



**Calsonic Kansei**  
Driven by Inspiration and Innovation

# Sustainability Report

## Summary



LABOR PRACTICES



FAIR OPERATING PRACTICES



CONSUMER ISSUES



COMMUNITY INVOLVEMENT  
AND DEVELOPMENT



ORGANIZATIONAL  
GOVERNANCE



HUMAN RIGHTS



THE ENVIRONMENT

2018

# Creating New Value for Sustainability

Founded in the very early days of the automotive industry, the Calsonic Kansei Group this year marked the 80th anniversary of its founding.

The automotive industry is in the midst of a once-in-a-century transformation.

Since our re-invention as an independent *Monozukuri* company and global manufacturer of automotive components, we have continued to pursue reform with independence and initiative under our new leadership. With total solutions supported by outstanding technology and *Monozukuri*, we aim to bring new value to the mobility market and to realize a sustainable society.

It's time for a new departure.

The Calsonic Kansei Group will continue to embrace challenges.

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**Corporate Vision**

**A global automotive company, inspired to be world-leading in innovation and *Monozukuri*, while contributing to a sustainable society.**

**Mission Statement**

**Global**

We create the strongest world-wide automotive supplier brand by cohesively blending our diverse cultures into one dynamically agile team.

**Inspired**

We are persistent to invest in the CK core values generating pride, passion, and loyalty in all of our team members.

**World Leading Innovation**

We harness creativity and a *Monozukuri* spirit from our team members to be first-to-market with high quality products and processes for our customers.

**Sustainable Society**

We are committed to be a socially responsible corporate citizen that brings value to our shareholders, communities, and team members.

**Value: CK WAY**

**Individual**

- 1. Challenge
- 2. Independence
- 3. Learning

**Task**

- 1. Fact-Driven
- 2. Continuous
- 3. Commitment & Target

**Team**

- 1. Cross Function / Cross Region
- 2. People Oriented
- 3. Diversity
- 4. Transparency





## Top Commitment

### Further Integration and Deepening of CSR and Management for the Next 80 Years

**Beda Bolzenius**  
President and CEO  
Calsonic Kansei Corporation

In April 2018, I was appointed as President and CEO of Calsonic Kansei Corporation. I am honored to have received such an opportunity in this milestone 80th anniversary year since the foundation of the company.

#### **Respond Speedily to Market Environment Changes and Create New Innovation Using the Technologies We Have Accumulated Over Our 80-year History**

The Calsonic Kansei Group and the environment of the markets we are involved in have entered an era of great change.

At the end of March 2017, the Calsonic Kansei Group underwent a major transformation, moving out from under the umbrella of the Nissan Motor Group to become an independent manufacturer of automotive parts.

The automotive industry is in the midst of bewildering change. The major pillars of that change are the trends known as ACES (A: Autonomous; C: Connected; E: Electronic; S: Shared). In 2017, Calsonic Kansei announced its new Medium-term Business Plan “Compass 2021.” Focusing on the domains of Cabin Innovation and Energy Management, our aim is to be a system solution provider using our DNA for technological innovation and our passion for *Monozukuri* (→p.9-10). These focus domains are closely connected to the ACES trends. We will respond to these trends by, for example, building integrated CPM (cockpit modules) by leveraging a wide range of technologies gained through developing diverse products and by leveraging electrical power management and heat management technologies, to provide systems for optimizing the energy flows of electrically-powered vehicles.

The market environment is in a constant state of flux and new

demands are always being created. We must continue to provide outstanding technologies of high quality. Standing still is not an option.

Meanwhile, to survive against cutthroat competition, instead of trying to cover all bases, we need to focus strategically on specific products and solutions.

Leveraging my own experience in the automotive industry and the technologies that Calsonic Kansei has built up over the years, I will help to create innovation and contribute to the further growth of the Calsonic Kansei Group.

### Fiscal 2017, the Year We Took a Giant Step Toward the Next Stage

For our consolidated performance in Fiscal 2017, which was the first year of the new Medium-term Business Plan “Compass 2021”, despite the tough market environment we managed to maintain one trillion yen, which is the same level as the previous term, through a range of sales promotion activities and management efforts. We aim to further increase revenue and sales based on the three growth strategies defined in “Compass 2021”.

