually sold to recycling operators as scrap, but we decided that we could put the pull-tab rings to good use to help those in need.

These recycled pull-tab rings are used to make prosthetic limbs. Due to the high cost of new materials used to make prosthetic limbs, they are hard for the less economically well-off to afford. Our donation of pull-tab rings has made it possible to manufacture prosthetic limbs in Thailand, without the need to import them.

Protecting the Environment Through Tree-planting

In December 2015, CKT President, along with representatives of the CKT staff, conducted a tree-planting ceremony in honor of the 88th birthday of His Majesty King Bhumibol Maharaj. This was a joint initiative with companies in the Amata Nakorn Industrial Estate, where CKT's plant is located. 3,000 trees have been planted in the area around the new road linking Bangkok and Chonburi Province, contributing to the mitigation of environmental issues.

Respect for Human Rights across Our Supply Chain

Basic Stance



Policy

With a sincere recognition of the global trends in human rights and labor, the Calsonic Kansei Group respects the complete diversity and human rights of its officers and employees alike, and has an established policy of non-tolerance of discrimination and harassment.

Respect for diversity and human rights is clearly stated in the Calsonic Kansei Code of Conduct. Our position of not tolerating sexual harassment or any other forms of harassment in the workplace is also stated clearly in our Basic Policy on Human Rights and the Key Policy on Human Rights. We strive to prevent such harassment to ensure that no harm comes to any of our employees regardless of their gender.

We are also engaged in the thorough consideration of human rights and labor not only amongst our own employees, but also in our supply chain.



Human Rights Policy



Policy

On April 1, 2016, the Calsonic Kansei Group published the Basic Policy for Human Rights and the Key Policy on Human Rights, which apply to its employees as well as people in its supply chain. In consideration of the Calsonic Kansei Group's global activities and of the requirements of society, these policies support various human rights international covenants such as the International Bill of Human Rights (Universal Declaration of Human Rights, the International Covenants on Human Rights), the Guiding Principles on Business and Human Rights, the UN Global Compact, and the ILO Declaration on Fundamental Principles and Rights at Work. The policies will be revised as needed in the future.





Human Rights Due Diligence in the Supply Chain

 **Global**

Activity

We conducted a trial human rights [due diligence](#) questionnaire of our major suppliers. The comments received and outcomes of that questionnaire have been reflected in the questionnaire and a full-scale survey will be conducted in Fiscal 2017.



Human Rights Education and Training

 **Japan**

Activity

Calsonic Kansei and its Group companies in Japan are engaged in raising awareness about human rights among their employees.

In 2016, topics related to human rights were raised in the following channels.



Company CSR Newsletter



Company Newsletter



CSR in-house e-learning
(Printed learning materials distributed to employees without Internet access)



Posters displayed in company workplaces



**Intranet notices
about Human Rights Week**



**Message from the corporate officer
responsible for human resources
posted on the Intranet during Human
Rights Week**



**In-house training for purchasing
departments ★**



**New employee induction training
(approximately 120 trainees) ★**

★ CK only

Two harassment-related incidents occurred in 2016 and were subject to disciplinary action according to our corporate regulations. We have already incorporated these examples of violations into our human rights education and training programs, and we continue to make efforts to prevent the recurrence of such incidents.

we actively plan to provide human rights education and training to all of our employees, including those of overseas Group companies.



A seminar for new employees



Europe Region

For the Protection of Human Rights, Including Our Supply Chain



Calsonic Kansei Europe plc.
Corporate Office Section Leader

Karen Myring

What is the UK Modern Slavery Act?

The UK government passed the Modern Slavery Act in March 2015. The Act includes a “Transparency in Supply Chain Provision,” which requires organizations with a business or part of a business in the UK with a turnover of £36m (approx. ¥5.04 billion)^{*1} or more to publish an annual Modern Slavery Statement on their website, addressing slavery and human trafficking, that encompasses not only the organization itself but also its supply chain.

A Serious Problem Caused by Global-ization

Modern slavery has become a serious problem on a global scale, with international human rights organization, Walk Free Foundation, estimating that there are some 45.8 million people^{*2} in [modern slavery](#) throughout the world. With the globalization of supply chains, corporations are being called on to take responsibility not only for what happens in their own company, but for the entire supply chain associated with their products.

Development of Human Rights Policy that also Encompasses Supply Chain

Prompted by this situation, the Calsonic Kansei Group began development of our own global human rights policy, which was formally established on April 1, 2016. The policy declares that the Group’s employees, as well as our supply chain, will respect international standards and strive to protect basic human rights.

In accordance with the Modern Slavery Act, Calsonic Kansei Europe (CKEU), the Group’s U.K. subsidiary, collaborated with Global Headquarters (GHQ) and the relevant subsidiaries to publish an annual statement in September.

Identifying Existing Initiatives and Necessary Actions

Our first task was to conduct research into the best industry practice. We studied a wide range of materials including government papers, NGO guidance and benchmark studies into the CSR and Sustainability practices of major automotive manufacturers and suppliers.

Using the results of our research, we prepared a detailed questionnaire containing almost 100 indicators of good/poor internal controls, policies, procedures or practices. This questionnaire was circulated to CKEU and GHQ departments on the basis that our statement needed to cover our entire supply chain.

The subsequent replies allowed us to understand where we already had good procedures, where we had room for improvement, and where we need to implement new measures.

Our activity identified many controls already in place to ensure that modern slavery practices do not occur within our own business, including employment contracts and our Code of Conduct. Within our supply chain we could also identify some good practices with our 2nd tier suppliers, such as site visits to observe supplier conditions and contractual obligations included in their supply contracts.

A special feature article on the issue appeared in the CKEU Newsletter, and we are conducting a range of activities to educate people within the company.

To Fulfill Our Global Responsibilities

Our activity identified that there is still room for improvement, especially in the area of our supply chain. Improvement ideas have been developed and have been included in the statement. Going forward, we will expand our initiatives on a global scale beyond the U.K. to prevent forced labor, human trafficking and illegal child labor. Specifically, we plan to conduct [due diligence](#) of our supply chain, distribute Supplier CSR Guidelines seeking our suppliers' cooperation in CSR endeavors, and conduct educational programs to promote understanding within the company.

*1: Calculated at £1 = ¥140

*2: Modern Slavery Index 2016, published by international human rights organization, Walk Free Foundation

Together with our Business Partners

Basic Stance



Policy

Calsonic Kansei considers its suppliers to be equals, and aims for mutual sustainable growth while maintaining equal and fair relationships based on mutual trust. With the globalization of the Calsonic Kansei Group's business, its supply chain is also expanding globally. At this time, we aim to improve our CSR management by sharing our ideas and policies with our business partners in order to promote our CSR activities.

Particularly in the case of overseas business partners, we share our CSR policies and actively promote local procurement to generate employment opportunities. In 2016, the percentage of local procurement was approximately 80%.

Promotion of Socially Responsible Procurement



System

The Calsonic Kansei Group is committed to transparent, fair, and impartial business processes when selecting business partners. Providing opportunities for broad participation, regardless of nationality, company size, and trading track record, Calsonic Kansei reviews the details of proposals from business partners across the relevant departments when making its selections. In actual trading as well, we comply with the Global Code of Conduct for Calsonic Kansei Group to maintain the performance of equal and fair work of a high standard. We hold briefing sessions on the Group's policies and regular liaison meetings in which we communicate with business partners through surveys and exchanges of opinion. Furthermore, as a compliance initiative, we have worked to spread awareness within the company about important points related to procurement principles, the Subcontractors Act, and the Antimonopoly Act. For major business partners, we have held CSR briefing sessions and requested cooperation with the Group's activities. In Fiscal 2016, we strengthened our internal systems related to CSR and to human rights, labor and environmental issues that are attracting increasing attention around the world. We also conducted a trial questionnaire survey as part of our supplier [due diligence](#). Based on the outcomes of that trial, we will conduct further surveys on a wider scale into the future.

Seeking Cooperation with CSR



Policy

In the briefing session on Calsonic Kansei Group's policies held in February 2011, we explained our CSR to major business partners and requested their cooperation with our initiatives. In particular, we asked for their compliance with laws and regulations, and gave clear indications of measures to be taken in the event of compliance violations, as part of our efforts to prevent repeat violations. Since Fiscal 2011, we have included "Compliance with Laws and Regulations" in our basic supplier agreement and have reflected this in agreements with new business partners. In Fiscal 2015, we developed the Calsonic Kansei CSR Guidelines for Suppliers (available in Japanese and English) and rolled them out to our major business partners. We are planning to roll out a revised version of the Guidelines in Fiscal 2017. Going forward, we will request our suppliers' continued cooperation with our CSR initiatives.



Response to Conflict Materials



Policy

In recent years, against a background of the increasingly borderless nature of the economy, there have been growing calls for companies to establish systems for respecting human rights that cover their entire supply chain. In response to these social demands, Calsonic Kansei and its Group companies in Japan formulated a "Policy for Addressing Conflict Minerals" from the perspective of limiting human rights violations in conflict regions, and began addressing this issue in line with that policy, including surveys of its suppliers in 2012.



Supply Chain Survey in Response to Conflict Materials



Activity

In August 2012, the United States enacted detailed legislation* that requires the reporting of the use of four major minerals mined from the Democratic Republic of Congo and the surrounding conflict regions that are potentially being used to fund armed groups. Fully endorsing the intent of this legislation, the Calsonic Kansei Group decided on a policy of investigating the use of conflict minerals in the supply chain from a CSR perspective and to conduct activities to stop the use of these minerals. We will continue to monitor legislative developments and social requirements and engage in our response to this issue into the future.

- A preliminary survey of suppliers was conducted between October and December 2012 (40 companies).
- A full survey was conducted from 2013 (224 companies in Fiscal 2013; 288 companies in Fiscal 2014; 285 companies in Fiscal 2015).
- 284 companies were surveyed in Fiscal 2016, with a response rate of 83%.



Promoting Calsonic Kansei Green Procurement



Policy

The Calsonic Kansei Group procures various items such as raw materials, supplementary materials and component parts, and believes that the management of those procured goods is important for the control of environmentally hazardous substances.

In accordance with the Calsonic Kansei Group Environmental Policy, in 2008 we issued the Calsonic Kansei Green Purchasing Guidelines (partially revised in October 2014) as the standard for environmental activities among business partners. In addition to requesting cooperation with those Guidelines, we also worked together with our business partners to conduct surveys of component substances of procured goods to verify their compliance with the International Material Data System (IMDS) and the Safety Data Sheet (SDS), etc.

Further, we investigate whether our business partners have acquired ISO 14001 or any equivalent certification for their environmental management systems, to work on improving our control of environmentally hazardous substances.

Supply Chain BCP Maintenance



System

The Calsonic Kansei Group has developed a Business Continuity Plan (BCP), available in Japanese, English, Spanish and Thai, and conducts activities for quick initial response.

Monozukuri Improvement Activities in Cooperation with Business Partners



System

In FY2009, Calsonic Kansei and its Group companies in Japan established a dedicated Supplier Support Team (SST) within the Calsonic Kansei Purchasing Department with the aim of strengthening the *Monozukuri* characteristics of our business partners and enhancing our working relationships with those partners. With the consent of the business partners, this team pursues joint activities for workplace improvement through the Calsonic Kansei Production System (CKPS). Also, with the consent of our business partners, we share examples of improvements with other business partners through events and exhibitions. In this way, we are creating an environment in which we can expect further energization of this initiative going forward. In Fiscal 2016, we conducted related activities with four business partner companies.

In Fiscal 2013, we began a program of calculating the level of our business partners' contributions to the environment. We do this by measuring the reductions in CO₂ emissions that result from their improvements to environmental issues, an area of growing concern, as a means of quantitatively confirming the effects. By clarifying the link between improvement activities and environmental burden, we are seeking to improve awareness of environmental issues among our business partners while promoting joint activities to expand their scope.

Supplier Award System

Japan

Activities

Every year, we select and award business partners that have contributed to the development of the business of Calsonic Kansei and its Group companies in Japan. Based on the selection criteria decided by the Calsonic Kansei Group, the Quality Division selected two companies for Outstanding Supplier Awards and one company for a Quality Improvement Award, based on their performances in Fiscal 2016. The Purchasing Division also has its own awards program for excellent suppliers, presenting Outstanding Supplier Awards to five companies in 2016. We will continue to award outstanding suppliers in this manner into the future.

Quality Management

Basic Stance



Policy

The Calsonic Kansei Group is focused on quality as an essential element required to meet the expectations of a range of customers, from improving performance to ensuring safety and reliability, and achieving comfort. We consider the maintenance and improvement of quality to be one of the most important issues for the company as a whole, and aim to contribute to society and to be a company that is trusted by its customers, by continuing to provide high quality in all processes, including development, design, production, and logistics.

Quality Vision

Realize the world No.1 quality to satisfy customers.



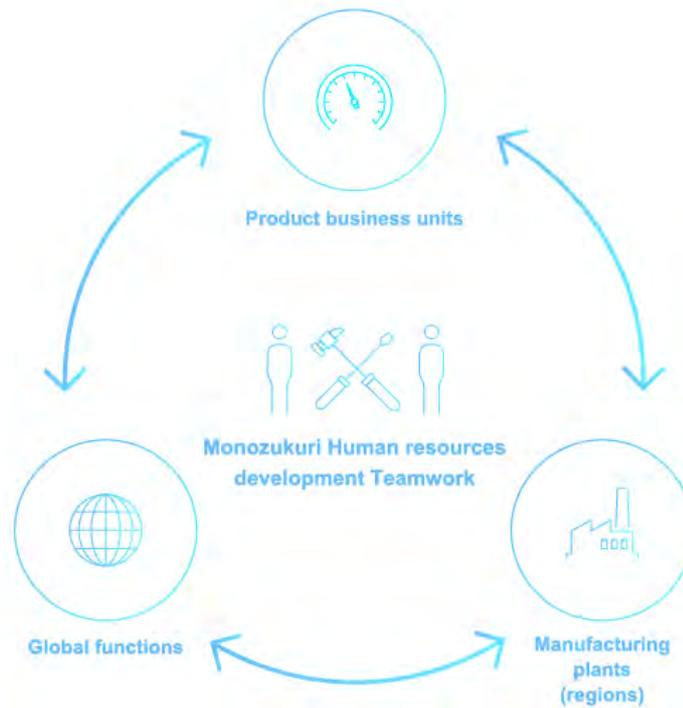
Quality Management System



System

In order to achieve the best quality in the world to satisfy our customers, the Calsonic Kansei Group's product business units, manufacturing sites (regions) and global functions work together towards *Monozukuri* innovation. Because human resources development and teamwork are the foundations of *Monozukuri* innovation, values related to human resource development and cross-function and cross-region initiatives are shared globally as the CK WAY.

Specifically, in addition to collaboration between the global functions and individual business divisions, we have optimal quality assurance systems for each country/region and business. These systems are implemented through regular meetings with our production locations around the world. In addition, based on the Calsonic Kansei Production System (CKPS), we have developed the Global Quality Management System (Global-QMS) and we are working to further improve quality and improve cost competitiveness.



Global Evaluation System for Quality Management

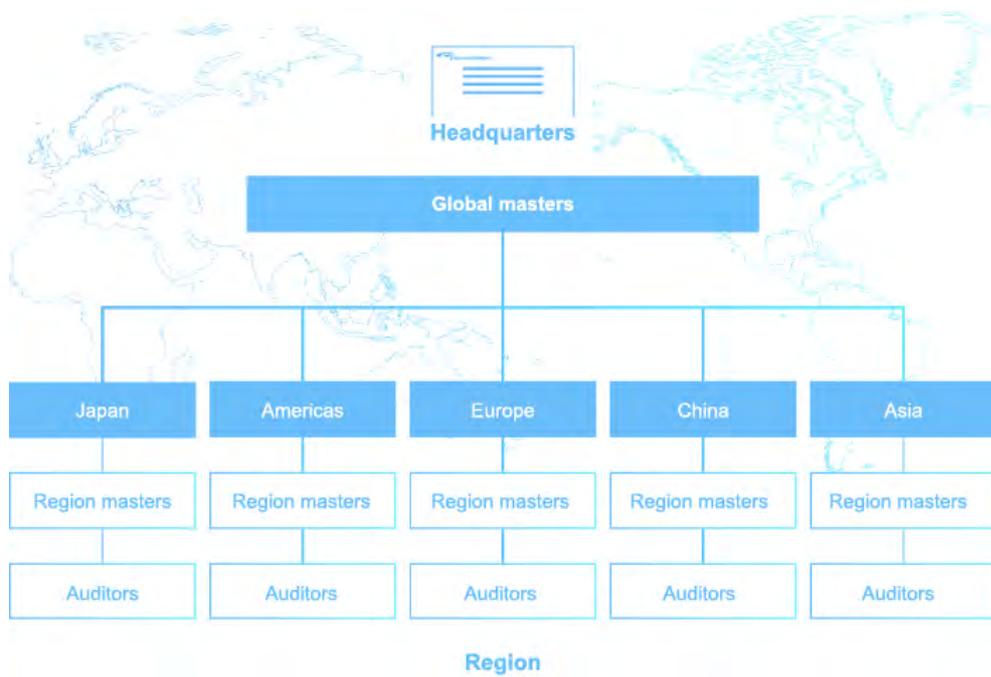
Global

System

To achieve our basic quality policy on a global level, the Calsonic Kansei Group has established its own Quality System Evaluation System (QSES), and we conduct evaluations of the quality systems and process management of the entire company and its business partners.

Through a repeated process of identifying problems, taking corrective actions, and making improvements through the QSES, we constantly maintain even higher standards of management, which leads to the improvement of customer satisfaction.

In addition, through the development and expansion of QSES auditors (global masters, region masters, and auditors) on a global level, we are working to reduce inconsistencies between evaluations in all plants and to promote the understanding of actual conditions and workplace improvement activities.



Quality Education and Awareness



System

Q-Forum

We hold the Q-Forum annually as part of our quality awareness activities. We also organize a variety of events, such as presentations of examples of activities to prevent recurrences of quality defects and displays of actual defective items, presentations of quality improvement, and supplier quality seminars, to encourage each and every individual to reflect on their awareness and actions regarding quality and to make new discoveries. Through this, we aim to raise the standard of quality awareness and actions, with the ultimate goal of improving quality.

QC Circle Global Convention

All regions work on **QC circle** activities to promote quality improvement activities on the shop floor. Best practice presentations of quality improvements are given at annual QC circle global conventions held at our headquarters, to encourage friendly competition between regions and to raise motivation for further quality improvement.



Initiatives to Improve Quality and Reliability



System

ISO/TS 16949 Quality Standard Certification

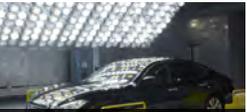
The Calsonic Kansei Group also works to improve our technological strengths in evaluation, which underpins our development quality.

Our air-conditioning business unit received certification for ISO/TS 16949, a new quality standard for the automotive industry, in 2003, making us one of the first automotive parts manufacturers to do so. In 2005, this certification was obtained for all Group companies for all products.

With the transition to the new quality management standard, IATF 16949, all global locations are currently engaged in activities to obtain certification.

Further, to ensure appropriate levels of quality, we have replicated the world's market environments through state-of-the-art equipment and experimental evaluation technologies in the technical field of safety, environment and comfort from the customer's perspective, ensuring a high level of development quality in the four levels of vehicles, systems, components, and elements/materials.

Experimental evaluation technologies that underpin development quality

	Safety/Durability	Environment	Comfort
 Vehicles	 EMC anechoic chamber (vehicle & Units)	 Exhaust gas emission and fuel consumption evaluation	 Air conditioning performance evaluation
 Systems	 Complex thermal shock evaluation	 Inverter performance evaluation	 Squeak & Rattle noise evaluation
	 Safety performance evaluation	 Multi-axial Vibration simulator	 Air conditioner system evaluation

Safety/Durability

Environment

Comfort



Components



Compressor durability evaluation



EGR cooler performance evaluation



Silent air supply system



High-temperature thermal durability evaluation



3D scanning vibrometer

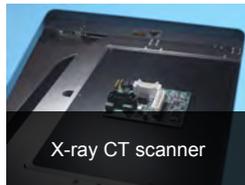


PIV system

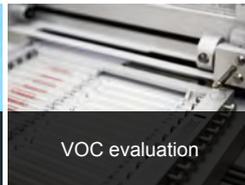
Element/Material Evaluation/Analysis



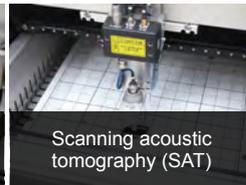
Elements/
Materials



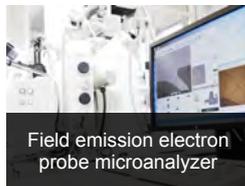
X-ray CT scanner



VOC evaluation



Scanning acoustic tomography (SAT)



Field emission electron probe microanalyzer



Electron microscope



High temperature observation equipment

Implementation of Novelty and Materiality Assessments

The Calsonic Kansei Group reveals risks through assessments of the novelty and materiality of new products from the design concept phase. Depending on the results, dedicated reviewers then conduct design reviews and process design reviews with the aim of improving the safety and reliability of our products. In Fiscal 2016, 664 reviews were conducted and no product safety-related issues were found. Furthermore, in pursuit of continuous *Monozukuri* innovation, the Production Engineering Center develops new manufacturing methods, verifies prototypes and establishes global standards. It works to achieve drawing and production processes based on the principles and fundamentals of manufacturing, placing value in teamwork.

Quality Awards Received from Automotive Manufacturers

We have received a variety of awards from automotive manufacturers in recognition of our efforts toward quality improvement.

	Automotive manufacturer	Awards Received	Award Category
FY2016	Nissan Motor Company	Japan Regional Quality Award	Vehicle Systems Category, Heat Exchange System Section
	Nissan Motor Company	Certificate of Appreciation for Excellent Quality, Japan Region	CPM & Interior Business Unit
	Nissan Motor Company	Certificate of Appreciation for Excellent Quality, Japan Region	Compressor Business Unit
	Nissan Motor Company	Supplier Quality Award	CKRO
	Isuzu Motors Ltd.	Excellent Quality Award	Calsonic Kansei Corporation
FY2015	Nissan Motor Company	Japan Regional Quality Award	Vehicle Systems Category, Heat Exchange System Section
	Nissan Motor Company	Certificate of Appreciation for Excellent Quality, Japan Region	CPM & Interior, Exhaust System Business Unit
FY2014	Nissan Motor Company	Certificate of Appreciation for Excellent Quality, Japan Region	Exhaust System, Compressor Business Unit
FY2012	Nissan Motor Company	Japan Regional Quality Award	Vehicle Systems Category, Heat Exchange System Section
FY2011	Nissan Motor Company	Japan Regional Quality Award	Vehicle Systems Category, Climate System Section
FY2010	Dongfeng Nissan Motor Corporation	Excellent Quality Improvement Award	Calsonic Kansei (Guangzhou) Components Corporation

Creating Social Values through Innovations

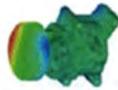


Foundation of *Monozukuri* that Supports Eco-Friendly Products

To maintain its industry-leading foundation for *Monozukuri*, the Calsonic Kansei Group actively adopts advanced methods and techniques and relentlessly strives towards improvements in reliability. Moreover, in recent years, with an awareness of the rapidly advancing computerization of automobiles and market globalization, we are globalizing our R&D structure and investing in technology development in leading-edge fields.