In the area of the environment, with the objective of strengthening our environmental activities on a global scale, we revised our environmental policy in March 2018 and renamed it the CK Green Policy.

Further, in Compass 2021, we established targets for reducing Scope 1 and Scope 2 CO<sub>2</sub> emissions, founded on science-based targets (SBT). In Fiscal 2017, we made steady progress in our preparations for achieving those targets. (→p.27-28)

In terms of society, we placed emphasis on social issue responses that also encompass our supply chains, and proceeded with initiatives jointly with our suppliers and other partners.

Specifically, we conducted due diligence of our major suppliers regarding compliance and CSR overall, and made progress on the revision and penetration of purchasing and other guidelines. In Fiscal 2018, we will take the outcomes of these activities and connect them to concrete action, including identifying problems and conducting explanatory briefings. (→p.29)

Our efforts in social contribution activities are centered on the four domains of next-generation support, safety, environment, and community. Moving forward, we will share best practice in each region with the aim of realizing globally integrated activity in this area. (→p.31)

### Accelerating Growth as a Single, United Team that is Both Diverse and Cohesive

Because Calsonic Kansei handles a large variety of products, our organization must inevitably be multi-faceted. However, I believe firmly in the importance of each and every employee working cohesively so we can grow as a single, united team.

To expand our business globally, we will promote diversity in our team. While valuing the diversity of our people in terms of gender, nationality, and ability, and the diversity of our expert technology and know-how gained by handling many different types of products, we will unite through close communication. We are actively engaged in reforming working styles as the

foundation for achieving a single, united team. By pursuing initiatives for operational efficiency improvements and establishing a variety of systems to facilitate diverse working styles, we will strive to create more satisfying workplace environments. (→p.26)

### Pursuing Sustainable Management from a Long-term Perspective that Combines CSR and Management

The Calsonic Kansei Group systematized its CSR activities in Fiscal 2015. In addition to raising awareness about CSR activities, we contributed to finding solutions to social issues through our business.

In Compass 2021, we declared CSR as one of the foundations of our business management. We will now respond flexibly to global economic and social developments with a long-term perspective and, using our management resources efficiently, aim for the further integration and deepening of CSR activities and management. To this end, we will continue to engage proactively with our stakeholders.

Further, in Fiscal 2017, we incorporated the United Nations' Sustainable Development Goals (SDGs)\* into our review of key CSR challenges. In addition to linking them to our 15 key CSR challenges, we established focus objectives in our business activities that will contribute to achieving these global goals. (→p.7-8)

\* In September 2015, more than 150 members of the United Nations attended the UN Sustainable Development Summit at UN Headquarters in New York and adopted the agenda, which contains a declaration and goals that serve as a plan of action for the prosperity of the planet and people. These are the 17 Sustainable Development Goals and 169 targets, known as the SDGs.

So we can continue to grow and develop in perpetuity for the next 80 years and beyond, the Calsonic Kansei Group will embrace challenge and pursue our operations as a single, united team. I look forward to the continued, unwavering support and cooperation of our stakeholders.

## SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



## CK at a Glance



- Regional Head Offices
- Development
- Production
- Offices, etc.
- R&D / Global HQ
- Testing and Research / Production Engineering

Number of Employees (Consolidated)

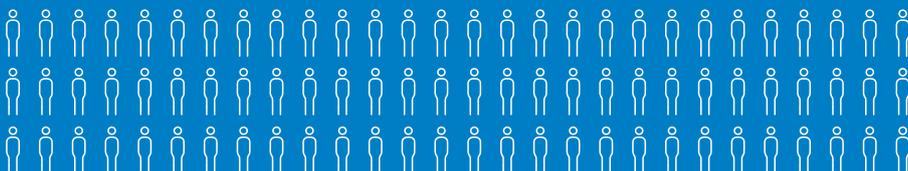
**22,678**

Number of Employees by Region (Consolidated)

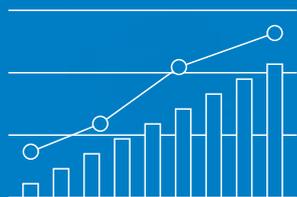
Americas	<b>6,183</b>	Europe	<b>2,372</b>
Asia	<b>7,070</b>	Japan	<b>7,053</b>