Using Advanced Methods and Techniques to Improve Product Development Quality and Achieve Higher Efficiency

The Calsonic Kansei Group develops technologies for various forms of computer-aided engineering (CAE) and uses CAE in a variety of situations in order to improve development quality and achieve higher efficiency. In addition to simulations of product performance and development, we also develop and use CAE in a variety of manufacturing areas, including resin flow, casting, and plastic molding.



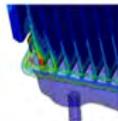
Compressor vibration analysis



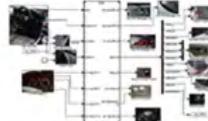
Cockpit module lower limb failure value analysis



Instrument panel resin cooling analysis



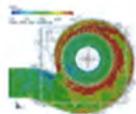
Heat exchanger thermal stress analysis



Power module solder thermal fatigue analysis



Meter electronic substrate Electro-Magnetic Compatibility (EMC) analysis



Sirocco fan airflow noise analysis



Air-conditioning system cooling performance analysis



Vehicle interior demisting performance analysis

Ensuring High Product Reliability

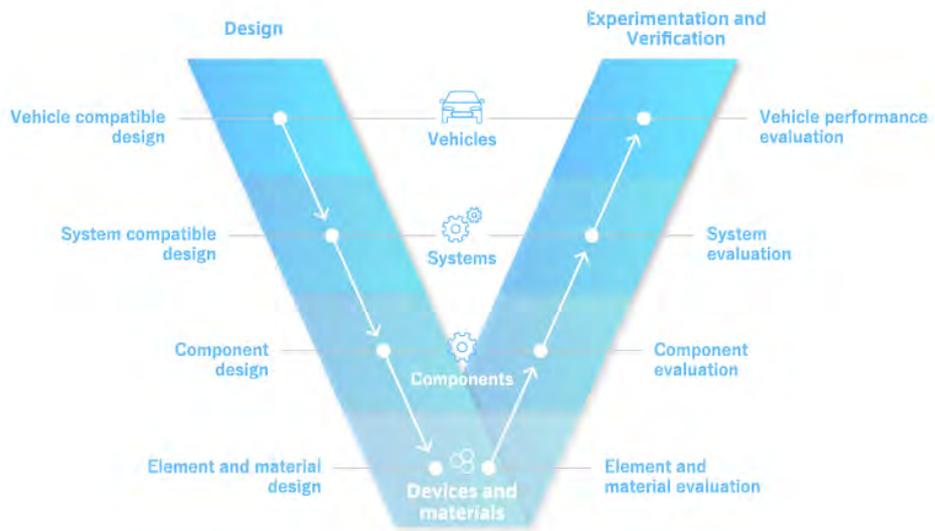
In the fields of safety, environment, and comfort technology, we have reproduced market environments through state-of-the-art equipment and experimental technologies in order to ensure a high level of reliability from the customer's perspective in the three levels of vehicles, systems,

and components. We ensure that our reliability assurance process is carried out without fail, in pursuit of developing products that are safe, durable, and that satisfy our customers.



Development Quality Assurance on Four Levels

Development Quality Assurance on Four Levels





Technical Innovations and R&D Structure

The Calsonic Kansei Group is promoting a Global Formation Shift (GFS) for effective investment management of global technological development in order to improve the efficiency of our technical development investments in the future.

Key Points for a Stronger R&D Structure

Enhancement of Global Development Functions

- Promoting R&D work transfer from Japan by nurturing existing development centers in the United States, Mexico, the United Kingdom, France, and China

Utilization of Offshore Development Centers; Development of Global Information Platforms

- Improvements to the added value of development functions in Japan

Significant Increases in High-Value-Added Businesses such as Research and Advanced Development

- The volume of high-added-value businesses is forecast to expand by 1.7 times

Prevent Increase of Excess Development Costs by Promoting GFS and the Use of LCC Engineering Resources

- Establishment of Materials Testing Center in India (CECI L&T)

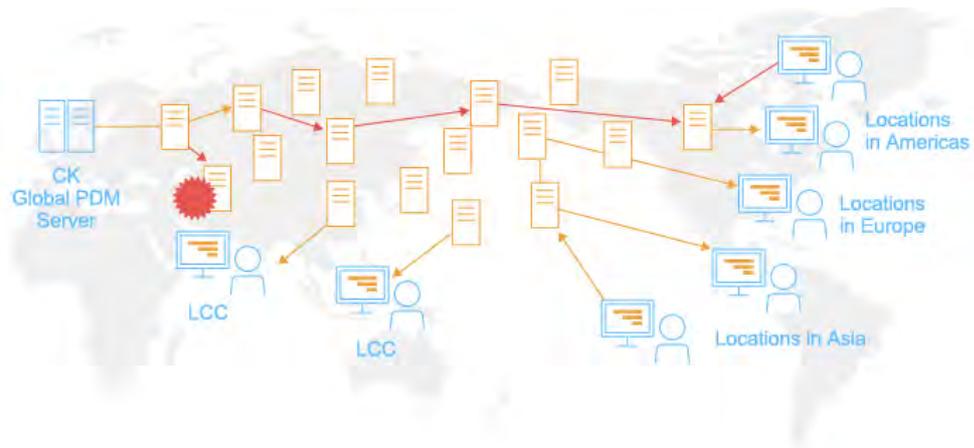
Strengthening R&D Structure



Constructing a Global Technical Development Structure

The Calsonic Kansei Group constructed the world's first global Product Data Management (PDM) system capable of sharing large amounts of data via the Internet with high reliability, at high speeds and low cost. This system enables central management of product data (3-D data, drawings) and is effective in shortening the time required for global production deployment and quickly incorporating local requirements into designs.

Connection to this system has been completed at our locations in the United States, the United Kingdom, France, and China, and we plan to introduce it in India in Fiscal 2017.



*PDM=Product Data Management

Headquarters

Innovations for Better Energy Efficiency



Calsonic Kansei Corporation
Chief Engineer, Environmental Technology Development Group, Global
Technology Headquarters

Satoshi Kimura

As a Control Tower Responsible for Improving the Energy Efficiency of Cars

I am responsible for advance development of energy management products to improve vehicle fuel efficiency in the Environmental Technology Development Group. Advance development refers to development that creates something where previously there was nothing. We develop leading-edge products that answer questions such as how far we can minimize the energy used by automobiles, how we can ensure comfort with limited energy, and how we can use renewable energies efficiently.

Energy is what keeps automobiles moving, and not a single drop of fuel can be allowed to go to waste. However, only about 30% of the gasoline and other energy used in automobiles is used to actually move the automobile. The rest is consumed by the air-conditioning, to power accessories, and on friction. The fact is that about 50% of that energy is being lost to the atmosphere.

As a supplier of heat exchange products, climate-control products, and exhaust products, the products we supply to our customers, the automotive manufacturers, are connected with the release of energy by automobiles. In other words, we are a supplier and developer of products that control a large proportion of vehicles' energy. As a control tower that strives to improve overall energy efficiency, we are able to contribute to the realization of a sustainable society.

One example of advance development is our heat exchange product, the EGR Cooler, which cools the very hot exhaust gases and returns them to the engine to increase engine efficiency. This reduces pumping loss, prevents knocking, and contributes to improved fuel efficiency. With the adoption of VG (Vortex Generator)-FINR technology, which improves the heat-transfer coefficient, we were able to supply a product that, offers better performance in a smaller, more lightweight form. Also, by combining it with a charge air cooler to control air intake temperature, we are developing this technology as a key technology for raising engine combustion efficiency. A charge air cooler cools compressed air and raises air density. That high-density compressed air serves to raise the engine's combustion efficiency, leading to improved engine output. Raising the density of the air taken in by the engine raises fuel efficiency.

We have also participated in the NEDO* project, "Research and Development of Innovative Technologies for Using Unused Heat Energy." We began the development of a system that used waste heat to operate the air conditioning in 2013, and have reported on our progress every year.

Achievement of Our Target for the Creation of Eco-friendly Products

Our Mid-Term Management Plan, which ran until 2016, under the "Green" part of the 4 Gs, we had a target of creating ten world-leading eco-friendly products, and, through our development activities, we succeeded in creating ten products as planned. Going forward, as the electrification of cars for the reduction of CO₂ emissions picks up pace, we will need to take a comprehensive view of the two forms of energy, heat and electricity, and manage them accordingly.

(1) Thermal Energy Management

Thermal management aimed at improving powertrain efficiency and cabin comfort through temperature optimization.

(2) Electrical Energy Management

Systems for the efficient creation, storage, and supply of electrical energy.

We will set up a cross-functional team (CFT), spanning the departments that deal with these two forms of energy management, to create products with even more appeal.

Creating New Value With World-first Products

Calsonic Kansei is currently in the midst of a major transition. For our company to grow as a systems supplier, we need to create further innovation. We will need to devote even more efforts to research and development and collaborate with a variety of companies, as well as forming industry-academia collaborations. You can look forward to us leveraging our proprietary technologies for the creation of new social value and sending world-first products out into the world.

* New Energy and Industrial Technology Development Organization

Protecting the Health and Safety of our Employees

 [Global Basic Policy of Health and Safety](#)



Health and Safety Structure

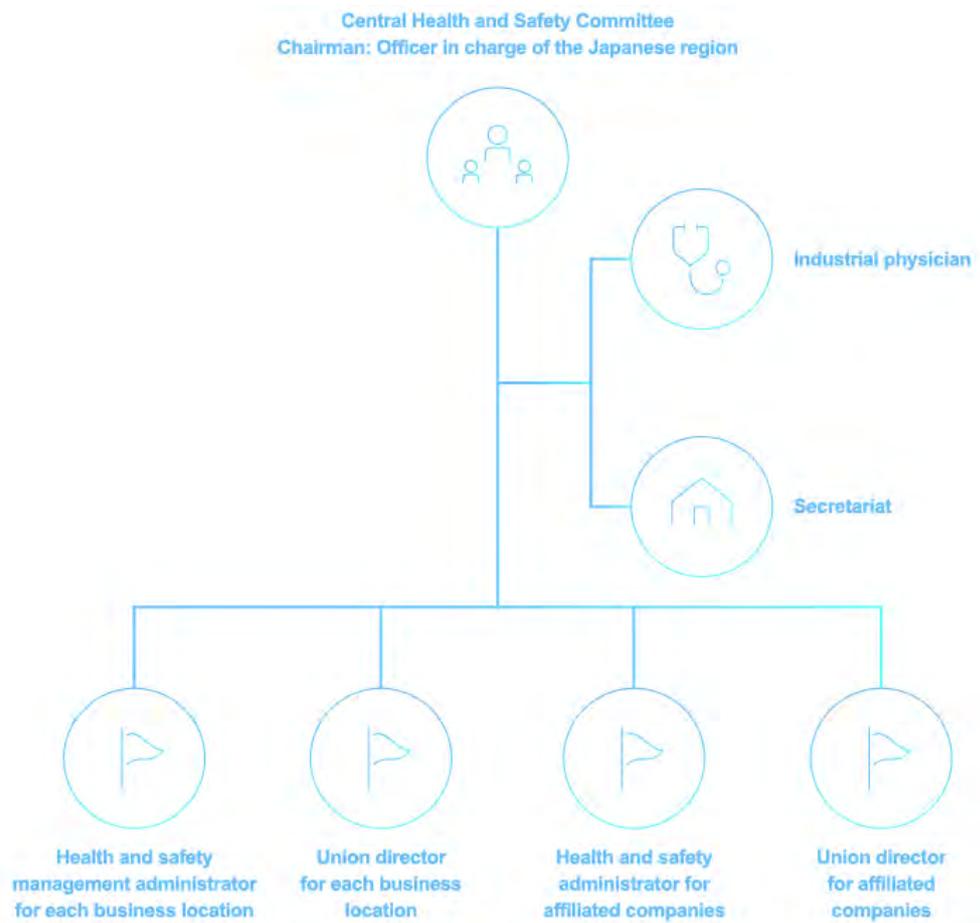
System for Occupational Health and Safety Activities

 [Japan](#)

System

Calsonic Kansei and its Group companies in Japan have established annual targets for various indicators related to health and safety, and work to ensure the health and safety of our workplaces and employees under the supervision of the health and safety management administrator for each facility. At the annual Central Health and Safety Committee meetings, we look back on the results for the year and confirm the main activities and targets for the entire Group for the new fiscal year. In Fiscal 2016, based on the results of discussions in the Central Health and Safety Committee, we chose to focus our efforts on the issues of (1) Safe operations, (2) Fire prevention, and (3) Maintenance of mental and physical health. In addition, we promoted wide implementation of safety and disaster prevention systems, such as the Safety Evaluation System (SES) and the Fire-Prevention Evaluation System (F-PES), in addition to mental health measures. We promoted activities for the maintenance and improvement of health and safety.

Occupational Health and Safety System Structure



Risk Assessments

● Japan

System

Every year, Calsonic Kansei and its Group companies in Japan strive to improve the level of their performance regarding certain issues. In Fiscal 2012, risk assessments were carried out for training, and one risk assessment was submitted for each facility. In Fiscal 2013, one risk assessment was conducted for each team, and in Fiscal 2014 at least one risk assessment was conducted by each group leader, in efforts to reach even higher levels. In response to legislative amendments, risk assessments on chemical substances have been introduced and are being implemented.

Currently, risk assessments are conducted for each task in the standard operating manuals of all processes and equipment. Risk assessments on chemical substances are conducted when any of the 640 substances that require issue of a Safety Data Sheet (SDS) is newly adopted or when there is a change in the work procedures.

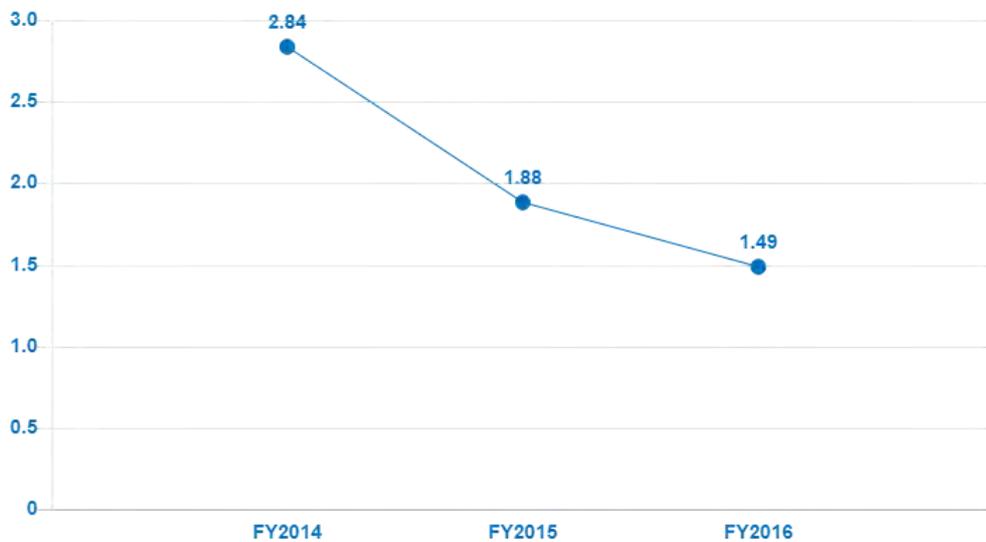
Fiscal 2016 Results

Japan

Activities

There were no serious accidents or fatalities at Calsonic Kansei or its Group companies in Japan or overseas in Fiscal 2016. There were two lost time injury accidents in the Calsonic Kansei Group, the same number as in Fiscal 2015. The frequency rate for the entire Group fell from 1.88 in Fiscal 2015 to 1.49 in Fiscal 2016.

Trend in Total Frequency Rate



* Frequency rate: Rate of accidents per 1 million working hours = (Number of accidents) ÷ (total working hours) x (1,000,000 hours)

SES (Safety Evaluation System)

Japan

System

Throughout Calsonic Kansei and its Group companies in Japan, we have introduced the Safety Evaluation System (SES) for assessing the safety of processes and equipment and making various countermeasures obligatory depending on the situation.



An inspection

Evaluators qualified through a certification system audit all facilities in the Group based on a common SES checklist and check the degree of improvement.

Separate reports on the outcomes of these evaluations are issued for each facility. By evaluating the Group companies based on the same standards, we aim to identify the differences in safety levels among Group companies, in an effort to improve safety levels across the entire Group.

Supervisors at each plant also use the SES checklist during their rounds of the factory floor in an effort to maintain and improve safety levels.

Fire-Prevention Evaluation System (F-PES)

 **Japan**

System

Calsonic Kansei and its Group companies in Japan have introduced the Fire-Prevention Evaluation System (F-PES), which could be considered as a version of SES for fire prevention. Similar to the SES, it involves the use of a common checklist to map features such as hazardous materials facilities, electrostatic booths, and painting booths within plants, in an effort to prevent fires and comply with laws and regulations.

Until Fiscal 2014, we trained F-PES evaluators and these evaluators used to conduct F-PES evaluations at each facility. Since Fiscal 2015, however, company-wide audits are now conducted by Headquarters and internally certified employees, as is the case with SES.



Health and Productivity Management

 **Japan**

Activities

Calsonic Kansei and its Group companies in Japan launched a quit-smoking campaign in Fiscal 2013. That same year, as a trial, they declared one day a year as a non-smoking day. This was later increased to two days a year, and in Fiscal 2014, there were four non-smoking days. At the same time, indoors areas were separated into smoking and non-smoking sections, and the smoking sections are gradually being reduced. Individual facilities also hold Quit Smoking seminars, and are raising awareness about the harm caused by smoking through activities such as measuring the CO₂ density of exhaled breath and measuring “lung age.”

Other ways in which we are assisting our employees to improve their health include the introduction of smartphone health apps and encouraging employees to use sports clubs with which the company has taken out corporate membership.

In addition, Calsonic Kansei Headquarters provides employees with the opportunity to measure their blood vessel age and bone density, and holds walking seminars. In March 2017, it built a walking track around the external perimeter of company headquarters, making it available to both employees and local residents. The plants and Group companies in Japan plan to expand their health-promotion measures going forward.



Mental Health

Japan

System

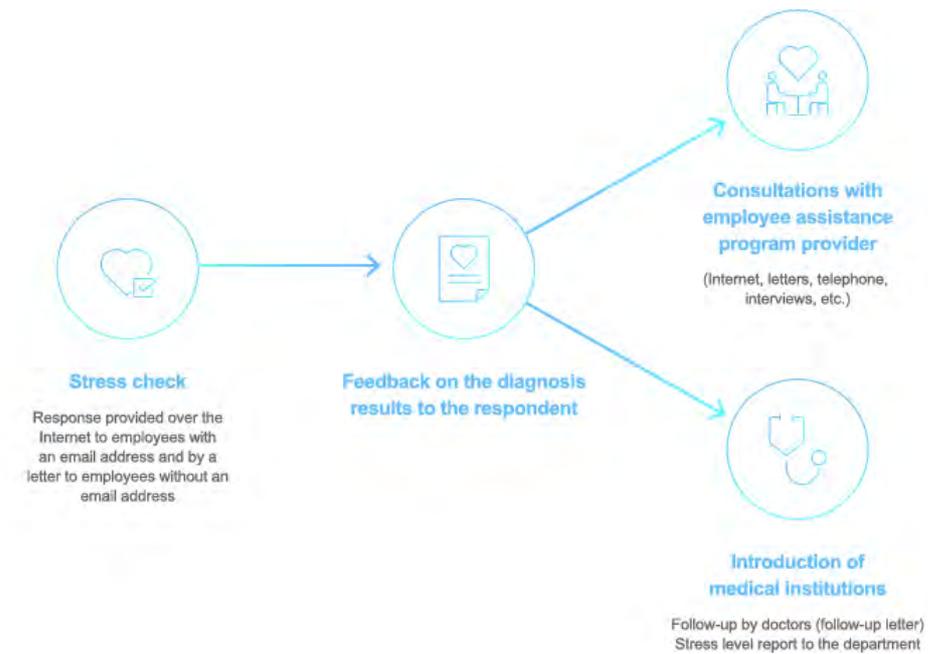
Calsonic Kansei and its Group companies in Japan has had external experts conduct stress checks on employees every year since Fiscal 2008. The participation rate is almost 100%, and employees with high levels of stress are able to receive advice from a specialist doctor. This program also satisfies the requirements of the stress check system legally required since December 2015.

Due to privacy considerations, the results of individual diagnoses are not provided to the company, but managers are able to confirm the stress levels of each workplace unit. Managers can examine the data for their own workplace, which have been analyzed from various perspectives, and use that information to make improvements to the work environment.

External counseling experts are brought into divisions with particularly high levels of stress. These experts listen to the opinions of both employees and their supervisors to identify any gaps and devise improvement plans.

In the past, mental health line care seminars were offered for all newly appointed management personnel. However, analysis of stress levels by position, gender, and age, as well as by division, which was conducted with the aim of further improvement, found that that stress was high among young employees and mid-career employees. As a result, from Fiscal 2013, mental health self-care seminars were established for general employees advancing to a higher position. The intranet also has a section that provides information on partner medical institutions and counselors, as part of our efforts to encourage care at an early stage.

We have developed a return-to-work program for employees who have become ill as result of mental health issues. This is formalized system that aims to enable employees' reinstatement to the workplace by following the program.



China Region

Building for a Safe Working Environment



Calsonic Kansei (Guangzhou) Corporation Dalian Branch
Earth Day participants

Aiming for zero accidents through traffic safety education

Calsonic Kansei (Guangzhou) (CKGH) is conducting a campaign with the aim of an annual accident rate of zero, to raise awareness of traffic safety among its employees. In November 2016, the company organized a training seminar by police officers from the Huadu District Traffic Department. The instructors thoroughly impressed on the participants the following three points: (1) prevention of pedestrian and bicycle accidents while commuting to and from work; (2) correct wearing of seatbelts in both front and back seats when traveling in a passenger vehicle, and; (3) the eradication of drink-driving. After the police officers' traffic safety lecture, the employees enthusiastically participated in other activities, including talking about their own experiences, which helped to raise their awareness of traffic safety.

Thorough implementation of fire prevention measures, including fire drills

CKC conducted a fire drill in November 2016. Employees practiced evacuating via the emergency staircases, and confirmed what they should do in the event of a fire.

A safety and fire prevention seminar was also held as part of the company's fire-fighting initiatives. Employees listened to a lecture by an instructor, toured the facilities, learned about the history of fire-fighting in Shanghai by watching a 3D video, and learned how to use the various fire-fighting equipment and how to evacuate.

Through these kinds of activities, we are endeavoring to make employees more conscious of fire prevention and to become more capable of responding calmly in the event of a fire.



Americas Region

Caring for the health and safety of our employees at the Health and Safety Fair



Calsonic Kansei North America, Inc.
Human Resources Generalist

Kim Concialdi

An opportunity to learn and think about safety

The Health and Safety Fair has been in existence for several years. It is an opportunity to educate employees on the various benefits we have, and allows departments that deal with matters such as health, legal affairs and retirement issues to interact with employees directly. There is also a safety aspect in which representatives from the Fire Department, Police Department, and water safety organizations provide information on car, house and personal safety.

Health and safety advice from outside experts

In Fiscal 2016, during the month of June, the CKNA Benefits and Safety teams combined efforts to host the annual Health and Safety fairs for all locations.

Insurance representatives, local law enforcement and emergency services, and healthcare providers came onsite to answer team members' questions and to promote awareness on healthy lifestyle choices and safety efforts outside of work.

Overall, the events were a success and reached over 1,200 team members!

Creating an Organization that Values the Individual and Diversity

Basic Stance



Policy

To create a workplace where all employees are able to work with vitality, the Calsonic Kansei Group has established the “CK WAY” (action guidelines), which defines the values to be shared across the entire Group. In terms of career development, we recognize the importance of capitalizing on the abilities and diversity of all our employees, and therefore strive to enhance both our evaluation systems and our human resource development systems.

Basic Personnel Philosophy



Policy

To achieve its corporate vision and mission, the Calsonic Kansei Group designates the following as the inspiration for its people, organizations, and culture, and for itself as a corporate citizen.

People

Motivated and Innovative People

Organization

Global and Diverse Organization

Culture

Challenging and “Care for you” Culture

Corporate citizen

Transparent and Ethical Behavior

Sharing a Sense of Values



Policy

The Calsonic Kansei Group introduced the CK WAY in 2007, established as the common action guidelines for all employees, followed by the CKLC (CK Leadership Competencies) in 2010, which serve as the basis for all the activities of those in managerial positions. These guidelines provide a common set of values throughout the entire Group and are put into practice in our workplaces.

Fair Treatment and Evaluation

● Japan

System

The Calsonic Kansei Group and its Group companies in Japan revise annual salaries and wages based on competency evaluations, using the CK WAY and CKLC as evaluation parameters, and provide incentive pay and bonuses based on individual performance evaluations. There is no difference in base pay or total compensation between male and female employees on the same labor rank.

Competency evaluations are held once a year, while individual performance evaluations are held twice a year in the form of a face-to-face interview between employee and supervisor. During these interviews, evaluation feedback is provided and individual career development is also discussed.



Human Resources Development to Expand Individual Capabilities

Basic Stance



System

The Calsonic Kansei Group believes that its people are vital above all else for achieving sustainable growth, and is committed to the development of its human resources. The Group has rolled out a variety of human resources development programs, with particular focus on the themes of “*Monozukuri*” and “global.” These programs were conducted for 7,968 employees for a total of 107,292 hours in Fiscal 2016 (13.5 hours per employee).



Monozukuri Human Resources Development



To further improve the *Monozukuri* capabilities that have been strengthened through global competition and roll out these capabilities on a global level, we conduct training for the acquisition of knowledge and skills in a planned manner, including CKPS (Calsonic Kansei Production System) training, which forms the foundation for *Monozukuri* at Calsonic Kansei, as well as various specialized technical training programs. In addition, systematic career path programs are conducted to develop *Monozukuri* capabilities to the level required in the field through a broad range of operational experience.



Introduction of the Skills Meister System



The Meister Certification Committee has been established to define the skills required for *Monozukuri* and to certify and re-certify “meisters” (highly skilled workers). As in the previous year, a meeting of the Meister Certification Committee was held in April 2016, during which five new meisters were certified, bringing the total to ten. Meisters are selected not only for their skills, but also for being recognized as model employees by everyone they work with.

Ten Skills Meisters



Introduction of the Skills Meister System

With five new Skills Meisters certified at a meeting of the Meister Certification Committee held in April 2016, we now have ten Meisters playing an active role in the company.



Global Human Resources Development



For the purpose of developing the next generation of global business leaders, each year, we conduct Global Business Leader Training (GBLT), a group training program conducted in English for leader candidates from each country and region, including Japan.

Global Business Leader Training (GBLT)





Systems for Raising Incentive



System

The Calsonic Kansei Group has a range of schemes in place to raise incentive among its employees and to secure outstanding human resources.

System	Outline	Number of participants
Qualification and Skills Examination Encouragement Scheme	An incentive allowance is paid to employees who have passed the in-house skills examination for core skills designated by the company.	10
Awards Scheme	The CEO Awards, Division General Manager Awards, and Region General Manager Awards have been brought together into a single scheme. Awards are presented each quarter, and annual awards are presented at the end of the Fiscal year.	843
Career Advancement Assistance Scheme	Career interviews for all employees	All employees
Thank You Card Scheme	Thank you cards are given to employees in a timely manner in appreciation for their actions and results, to foster a warm culture of "mutual recognition, praise, and appreciation."	All employees



Americas Region

Leadership Training to Encourage Further Growth



Calsonic Kansei North America, Inc.

Manufacturing Leadership Development Program Generation II

Participants say it helped them see the bigger picture

CKNA began its Manufacturing Leadership Development Program (MLDP) in Fiscal 2015, with 12 “Generation I” members participating in the inaugural program.

The MLDP is a 3-month training program that provides all Hourly team members with the opportunity to develop leadership skills that will enable them to promote up into various positions and across all functions at CK.

Participants are recommended for the program by their team leader, supervisor, or manager.

Training includes a 4-week site management module, 1-week QSES module, 1-week NPL, PC, In-House Cost, and human resources modules. Team members also complete 6-weeks of Job Shadowing*² with production supervisors at the various Tennessee locations. In Fiscal 2016, 11 team members graduated from Generation II of the MLDP program. Each team member shared how this training has helped them understand their own jobs better and to see the bigger picture of the business.

*1: Accompanying the supervisor on his or her operations and learning how to do the job.

To help every single member continue to grow

CKNA will continue to support our members into the future so that they grow not just at work but in their private lives as well.

Promotion of Diversity

Basic Stance



System

Employees with a range of diverse values create new innovations through healthy conflict, which leads to the growth of the company and the individuals. The Calsonic Kansei Group considers the promotion of diversity to be one of the most important management strategies of the entire Group.

Diversity Management



System

Calsonic Kansei and its Group companies in Japan have been carrying out diversity promotion activities since 2011. These activities are led by the Diversity Promotion Team, "shine.net," whose members are appointed by individual divisions.

In addition to raising awareness through activities such as workplace study groups and lectures, shine.net suggests measures and systems that support diverse working styles through opinion exchange meetings, advanced company benchmarking, etc.



Active Participation of Women



Activities

Calsonic Kansei aims to create workplaces and ways of working that make it possible to maximize the capabilities of women at various life stages, such as childbirth and childcare. Accordingly, we listen to our employees' voices through employee opinion surveys and through the Working Style Improvement Committee and Diversity Promotion Team, incorporating the results of such activities into various measures.

Furthermore, we have set the goal of at least doubling the number of female managers from the current level (15 as of March 31, 2016) by the end of March 2021. This is part of the General Employer Action Plan that we were required to create according to the Act on Promotion of Women's Participation and Advancement in the Workplace. Toward this goal, we are proceeding to implement various measures in collaboration with the HR Group and other related divisions, in addition to continued efforts to change the consciousness of people inside the company.



Active Participation of Foreign Employees



Activities

The Calsonic Kansei Group hires talented people regardless of their gender or nationality. Of the new graduates hired by CKJ in 2016, 10 are foreign nationals. As of April 1, 2016, the overall number of foreign-national employees at CKJ was 75 (including contracted employees and employees on temporary assignment from overseas locations). We are also actively promoting the engagement of local employees in each region, with 34.9% of the officers at our local subsidiaries hired locally.



Active Participation of People with Disabilities



Activities

As well as actively hiring people with disabilities, Calsonic Kansei is taking steps to promote better understanding through human rights seminars to create a workplace that is friendly to employees with disabilities. Besides promoting employment of women and foreign nationals, we are currently actively expanding both the employment of people with disabilities and the types of jobs open to them. As of March 31, 2017, employees with disabilities accounted for 1.93% of our workforce.

Improving Company Infrastructure



Activities

In February 2017, work was completed to convert the security doors between the common-use areas and office areas on each floor of the headquarters building from manual to automatic. This was done to improve accessibility, in response to feedback from wheelchair-bound employees who found it difficult to pass through the manual door.

In addition to improving accessibility, this change has also made it more convenient for other employees when they need to carry large objects around inside the company.

In October 2016, in response to requests from employees, one of the conference rooms in the headquarters building was made into a prayer room. Rules for operating this room have been established so that its use is not confined to any one particular religion.



Re-hiring of Retired Employees



System

Japan is facing an unprecedented decline in its birthrate and the aging of its population. To combat this, Calsonic Kansei and its Group companies in Japan consider measures to re-hire retired employees who are skilled workers to be an important factor of human resource utilization. This is in addition to measures to support employees in their prime working years in areas such as childbirth, childcare, and nursing care support. Specifically, we re-hire all employees who have reached the retirement age of 60 but who wish to continue working, making it possible for them to remain at the company until the age of 65.



Asia Region

Equal Employment Opportunities by Hiring People with Disabilities



Calsonic Kansei (Thailand) Co., Ltd.
Organization Promotion Division Vice President
Chalavalai Wutthikornkriengkrai

Harsh employment situation for people with disabilities^{*}

In Thailand, the Disabled Persons Promotion and Development Life Quality Act came into force on September 18, 2007, resulting in the further promotion of employment of people with disabilities. There are an estimated 1.74 million people with disabilities in Thailand, about half of whom have a physical disability, followed by the hearing impaired and sight impaired. Approximately 250,000 people with disabilities are in the workforce, about 85% of whom work as informal workers or are self-employed in agriculture and other areas. In contrast, only 6.3% work for private-sector companies, and government agencies hire only about 1.5% of people with disabilities.

^{*} Employment of People with Disabilities in Thailand from the Japanese Embassy in Thailand website

Providing equal employment opportunities and an environment for making the most of one's abilities

Calsonic Kansei Thailand (CKT) embraces diversity, and as part of this, actively hires people with disabilities. There are currently 15 people with disabilities working at CKT, with equal rights and opportunities to other employees. They are assigned to different functions in all of our plants. To provide an environment in which they can keep working for a long time, we conduct training of supervisors and other initiatives to determine how best to support them. In June 2016, the National Commission for Promotion and Development of Disabled Persons Life Quality visited CKT to observe how our employees with disabilities were faring. CKT will continue to promote diversity going forward, and will strive to ensure that all of its employees can work with vitality and enthusiasm.

Promotion of Work-Life Balance

Basic Stance



Policy

Year by year, changes in the social structure are resulting in increasingly diverse lifestyles of our employees. Calsonic Kansei and its Group companies in Japan are supporting these changes through the development and implementation of various schemes and measures. These schemes and measures are based on the Act on Advancement of Measures to Support Raising Next-Generation Children, but go above and beyond the levels stipulated by the law.

In the back-office divisions, a flexible flextime system, which has no stipulated core time, has been in place for some time. We have also made changes to our systems with the aim of improving the work-life balance of our employees. For example, in Fiscal 2016, the length of vacation allowed for honeymoons was extended, as was the number of paid holidays for employees who have been with the company less than one year. Additionally, we are continuing to take various other steps, such as an initiative to introduce telecommuting in order to support diverse working styles.



Supporting Childbirth, Childcare, and Nursing Care



System

Calsonic Kansei and its Group companies in Japan are striving to enhance their personnel and employee benefit and welfare systems so that all employees may work with peace of mind and vitality in accordance with their current stage of life, individual situation, and values. In recent years, we have been putting particular effort into enhancing schemes to support our employees in childbirth, childcare, and nursing care, to help create a society in which women's abilities are valued and fully utilized.

Year after year, we have been enhancing our schemes to help employees continue their working careers and to facilitate their return to work. For example, in Fiscal 2015, we expanded employee eligibility to work shorter hours so they can care for their children until the year of their child's elementary school graduation. From Fiscal 2016, we expanded the eligibility for assistance for family dependents, extended the length of childcare leave (until the end of April following the child's second birthday), and instituted a regular interview system to check in with employees who are on leave of absence. In Fiscal 2016, 100% of employees who had taken leave of absence returned to work.

We also extended the periods that employees may take in nursing care leave scheme as a way of supporting our employees in their work.



Kurumin Mark Certification



Activities

In FY2015, the Ministry of Health, Labor and Welfare(Japan) awarded the Group Kurumin (1 Star) certification, a certification given to companies with business plans as general business operators that meet certain requirements under the Act on Advancement of Measures to Support Raising Next-Generation Children.



Encouraging a good work-life balance



Calsonic Kansei and its group companies in Japan have put systems in place to support the different lifestyles of our employees, which are becoming increasingly diverse every year as the structure of society changes. The systems we have put in place under the Act on Advancement of Measures to Support Raising Next-Generation Children exceed the standard required by the legislation.

Childbirth



Pre-and post-birth maternity leave

Expectant mothers are entitled to 6 weeks' maternity leave or, in the case of multiple pregnancy, 14 weeks, dating back from the due date, and to 8 weeks' leave counted from the day after the child is born.

Childbirth



Measures for health examinations, etc.

On request, pregnant women and new mothers may be excused from work for the time required to receive health guidance or undergo health examinations during pregnancy and up to one year after the child's birth.

Nursing Care



Nursing Care Leave Scheme

Employees with less than one year's service may also take nursing care leave (under the legislation, employers may exempt employees of less than one year from such leave).

Child Care



Child Care Leave

Employees may take child care leave up to the April after the child turns two years of age (the legislative requirement is for up to eighteen months of age).

Child Care



Regular Consultation Scheme

Consultations are set up for employees on child care leave to make it easy for them to return to work.

Child Care



Shorter working hours to care for children

Employees may work shorter hours until the child graduates from elementary school (the legislative requirement is for up to third grade).



Flextime Scheme

A flextime scheme has been introduced that has no core time requirements, with the exception that employees work at least one hour between 8:30 a.m. and 5:30 p.m.



Leave to accompany spouse being posted overseas

Employees accompanying their spouse on an overseas posting, and who wish to remain with the company, may take up to three years' leave of absence while their spouse is posted overseas.

Employee Data



	2014	2015	2016
Number of regular employees	3,622	3,643	3,741
Male	3,346	3,352	3,419
Female	276	291	322
Average age (years)	44.2	44.4	44.2
Length of continuous employment (years)	19.6	19.4	18.3
Turnover rate (%)	1.2	1.0	1.3
Average yearly salary (yen)	6,055,373	6,237,718	6,394,249
Rate of employment of people with disabilities (%)	1.85	1.93	2.07
Number of employees taking nursing care leave	15	13	14
Number of employees taking childcare leave	2	0	1



Environmental Management

Environmentally-Conscious *Monozukuri*

Approaches to Climate Change

Approaches to Resources Conservation and Recycling

Appropriate Management of Chemical Substances

Environmental Burden Data (Material Flow)

Environmental Accounting

Environmental Action Plan and Results

Environmental Data of Manufacturing Plants in Japan

To Become a Company that is Recognized for its Environmental Initiatives

Basic Stance

 **Japan**  **Overseas**

Policy

The Calsonic Kansei Group has set an Environmental Policy in order to establish principles for all Group activities, and, based on this policy, strives to protect the global environment, which is a common challenge for all humankind.

 [CK Green Policy \(Environmental Policy\)](#)



Calsonic Kansei Group Environmental Management Promotion System

 **Japan**  **Overseas**

System

By sharing this Environmental Policy internally, striving to reduce the environmental burden at all stages of its corporate activities, and developing eco-friendly products, the Group seeks to be a company that is trusted by society, its customers, and all other stakeholders, and to achieve sustainable development of the company and society going forward.



Global Environment Management Meeting 

Chairperson:
General Manager of Global Production Division

Vice Chairperson:
General Manager of Global Technology Division

Secretariat:
Environmental & Energy Control Group

Product Environmental Committee 

Promotes the development of eco-friendly products, review of environmental performance indicators for products, and environmental protection initiatives in product development.

Production Engineering Environmental Committee 

Promotes the reduction of environmental burdens of production technologies; complies with environmental laws and regulations; promotes energy-efficient and resource-efficient production methods; develops production methods that use fewer hazardous chemical substances; and shares environmentally friendly technologies.

Environmental Energy Committee 

Promotes reduction of environmental burdens caused by manufacturing operations; complies with environmental laws and regulations; promotes prevention of global warming and effective use of resources; promotes the reduction and elimination of the use of hazardous chemical substances; manages progress of ISO 14001; and undertakes corporate environmental audits.

Environmental Communication Committee 

Promotes internal and external communication activities through planning and implementation of social contribution activities.

- ▶ Communications with external audiences, through various channels including our website and environmental newsletters.
- ▶ Awareness-raising and information-dissemination activities for employees through the intranet, the in-house magazine and other channels.



Mid-Term Environmental Plan: Calsonic Kansei Green Program 2016

 Japan
  Overseas

Policy

The Calsonic Kansei Group defined its goals and conducted activities based on the Calsonic Kansei Green Program 2016, its mid-term environmental plan implemented between fiscal 2011 and fiscal 2016.

Item	Target				
	Category	Region	Target achievement schedule	FY2016 target	FY2016 results
Reduction of CO ₂ emissions (Reduction of energy consumption) <ul style="list-style-type: none"> Reduction of production CO₂ emission intensity (Emissions/sales revenue) Reduction of office CO₂ emission intensity (Emissions/floor space) 	CO ₂ from production	Japan	Top Single-year Bottom Mid-term	2.5% reduction compared to FY2015 18.5% reduction compared to FY2005	3.8% reduction compared to FY2015 32.3% reduction compared to FY2005
		Americas, Europe, and Asia	Top Single-year Bottom Mid-term	2.5% reduction compared to FY2015 13.6% reduction compared to FY2005	1.2% increase compared to FY2015 26.7% reduction compared to FY2005
	CO ₂ from logistics Transport ton-kilometer	Japan	Top Single-year Bottom Mid-term	1.0% reduction compared to FY2015 22.0% reduction compared to FY2010	0.3% reduction compared to FY2015 35.1% reduction compared to FY2010
	CO ₂ from offices	Japan	Top Single-year Bottom Mid-term	1.0% reduction compared to FY2015 6.0% reduction compared to FY2010	3.7% reduction compared to FY2015 8.0% reduction compared to FY2010
Resource recycling <ul style="list-style-type: none"> Reduction of waste intensity (waste/sales revenue) 	Waste (Waste for disposal + valuable resources)	Japan	Top Single-year Bottom Mid-term	2.0% reduction compared to FY2015 18.1% reduction compared to FY2005	1.1% increase compared to FY2015 26.1% reduction compared to FY2005
		Americas, Europe, and Asia	Top Single-year Bottom Mid-term	1.0% reduction compared to FY2015 6.0% reduction compared to FY2010	2.3% reduction compared to FY2015 18.8% reduction compared to FY2010
Conservation of water, air, soil and biodiversity <ul style="list-style-type: none"> Usage intensity (usage/sales revenue) 	Water consumption	Japan	Top Single-year Bottom Mid-term	2.0% reduction compared to FY2015 21.4% reduction compared to FY2009	13.6% reduction compared to FY2015 19.7% reduction compared to FY2009

Item	Target				
	Category	Region	Target achievement schedule	FY2016 target	FY2016 results
		Americas, Europe, and Asia	Top Single-year Bottom Mid-term	2.0% reduction compared to FY2015 4.0% reduction compared to FY2015	7.6% increase compared to FY2015 2.6% reduction compared to FY2014
	VOC(Volatile Organic Compounds)	Japan	Top Single-year Bottom Mid-term	2.0% reduction compared to FY2015 30.0% reduction compared to FY2000	6.4% increase compared to FY2015 83.9% reduction compared to FY2000
Zero Landfill (reduce landfill waste to zero) • Landfill rate (Landfill volumes/waste volumes)	Landfill waste	Americas, Europe, and Asia	Mid-term	Maintain zero landfill	0%



Strengthening Environmental Management

Development of ISO 14001 Environmental Management System

 **Japan**
 **Overseas**

Policy

The Calsonic Kansei Group has been pursuing ISO 14001 certification, the international standard for environmental management systems, since 1998. Certification has been obtained for a total of 13 sites in Japan, including all Calsonic Kansei plants, our Testing Research Center, and R&D Center and Headquarters, and 22 overseas sites.

ISO 14001:2015 was released in 2015, and to date, three sites have completed the transition to the new system. The remaining sites will progressively move over to the new system, with transition scheduled for completion by September 2018.

Further, to raise the standard of our environmental management systems, more internal auditors are being appointed at each location. Also, with the Environmental & Energy Control Group playing a central role, regular internal audits, as well as external audits by auditing agencies, are being undertaken.

Status of ISO14001 Certification

Certification Status within Calsonic Kansei

	Manufacturing Plans
Japan	Gunma Plant
	Kodama Plant
	Oppama Plant
	Yoshimi Plant
	Testing Research Center
	R&D Center, Headquarters

Certification Status at Major Group Companies in Japan

	Company
Japan	Calsonic Kansei Iwate Corporation
	CKK Corporation
	Calsonic Kansei Utsunomiya Corporation
	CFK Corporation
	Tokyo Radiator Mfg. Co., Ltd.
	CKP Corporation
	Calsonic Kansei Yamagata Corporation

Certification Status at Major Overseas Group Companies

	Company
Americas	Calsonic Kansei North America, Inc. Shelbyville Plant
	Calsonic Kansei North America, Inc. Lewisburg Plant
	Calsonic Kansei Mexicana, S.A. de C.V Aguascalientes Plant
	Calsonic Kansei Mexicana, S.A. de C.V San Francisco Plant
Europe	Calsonic Kansei Sunderland Limited
	Calsonic Kansei UK Limited Washington Plant
	Calsonic Kansei UK Limited Llanelli Plant
	Calsonic Kansei Spain, S.A.
	Calsonic Kansei Romania S.R.L.
Asia	Daihan Calsonic Corporation.
	Calsonic Kansei Korea Corporation
	Calsonic Kansei (Malaysia) Sdn. Bhd.
	Calsonic Kansei (Wuxi) Corporation
	Calsonic Kansei Components (Wuxi) Corporation
	Calsonic Kansei (Guangzhou) Components Corporation
	Calsonic Kansei (Guangzhou) Corporation Headquarters, Huadu Plant
	CK KS Engineering (Guangzhou) Tooling Center Corporation
	Calsonic Kansei (Guangzhou) Corporation Branch, Zhengzhou Plant
	Calsonic Kansei (Thailand) Co., Limited
	Siam Calsonic Co., Limited
	Calsonic Kansei (Xiang Yang) Corporation
	Calsonic Kansei (Haimen) Car Air-Conditioning Compressor Corporation

Addressing Environmental Risks and Opportunities Through Environmentally Conscious Business Management

 **Japan**  **Overseas**

o Climate Change Risks and Opportunities

In the midst of worldwide calls to address climate change by improving fuel efficiency in transport equipment and moving away from fossil fuels, as a manufacturer of components that supports the transport equipment industry, we are engaged in the development of products that will contribute to lighter and more efficient vehicles, products that will lessen the impact on the environment of burning fossil fuels, and products that will help the shift away from carbon, such as electrical vehicles. Our efforts to improve efficiency and conserve energy in the product manufacturing stage are also contributing to a sustainable society and helping to achieve corporate growth.

o Water-related Risks

In recent years, due to global warming, frequent large-scale typhoons have caused flooding in our Southeast Asian facilities, forcing them to suspend operations. We consider measures to address such unavoidable damage and natural disasters as a risk in terms of continuation of business. Also, given the large volumes of water used in the course of production, it is essential to business continuation and growth that each location secures sufficient supplies of water and keeps the impact on the local water environment to a minimum. For this reason, we are working to ascertain the volume of water used at our production locations and to reduce the accompanying water risks.