R&D Bases

**8** Countries **13** Bases

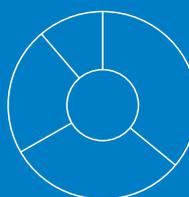


Consolidated Sales

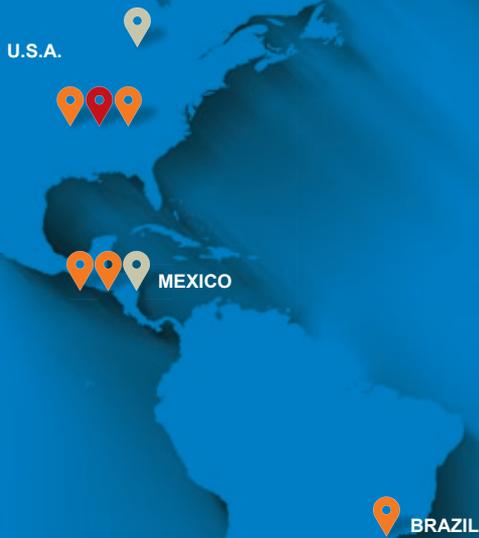


**998.6**  
Billion Yen

Share of Consolidated Sales by Region



Japan **35.8%**  
Americas **30.6%**  
Asia **21.8%**  
Europe **11.8%**



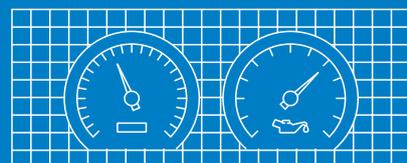
Production Sites

**15** Countries **80** Sites



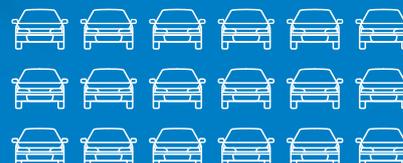
Consolidated R&D Expenditures

**32.89** Billion Yen

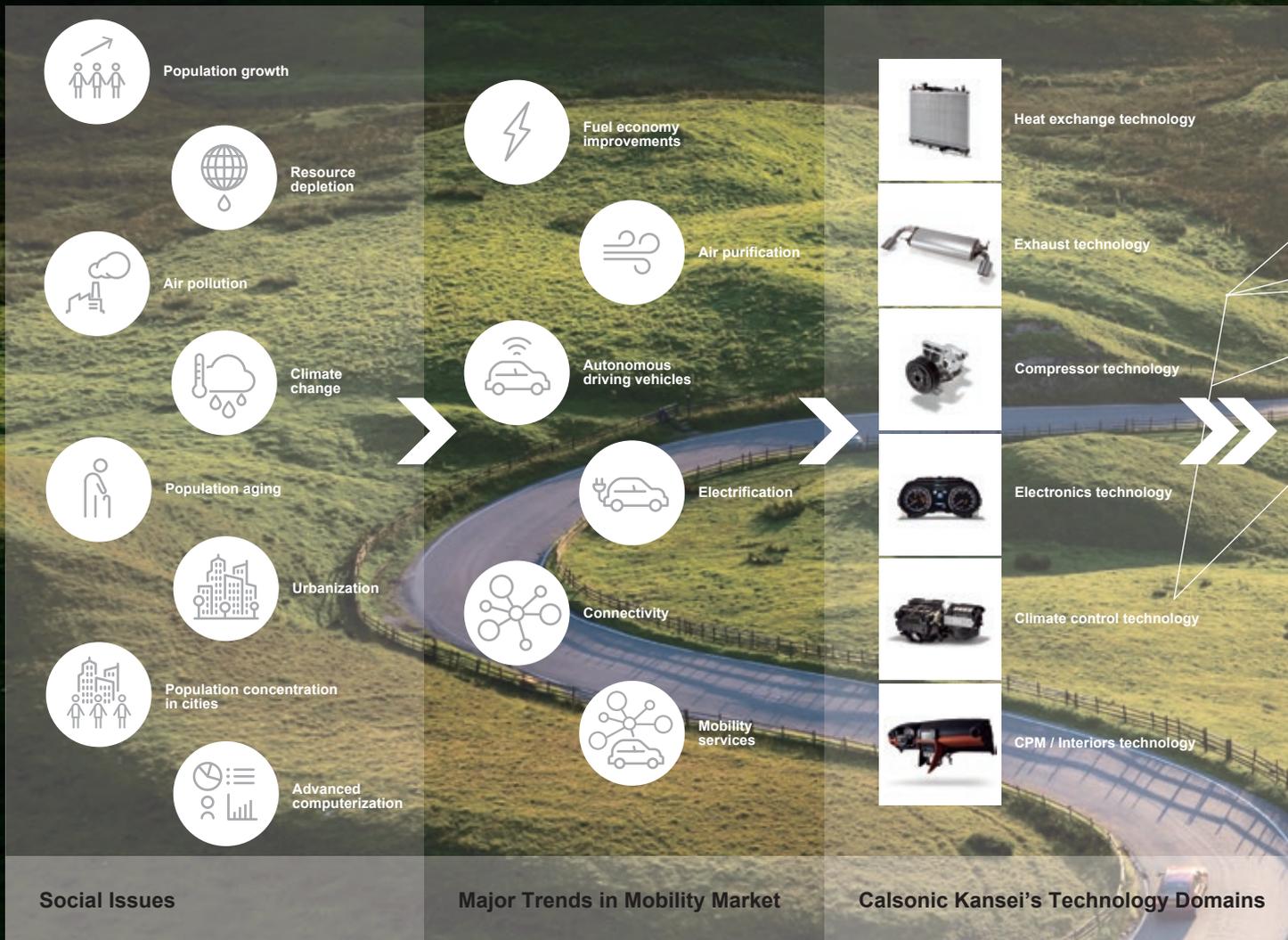


Customer Auto Manufacturers

**18** Companies



# Sustainable Value Creation Process



## Top Priority CSR Issues

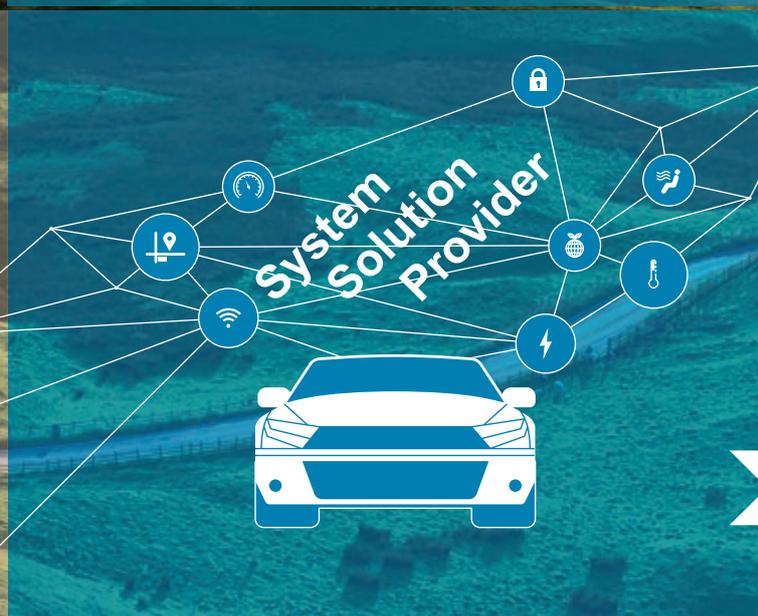
Climate change action  
Prevention of resources  
Effective use of resources  
Improve ESG in supply chain

Create social values through innovations  
Respecting human rights  
Occupational health and safety  
Promoting work-life balance

Promoting diversity  
Human resource development  
Improve customer satisfaction  
Quality improvement

ESG risk management  
Strengthening compliance  
Strengthening information security

## Calsonic Kansei Medium-term Business Plan Compass 2021 >>> p.09



### Energy Management (Energy efficiency / Environmental performance) >>> p.11

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Environmental technology</li> <li>• Thermal energy management technology</li> <li>• Electric energy management technology</li> </ul> | <ul style="list-style-type: none"> <li>• Integrated energy management</li> <li>• New-generation power electronics</li> <li>• Power-saving systems</li> </ul> |
|---|--|

### Cabin Innovation (Cabin space / Human-machine interface) >>> p.13

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• HMI / Utility</li> <li>• Interior design</li> <li>• Cabin environmental control</li> <li>• Inside/Outside communication technology</li> </ul> | <ul style="list-style-type: none"> <li>• Intelligent HMI</li> <li>• Interior value products</li> <li>• Connected systems</li> <li>• Cyber security</li> </ul> |
|--|---|

Domains of Focus

Output

Environmental Burden Mitigation

We will contribute to the reduction of greenhouse gases and to the efficient use of resources through efficiency improvements, weight reductions, reuse and recycling.