Conducting Environmental Audits at Overseas Locations



Overseas

Activities

During Fiscal 2016, we conducted environmental audits at six sites, where we identified and managed risks. This has helped to raise the standard of environmental management at those sites. Audits are planned for fiscal 2017 as part of our efforts to improve the standard of environmental management on a Group Global basis.

Response to Scope 3 Emissions



Japan



Overseas

Activities

Aiming to reduce CO₂ emissions in the value chain, from fiscal 2016, the Calsonic Kansei Group began an initiative to calculate emissions under the Scope 3 Greenhouse Gas Protocol in FY2015. In FY2016, these emissions were calculated in 13 categories.

Headquarters

Promoting Environmental Management on a Global Scale



Group Leader, Environment and Energy Management Group, Global Production
Headquarters
Calsonic Kansei Corporation

Tadayoshi Tajima

Environmental Management that Supports Environmentally-Conscious Business Management

My role is to pursue environmental management on a global scale in the Calsonic Kansei Group, and to contribute to business management that is in harmony with the environment. I would like to talk about three aspects of my work. The first is our global initiatives to prevent

environmental incidents. I check monitoring outcomes and, where there are risks, provide advice before something happens, to nip environmental incidents in the bud at an early stage.

The second aspect is the job of transitioning to ISO14001:2015, which was revised in September 2015. Of our 33 global sites, three sites, including Global Headquarters, completed transition in Fiscal 2016, and the remaining 28 sites are scheduled to do so by the end of Fiscal 2017.

The third aspect is the promotion of environmental protection initiatives that use ISO14001 as a management tool. By communicating information that will encourage each and every one of our employees to take an interest in environmental activities and to be aware of their importance, I undertake initiatives designed to view individual operations from an environmental perspective.

Stepping Up Our Activities in the Hope of Becoming a Company that is Given More Credit for its Social Value

Conventionally, the indices for evaluating companies were financial figures, but in recent years, in addition to financials, the international community has come to place more importance on how companies are addressing criteria such as ESG (environmental, social, and governance) criteria, Sustainable Development Goals (SDGs), and human rights. You could say we have entered an era in which companies are assessed on the degree of their contribution to society.

While continuing and expanding the initiatives that Calsonic Kansei has built up to date, I see it as our mission to step up our communications so that all of our employees can become more aware of the need for environmental initiatives.

Of course, such environmental activities should not be confined to Japan. As part of our global initiatives, we support the Paris Agreement. To fulfill our corporate philosophy of the realization of a sustainable society, it is essential that we conduct activities that incorporate science-based emission reduction targets (SBT) consistent with the “2°C target.” This is a target that seeks to keep the rise in global average temperatures to no more than 2°C above pre-industrial levels.

Responding to the Requirements of the International Community Through Environmental Communication

Because environmental regulations vary from country to country and are becoming stricter every year, close communication is extremely important and we are providing our overseas locations with environmental regulation support from Japan as well. We check monitoring outcomes for the prevention of environmental incidents and provide advice on the prevention of risks. Regular video-conferences and teleconferences to gather the necessary data is supplemented by e-mail and telephone communication. In this way, we have created an environment that enables communication that goes that one step further.

For the Calsonic Kansei Group to become a company that will continue to meet the requirements of the international community, we hope to promote environmental communication even further.

Pursuing “Green” policies and creating new value

Basic Stance

We aim to help create a better tomorrow for the automobile society by capitalizing on the advanced technologies and know-how we have accumulated over many years.

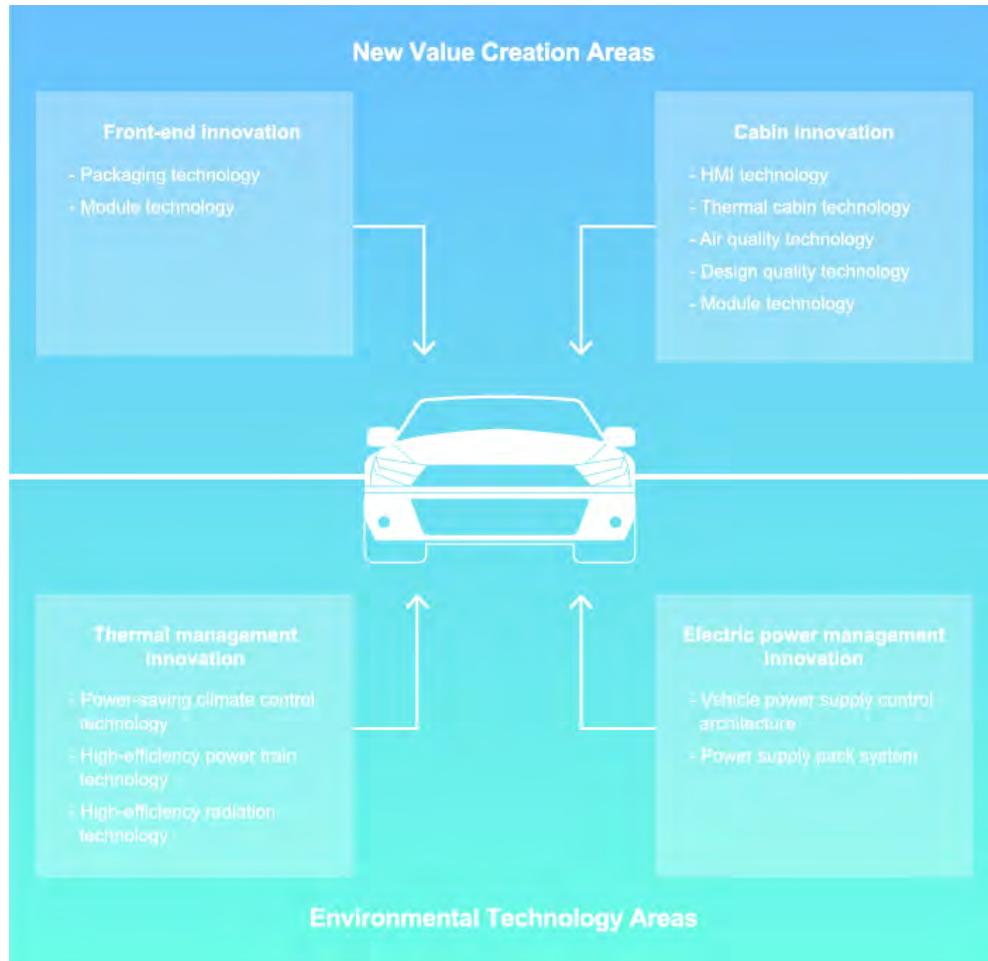
The Calsonic Kansei Group strives to solve social issues on a global scale through its business activities and is constantly creating new value.



Strategic *Monozukuri* in Pursuit of a Sustainable Automobile Society

We believe the greatest contribution we can make to solving social issues through our business activities is by creating eco-friendly products. Therefore, the Calsonic Kansei Group has identified four new value creation areas and 12 environmental technology areas in which it is taking strategic initiatives toward achieving sustainable mobility.

Strategic Priority on 4 Value Areas

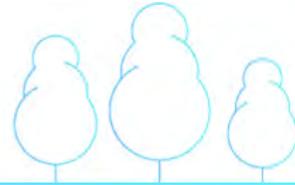


Industry-Leading Mid-Term Management Plan with a “Green” Focus

In our six-year Mid-Term Management Plan, CK GX4 T10, which covered fiscal years 2011 to 2016, we declared “Green” as one of the keys to our growth strategy, and aimed to create at least ten types of next-generation environmental technologies or products that would lead the world. By the end of Fiscal 2016, we had commercialized ten such products, thus achieving our target. For example, we improved operating fuel efficiency and reduced CO₂ emissions with our High-Performance Built-in Oil Cooler/Warmers, and with our Brushless Motor for Motor Fans, we contributed to energy conservation by optimizing cooling performance through effective control of revolutions. Going forward, we will continue our endeavors to create world-leading products.

10 PRODUCTS

State of Implementation of the “Green” elements of the N Plan



2011-2012



EGR Cooler
Injection Molding Skin for Instrument Panel
Soft-Feel, Hard-Installment Panel

Target 

2 products

Achievement 

3 products

2013-2014



Brushless Motor for Motor Fans
Water-Based Painting for Instrument Panel
CR Compressor
Blower Motor for Battery Cooling

Target 

5 products

Achievement 

4 products

2013-2014



Target 

3 products

Achievement 

3 products

- High-Performance Built-in Oil Cooler/Warmer
- Vacuum-Formed Stitched Skin for Instrument Panel
- 3D-Sewn Skin for Instrument Panel



Development of Eco-Friendly Products

Between Fiscal 2011 and Fiscal 2016, we introduced ten products into the market. Furthermore, to effectively communicate the CO₂ emissions reduction effects of our eco-friendly products both internally and externally, we took steps to visualize our environmental performance. Through these steps, we aim to develop and popularize even better eco-friendly products.

Eco-Friendly Product Highlights

The Built-In Oil Cooler/Warmer is a product that not only cools transmission oil, but also contributes to improving fuel efficiency and reducing CO₂ emissions. It achieves this by quickly warming the transmission oil to the appropriate temperature during engine start-up to reduce friction loss. In recent years, to improve engine room layout, we have also added a product lineup that maintains the same level of performance at half the height of previous models. This has also resulted in reduced use of resources.

For the first time in the world, we have manufactured a skin for instrument panels using a general-purpose injection-molding machine that simultaneously achieves low cost and a low environmental impact, while maintaining the same level of luxurious feel as the conventional skin made using the powder slush molding method for luxury cars.

This new skin was developed jointly with Nissan Motor Co., Ltd. With this significant modification of the skin manufacturing method (i.e., improvement of thermal efficiency), this product has successfully reduced the cycle time by 82% and CO₂ emissions by 47% compared to the previous method.

High-Performance Thin Built-In Oil Cooler/Warmer



KEY PERFORMANCE

Performance

Equal to previous product

Size (height) halved

Δ35 mm
(Compared to previous models)

Injection-Molded Skin Instrument Panel



KEY PERFORMANCE

Reduction in cycle time

Δ82 %

Reduction in CO₂ emissions

Δ47 %
(Compared to previous models)

> [Innovations for Better Energy Efficiency](#)



Eco-Friendly Products Widely Used in the Market

Examples of Existing Eco-Friendly Products

With the increasing interest in environmental issues and continued tightening of exhaust regulations in countries and regions around the world, the functions required of exhaust systems are becoming more advanced, calling for a high standard of development technology capabilities. Calsonic Kansei develops and manufactures optimal products to live up to the high level of functions required of it as a supplier of exhaust systems.

Main Features of Our Exhaust Systems

Exhaust Manifold

Lightweight, compact, and low heat capacity achieved using SUS materials, contributing to prompt catalyst activation.

Manifold Converter

Available either integrated with the exhaust manifold or as a separate device. The integrated unit particularly contributes to weight reduction and low heat capacity due to the exclusion of the flange for tightening.

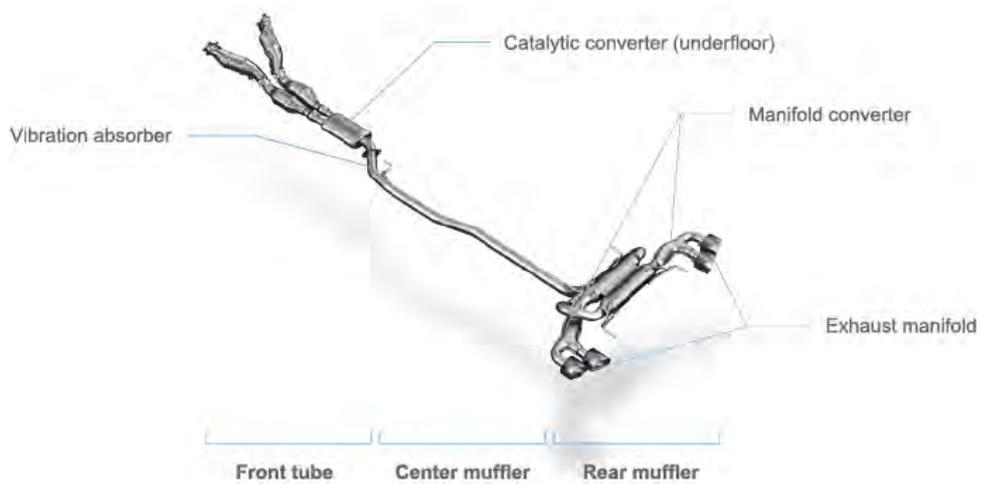
Catalytic Converter (Underfloor)

Set in an optimal position while ensuring the required catalytic capacity. Manufacturing time has been significantly reduced through the elimination of the heat shield for the spinning converter and a reduction in the number of parts.

Vibration Absorber

Noise and vibration performance and exhaust system durability have been improved through the isolation of the exhaust system. Two types of vibration absorber (flexible tube and spherical joint) are available depending on the optimal part for the vehicle layout.

Example of Exhaust System



An Environmentally-Friendly Site in Line with International Standards

Basic Stance

 **Japan**  **Overseas**

Systems

The Calsonic Kansei Group strives to reduce the burdens it places on the environment by quantitatively evaluating the environmental burdens resulting from its manufacturing operations, to gain a comprehensive understanding of the environmental impact of all operations.

We pursue the reduction of CO₂ emissions from the perspective of the prevention of global warming caused by climate change, as well as the reduction of waste generation and water use from the perspective of the effective use of resources, so that our sites can operate in harmony with the environment.

 **Japan**  **Overseas**

Policy

As part of its approaches to climate change, the entire Calsonic Kansei Group is working together to promote energy conservation activities.

Meetings of the promotion committee, established to organize Group-wide energy-saving activities across each location, are held periodically to set reduction targets for each site, confirm progress and share the latest energy-savings information. Further, in FY2016, a checklist was prepared of energy conservation activities undertaken to date, and efforts are being made to achieve goals for energy-saving areas identified through such activities as energy-saving diagnostic checks in the workplace.

Each site is conducting energy-saving activities through the ISO 14001 Environmental Committee and other channels.



Results of Calsonic Kansei Group CO₂ Emissions Reduction

 **Japan**  **Overseas**

Activities

In fiscal 2016, compared to fiscal 2005, CO₂ emissions were reduced by 31.0% in Japan and increased by 62.6% overseas due to an increase in overseas production sites. In terms of emission intensity (total CO₂ emissions/sales revenue), the pursuit of activities aimed at respective reduction targets of 18.5% for Japan and 13.6% for overseas compared to fiscal 2005 resulted in reductions of 32.3% in Japan and 26.7% overseas in fiscal 2016. In Japan, following on from the previous fiscal year, we carried out Energy Saving Special Activities in all locations. These consisted of identifying areas for improvement and sharing examples of energy-saving improvements made. Initiatives overseas included the identification of areas for improvement through energy-saving diagnostic checks, and sharing of improvements made.

CO₂ Emissions and CO₂ Emissions Per Unit

[Thousand t-CO₂]

[t-CO₂/million yen]

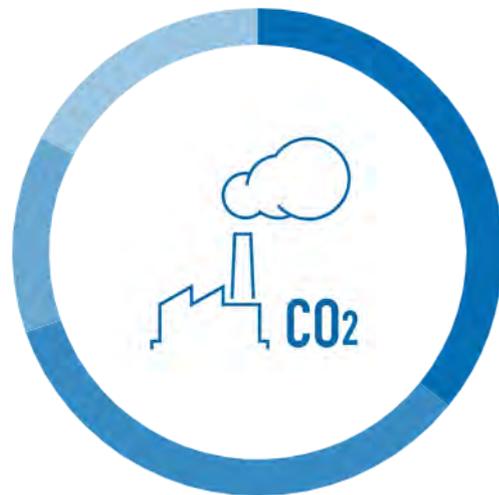


- CO₂ emissions in Japan (left axis)
- CO₂ emissions overseas (left axis)
- CO₂ emissions per unit (right axis)

CO₂ Emissions

[Unit: Thousand t-CO₂]

■ Japan	71	36%
■ The Americas	67	34%
■ Europe	26	13%
■ Asia	34	17%



198 thousand t-CO₂



Activity Report

Use of Green Power

● Japan

Activities

The Calsonic Kansei Group participates in the Green Power Certificate Program, and contributes to the penetration of 2,245,652 kWh of natural energy per year. (Applicable sites: Calsonic Kansei Corporation Gunma Plant, Yoshimi Plant, CKP Corporation, Calsonic Kansei Utsunomiya Plant Co., Ltd.)



Results of CO₂ Emission Reduction at the Logistics Stage

● Japan

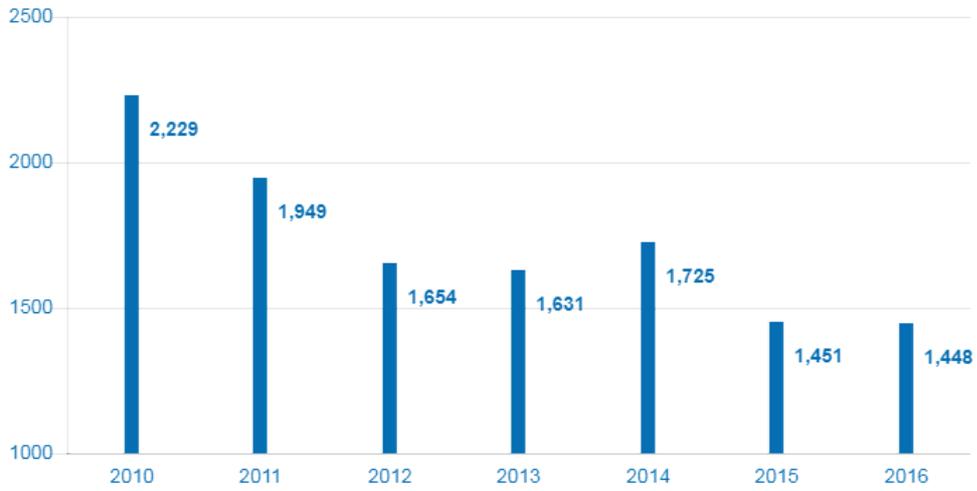
Activities

As Calsonic Kansei CO₂ emissions at the logistics stage are less than 30 million t-km, it does not qualify as a Specified Consigner under Japan's Energy Saving Act and is therefore not required to report its emissions. Nevertheless, we have established a reduction plan for logistics and are making efforts to reduce emissions.

Production volumes in FY2016 were up on the previous fiscal year, but by making changes to manufacturing locations and reducing the distances traveled by products, it succeeded in keeping CO₂ emissions at the logistics stage down to the same levels at FY2015.

Calsonic Kansei CO₂ Emissions at the Logistics Stage

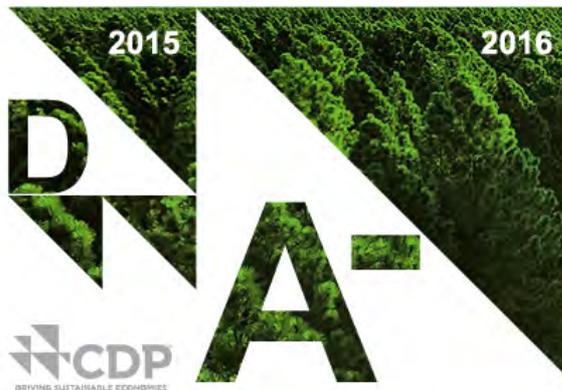
(10,000 t-km)



(Fiscal year)

Recognition by CDP

CDP is an international non-profit organization that calls on companies and municipalities around the world to disclose their environmental performance data. These disclosures are analyzed and evaluated for the use of institutional investors and the world's policy decision-makers. The CDP Climate Change Report 2016, a survey on climate change initiatives, gave the Calsonic Kansei Group an A- (Leadership) score, up from the D we received in 2015.



To Achieve a Closed-loop Society

Basic Stance



Resource Conservation Initiatives

● Japan ● Overseas

Policy

To make efficient use of the planet's limited resources, the Calsonic Kansei Group is seeking to achieve zero emissions at all of the Group's locations and to reduce the amounts of materials used and waste generated (waste for disposal + valuable resources).



Waste Intensity
[Waste / Sales revenue]

Zero landfill
[Landfill volumes / Waste volumes]

Water Use Intensity
[Usage volume / Sales revenue]

Japan

-26.1 %

Fiscal 2016 target:
18.1% reduction
[Compared to Fiscal 2005]

Japan

0 %

Target continuously
achieved since Fiscal 2006

Japan

-19.7 %

Fiscal 2016 target:
21.4% reduction
[Compared to Fiscal 2009]

Overseas

-18.8 %

Fiscal 2016 target:
6.0% reduction
[Compared to Fiscal 2010]

Overseas

0 %

Fiscal 2016 target:
Maintain zero landfill

Overseas

-2.6 %

Fiscal 2016 target:
4.0% reduction
[Compared to Fiscal 2010]

Calsonic Kansei Group's Waste Emissions Reduction Results

● Japan ● Overseas

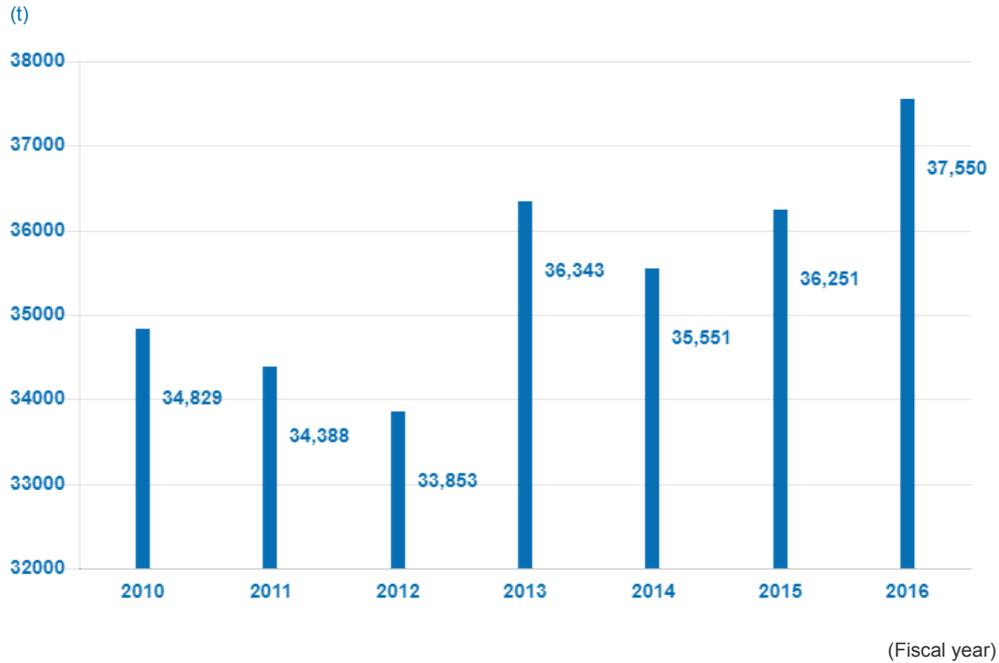
Activities

37,550 tonnes of waste were generated in FY2016. This represented an increase over the previous fiscal year due to an increase in production volumes.

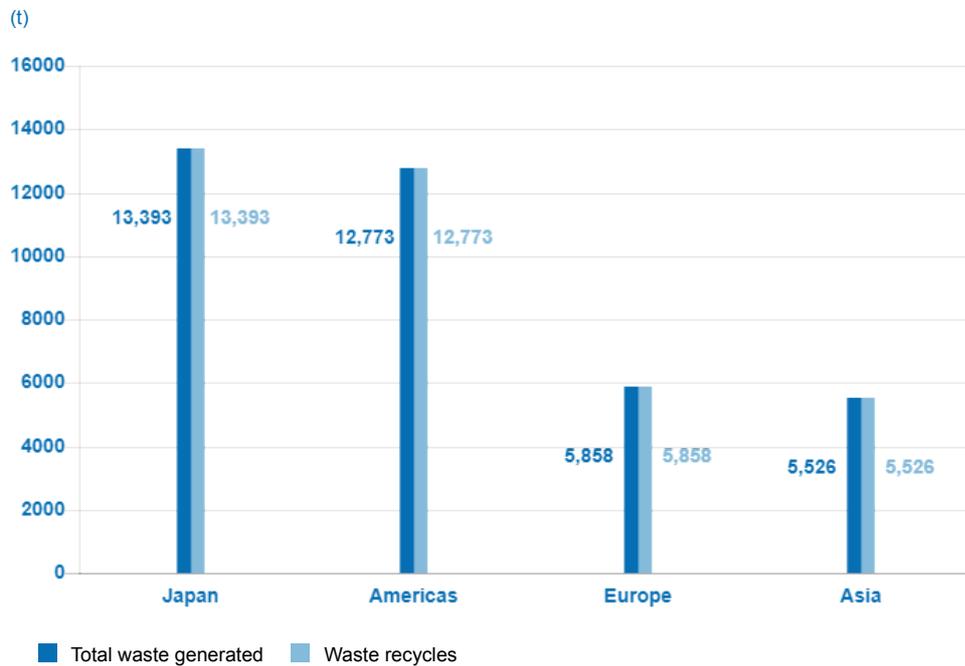
In Japan, we worked on the horizontal roll-out of resource conservation best practice, and implemented other activities to reduce process defects by promoting the *Monozukuri* TdC Revolution (MTCR) program at each plant. As a result, waste generation intensity (total waste/sales revenue) was reduced by 26.1% compared to FY2005, achieving the mid-term target of 18.1% but falling short of the single-year target.

Overseas, efforts were made to improve reduction efficiencies through the horizontal roll-out of resource conservation best practice. As a result, waste generation intensity (total waste/sales revenue) was reduced by 18.8% compared to fiscal 2010, against the mid-term target of 6.0%, which met both the mid-term target and our single-year target.

Waste Generated by Calsonic Kansei Group



Volume of Waste Generated and Recycled by Calsonic Kansei Group by Region (FY2016)



Overseas Group Companies' Landfill Ratio (zero Landfill)

 Overseas

Activities

Starting in FY2012, a target of zero landfill for overseas by fiscal 2015 was set, and this target has been achieved. Activities continued in fiscal 2016 and zero landfill was maintained.



Reduction of Water Use

 Japan  Overseas

Policy

In response to environmental issues such as global water shortages, the Calsonic Kansei Group is working to reduce water use at all Group companies in Japan and overseas (production divisions only).

Results of Calsonic Kansei Group Water Use Reduction

 Japan  Overseas

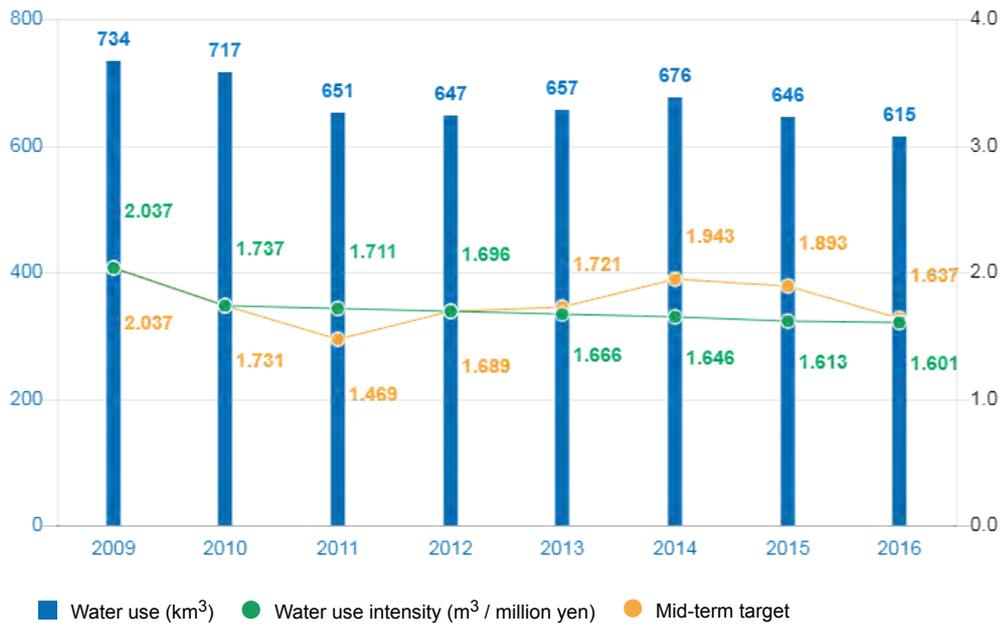
Activities

Water usage in fiscal 2016 increased over the previous fiscal year to 1,303 km³, due to increases caused by water leakages.

In Japan, we conducted checks for water leaks, identified water use reduction areas, and took improvement actions. As a result, water use intensity (total water consumption/sales revenue) was reduced by 19.7% compared to fiscal 2009, falling short of the mid-term target of 21.4% due to increases in production volumes. However, the single-year target of 2.0% was achieved with a reduction of 13.6%. We will work on the strengthening our reduction activities, with a focus on locations with heavy water use.

Overseas, water use increased over the previous fiscal year to 688 km³, due to the impact of water leakages. As a result, water use intensity (total water consumption/sales revenue) was reduced by only 2.6% compared to fiscal 2014, falling short of the mid-term target of 4.0%.

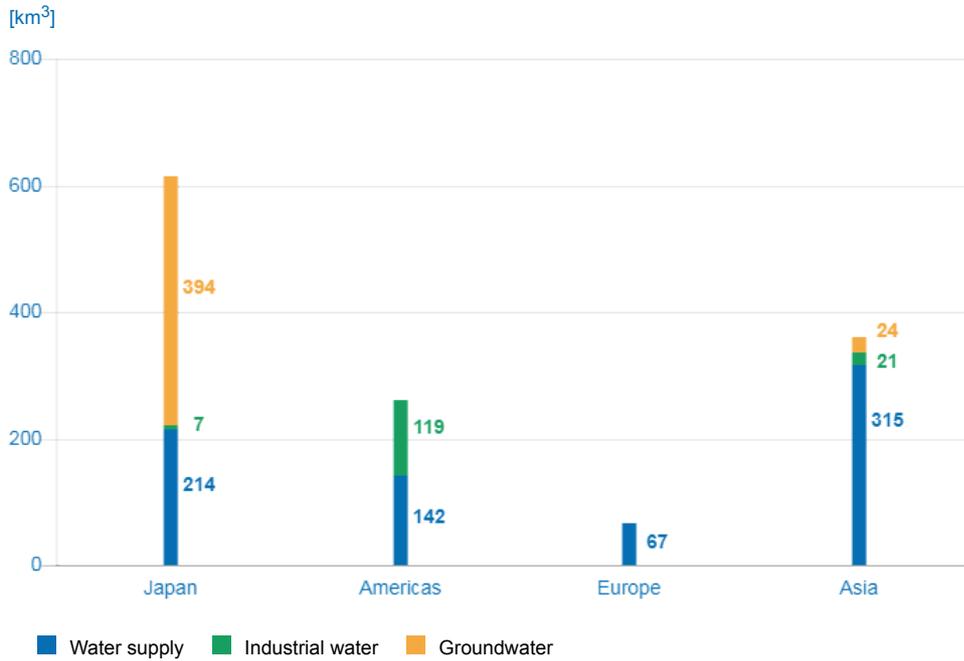
Water Use in Japan



Water Use Overseas



Calsonic Kansei Group Water Use by Region (FY2016)



Approaches to Recycling

● Japan ● Overseas

Policy

The Calsonic Kansei Group has been consistently carrying out integrated recycling activities as a voluntary initiative for environmental conservation. Going forward, we will continue to promote in-house recycling initiatives as well as outsourcing the recycling of waste to meet the needs of the circular economy.

Results of Calsonic Kansei Group Recycling

● Japan

Activities

In the Calsonic Kansei Group, environmentally friendly dry separation equipment is used to efficiently separate and collect materials (wash coat) from recovered catalysts used for exhaust purifiers, which contain precious metals that are valuable resources.

Operations to Recycle Waste from Manufacturing Plants

 **Japan**  **Overseas**

Activities

To make efficient use of the planet's limited resources, the Calsonic Kansei Group is seeking to achieve zero emissions at all the Group's locations and to reduce the amounts of materials used and waste generated (waste for disposal + valuable resources).

Operations to Recycle Waste from Manufacturing Plants

Category/Type	Handling/ disposal methods	Location	Methods for effective use	Recycled products
				
Oil waste (including benzene a/d waste LLCs), other oily water	→ Oily water separation	Cement manufacturers Calsonic Kansei (fuel)	Sale of resources (recycled heavy oil)	Fuels, cement, roadbed materials
High quality paper, newspapers, magazines	→ Sorting/ pulping	Paper manufacturers	Sale of resources	Toilet paper, etc.
Cardboard, confidential documents, paper cores	→ Sorting/ pulping	Paper manufacturers	Sale of resources	Recycled paper, cardboard cores, etc.
Scrap iron and empty cans	→ Sorting/ pulping	Metal refining manufacturers	Steel-making materials	Steel, non-ferrous metals (copper, aluminum, stainless steel, etc.)
Oil waste (cooking oil waste)	→ Separation/ recycling	Oleochemical manufacturers	Fuel for oleochemical manufacturers' company cars, animal feed	Biodiesel fuels, assorted animal feed
Discarded fluorescent tubes	→ Crushing/ separation	Material manufacturers	Recycled materials for each element	Recycled materials (mercury, glass, metals)
Glass bottles	→ Sorting/ crushing	Glass manufacturers	Glass materials	Glass bottles
Waste plastic (soft)	→ Crushing/ palletization	Resin-recycling manufacturers	Boiler fuel	Solid fuels
Oil waste (oil-bearing waste cloth)	→ Incineration	Waste heat boiler installation manufacturers	Utilization of waste heat (collecting steam)	Boiler fuels

Waste plastic	→	Crushing/ separation	General recycling manufacturers	Sorting, steel-making materials, fuel	Ferrous materials, solid fuels, uels
Metal scraps (including aluminum chips)	}	Incineration/ fusion	Shaft furnace manufacturers	Shaft furnace-reducing agents	Steel-making materials, roadbed materials (incineration residues)
Discarded fluorescent tubes (fragments)					
Infectious waste					
Glass and ceramic scraps					
Sludge					
Oil waste (filter)					
Sludge (flux, grinding residue)	→	Incineration	Shaft furnace manufacturers	Utilization of waste heat (furnace heat reserves)	Roadbed materials (incineration residues)
Dehydrated sludge (filter press)	→	Classification	Shaft furnace manufacturers	Processing granular materials	Raw materials for cement
Wood scraps	→	Shredding	Waste wood-recycling manufacturers	Compressed graft cutting	Laminated wood (particle boards)
Tree and grass clippings	→	Shredding/ fermentation	Compost manufacturers	Compost materials	Compost

Thorough Management of Chemical Substances

Basic Stance



Policy

Chemical substances are used in products and in product manufacturing to improve quality. However, there are concerns that these substances could have a significant impact on the environment, not only during the manufacturing stage, but also during their use and in the post-consumer disposal stage.

With the increase in global environmental awareness, calls to reduce or discontinue the use of harmful chemical substances are growing stronger every year, both in Japan and overseas. To comply with the laws and regulations of each country and meet the requirements of our customers, the Calsonic Kansei Group seeks to achieve thorough risk management for products, the manufacturing processes, purchased materials parts and processed materials, while adhering to the following fundamental principles: use as few harmful chemicals as possible, change to alternatives or eliminate as many harmful substances as possible, and properly manage harmful chemicals if they have to be used.

Action Pillar 1: Action on environmentally hazardous substances in products

Action Pillar 2: Action on environmentally hazardous substances used in manufacturing at plants

Action Pillar 3: Action on environmentally hazardous substances in purchased items



Action Pillar (1): Action on Environmentally Hazardous Substances in Products



Policy

In addition to complying with the laws and regulations of each country, including Europe's ELV Directive*¹ and REACH regulations*², the Calsonic Kansei Group sets voluntary targets to meet the requirements of its customers around the world, and is working to reduce the quantity of environmentally hazardous substances used in its products. It is achieving this through the management of its internal systems and the enhancement of follow-up systems, promoting the development of alternative technologies, and building chemical management systems across the entire supply chain through the Green Procurement Guidelines.

The Group is also pursuing analysis of and prompt action regarding chemical substances in advance of their being listed as SVHCs under the REACH regulations.

*1 ELV Directive : End of Life Vehicles Directive

*2 REACH Regulations: Registration, Evaluation, Authorisation and Restriction of Chemicals

*3 SVHC: Substances of Very High Concern. 173 such substances registered as of January 2017.



Action Pillar (2): Action on Environmentally Hazardous Substances Used in Manufacturing at Plants

 **Japan**  **Overseas**

Policy

While seeking to reduce the use of chemical substances used in its manufacturing processes, the Calsonic Kansei Group is conducting proper management of those chemical substances. We are working to ascertain the amounts of substances classified as volatile organic compounds (VOCs) in use, in order to confirm and manage the amounts of substances subject to the PRTR* Act released, transferred, and used, and to reduce the use of environmentally hazardous substances.

* Pollutant Release and Transfer Register (PRTR) as stipulated by the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, 1999 (PRTR Act)

Results of Calsonic Kansei Group Reduction of VOC Released

 **Japan**

Activities

In Fiscal 2016, the Calsonic Kansei Group achieved a reduction in VOC use of 83.9% compared to fiscal 2000, against a mid-term target of a 30% reduction. However, the volume of use was 119 tonnes, due to increases in production volumes, which meant that the single-year target could not be reached.

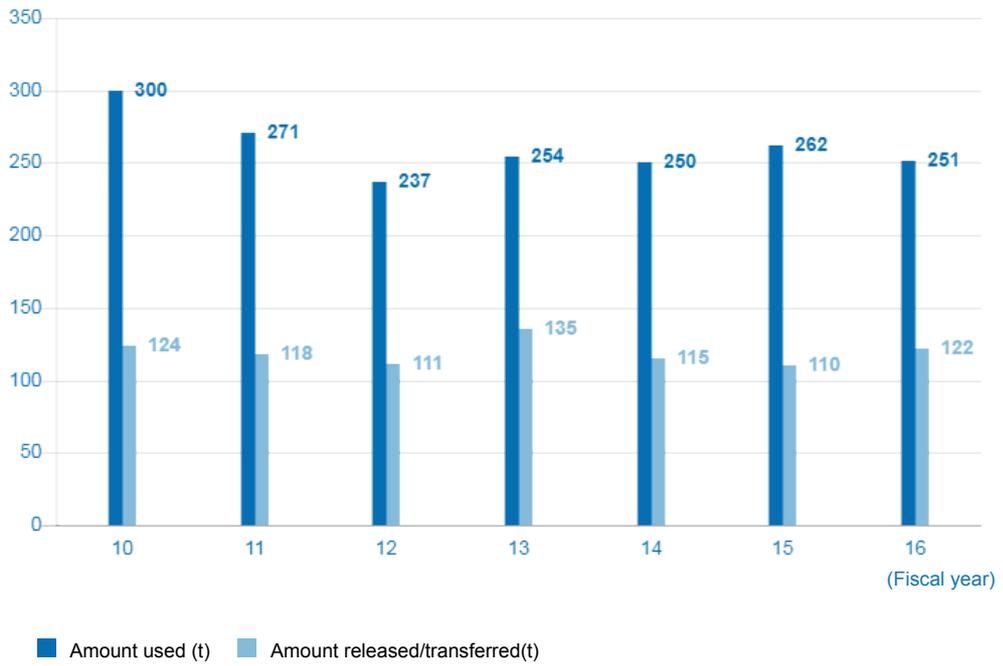
Management item	FY2000 (base year) results	FY2015 results	FY2016 results	Achievement status	
				Comparison with FY2000	Comparison with the previous year
VOC usage (t)	739	112	119	83.9% reduction	6.4% increase

Results of PRTR Act Compliance by Calsonic Kansei and Group Companies in Japan

 **Japan**

Activities

PRTR-Regulated Substance Amounts used, Released, and Transferred



Amounts of PRTR-Regulated Substances Released and Moved

■ Toluene	51%
■ Xylene	13%
■ Ferric chloride	14%
■ Other	22%



Calsonic Kansei Group's Pollution Prevention Initiatives

 Japan  Overseas

Activities

PCB(Polychlorinated Biphenyl) Management

We have implemented appropriate management regulations for electrical devices containing PCBs as waste products for special management in accordance with regulations. PCBs have been scheduled for prompt disposal, and disposal has already been completed at some locations.

Thorough Water Quality Management

We have set our voluntary management targets (80% of the regulatory value) and are conducting stricter management than required by the regulations. By complying with discharged water standards, we are contributing to the protection of aquatic organisms.

Thorough Air Quality Management

We have reduced our sulfur oxide (SOx) and CO₂ emissions by switching to natural gas for combustion energy and reducing energy consumption through the adoption of energy-saving activities.

Efforts to Clean Up Soil and Groundwater and Prevent Contamination

We are addressing all current situations by focusing efforts on plants where contamination has already occurred, implementing preventive measures and conducting thorough investigations. We are already conducting investigations of the soil in each area, including at Group companies. These investigations are also undertaken when new companies join the Group.

Environmental Contamination Incidents and Grievances

Rules for collecting data on overseas environmental incidents were established in Fiscal 2011, and such data is managed in a way to ensure prompt action.

There were no environmental incidents with the potential to affect the environment at large in Fiscal 2016.



Action Pillar (3): Action on Environmentally Hazardous Substances in Purchased Items

 Japan  Overseas

Policy

The Calsonic Kansei Group has established and operates the Calsonic Kansei Green Procurement Guidelines, under which it confirms the chemical substances used in purchased items and the level of environmental management carried out by our business partners.

Environmental Burden Data (Material Flow)

Input

 Raw materials	Total raw materials 190,622 t ●64,333 t	Steel materials 43,128 t ●7,809 t	Nonferrous metal materials 76,801 t ●36,661 t	Resin materials 69,826 t ●19,359 t
	Other 867 t ●423 t			
 Energy	Total energy 5,292,638 GJ ●1,968,543 GJ	Electricity 461,867 MWh ●461,867 MWh	Low sulfur A-fuel oil 1,196 kL ●1,196 kL	Light oil 70 kL ●51 kL
	Kerosene 140 kL ●140 kL	Town gas 9,647 km ² ●1,958 km ²	LPG 3,855 ●2,632	Gasoline 126 kL ●114 kL
 Water	Total water 1,303 km ² ●688 km ²	Water supply 792 km ² ●268 km ²	Industrial water 146 km ² ●7 km ²	Groundwater 438 km ² ●414 km ²
	Chemical substances ●251 t			



Calsonic Kansei Group



Press



Welding



Resin molding



Painting



Machining



Assembly



Output

 Recycling	Reusable materials	Waste for disposal	
	37,550 t ●13,394 t	0 t ●0 t	
 Greenhouse gases	CO ₂	Other than CO ₂	
	211,899 t-CO ₂ ●80,526 t-CO ₂	0 t ●0 t	
 Air pollution emissions	SO _x	NO _x	Soot dust
	●0.71 t ●688 km ²	●3.97 t	●0.31 t
 Water contamination emissions	Discharged water	BOD	
	1,004 km ² ●551 km ²	●8.1 t	
 Chemical substances	Toluene/xylene	Other	
	●79 t	●43 t	

Environmental Accounting



The Calsonic Kansei Group has established mechanisms for the quantitative accounting and evaluation of the economic effects of environmental protection measures, the costs of environmental protection, and the effects of related activities. It uses these mechanisms to achieve sustainable business operations.

Environmental Protection Costs

Environmental protection costs are the investments and expenditures related to our environmental activities, measured in monetary units.

(Unit: million yen)

Classification		Investments			Expenditures		
		FY2015	FY2016	Changes	FY2015	FY2016	Changes
1. Costs incurred within each business area for the reduction of environmental burdens		534	402	(132)	497	531	34
Pollution prevention costs	Costs of prevention of air, water, soil, and noise pollution	74	91	17	209	209	0
Global environmental protection costs	Cost of energy saving, resource saving, and phasing out of environmentally hazardous substances	451	278	(173)	55	39	(16)
Resource recycling costs	Costs of reduction, recycling, and disposal of industrial waste	9	33	24	233	283	50
2. Upstream/downstream costs	Costs of controlling environmental burdens occurring upstream/downstream across our business areas	0	0	0	35	28	(7)
3. Management activity costs	Costs of establishment, certification and operation of environmental management systems, and human resource costs associated with environmental policy organizations	23	41	18	163	193	30
4. Environmental research and development costs	Costs of development of eco-friendly products, and of research and development related to reducing environmental burdens	425	399	(26)	4,518	5,062	508
5. Social activities costs	Costs of supporting environmental conservation activities conducted by local citizens and groups	0	0	0	8	9	1
6. Costs of responses to environmental damage	Costs of restoration of the natural environment and compensation for environmental damage	0	1	1	31	27	(4)
Total		982	843	(139)	5,252	5,814	562

* Parentheses indicate a decrease from the previous fiscal year.

Environmental Protection Effects

Environmental protection effects are measured from the dual perspectives of quantitative effects, which is the evaluation of the quantity of reduction in substances that cause environmental burdens, and economic effects, which is the evaluation of the effects in monetary terms.

Economic effects are calculated as the value of cost savings as a result of environmental activities (concrete effects of energy-saving activities, etc.) and total revenue resulting from environmentally friendly activities (revenue from the sale of valuable resources, etc.)