Safety and Security

We will contribute to the mitigation of the environmental burden of cities with air purification technologies.

Comfort and Convenience

We will provide a comfortable, convenient mobility environment to contribute to freedom of movement and to improving the quality of life.

We will create safe and reliable cabin spaces to contribute to reduction in traffic accidents.

Value Provision

SDGs Targeted in Business Strategies

## Business Foundation 5C Promotion

CSR, Compliance, Customer Satisfaction, Corporate Governance, CK WAY

## Management Assets

Intellectual Property	Human Resources	Customer Assets	Production Sites	Capital Expenditures
R&D expenditures <b>32.89</b> Billion Yen	Number of consolidated employees <b>22,678</b>	Degree of penetration of CK WAY* among employees Global ave: <b>3.16/4</b> Points	Customer auto manufacturers <b>18</b> Companies	Customer satisfaction <b>3.43</b>
			<b>80</b> Sites	<b>29.94</b> Billion Yen

\* Survey of degree of penetration of values that all CK employees should hold to achieve the corporate vision

Medium-term Business Plan

Calsonic Kansei Medium-term Business Plan

Compass 2021

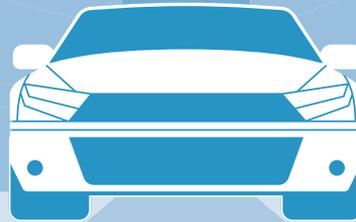


Calsonic Kansei aims to be a “System Solution Provider” focused on cabin innovation and energy management with the DNA of technology innovation and a passion for *Monozukuri*.

**Financial target: Value-added sales of 750 billion yen**

(Sales excluding parts specified by and supplied from completed vehicle manufacturers)

System Solution Provider



<b>System</b>	Human Machine Interface Cockpit Module Climate Control System		Electric Power Management Thermal Management Control System
<b>Products</b>	Interior Displays Network / Communication	Heat Exchange, Climate Control Electronics Exhaust	Optimal Temperature Control Energy Regeneration / Conversion Exhaust Purification / Restriction Compliance
<b>Technology</b>	Safety Evaluation Usability Sensing	Reliability Evaluation CAE / MBE Mechatronics Circuit / Software Development	Traction Control High Voltage System Design Energy Balance Prediction

Domains of Focus

**Cabin Innovation**

(Cabin space / Human-machine interface)

&

**Energy Management**

(Energy efficiency / Environmental performance)

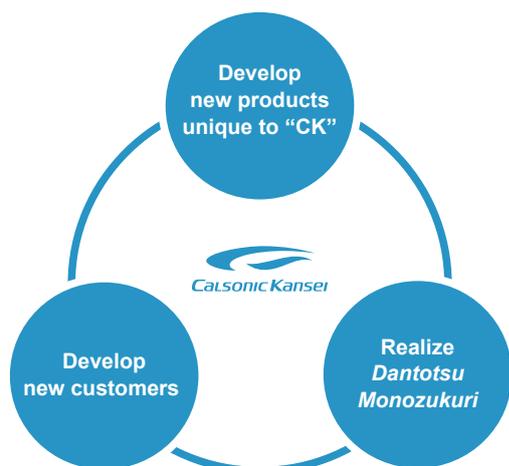
Ideal Form and Domains of Focus

In July 2017, the Calsonic Kansei Group implemented our new Medium-term Business Plan titled Compass 2021. This is our first mid-term management plan after becoming independent from the Nissan Motor Group. Compass 2021 defines our ideal form (our “to be”) as a “System Solution Provider”. Utilizing our inherent strengths with a wide range of technologies and products for

automotive parts, we set our focus on the two domains of cabin innovation (cabin space / human-machine interface) and energy management (energy efficiency / environmental performance). We will continue to further refine our competitiveness at each level of technology, products, and systems, and provide our customers with systems that anticipate future value.

## Growth Strategy: 3 Pillars

We have set the following three core strategies.