Classification		FY2015	FY2016	Effects
Quantitative effects	1. Environmental conservation effects related to resources used in business operations (quantity)			
	Total energy use after conversion to CO ₂ (t)	207,013	211,899	4,886
	Water consumption (km ³)	1,363	1,377	14
	2. Environmental protection effects related to waste for disposal produced in business operations (quantity)			
	Total volume of waste (t)	36,851	37,550	699
	Volume recycled (t)	36,793	37,527	734
	Volume disposed (landfill volume) (t)	58	23	(35)
	PRTR substances (release/transfer) (t)	110	120	10
Economic effects	3. Economic effects of environmental protection policies (million yen)			
	Reduced costs through energy saving	177	125	(52)
	Reduced costs related to water use	1	1	0
	Revenue from sales of eco-friendly products	11,871	15,498	3,627
	Revenue from sales of valuable resources	1,225	1,059	(116)

* Parentheses indicate a decrease from the previous fiscal year.

Basic Details

1. Target Period:

FY2015 (April 2015 – March 2016)

FY2016 (April 2016 – March 2017)

2. Scope of Statistics:

Calsonic Kansei Corporation

Gunma Plant

Oppama Plant

Yoshimi Plant

Kodama Plant

Testing Research Center

R&D Center, Headquarters Calsonic Kansei

Group Companies in Japan

CKK Corporation
CKF Corporation
CKP Corporation
Calsonic Kansei Utsunomiya Corporation
Calsonic Kansei Iwate Corporation
Calsonic Kansei Yamagata Corporation
Tokyo Radiator Mfg. Co., Ltd.

Overseas Group Companies

Americas

Calsonic Kansei North America, Inc.
Calsonic Kansei Mexicana, S.A. de C.V

Europe

Calsonic Kansei UK Limited
Calsonic Kansei Sunderland Limited
Calsonic Kansei Spain, S.A.
Calsonic Kansei Romania S.R.L.

Asia

Daihan Calsonic Corporation.
Calsonic Kansei Korea Corporation
Calsonic Kansei China companies
Calsonic Kansei (Thailand) Co., Limited
Calsonic Kansei (Malaysia) Sdn. Bhd.
Calsonic Kansei Motherson Auto Products Limited

Calsonic Kansei Domestic Group Companies

Gunma Plant / CKK Corporation
Oppama Plant / CKF Corporation
Yoshimi Plant / CKP Corporation
Kodama Plant / Calsonic Kansei Utsunomiya Corporation
Testing Research Center / Calsonic Kansei Iwate Corporation
R&D Center, Headquarters / Calsonic Kansei Yamagata Corporation
Tokyo Radiator Mfg. Co., Ltd.

3. Statistical Methods:

As a rule, we calculate costs in compliance with the Environmental Reporting Guidelines issued by the Ministry of the Environment of Japan.

Environmental Action Plan (Fiscal 2016 Plan and Results)

 Japan  Overseas

Activities

Under the Calsonic Kansei Green Program 2016 (CKGP2016), the Group's mid-term environmental program implemented between FY2011 and FY2016, the Calsonic Kansei Group activates the PDCA cycle and conducts activities based on an Environmental Action Plan that sets out the concrete actions for the following fiscal year. To strengthen group-wide environmental efforts, the Global Environment Management Meeting and Environmental Energy Committee Meeting are convened twice a year to exchange information on the implementation status of the Action Plan and achievements.

Key issue	Mid-Term Action Plan	FY2016 Plan	FY2016 Results	
Promotion of Environmental Management	Promotion of acquisition and maintenance of ISO 14001 certification for all plants on a Group Global basis	Improve quality of ISO 14001 activities	Conducted cross-auditing between plants at each site in Japan Conducted environmental audits at overseas locations Transitioned to ISO 14001:2015 system at three global sites	
	Strengthening of environmental management promotion systems on a Group Global basis.	Enhance the Calsonic Kansei Group Environmental Management Promotion System	Enhancement and promotion of Global Environment Management Meeting Improved emergency contact network in case of environmental incidents within CKG (horizontal roll-out rate: 100%)	
	Enhancement of environmental risk management	Clean-up of soil and groundwater and prevention of contamination	Maintain and expand soil and groundwater conservation efforts	Thoroughly implemented countermeasures at plants with past contamination records; thoroughly implemented preventive measures
		Thorough Discharged Water Management	Set voluntary Discharged Water quality targets of 80% of regulatory values. Conduct monthly monitoring of wastewater quality values at each site and comply with regulatory values.	Achieved 100% compliance with regulatory values
	Community partnership activities	Dissemination of information on environmental activities undertaken by production divisions and enhancement of activities to gain the trust of local communities (maintain fulfillment rate at 100%)	Fulfillment rate of community partnership activities (actual assessment score/base assessment score): 100%	Fulfillment rate of community partnership activities: 100% Conducted environmental risk communication with local residents, businesses, and government Conducted clean-ups of areas around business sites Welcomed students from local elementary, junior and senior high schools for plant tours and internships, and conducted traveling classrooms, etc.
	Green partnership activities	Collaboration with partner companies to engage in the three Environmental Clean Chain Activities (CO ₂ emissions reduction, effective use of resources, and reduction of environmentally hazardous substances) and enhancement of activities (maintain fulfillment rate at 100%)	Fulfillment rate of green partnership activities (actual assessment score/base assessment score): 100%	Green partnership fulfillment rate: 100% Conducted emergency response training for partner companies Implemented training sessions on prevention of environmental incidents

Key issue	Mid-Term Action Plan	FY2016 Plan	FY2016 Results	
Reduction of Environmental Burdens of Manufacturing Operations	Reduction of CO ₂ emissions (Reduction of energy consumption)	<ul style="list-style-type: none"> Reduction of CO₂ emissions (CKGP2016) Reduce CO₂ emission intensity (CO₂ emission intensity = total emissions/sales revenue) by the percentages listed below by FY2016 Japan: 18.5% reduction compared to FY2005 Americas, Europe, and Asia: 13.6% reduction compared to FY2005 	Reduction of CO ₂ emission intensity Japan: 2.5% reduction compared to FY2015 (18.5% reduction compared to FY2005) Americas, Europe, and Asia: 2.5% reduction compared to FY2015 (13.6% reduction compared to FY2005)	Japan: 3.8% reduction compared to FY2015 (32.3% reduction compared to FY2005) Americas, Europe, and Asia: 1.2% reduction compared to FY2015 (26.7% reduction compared to FY2005)
	Resource recycling	<ul style="list-style-type: none"> Reduction of waste (waste for disposal + valuable resources) (CKGP 2016) Reduce waste generation intensity (total waste/sales revenue) by the percentages listed below by FY2016 Japan: 18.1% reduction compared to FY2005 Americas, Europe, and Asia: 6.0% reduction compared to FY2010 	Reduce waste generation intensity Japan: 2.0% reduction compared to FY2015 (18.1% reduction compared to FY2005) Americas, Europe, and Asia: 1.0% reduction compared to FY2015 (6.0% reduction compared to FY2010)	Japan: 1.1% reduction compared to FY2015 (26.1% reduction compared to FY2005) Americas, Europe, and Asia: 2.3% reduction compared to FY2015 (18.8% reduction compared to FY2010)
		<ul style="list-style-type: none"> Zero Landfill: Zero landfilled waste (CKGP 2016) Reduce landfill ratio (landfill volume/waste volume) by FY2015 Overseas: landfill ratio of 0.2% 	Maintain zero landfill ratio overseas	Overseas landfill ratio of 0%
	Conservation of water, air, soil, and biodiversity	<ul style="list-style-type: none"> Reduction of use of environmentally hazardous substances (CKGP 2016) Reduce environmentally hazardous substance and VOC use by FY2020 Japan: 30.0% reduction compared to FY2000 	Reduce VOC use Japan: 2.0% reduction compared to FY2015 (30.0% reduction compared to FY2000)	Reduce VOC use Japan: 6.4% reduction compared to FY2015 (83.9% reduction compared to FY2000)
		<ul style="list-style-type: none"> Reduction of water use (CKGP 2016) Reduce water use intensity (total water consumption/sales revenue) by the percentages listed below by FY2016 Japan: 22.4% reduction compared to FY2009 Americas, Europe, and Asia: 4.0% reduction compared to FY2014 	Reduce water use intensity Japan: 2.0% reduction compared to FY2015 (21.4% reduction compared to FY2009)	Japan: 13.6% reduction compared to FY2015 (19.7% reduction compared to FY2009) Americas, Europe, and Asia: 7.6% increase compared to FY2015 (2.6% reduction compared to FY2014)
Development of Eco-friendly Products	Enhancement of efforts to develop products that address environmental issues	Compliance with laws and regulations and customer requirements, and reduction and elimination of use of regulated chemical substances in products (Compliance with European ELV Directive) (Compliance with European REACH regulations) (Compliance with Tennessee's air pollution regulations in North America)	Reduce the use of VOCs in vehicle cabins Ensure compliance with European REACH regulations North American regulations on use of organic solvents	Continued efforts to reduce use of VOCs in vehicle cabins Implemented activities to comply with European REACH regulations in advance of regulations coming into force. Adopted water soluble materials for instrument panel pad skin primer and paint; expanded adoption
			Disclose materials data to customers promptly	Implemented actions according to customer instructions (via IMDS)

Key issue	Mid-Term Action Plan	FY2016 Plan	FY2016 Results
	Reduction of waste (development of easily recyclable products)	Use of recycled materials	Radiators, condensers, motor fans
		Separation of parts with recyclability in mind	Airconditioner ducts
		Promote the development of easily recyclable products	Compressors, exhaust systems
		Bolt reduction activities	Airconditioning units, compressors
		Design with ease of disassembly in mind	Cockpit modules, airconditioning units
	Prevention of global warming (fuel efficiency/energy efficiency)	Promote lightweight, fuel-efficient, energy-efficient products	Developed cockpit front-end modules, high performance climate control systems, steering members, variable capacity compressors for air-conditioners, small and lightweight rotary compressors for air-conditioners, heat pump air-conditioning systems, hot water heaters, meters, built-in oil coolers, EV inverters, EV battery controllers, lightweight radiators, charge air coolers, brushless motors, and EGR coolers
	Prevention of air pollution (purification of exhaust gas)	Promote development of products that ensure effective purification of exhaust gas	Developed exhaust manifolds, manifold converters, and catalytic converters (underfloor)
	Noise prevention (reduction of noise emissions)	Promote development of products with low exhaust and noise emissions	Developed low noise exhaust systems
	Evaluation of eco-friendly products	Promote eco-friendly product manufacturing Promote the creation of a database for relevant indicators	Disseminated information on stance regarding indicators for eco-friendly products to employees and put indicators into practice Promoted LCA calculations for eco-friendly products
	Introduction of eco-friendly products onto market (CK GX 4 T10)	Introduce three products into the marketplace over fiscal 2015 and 2016	Introduced one product into the market in fiscal 2016
Green procurement	Expansion of green procurement	Enhance the Green Procurement Guidelines	Promoted activities to encourage suppliers to agree to and follow our Green Procurement Guidelines
Environmental Communication	Active disclosure of information on environmental activities	Enhance disclosure of information on environmental activities - Top 15 in Toyo Keizai's CSR Ranking (Environmental score in transport equipment industry) - Provided information to CDP	Enhanced disclosure of information on environmental activities Achieve Top 8 in the automobile industry in Toyo Keizai's CSR Ranking (Environmental score in transport equipment industry) Provide information to CDP

* Toyo Keizai Inc. is a book and magazine publisher specializing in politics, economics and business, based in Tokyo, Japan.

Environmental Data of Manufacturing Plants in Japan

Gunma Plant

Address : 132 Shin-Nakano, Ouracho, Oura-gun, Gunma

Area : 224,781m²

Building Area : 64,352m²

Major Products : Air-conditioning units, condensers,exhaust products, metal supports

Ordinance and Agreement : Gunma Prefecture Ordinance, Oura Town Agreement, Sewage Law

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	6.5~8.5	7.2	8.3
SS	30mg/ l or less	7.0	22.0
BOD	20mg/ l or less	4.1	10.0
N-Hex	3mg/ l or less	0.9	1.9
F	8mg/ l or less	0.5 or less	0.3
Zn	2mg/ l or less	1.0 or less	0.2
P	16mg/ l or less	0.3	0.6
N	120mg/ l or less	0.9	2.4
Cu	3mg/ l or less	0.1 or less	
Ni	-	-	-
Fe	5mg/ l or less	0.1 or less	0.4
COD	-	-	-
E. coli bacteria	3000 or less	0	50
Dichloromethane	0.2mg/ l or less	0.02 or less	
Total volume of water discharge	165.33(km ³)		
Drain field	Discharged into a river (subsidiary stream of the Tone River)		
BOD average	7.125(mg/l)		
Amount of pollution load (BOD)	1.18(t)		
So _x	-		
No _x	-		
Soot Dust	-		
CO ₂	16,815(t)		

Oppama Plant

Address : 18 Natsushima-cho, Yokosuka City, Kanagawa

Area : 22,514m²

Building Area : 17,434m²

Major Products : Exhaust products

Ordinance and Agreement : Kanagawa Prefectural Ordinance, Yokosuka Municipal Ordinance, Sewage Law

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	7.4	7.8
SS	-	-	-
BOD	-	-	-
N-Hex	5mg/ l or less	0.5 or less	
F	-	-	-
Zn	1.0mg/ l or less	0.1 or less	0.6
P	-	-	-
N	-	-	-
Cu	1.0mg/ l or less	0.1 or less	0.1
Ni	1.0mg/ l or less	0.1 or less	
Fe	3mg/ l or less	0.1 or less	1.3
COD	-	-	-
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	8.18(km ³)		
Drain field	Sewage		
BOD average	-		
Amount of pollution load (BOD)	-		
So _x	-		
No _x	0.25(t)		
Soot Dust	0.026(t)		
CO ₂	1,204(t)		

Yoshimi Plant

Address : 628 Ooaza-Kumeda Yoshimi-machi, Hiki-gun Saitama

Area : 141,784m²

Building Area : 49,700m²

Major Products : Instrument panels, center consoles

Ordinance and Agreement : Saitama Prefecture Ordinance

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	6.7	7.5
SS	90mg/ l or less	1.0 or less	29.3
BOD	25mg/ l or less	2.6	19.0
N-Hex	5mg/ l or less	0.5 or less	0.7
F	-	-	-
Zn	-	-	-
P	8mg/ l or less	3.1	7.9
N	60mg/ l or less	3.7	37.4
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	60mg/ l or less	6.4	29.1
E. coli bacteria	3000 or less	0	35
Dichloromethane	-	-	-
Total volume of water discharge	5.95(km ³)		
Drain field	Discharged into a river (subsidiary stream of the Ichino River)		
BOD average	5.95(mg/l)		
Amount of pollution load (BOD)	0.21(t)		
So _x	0.014(t)		
No _x	0.101(t)		
Soot Dust	0.001(t)		
CO ₂	6,765(t)		

Kodama Plant**Address** : 540-7 Kyoei, Kodamacho, Honjo City, Saitama**Area** : 51,168m²**Building Area** : 15,838m²**Major Products** : Electronic control**Ordinance and Agreement : Saitama Prefecture Ordinance, Honjo Municipal Ordinance**

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	7.2	7.9
SS	60mg/ l or less	3.0	20.0
BOD	25mg/ l or less	1.0	10.0
N-Hex	30mg/ l or less	3.0 or less	4.0
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	160mg/ l or less	4.0	19.0
E. coli bacteria	3000 or less	30	35
Dichloromethane	-	-	-
Total volume of water discharge	5(km ³)		
Drain field	Discharged into a river (subsidiary stream of the Tone River)		
BOD average	5(mg/l)		
Amount of pollution load (BOD)	0.04(t)		
So _x	0.054		
No _x	0.338(t)		
Soot Dust	0.011(t)		
CO ₂	2,453(t)		

Testing Research Center

Address : 8 Sakae-cho, Sano City, Tochigi

Area : 73,829m²

Building Area : 47,141m²

Ordinance and Agreement : Tochigi Prefectural Ordinance, Sano Municipal Ordinance, Sewage Law

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.9~9.0	6.3	8.4
SS	600mg/ l or less	1.0 or less	77.3
BOD	600mg/ l or less	1.0 or less	152.0
N-Hex	5mg/ l or less	1.0 or less	
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	26.87(km ³)		
Drain field	Sewage, Misugi River		
BOD average	26.87(mg/l)		
Amount of pollution load (BOD)	1.24(t)		
So _x	0.018		
No _x	0.094(t)		
Soot Dust	0.001(t)		
CO ₂	7,240(t)		

R&D Center, Headquarters

Address : 2-1917 Nisshin-cho,Kita-ku, Saitama City, Saitama

Area : 33,047m²Building Area : 10,704m²**Ordinance and Agreement : Saitama Prefectural Ordinance, Saitama Municipal Ordinance, Sewage Law**

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.0~9.0	7.0	7.5
SS	600mg/ l or less	131.0	340.0
BOD	600mg/ l or less	68.3	197.0
N-Hex	30mg/ l or less	2.0	23.8
F	-	-	-
Zn	-	-	-
P	32mg/ l or less	1.9	4
N	240mg/ l or less	3.9	15.3
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	28.2(km ³)		
Drain field	Sewage		
BOD average	129.18(mg/l)		
Amount of pollution load (BOD)	3.64(t)		
So _x	-		
No _x	0.33(t)		
Soot Dust	-		
CO ₂	2,141(t)		

CKK(Headquarters and Usa Plant)

Address : 111 Ooaza-Waki, Usa

Area : 99,146m²Building Area : 19,427m²

Major Products : Instrument panels

Ordinance and Agreement : Ooita Prefectural Ordinance, Usa Municipal Agreement

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	6.0~8.6	6.7	7.5
SS	60mg/ l or less	3.0	23.0
BOD	60mg/ l or less	1.0 or less	3.0
N-Hex	2mg/ l or less	0.5 or less	1.0 or less
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	60mg/ l or less	5.0	9.0
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	2(km ³)		
Drain field	Discharged into a river (Yorimo River)		
BOD average	2(mg/l)		
Amount of pollution load (BOD)	0.0037(t)		
So _x	0.365		
No _x	1.02(t)		
Soot Dust	0.017(t)		
CO ₂	6,365(t)		

CKK (Nakatsu Plant)**Address** : 150-3 Ooaza-Inumaru, Nakatsu City, Ooita**Area** : 48,646m²**Building Area** : 17,803m²**Major Products** : Air-conditioning units, radiators, exhaust products**Ordinance and Agreement : Ooita Prefectural Ordinance, Nakatsu Municipal Agreement**

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	6.0~8.5	6.7	7.5
SS	30mg/ l or less	1.0 or less	15.0
BOD	30mg/ l or less	0.77	12.0
N-Hex	5mg/ l or less	0.5 or less	1.20
F	-	-	-
Zn	-	-	-
P	8mg/ l or less	0.03	2.2
N	60mg/ l or less	0.36	18.0
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	3000 or less	0	19.0
Dichloromethane	-	-	-
Total volume of water discharge	3.47(km ³)		
Drain field	Discharged into a river (Inumaru River)		
BOD average	7.54(mg/l)		
Amount of pollution load (BOD)	0.03(t)		
So _x	0.262(t)		
No _x	1.214(t)		
Soot Dust	0.042(t)		
CO ₂	9,269(t)		

CKF**Address** : 5-1 Sumiyoshi, Nihonmatsu**Area** : 68,400m²**Building Area** : 13,800m²**Major Products** : Meters, tank units, a variety of sensors, switches**Ordinance and Agreement : Fukushima Prefectural Ordinance, Nihonmatsu Municipal Ordinance**

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	7.0	7.6
SS	70mg/ l or less	1.0 or less	18.4
BOD	25mg/ l or less	1.0 or less	1.2
N-Hex	5mg/ l or less	0.5 or less	0.7
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	3000 or less	0	
Dichloromethane	-	-	-
Total volume of water discharge	1.2(km ³)		
Drain field	Discharged into a river (subsidiary stream of the Abukuma River)		
BOD average	1.2(mg/l)		
Amount of pollution load (BOD)	0.02(t)		
So _x	-		
No _x	0.114(t)		
Soot Dust	0.022(t)		
CO ₂	4,148(t)		

Tokyo Radiator MFG Co., Ltd.

Address : 2002-1 Endo, Fujisawa City, Kanagawa

Area : 88,254m²

Building Area : 41,004m²

Major Products : Radiators, EGR coolers, oil coolers, intercoolers, fuel coolers, oil pans, vacuum tanks, fuel tanks, SCR tanks, etc.