### 1. Develop new customers

In addition to promoting the maintenance and expansion of business with Nissan Motor, our main customer, we will also diversify our customer base and expand sales. We will create a specialized team for expanding sales and steadily advance step by step based on concrete milestones.

### 2. Develop new products unique to “CK”

We established a future product planning office for the purpose of strengthening our two domains of focus and will promote the development of new products that have appeal unique to CK. We will actively propose products and technologies that anticipate the market and customer needs.

### 3. Realize *Dantotsu*\* *Monozukuri*

Our aim is a production system that realizes the value of products and services that satisfy customer needs at the highest level of efficiency. Specifically, we will promote automation and in-house production that increases cost competitiveness, on-site management that brings stability to quality, and initiatives for new production technologies.

\*Best-in-class

## Mindset

The Calsonic Kansei Group became independent from the Nissan Motor Group at the end of March 2017. We set "Independence and Initiative" as the *Monozukuri* mindset for all employees in order to grow going forward as a manufacturing company without capital ties with any specific automobile company and achieve Compass 2021.

## Independence & Initiative

## Business Foundation: CSR Activities

To address social issues through our business and realize a sustainable society, we have set a CSR vision and the priority areas "Improving employee awareness", "Coexisting with society", and "Improving corporate value" to realize our CSR vision.

### CSR Vision

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

### Priority Areas

#### ▼ Improving Employee Awareness

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

#### ▼ Coexisting with Society

- Support for international norms
- Resolution of social issues through business operations
- CO<sub>2</sub> emission reduction activities based on SBT

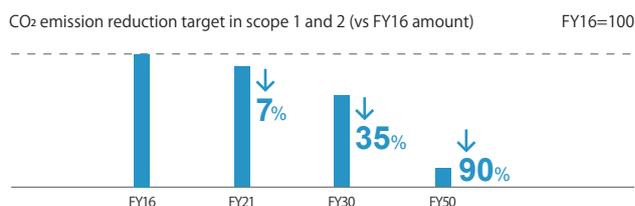
#### ▼ Improving Corporate Value

- Achieving the Medium-term Business Plan
- Strengthening our CSR activities

Applying ISO 26000  
(International guidance on social responsibility)

Regarding "Coexisting with society", we set a target for reducing our CO<sub>2</sub> emissions based on SBT. We will achieve this target through thorough energy conservation activities and introducing renewable energy. Based on our CO<sub>2</sub> emissions in Fiscal 2016, our goals are a 35% reduction by Fiscal 2030 and a 90% reduction by Fiscal 2050, and we will strive to for a reduction of 7% by Fiscal 2021, which is the final year of Compass 2021 and a passing point on the way to the Fiscal 2030 and Fiscal 2050 goals.

### As an activity to prevent global warming CK will promote CO<sub>2</sub> emission reduction activities based on SBT.



With intensive energy-saving activities & introduction of reusable energy, we aim to reduce CO<sub>2</sub> emission.

## Domains of Focus

### Domain of Focus: Energy Management

The energy management domain makes wide-ranging contributions to environmental footprint reduction through electric and thermal energy management. This domain also includes drive and power control technologies, heat-related devices and related technologies, and climate control system technologies built up through our long track record of mass production in the area of electric vehicles.

#### Products in the Energy Management Domain

- Exhaust Systems  
Exhaust systems, Mufflers, Exhaust manifold converters, Spinning valves, Sheet metal turbine housing CK-SMiTH
- Heat Exchange Products  
Radiators, Condensers, Motor fans, EGR coolers, Built-in oil coolers (BOC), Charge air coolers
- Climate Control Systems  
Climate control units, Evaporators, Heater cores, Cool boxes
- Compressors  
Fixed displacement compressor CR series, Variable displacement compressors
- Electronic Products  
Power electronics: Inverters  
Body electronics: Lithium ion battery controllers (LBC)



#### Toshikatsu Miyaji

General Manager  
Green Technology Development Dept.,  
Global Technology Division  
Calsonic Kansei Corporation

**With Our Wide Range of Technologies and Products as Our Strength, We Will Strive to Improve the Energy Efficiency of the Entire Vehicle**

In the energy management domain, to reduce greenhouse gas emissions and contribute to air purification, we are pursuing the development of technology in the following three areas: Electric Energy – systems for the safe, efficient extraction, supply, and use of electric energy; Power-Train Thermal Energy – suction and exhaust energy management for the improvement of engine-warming efficiency; and Climate Control Energy – high-efficiency, power-saving climate control systems.

#### Front-runner in Electrification [Electric Energy]

Calsonic Kansei has been supplying numerous important components since the early days of electric vehicles. In particular, we have produced more than 367,000 inverters, which are used to convert battery power from direct current to alternating current (April 2018 figures). We have a similar track record in battery controllers, which, along with our proprietary state estimation technology, enables the management of electric energy to a highly efficient level. The knowledge we have obtained in electric vehicles is being put to use in new-generation power electronics, such as regenerative energy storage.

#### Creation of Products and Systems that Contribute to the Improvement of Engine Heat Exchange Efficiency [Power Train Thermal Energy]

While there is a growing number of electric vehicles on our roads, it is expected to take some considerable time before the conversion from internal combustion engine vehicles is complete. We are continuing to pursue the development of products for internal combustion engine vehicles that will help reduce their burden on the environment. Because internal combustion engine vehicles convert the energy from combustion into rotational motion to obtain driving force,

the emission of CO<sub>2</sub> and other greenhouse gases is unavoidable. The key point is how far those emissions can be reduced by improving the engine's combustion efficiency. Calsonic Kansei handles a broad range of heat-related technologies and products besides engines. Our challenge is the development of devices and vehicle-level heat systems that will contribute to the improvement of the engine's thermal efficiency. Changes to engines involve complex interactions between a variety of factors. For example, if the engine's combustion efficiency increases, the temperature of exhaust gases falls. Making exhaust gas purification catalysts react requires a temperature of a certain level. If the temperature falls, the quantity of rare metal catalyst needs to be increased. To avoid this, devices that maintain the temperature are required. Our Sheet Metal Turbine Housing CK-SMiTH (→p.27), which won the Highest Award in the 17th Japan Stainless Steel Association Prize in March 2018, meets those needs by improving catalyst heating performance. We are currently looking into other ways of using exhaust gases as an effective heat source, in addition to the activation of exhaust gas purification catalysts.

#### Connection to SDGs



- 7: We will leverage thermal energy management technologies to contribute to energy efficiency improvements.
- 9: We will actively promote open innovation for the pursuit of further environmental performance. We will create new technologies and products.
- 11: We will contribute to the mitigation of the environmental footprints of cities with the air purification technologies in our exhaust systems.
- 12: We will promote CO<sub>2</sub> reductions and waste management throughout the full life cycle of our products.
- 13: All of our employees will be aware of the environment and put that awareness to use in product development.

## Building More Energy-saving Climate Control Systems [Climate Control Energy]

Climate control systems are essential to all automobiles, including electric vehicles.

However, these systems expend the most energy, and as such, are closely related to environmental footprint.

In October 2018, Japan will move to WLTP\*1, the global harmonized standard for determining fuel or energy consumption and emissions of atmospheric pollutants.

Until recently, climate control systems had not been included in the fuel consumption figures published in vehicle catalogs. Now, under the WLTP, the energy used by climate control will be included in the calculation of fuel consumption.

With more emphasis than ever before being placed on reducing climate control energy consumption, we believe that Calsonic Kansei will be able to provide much value to society with the technologies for climate control systems and compressors it has built up over the years.

For example, our CR series of fixed displacement compressors, which are small and lightweight, as well as being highly energy efficient, boast industry-leading performance.

## Instilling Environmental Awareness in All Employees

Calsonic Kansei's Environmental Management Meeting is a body that promotes environmental activities across the

entire group. Product environmental committees operate under this Meeting. These committees set targets in areas such as the development of products and technologies that are effective in reducing CO<sub>2</sub> emissions, promoting the expansion of applications, and education regarding product-related environmental laws, which are incorporated into the various divisions. Further, in Input Seminars, which are held when formulating development strategies, these committees provide information about the market climate, customers, and technologies, as well as trends in environmental issues and legislative systems concerning the environment and safety.

All of our employees possess an awareness of environmental protection and put that awareness to use in product development.

## As a System Solution Provider

Because we have a full range of climate control systems, exhaust systems, heat exchanger products, compressors, and electronic products in our energy management domain, we have a major advantage in that we are able to offer total energy management across the entire vehicle.