Ordinance and Agreement : Kanagawa Prefectural Ordinance, Fujisawa Municipal Greening Agreement

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	7.0	7.7
SS	90mg/ l or less	1.0 or less	19.2
BOD	60mg/ l or less	2.9	15.0
N-Hex	5mg/ l or less	0.5 or less	2.1
F	8mg/ l or less	0.4	1.8
Zn	2mg/ l or less	0.1 or less	
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	60mg/ l or less	6.7	18.0
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	245.8(km ³)		
Drain field	Discharged into a river (subsidiary stream of the Hikiji River)		
BOD average	7.97(mg/l)		
Amount of pollution load (BOD)	1.96(t)		
So _x	0.001(t)		
No _x	0.503(t)		
Soot Dust	0.0073(t)		
CO ₂	10,059(t)		

CKP (Sano Plant)**Address** : 765 Aza-Ishihara, Takahagi-cho, Sano City, Tochigi**Area** : 12,012m²**Building Area** : 5,670m²**Major Products** : Resin molded parts, intake, motor fans, liquid tanks, relief valves**Ordinance and Agreement : Tochigi Prefectural Ordinance, Sano Municipal Ordinance**

Items Regarding Drainage Regulations	Regulation value	Results	
pH	5.0~9.0	7.2	
SS	600mg/ l or less	1.0 or less	
BOD	600mg/ l or less	1.0 or less	
N-Hex	5mg/ l or less	1.0 or less	
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	2.9(km ³)		
Drain field	Discharged into a river (subsidiary stream of the Misugi River)		
BOD average	1(mg/l)		
Amount of pollution load (BOD)	0.0029(t)		
So _x	-		
No _x	-		
Soot Dust	-		
CO ₂	2,024(t)		

CKP (Itakura Plant)**Address :** 7 Aza-Futoi, Ooaza-Ookura, Itakura-cho, Oura-gun, Gunma**Area :** 16,500m²**Building Area :** 4,161m²**Major Products :** Integrated switches for heating air-conditioners, controls, electronic circuits**Ordinance and Agreement : Gunma Prefectural Ordinance, Itakura Town Agreement**

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	7.2	
SS	15mg/ l or less	5.0	
BOD	15mg/ l or less	8.0	
N-Hex	3mg/ l or less	1.0 or less	
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	1000 or less	30 or less	
Dichloromethane	-	-	-
Total volume of water discharge	8(km ³)		
Drain field	Discharged into a river (subsidiary stream of the Watarase River)		
BOD average	8(mg/l)		
Amount of pollution load (BOD)	0.05(t)		
So _x	-		
No _x	-		
Soot Dust	-		
CO ₂	1,874(t)		

CKP (Tochigi Plant)**Address** : 144-1 Shimokoyama, Shimono City, Tochigi**Area** : 18,886m²**Building Area** : 10,497m²**Major Products** : Car interior resin parts, instrument panels, consoles, etc.**Ordinance and Agreement : Tochigi Prefectural Ordinance, Shimono Municipal Agreement**

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	6.8	7.2
SS	50mg/ l or less	1.0 or less	1.2
BOD	30mg/ l or less	1.0 or less	2.2
N-Hex	5mg/ l or less	0.5 or less	0.5
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	30mg/ l or less	1.6	2.4
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	2.2(km ³)		
Drain field	Discharged into a river (Sugata River)		
BOD average	2.2(mg/l)		
Amount of pollution load (BOD)	0.01(t)		
So _x	-		
No _x	-		
Soot Dust	-		
CO ₂	2,105(t)		

Calsonic Kansei Utsunomiya (CKU)

Address : 11-6 Kiyohara Industrial Park, Utsunomiya City, Tochigi

Area : 66,100m²

Building Area : 20,864m²

Major Products : Compressors for car air-conditioners, parts

Ordinance and Agreement : Tochigi Prefectural Ordinance, Utsunomiya Municipal Agreement

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	7.0	7.8
SS	40mg/ l or less	1.0	13.2
BOD	20mg/ l or less	1.0	8.4
N-Hex	5mg/ l or less	0.5	1.0
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	20mg/ l or less	3.3	9.6
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	4.83(km ³)		
Drain field	Via the Kiyohara Industrial Park Disposal Plant to the Kinu River		
BOD average	4.83(mg/l)		
Amount of pollution load (BOD)	0.01(t)		
So _x	-		
No _x	-		
Soot Dust	-		
CO ₂	1,229(t)		

Calsonic Kansei Iwate (CKI)

Address : 1-27-5 Tatekawame, Waga-cho, Kitakami City, Iwate

Area : 23,410m²Building Area : 9,742m²

Major Products : Compressors for car air-conditioners

Ordinance and Agreement : Iwate Prefectural Ordinance, Kitakami Municipal Agreement

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	6.1	7.4
SS	200mg/ l or less	1.0	7.4
BOD	160mg/ l or less	2.6	16.0
N-Hex	5mg/ l or less	0.5	1.0
F	8mg/ l or less	0.05	0.15
Zn	2mg/ l or less	0.06	0.08
P	16mg/ l or less	3.6	4.6
N	120mg/ l or less	51.0	54.0
Cu	3mg/ l or less	0.01	0.014
Ni	-	-	-
Fe	10mg/ l or less	0.03	0.08
COD	160mg/ l or less	2.0	25.0
E. coli bacteria	3000 or less	30	340
Dichloromethane	-	-	-
Total volume of water discharge	5.98(km ³)		
Drain field	Discharged into a river (Waga River)		
BOD average	5.98(mg/l)		
Amount of pollution load (BOD)	0.03(t)		
So _x	-		
No _x	-		
Soot Dust	-		
CO ₂	2,937(t)		

Calsonic Kansei Yamagata (CKY)**Address** : 190 Chuo Industrial Park, Sagae City, Yamagata**Area** : 10,616m²**Building Area** : 5,077m²**Major Products** : Aluminum die casting, parts processing**Ordinance and Agreement : Yamagata Prefectural Ordinance, Sagae City Ordinance**

Items Regarding Drainage Regulations	Regulation value	Results / Minimum	Results / Maximum
pH	5.8~8.6	5.9	7.3
SS	200mg/ l or less	4.4	35.8
BOD	160mg/ l or less	1.0 or less	8.8
N-Hex	5mg/ l or less	0.5 or less	0.7
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	16.9(km ³)		
Drain field	Sagae river		
BOD average	4.43(mg/l)		
Amount of pollution load (BOD)	0.07(t)		
So _x	-		
No _x	-		
Soot Dust	-		
CO ₂	3,605(t)		

Key CSR Indicators and Results

> Key CSR Issues and KPIs

Sustainability Data

CKJ=CKJ J=Japan O=Overseas ☆=Non-Group

Category	Sub-category	Unit	KPI	FY2014 actual	FY2015 actual	FY2016 actual	Boundary	
Organizational Governance	Governance	Independent outside directors	persons		0	1	2	CKJ
		Outside auditors	persons		2	2	2	CKJ
Human Rights	Diversity	Ratio of employment of people with disabilities	%	●	1.85	1.93	2.07	CKJ
		Ratio of female managers	%	●	2.2	1.9	2.3	CKJ
		Ratio of female directors	persons		0	0	0	CKJ
	Supply chain	Supply chain due diligence	companies	●	—	0	9	CKJ/J/O/ ☆
	Conflict minerals	Number of companies surveyed for conflict minerals (%)	companies (%)	●	288 (99)	285 (99)	284 (99)	CKJ/J
Labor Practices (Calsonic Kansei only)	Employee data	Ratio of female employees	%	●	7.62	7.90	9.11	CKJ
		Average years of service (males)	years		—	—	19	CKJ
		Average years of service (females)	years		—	—	17.5	CKJ
		Number and ratio of union members	persons (%)		2977 (100)	2959 (100)	3075 (100)	CKJ
		Number of new-graduate recruits (males)	persons		—	—	187	CKJ/J
		Number of new-graduate recruits (females)	persons		—	—	34	CKJ/J
	Human resources development	Annual hours training per employee	hours		—	23.6	13.5*	CKJ
	Work style reforms	Number of retired employees re-hired	persons		58	167	198	CKJ
		Percentage of annual leave taken	%	●	64.3	73	77	CKJ
		Number of employees who took childcare leave	persons		10	6	24	CKJ
		Number of employees who took childcare leave (males)	persons		—	—	1	CKJ
		Number of employees who took childcare leave (females)	persons		—	—	13	CKJ
		Number of employees who took parental leave	%		—	—	18.18	CKJ
		Average hours overtime/month	hours			19.3	22.7	CKJ
		Number of employees who took nursing care leave	persons		2	0	1	CKJ
	Occupational health and safety	Ratio of lost-time injury accidents	%		0.06	0.11	0.1	CKJ/J/O

Category	Sub-category		Unit	KPI	FY2014 actual	FY2015 actual	FY2016 actual	Boundary
Environment	Climate change action	Development of eco-friendly products (2011-2016)	products (cumulative)	•	7	9	10	CKJ/J
		Percentage reduction of production sector CO ₂ emissions	%	•	J -28.3	J -29.6	J -32.3	CKJ/J
					O -20.6	O -27.6	O -26.7	O
		Percentage reduction of logistics sector CO ₂ emissions	%	•	-22.6	-34.9	-35.1	CKJ/J
	Percentage reduction of office sector CO ₂ emissions	%	•	-6.5	-6.1	-8.0	CKJ/J	
	Environmental pollution prevention	Waste reduction ratio	%	•	J -26.5	J -27.0	J -26.1	CKJ/J
					O -11.1	O -16.9	O -18.8	O
		Water use reduction ratio	%	•	J -4.6	J -7.0	J -19.7	CKJ/J
					—	O -9.5	O -2.6	O
		VOC (volatile organic compound) reduction ratio	%	•	-84.7	-84.9	-83.9	CKJ/J
Landfill ratio	%	•	2.9	0.17	0	O		
Socially Responsible Procurement	Green purchasing (percentage of agreements obtained from new accounts)	%	•	100	100	100	CKJ/J/O	
Fair Operating Practices	Compliance	Number of significant compliance issue occurrences	cases	•	0	0	1	CKJ/J/O
		Percentage of employees receiving Code of Conduct education	%	•	—	—	100	CKJ/J/O
		Number of compliance commendations	cases		265	350	416	CKJ/J/O
		Number of whistleblowing cases	cases		234	309	312	CKJ/J/O
		Percentage of employees receiving Information security education	%	•	84	99	100	CKJ/J/O
Consumer Issues	Customer issues	Customer satisfaction	%	•	3.31	3.35	3.36	CKJ/J/O/ ☆
Community Involvement and Development	Social contribution activities	Total spend on social contribution activities	1,000 yen	•	20,935	9,615	10,800	CKJ/J
		Activities to support future generations (number of employees participating in Team SKETT)	persons		—	262	283	CKJ/J

* In FY2016, the reporting range (number of trainees, number of training sessions) for number of training hours per employees was expanded.

- > [Environmental Action Plan and Results](#)
 - > [Environmental Data of Manufacturing Plants in Japan](#)
 - > [Employee Data](#)
-

Third-party Recognition of CSR Initiatives

The CSR initiatives of the Calsonic Kansei Group have received a high level of recognition from research institutions and other third-party organizations both in Japan and overseas.



In FY2016, the Group was certified by the Minister of Health, Labour and Welfare (Japan) as an “Eruboshi (Level 3)” company, the highest level of “Eruboshi” certification under the Act on Promotion of Women’s Participation and Advancement in the Workplace.



In FY2015, the Ministry of Health, Labour and Welfare (Japan) awarded the Group Kurumin (1 Star) certification, a certification given to companies with business plans as general business operators that meet certain requirements under the Act on Advancement of Measures to Support Raising Next-Generation Children.



The Saitama Prefectural Government (Japan) is pursuing a Saitama Womenomics Project, which aims to use the power of women to invigorate the prefectural economy. As part of this project, it has implemented a certification scheme for “companies that practice diverse working styles.” Under this scheme, the Prefectural Government certifies companies that are undertaking a variety of initiatives to support their employees in balancing work and raising children. Calsonic Kansei was certified as a “Gold Plus” company in 2012, a certification that is valid for five years.



Calsonic Kansei was ranked 9th (the highest place among Japanese companies) in the 2016 Channel NewsAsia Sustainability Ranking, a list of the 100 leading companies in corporate sustainability in Asia released by Channel NewsAsia, a Singapore-based news channel.



CDP is a London-based international non-profit organization, established in 2003, that calls on companies, cities, states and regions around the world to disclose their environmental performance data. These disclosures are analyzed and evaluated for the use of institutional investors and the world's policy decision-makers. The CDP Climate Change Report 2016, a survey on climate change initiatives, gave the Calsonic Kansei Group a grade of A- (Leadership).

About Our Reporting

Report Scope and Structure

The Calsonic Kansei Group published its first Sustainability Report in 2014, reporting on its ideas and various initiatives as a communication tool to stakeholders and as part of efforts to release information about its Corporate Social Responsibility (CSR) activities.

For Sustainability Report 2017, the fourth issue of this report, we have reviewed the structure, adopting a more website-centered structure that will enable us to release information in a more timely manner and make it easier for stakeholders to access the information they require.

Further, to enable those accessing this information for the first time to become familiar with the Group's sustainability initiatives, we have also produced a separate summary version, which presents the information in a highly visual format.

Applicable Scope

Calsonic Kansei Corporation and Group companies

Applicable Term

Mainly fiscal 2016 (April 1, 2016–March 31, 2017)

Publication Date

June 2017 (previous report: June 2016; next report: June 2018 (scheduled))

Reference Guidelines

Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4)

Environmental Reporting Guidelines of the Ministry of the Environment of Japan

Approvals for various general rules related to environment, society, and management

Calsonic Kansei is in agreement with the initiatives laid out in policies such as the UN International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work, ISO 26000 (Guidance on social responsibility) and the Keidanren (Japan Business Federation) Charter of Corporate Behavior, and implements initiatives to help achieve these important management indexes.

Third-party Assurances and Opinions

No third-party assurances were obtained for this report.

A third-party opinion of a noted CSR and ESG (environmental, social, and governance) expert is included in the summary version of the Sustainability Report 2017 and website.

We look forward to receiving your opinions and comments regarding this report.

2-1917 Nisshin-cho, Kita-ku, Saitama City, Saitama 331-8501

CSR/Public Relations & IR Group

Corporate Planning Division

Calsonic Kansei Corporation

 [Online Contact Form](#)

Please Note:

This report contains forward-looking statements. Please be aware that actual results may differ due to various industry-related factors. In case of doubt or difference of interpretation, the Japanese version shall prevail over the English version.

GRI Guideline Comparison Table

General Standard Disclosures

Strategy and Analysis

Item	Indicator	Relevant sections
G4-1	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	<ul style="list-style-type: none"> • Top Commitment
G4-2	a. Provide a description of key impacts, risks, and opportunities.	<ul style="list-style-type: none"> • Top Commitment • Financial Statements • Risk Management

Organizational Profile

Item	Indicator	Relevant sections
G4-3	a. Report the name of the organization.	<ul style="list-style-type: none"> • About Us
G4-4	a. Report the primary brands, products, and services.	<ul style="list-style-type: none"> • Products
G4-5	a. Report the location of the organization's headquarters.	<ul style="list-style-type: none"> • About Us
G4-6	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	<ul style="list-style-type: none"> • About Us • Global Network
G4-7	a. Report the nature of ownership and legal form.	<ul style="list-style-type: none"> • About Us • Financial Statements
G4-8	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	<ul style="list-style-type: none"> • About Us

Item	Indicator	Relevant sections
G4-9	<p>a. Report the scale of the organization, including:</p> <ul style="list-style-type: none"> • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided 	<ul style="list-style-type: none"> • About Us
G4-10	<p>a. Report the total number of employees by employment contract and gender.</p> <p>b. Report the total number of permanent employees by employment type and gender.</p> <p>c. Report the total workforce by employees and supervised workers and by gender.</p> <p>d. Report the total workforce by region and gender.</p> <p>e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</p> <p>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</p>	<ul style="list-style-type: none"> • Employee Data
G4-11	<p>a. Report the percentage of total employees covered by collective bargaining agreements.</p>	<ul style="list-style-type: none"> • Stakeholder Engagement/Stakeholder Initiatives/Labor-Management Relations
G4-12	<p>a. Describe the organization's supply chain.</p>	<ul style="list-style-type: none"> • Together with our Business Partners/Basic Stance • Global Network
G4-13	<p>a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including:</p> <ul style="list-style-type: none"> • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	<ul style="list-style-type: none"> • Top Commitment

Item	Indicator	Relevant sections
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization.	<ul style="list-style-type: none"> • Corporate Governance/Compliance with Japan's Corporate Governance Code (FY2016) • Compliance/Basic Stance • Risk Management/Basic Stance • Environmental Policy
G4-15	a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	<ul style="list-style-type: none"> • Report Scope and Structure • Contribution to Sustainable Development Goals (SDGs)
G4-16	<p>a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic 	<ul style="list-style-type: none"> • Stakeholder Engagement/Participation in Outside Organizations and Other Initiatives

Identified Material Aspects and Boundaries

Item	Indicator	Relevant sections
G4-17	<p>a. List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	<ul style="list-style-type: none"> • Financial Statements
G4-18	<p>a. Explain the process for defining the report content and the Aspect Boundaries.</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	<ul style="list-style-type: none"> • Report Scope and Structure
G4-19	<p>a. List all the material Aspects identified in the process for defining report content.</p>	<ul style="list-style-type: none"> • Report Scope and Structure
G4-20	<p>a. For each material Aspect, report the Aspect Boundary within the organization, as follows:</p> <ul style="list-style-type: none"> • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> • --The list of entities or groups of entities included in G4-17 for which the Aspect is not material or • --The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization 	<ul style="list-style-type: none"> • Our Stance on CSR • Report Scope and Structure
G4-21	<p>a. For each material Aspect, report the Aspect Boundary outside the organization, as follows:</p> <ul style="list-style-type: none"> • Report whether the Aspect is material outside of the organization • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. • In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organization 	<ul style="list-style-type: none"> • Our Stance on CSR • Report Scope and Structure
G4-22	<p>a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.</p>	<p>–</p>

Item	Indicator	Relevant sections
G4-23	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	–

Stakeholder Engagement

Item	Indicator	Relevant sections
G4-24	a. Provide a list of stakeholder groups engaged by the organization.	<ul style="list-style-type: none"> • Our Stance on CSR
G4-25	a. Report the basis for identification and selection of stakeholders with whom to engage.	<ul style="list-style-type: none"> • Our Stance on CSR
G4-26	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<ul style="list-style-type: none"> • Stakeholder Engagement/Stakeholder Initiatives
G4-27	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	<ul style="list-style-type: none"> • Stakeholder Engagement/Stakeholder Initiatives

Report Profile

Item	Indicator	Relevant sections
G4-28	a. Reporting period (such as fiscal or calendar year) for information provided.	<ul style="list-style-type: none"> • Report Scope and Structure
G4-29	a. Date of most recent previous report (if any).	<ul style="list-style-type: none"> • Report Scope and Structure
G4-30	a. Reporting cycle (such as annual, biennial).	<ul style="list-style-type: none"> • Report Scope and Structure
G4-31	a. Provide the contact point for questions regarding the report or its contents.	<ul style="list-style-type: none"> • Report Scope and Structure
G4-32	<p>a. Report the 'in accordance' option the organization has chosen.</p> <p>b. Report the GRI Content Index for the chosen option (see tables below).</p> <p>c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.</p>	<ul style="list-style-type: none"> • GRI Guideline Comparison Table
G4-33	<p>a. Report the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</p> <p>c. Report the relationship between the organization and the assurance providers.</p> <p>d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</p>	<ul style="list-style-type: none"> • Financial Statements

Governance

Item	Indicator	Relevant sections
G4-34	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-35	a. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-36	a. Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)/Committees Responsible for Internal Control
G4-37	a. Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-38	a. Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation 	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-39	a. Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)

Item	Indicator	Relevant sections
G4-40	<p>a. Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:</p> <ul style="list-style-type: none"> • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including shareholders) are involved 	<ul style="list-style-type: none"> • Establishment of Systems to Ensure Proper and Legitimate Business Activities (Basic Principles and Systems of CK's Internal Control)
G4-41	<p>a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <ul style="list-style-type: none"> • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures 	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-42	<p>a. Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.</p>	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-43	<p>a. Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.</p>	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-44	<p>a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.</p> <p>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.</p>	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)

Item	Indicator	Relevant sections
G4-45	<p>a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</p> <p>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</p>	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-46	<p>a. Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.</p>	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-47	<p>a. Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.</p>	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)
G4-48	<p>a. Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.</p>	<ul style="list-style-type: none"> • Our Stance on CSR
G4-49	<p>a. Report the process for communicating critical concerns to the highest governance body.</p>	<ul style="list-style-type: none"> • Our Stance on CSR
G4-50	<p>a. Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.</p>	<ul style="list-style-type: none"> • Corporate Governance/Corporate Governance Structure (FY2016)

Item	Indicator	Relevant sections
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <ul style="list-style-type: none"> • Fixed pay and variable pay: <ul style="list-style-type: none"> – --Performance-based pay – --Equity-based pay – --Bonuses – --Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</p>	<ul style="list-style-type: none"> • IR
G4-52	<p>a. Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.</p>	<ul style="list-style-type: none"> • IR
G4-53	<p>a. Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.</p>	<ul style="list-style-type: none"> • IR
G4-54	<p>a. Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.</p>	<ul style="list-style-type: none"> • IR
G4-55	<p>a. Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.</p>	<ul style="list-style-type: none"> • IR

Ethics and Integrity

Item	Indicator	Relevant sections
G4-56	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	<ul style="list-style-type: none"> • Top Commitment • Our Stance on CSR • Basic Policy for Human Rights
G4-57	a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	<ul style="list-style-type: none"> • Compliance/Compliance Promotion System
G4-58	a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	<ul style="list-style-type: none"> • Compliance/Spreading Awareness of Compliance

SPECIFIC STANDARD DISCLOSURES

DISCLOSURES ON MANAGEMENT APPROACH

Item	Indicator	Relevant sections
G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material.	<ul style="list-style-type: none"> • Key CSR Issues and KPIs
	b. Report how the organization manages the material Aspect or its impacts.	<ul style="list-style-type: none"> • Our Stance on CSR • CSR Mid-Term Plan
	c. Report the evaluation of the management approach, including: The mechanisms for evaluating the effectiveness of the management approach The results of the evaluation of the management approach Any related adjustments to the management approach	<ul style="list-style-type: none"> • Key CSR Issues and KPIs

Economic

	Item	Indicator	Relevant sections
Economic Performance	G4-EC1	irect economic value generated and distributed	<ul style="list-style-type: none"> • IR
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	<ul style="list-style-type: none"> • IR • Environmental Management/Strengthening Environmental Manageme • Environmental Accounting
	G4-EC3	Coverage of the organization's defined benefit plan obligations	–
	G4-EC4	Financial assistance received from government	–
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	–
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	–
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	–
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	<ul style="list-style-type: none"> • Environmental Accounting
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	–

Environmental

	Item	Indicator	Relevant sections
Materials	G4-EN1	Materials used by weight or volume	<ul style="list-style-type: none"> Approaches to resources conservation and recycling
	G4-EN2	Percentage of materials used that are recycled input materials	<ul style="list-style-type: none"> Approaches to resources conservation and recycling
Energy	G4-EN3	Direct energy consumption within the organization	<ul style="list-style-type: none"> Environmental Burden Data (Material Flow) Environmental Accounting
	G4-EN4	Energy consumption outside of the organization	<ul style="list-style-type: none"> Environmental Burden Data (Material Flow) Environmental Accounting
	G4-EN5	Energy intensity	<ul style="list-style-type: none"> Approaches to Climate Change/Results of Calsonic Kansei Group CO₂ Emissions Reduction Environmental Accounting
	G4-EN6	Reduction of energy consumption	<ul style="list-style-type: none"> Environmental Management/Mid-Term Environmental Plan: Calsonic Kansei Green Program 2016 Environmental Accounting
	G4-EN7	Reductions in energy requirements of products and services	<ul style="list-style-type: none"> Environmental Management/Mid-Term Environmental Plan: Calsonic Kansei Green Program 2016 Environmental Accounting
Water	G4-EN8	Total water withdrawal by source	<ul style="list-style-type: none"> Environmental Burden Data (Material Flow) Approaches to resources conservation and recycling/Reduction of water use
	G4-EN9	Water sources significantly affected by withdrawal of water	<ul style="list-style-type: none"> Environmental Burden Data (Material Flow) Approaches to resources conservation and recycling/Reduction of water use
	G4-EN10	Percentage and total volume of water recycled and reused	<ul style="list-style-type: none"> Environmental Management/Mid-Term Environmental Plan: Calsonic Kansei Green Program 2016 Approaches to resources conservation and recycling/Reduction of water use

	Item	Indicator	Relevant sections
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> • Environmental Action Plan and Results
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> • Social Contribution Activities/Creating a beautiful local environment
	G4-EN13	Habitats protected or restored	–
	G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	–
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	<ul style="list-style-type: none"> • Approaches to Climate Change/Results of Calsonic Kansei Group CO₂ Emissions Reduction
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	<ul style="list-style-type: none"> • Approaches to Climate Change/Results of Calsonic Kansei Group CO₂ Emissions Reduction • Approaches to Climate Change/Activity Report
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	<ul style="list-style-type: none"> • Environmental Management/Strengthening Environmental Management
	G4-EN18	Greenhouse gas (GHG) emissions intensity	<ul style="list-style-type: none"> • Approaches to Climate Change/Results of Calsonic Kansei Group CO₂ Emissions Reduction
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	<ul style="list-style-type: none"> • Approaches to Climate Change/Results of Calsonic Kansei Group CO₂ Emissions Reduction
	G4-EN20	Emissions of ozone-depleting substances (ODS)	<ul style="list-style-type: none"> • Approaches to Climate Change
	G4-EN21	NOx, SOx, and other significant air emissions	<ul style="list-style-type: none"> • Environmental Data of Manufacturing Plants in Japan
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	<ul style="list-style-type: none"> • Environmental Burden Data (Material Flow)
	G4-EN23	Total weight of waste by type and disposal method	<ul style="list-style-type: none"> • Environmental Burden Data (Material Flow)
	G4-EN24	Total number and volume of significant spills	–
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	<ul style="list-style-type: none"> • Appropriate Management of Chemical Substances/Basic Stance

	Item	Indicator	Relevant sections
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	<ul style="list-style-type: none"> • Appropriate Management of Chemical Substances/Action Pillar (2): Action on Environmentally Hazardous Substances Used in Manufacturing at Plants
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	<ul style="list-style-type: none"> • Environmentally-Conscious Monozukuri/Development of Eco-Friendly Products
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	<ul style="list-style-type: none"> • Environmental Burden Data (Material Flow)
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws	–
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	–
Overall	G4-EN31	Total environmental protection expenditures and investments by type	–
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	–
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	–
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	<ul style="list-style-type: none"> • Appropriate Management of Chemical Substances/Action Pillar (2): Action on Environmentally Hazardous Substances Used in Manufacturing at Plants

Labor Practices and Decent Work

	Item	Indicator	Relevant sections
Employment	G4-LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region	<ul style="list-style-type: none"> • Employee Data
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	–
	G4-LA3	Return to work and retention rates after parental leave, by gender.	<ul style="list-style-type: none"> • Employee Data
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	–
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	–
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	<ul style="list-style-type: none"> • Protecting the Health and Safety of our Employees/Health and Safety Structure
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	<ul style="list-style-type: none"> • Protecting the Health and Safety of our Employees/Health and Safety Structure
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> • Protecting the Health and Safety of our Employees/Health and Safety Structure
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	<ul style="list-style-type: none"> • Human Resources Development to Expand Individual Capabilities/Introduction of the Skills Meister System
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career ending	<ul style="list-style-type: none"> • Human Resources Development to Expand Individual Capabilities/Systems for Raising Incentive
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	<ul style="list-style-type: none"> • Human Resources Development to Expand Individual Capabilities/Systems for Raising Incentive
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	<ul style="list-style-type: none"> • Promotion of Diversity
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	–

	Item	Indicator	Relevant sections
Supplier Assessment for Labor Practices	G4-LA14	Percentage of suppliers that were screened using labor practices criteria	<ul style="list-style-type: none"> • Respecting Human Rights/Human Rights Due Diligence in the Supply Chain
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	<ul style="list-style-type: none"> • Together with our Business Partners/Seeking Cooperation with CSR
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	<ul style="list-style-type: none"> • Respecting Human Rights/Human Rights Education and Training

Human Rights

	Item	Indicator	Relevant sections
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<ul style="list-style-type: none"> • Together with our Business Partners/Response to Conflict Materials
	G4-HR2	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	<ul style="list-style-type: none"> • Respecting Human Rights/Human Rights Education and Training
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	–
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	<ul style="list-style-type: none"> • Basic Policy for Human Rights
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	<ul style="list-style-type: none"> • Respecting Human Rights/For the Protection of Human Rights, Including Our Supply Chain
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	<ul style="list-style-type: none"> • Respecting Human Rights/For the Protection of Human Rights, Including Our Supply Chain
Security Practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	–
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	–
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	<ul style="list-style-type: none"> • Respecting Human Rights/Human Rights Education and Training
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	–
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	<ul style="list-style-type: none"> • Respecting Human Rights/Human Rights Due Diligence in the Supply Chain • Together with our Business Partners/Promotion of Socially Responsible Procurement
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances human rights impacts filed, addressed and resolved through formal grievance mechanisms	–

Society

	Item	Indicator	Relevant sections
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	<ul style="list-style-type: none"> • Social Contribution Activities/Activities Expenditure
	G4-SO2	Operations with significant potential or actual negative impacts on local communities	<ul style="list-style-type: none"> • Risk Management/Risk Management Promotion System
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	–
	G4-SO4	Communication and training on anti-corruption policies and procedures	<ul style="list-style-type: none"> • Compliance/Spreading Awareness of Compliance
	G4-SO5	Confirmed incidents of corruption and actions taken	–
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	–
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	–
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	–
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	<ul style="list-style-type: none"> • Together with our Business Partners/Response to Conflict Materials
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	–
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society files, addressed, and resolved through formal grievance mechanisms	–

Product Responsibility

	Item	Indicator	Relevant sections
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	<ul style="list-style-type: none"> • Quality Management/Initiatives to Improve Quality and Reliability
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	<ul style="list-style-type: none"> • Quality Management/Initiatives to Improve Quality and Reliability
Product and Service Labeling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	<ul style="list-style-type: none"> • Quality Management • Global Code of Conduct for Calsonic Kansei Group
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	–
	G4-PR5	Results of surveys measuring customer satisfaction	<ul style="list-style-type: none"> • Stakeholder Engagement/Stakeholder Initiatives
Marketing Communications	G4-PR6	Sale of banned or disputed products	–
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	–
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	–
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	–

ISO Comparison Table

ISO 26000 Core subjects	Issues	Relevant sections
Organizational governance	<ul style="list-style-type: none"> Organizational governance 	<ul style="list-style-type: none"> Top Commitment Our Stance on CSR Corporate Governance Compliance
Human rights	<ul style="list-style-type: none"> Due diligence Human rights risk situations Avoidance of complicity Resolving grievances Discrimination and vulnerable groups Civil and political rights Economic, social and cultural rights Fundamental principles and rights at work 	<ul style="list-style-type: none"> Respecting Human Rights
Labour Practices	<ul style="list-style-type: none"> Employment and employment relationships Conditions of work and social protection Social dialogue Health and safety at work Human development and training in the workplace 	<ul style="list-style-type: none"> Creating an Organization that Values the Individual and Diversity Protecting the Health and Safety of our Employees Human Resources Development to Expand Individual Capabilities
The environment	<ul style="list-style-type: none"> Prevention of pollution Sustainable resource use Climate change mitigation and adaptation Protection of environment, biodiversity and restoration of natural habits 	<ul style="list-style-type: none"> Environmental Management Environmentally-Conscious Monozukuri Approaches to Climate Change Approaches to resources conservation and recycling Appropriate Management of Chemical Substances
Fair operating practices	<ul style="list-style-type: none"> Anti-corruption Responsible political involvement Fair competition Promoting social responsibility in the value chain Respect for property rights 	<ul style="list-style-type: none"> Corporate Governance Compliance Together with our Business Partners

ISO 26000 Core subjects	Issues	Relevant sections
Consumer issues	<ul style="list-style-type: none"> • Fair marketing, factual and unbiased information and fair contractual practices • Protecting consumers Ehealth and safety • Sustainable consumption • Consumer service, support, and complaint and dispute resolution • Consumer data protection and privacy • Access to essential services • Education and awareness 	<ul style="list-style-type: none"> • Together with our Business Partners • Quality Management
Community involvement and development	<ul style="list-style-type: none"> • Community involvement • Education and culture • Employment creation and skills development • Technology development and access • Wealth and income creation • Health • Social investment 	<ul style="list-style-type: none"> • Top Commitment • Our Stance on CSR • CSR Mid-Term Plan • Stakeholder Engagement • Social Contribution Activities

Glossary

Modern slavery

Defined as a person who is working in conditions that he or she is unable to refuse or escape from, such as human trafficking, forced labor, debt bondage, forced or servile marriage, forced sexual exploitation, and child exploitation.

Due diligence

Identify the negative social, environmental, and economic impacts of an organization's decisions and activities, and avoid or mitigate those impacts.

QCDDMS

QCDDMS stands for Quality, Cost, Delivery, Development, Management, Sales. It refers to the criteria for the evaluation of these factors.

VOC

Volatile Organic Compounds.

QC circle

QC stands for Quality Control. Quality Control Circles are small groups of employees that undertake activities aimed at improving quality at manufacturing sites.

CK specific

Monozukuri

Monozukuri refers to the creation of value in all respects, through manufacturing fine products and providing excellent services in a timely manner to meet customers' expectations.

QSES

Quality System Evaluation Standard. Calsonic Kansei's proprietary standard for quality system evaluation.

GEC

GEC: A Conference, chaired by the CEO, which reports, debates, and makes decisions on important matters concerning global management.

Third-party Opinion

Co-Founder, Think Tank SophiaBank

Kumi Fujisawa



After having worked for Japanese and foreign investment fund management companies, Kumi Fujisawa founded the first investment trust evaluation company in Japan. She later sold that company to a global credit-rating firm, and helped establish the think-tank, SophiaBank. She has interviewed over 1,000 business owners and, through partnerships with the Davos Conference, is engaged in creating mutually beneficial bonds between the public and private sectors in Japan and overseas.

Serious about realizing a sustainable society

Firstly, above all, I would like to pay my respects to the Calsonic Kansei Group for its commitment to releasing a sustainability report despite having delisted its shares from the stock exchange. Further, the decision to also produce a printed summary version for distribution to its employees and the words of the CEO, Mr. Moriya, in his message, ‘The key to achieving this goal will be just how far each and every employee can act with a “CSR mindset,”’ indicated to me just how serious the Group is about realizing its vision of contributing to the realization of a sustainable society.

Respect for individual employees as the ones charged with carrying out the sustainability vision

That seriousness of intent was not only evident in the CEO’s words. I could detect sustainability-based approaches in every aspect of the company’s business activities as described in the report. For example, I learned about the detailed initiatives being implemented, such as the environmental awareness at production sites in Japan and around the world, and the CSR procurement and CSR guidelines for its supply chain.

What impressed me the most was the value that management places in every single one of the Group’s employees, that is, the people charged with carrying out the Group’s vision for sustainability, which was very evident in the report. The initiatives directed at human rights and labor practices were, of course, very impressive, but I thought that the “MY CSR” comments of employees from the various countries at the bottom of the page in the second half of the report was a wonderful innovation that really conveyed the fact that each individual employee is responsible for the company’s sustainability initiatives.

Stakeholders' Voices

If I were to make a suggestion for future reports, the inclusion of more comments from stakeholders, such as the suppliers that together form the Group's supply chain, would give added depth to the detailed reports of the Group's CSR initiatives. Also, as an unlisted company, mention of relationships with investment funds and the reflection of the opinions of the funds' shareholders would give shareholders further peace of mind in holding expectations for the future of the company.

Further, if I may make a very minor quibble, overall, the report has an abundance of diagrams and a very soft color scheme, but I did feel that much of the content assumed an understanding of the company's business on the part of the reader. A little more ingenuity in the sub-headings and explanations would help people with little knowledge of Calsonic Kansei to read the report with interest and give them a better understanding, which may serve to increase readership of the report. In that respect, it may be a good idea to involve new employees or people from the local community in the production of the report. The online version does an excellent job of describing the certain initiatives that the company is taking towards sustainability, which the Group perceives as a major pillar of its business. A little more ingenuity in the presentation would help to attract even more people both in Japan and overseas to read it. I hope that the employees of the Calsonic Kansei Group will continue to engage in their day-to-day work with confidence and a sense of pride that they are contributing to society.

Response to Third-party Opinion



Executive Vice President and CFO,
Calsonic Kansei Corporation

Seichi Kakizawa

I would like to thank Ms. Fujisawa for her valuable observations about our Group's CSR activities and report.

The Calsonic Kansei Group positioned Fiscal 2015 as our First Year of CSR, and has engaged in CSR activities with the mission of contributing to society through our business. We have recently undergone a major change in shareholders, but we have made the decision to expand these activities even further and are currently working on concrete plans.

Regarding Ms. Fujisawa's comment about our stakeholders' voices, we will pursue dialogue with more of our stakeholders and deepen our engagement with them. Also, we have been working since last fiscal year to communicate the information in this report a way that is easier for people reading it for the first time to understand, but we will work on improving this aspect of the report even further.

In our aim to become a corporate group that will develop sustainably alongside society, our executive team and each and every one of employees will face our CSR activities seriously and strengthen our engagement even further.

Key CSR Issues and KPIs

Calsonic Kansei Group KPIs (Key Performance Indicators)

In Fiscal 2015, the Calsonic Kansei Group identified a number of global social issues and evaluated them according to their impact on the company, impact on stakeholders, frequency of occurrence, and degree of risk avoidance response. Based on this, we determined our key issues in line with the core subjects of ISO26000. Setting KPIs for each of these [key issues](#), we are using the PDCA cycle to pursue initiatives to achieve our targets.

CKJ=CKJ J=Japan O=Overseas ☆=Non-Group

ISO 26000 Core Subjects	Priority	Key Issues	Details of initiatives	KPI	FY2016 Target	FY2016 Actual	Evaluation	FY2017 Target	FY2018 Target	Responsible dept.	Boundary	
Organizational Governance	A	Organizational Governance	Strengthen compliance / expand education and awareness-raising	Significant compliance issue occurrence	None	1	× Target Failed	None	None	Compliance Group	CKJ/J/O	
				Percentage of Code of Conduct education undertaken and pledges collected	100%	100%	○ Target Met	100%	100%		CKJ/J/O	
			Corporate IT Group	Strengthen information security and expand education and awareness-raising	Ratio of education undertaken	100%	100%	○ Target Met	100%	100%	100%	CKJ/J/O
				Conduct external audit of information security	—	Conduct once	Conduct test of network intrusion and e-mail targeted attacks from outside	○ Target Met	Conduct once	Conduct once	Conduct once	CKJ/J/O
				Undergo CSR audit by external organization	—	Conduct in FY2016	Conducted	○ Target Met	—	Conducted in FY2016	Conducted in FY2016	CSR/PR & IR Group
Human Rights	A	Respect for human rights	Establish basic human rights policy	—	Disclose in FY2016	Conducted	○ Target Met	—	Disclosed in FY2016	CSR/PR & IR Group	CKJ/J/O☆	
				Conduct human rights education and awareness-raising (as part of CSR training activities)	Training to scope of education target groups (leave target groups up to each company)	Expand in Japan	Conducted	○ Target Met	Trial in Japan and overseas		Conducted at all locations in Japan and overseas	CKJ/J/O
	B	Conflict minerals	Establish policy	Revision and extension of supplier CSR guidelines	Conduct in FY2016	Plan to disclose to CKJ suppliers within the year	○ Target Met	Review as appropriate	Review as appropriate	Purchasing Strategy and Planning Group	CKJ/J/O☆	
				Continue supply chain surveys	Number and ratio of companies surveyed	250 companies	284 companies (99%)	○ Target Met	250 companies		250 companies	CKJ/J/O☆
				Conduct supply chain audits and expand education and awareness-raising	Staff education participation rate	100%	Preparations underway to incorporate into purchasing division education from FY2017	—NA	100%		200%	CKJ/J/O☆
Labor Practices	A	Decent work	Establish labor policies (declare compliance to international labor standards)	(declare in human rights policy)	Disclose in FY2016	Disclosed	○ Target Met	—	—	CSR/PR & IR Group	CKJ/J/O	
				Prevent workplace accidents	Number of lost-time injury accidents	None	2	× Target Failed	None		None	General Support Group
		Workplace health and safety	Establish policies for approaches to AIDS, malaria, and tuberculosis	—	—	Not done	—NA	—	Disclose in FY2018	Disclose in FY2018	CKJ/J/O	
	B		Diversity	Establish basic diversity philosophy and medium-term action vision	—	—	Not done	—NA	Disclose in FY2017	—	Human Resources Group	CKJ/J/O
		Promote diversity			Ratio of employment of people with disabilities	2.00%	2.07%	○ Target Met	2.00%	2.2%		CKJ
		Encourage active participation by women			Ratio of female managers	—	2.30%	—NA	—	Double FY2015 levels by FY2020		CKJ
		Work-life balance	Encourage employees to take paid annual leave	Percentage of annual leave taken	80%	77%	× Target Failed	80%	85%	CKJ		
	Human resources development	Fair personnel evaluation	Review evaluation systems	—	—	Under consideration	—NA	Under consideration	Under consideration	Human Resources Group	CKJ/J/O	
				Review educational structure	—	—	Under consideration	—NA	Under consideration		Under consideration	CKJ/J
				Conduct CSR education	Training to scope of education target groups (leave target groups up to each company)	Expand in Japan	Conducted CK + Group companies in Japan	○ Target Met	Trial in Japan and overseas		Conducted at all locations in Japan and overseas	CSR/PR & IR Group
	C	Child-raising and nursing care support	Enhance leave and leave-of-absence systems (salary, duration, shorter working hours, etc.)	Ratio of return to work from maternity leave and childcare leave	Introduce return-to-work program in FY2016	Hold regular interviews with employees currently on child-raising leave	○ Target Met	Review as appropriate	Review as appropriate	Human Resources Group	CKJ	
				Expansion of program for taking nursing care leave	Review program	Became possible to take leave in instalments	○ Target Met	Review as appropriate	Expand program		Expand program	CKJ
				Enhance childcare and nursing care support systems	—	Introduce return-to-work program in FY2016	Not done	× Target Failed	Review as appropriate		Review as appropriate	CKJ
Environment	A	Actions on Climate Change	Develop eco-friendly products	Number of products	10 products in FY2011-FY2016	POST GX4T10 under discussion with goal of January	○ Target Met	Consider plan with goal of FY2025	—	Technology Planning Group	CKJ/J☆	
				Reduce production sector CO ₂ emissions	Reduction of emission intensity	18.5% mid-term reduction (compared to 2005) 2.5% year-on-year reduction	32.3% mid-term reduction (compared to 2005) 3.8% year-on-year reduction	○ Target Met	2.5% year-on-year reduction		2.5% year-on-year reduction	Environment & Energy Management Group
			13.6% mid-term reduction (compared to 2005) 2.5% year-on-year reduction	26.7% mid-term reduction (compared to 2005) 1.2% year-on-year increase	○ Target Met	2.5% year-on-year reduction	2.5% year-on-year reduction	O				

ISO 26000 Core Subjects	Priority	Key Issues	Details of initiatives	KPI	FY2016 Target	FY2016 Actual	Evaluation	FY2017 Target	FY2018 Target	Responsible dept.	Boundary
Environment	A	Actions on Climate Change	Reduce logistics sector CO ₂ emissions	Reduction of transport tonne-kilometers	22.0% mid-term reduction (compared to 2010) 1.0% year-on-year reduction	35.1% mid-term reduction (compared to 2005) 0.3% year-on-year reduction	o Target Met	1.0% year-on-year reduction	1.0% year-on-year reduction	Environment & Energy Management Group	J
			Reduce office sector CO ₂ emissions	Reduction of emission intensity	6.0% mid-term reduction (compared to 2010) 1.0% year-on-year reduction	8.0% mid-term reduction (compared to 2010) 3.7% year-on-year reduction	o Target Met	1.0% year-on-year reduction	1.0% year-on-year reduction		J
			Establish CO ₂ emission reduction targets for next medium-term business plan		—	—	—NA	Conduct in FY2017	Conduct based on reduction plan		CKJ/J/O
			Introduce external audits	—	—	—	—NA	—	Plan to implement in FY2018		CKJ/J
		Effective use of resources	Reduce waste	Reduction of waste generation intensity	18.1% mid-term reduction (compared to 2005) 2.0% year-on-year reduction	26.1% mid-term reduction (compared to 2005) 1.1% year-on-year increase	o Target Met	2.0% year-on-year reduction	2.0% year-on-year reduction		J
					6.0% mid-term reduction (compared to 2010) 1.0% year-on-year reduction	18.8% mid-term reduction (compared to 2010) 2.3% year-on-year reduction	o Target Met	1.0% year-on-year reduction	1.0% year-on-year reduction		O
			Zero landfill activities	Landfill ratio	Maintain zero landfill	Landfill ratio 0%	o Target Met	Maintain zero landfill	Maintain zero landfill		O
		Biodiversity	Collaborate with environmental NPOs/NGOs	—	—	—NA	Conduct in FY2017	Continue	CKJ/J/O☆		
		Environmental pollution	Conduct soil tests/disclose results/establish clean-up plan	—	—	—NA	Continue	Continue	CKJ/J		
			Reduce use of VOCs	Reduction of consumption	30.0% mid-term reduction (compared to 2000) 2.0% year-on-year reduction	83.9% mid-term reduction (compared to 2000) 6.4% year-on-year increase	o Target Met	2.0% year-on-year reduction	2.0% year-on-year reduction		JGP, JYP, JKP, JOP, CKK, CKF
	B	Scope 3	Develop and implement staged action plan	Expansion of target categories	Prepare to disclose	Disclose 13 categories	o Target Met	Disclose in FY2017	—		CKJ/J☆
		Water	Reduce water use	Reduction of usage intensity	21.4% mid-term reduction (compared to 2009) 2.0% year-on-year reduction	19.7% mid-term reduction (compared to 2009) 13.6% year-on-year reduction	o Target Met	2.0% year-on-year reduction	2.0% year-on-year reduction		CKJ/J
					4% mid-term reduction (compared to 2014) 2.0% year-on-year reduction	2.6% mid-term reduction (compared to 2014) 7.6% year-on-year increase	o Target Met	2.0% year-on-year reduction	2.0% year-on-year reduction		O
	C	Green purchasing	Strengthen green purchasing	Horizontal roll-out of green purchasing of equipment	100%	Not done	x Target Failed	100%	100%		Purchasing Strategy and Planning Group
Percentage of agreements obtained from new accounts				100%	100% conducted	o Target Met	100%	100%	CKJ/J/O☆		
Fair Operating Practices	A	Prevention of corruption and bribery	Conduct education and awareness raising on bribery	Percentage of corporate officers and employees of relevant departments receiving education	40%	Conducted in Japan, the Americas, and Europe	o Target Met	100%	100%	Compliance Group	CKJ/J/O
		Appropriate tax administration	Action on OECD transfer pricing guidelines, etc.	—	Prepare to disclose	Initiative started. Prepared to disclose from FY2017 (disclose to authorities only, excluding US and MY; no general disclosure)	—NA	Implement in FY2017 with some exceptions	Implement from previous year with some exceptions	Consolidated Group	CKJ/J/O
		Supply chain management	Conduct supply chain due diligence	Number of companies that have undergone due diligence	9 companies	9 companies	o Target Met	220 companies	At least 250 major suppliers	Purchasing Strategy and Planning Group	CKJ/J/O☆
Consumer Issues	A	Quality improvement	Cultivate and increase in-house QSES auditors	Number of auditors	170	170	o Target Met	At least 200	At least 270	Quality Audit & Improvement Support Group	CKJ/J/O
	B	Customer issues	Incorporate customer feedback	In-house customer satisfaction survey score	3.38	3.36	x Target Failed	At least 3.38	At least 3.38	Sales Strategy Planning Group	CKJ/J/O☆
Community Involvement and Development	A	Social contribution	Invest in social contributions	Activity spending	Maintain at least FY2015 level	Donations made to Kumamoto Earthquake relief funds, sponsored sports events and cultural events	o Target Met	Maintain at least FY2015 level	Maintain at least FY2015 level	General Support Group	CKJ/J
			Introduce and operate volunteering programs	Introduction of revised system	—	—	—NA	Finalize	Conduct	Human Resources Group	CKJ
			Select NPOs and NGOs and collaborate	—	—	—	—NA	Finalize	Conduct	Environment & Energy Management Group CSR/PR & IR Group	CKJ/J☆