For example, as mentioned above, the heat from exhaust gas could be used for cabin heating and to warm up the engine. This could cut down on the amount of energy used by the vehicle as a whole.

The area we want to strengthen going forward is technology for pipes, water pumps

and various types of valves that connect the vehicle's products and systems.

If we are to propose total systems more efficiently, we need to give consideration to bringing these technologies in-house.

## Promotion of Open Innovation

Vehicle systems develop at a bewildering pace and they are becoming more complex every year.

Because we have many automotive manufacturers who consult with us from the specifications deliberation stage, we need to elevate our organizational abilities and technological capabilities even further.

To achieve this, as well as in-house research and development, open innovation is also important.

At the moment, in terms of industry-government-academic projects, we are participating in NEDO's\*2 Research and Development into Technologies for the Innovative Use of Un-used Thermal Energy, and about 40 joint research projects with leading universities.

You can look forward to us continuing to leverage our proprietary technologies to create world-first products for the creation of new social value.

\*1: Globally harmonized method for testing of exhaust gases and fuel consumption in passenger cars and other vehicles (Worldwide harmonized Light vehicles Test Procedure[WLTP])

\*2: New Energy and Industrial Technology Development Organization

### Climate Control Energy

High-efficiency climate control technology



CR series of fixed displacement compressors

### Electric Energy

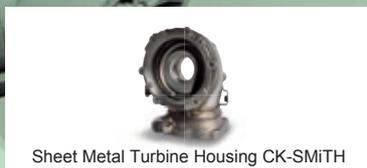
Power source management technology



Inverters

### PT Thermal Energy

PT efficiency-improving thermal management technology



Sheet Metal Turbine Housing CK-SMiTH

## Domains of Focus

### Domain of Focus: Cabin Innovation

In the cabin innovation domain, we will bring added value to the new mobility society and realize cabin environments that are safe, secure, and comfortable by combining the technologies that we have cultivated in our wide range of cabin-related products with new technologies.

#### Products in the Cabin Innovation Domain

- Cockpit Module / Interior  
Instrument panels, Consoles, Decorative finishers, Cross car beams
- Electronic Products  
Power electronics: LIN communication motor actuators for HVAC, Blower motors  
Body electronics: Body control modules (BCM), Keyless systems, Gateway  
Human-machine interface: Meters, Integrated switches, Climate control switches, Occupant detection systems



**Mitsuaki Hagino**  
General Manager  
Growth Technology Development Dept.,  
Global Technology Division  
Calsonic Kansei Corporation

#### Creating “New Value” by Being the First to Capture Changes in the Market Environment, Including Autonomous-driving and In-vehicle Infotainment

In the cabin innovation domain, to realize safe, secure, and very comfortable cabin spaces, we are developing cockpit modules and human-machine interfaces that are easy to see and use based on our knowledge of ergonomics.

#### Balancing Safety and Security with Operability

It goes without saying that, as a manufacturer of automotive components, safety and security are of paramount

importance. With our long history of manufacturing meters, Calsonic Kansei has accumulated a wealth of know-how regarding safety in terms of visibility and line-of-sight movement. We also have our own verification standards for internal protrusions, and by complying with those standards, we are contributing to the global target of halving the number of fatalities and injuries caused by traffic accidents. Further, making products that will not impede human characteristics and that offer high operability is a challenge that is common to all regions and all automotive manufacturers.

Populations in Japan and other countries are aging at a rapid rate. We believe that making products that senior citizens will find easy to use will mean products that will be easy to use for all generations. Human-Max REAL, which we have developed with the aim of commercialization in 2020, is a cockpit module that takes advantage of the safety know-how we have accumulated to date and our knowledge about creating comfortable cabin spaces. In addition to displaying approaching vehicles, hazards, and area information on the screen in easy-to-understand ways, this module has achieved a design layout that emphasizes driving enjoyment.

#### Anticipating Commercialization of Autonomous-driving Vehicles

Development is underway around the world in anticipation of the commercialization of autonomous-driving vehicles. It is certain that the form of vehicles and how they are made will undergo major changes. Leveraging the knowledge we have acquired to date, we will also make safe, secure and comfortable interfaces and cockpits for autonomous driving vehicles. For the safety of autonomous-driving vehicles, as well as considerations for conventional vehicles, we will need to think about matters that are peculiar to autonomous driving vehicles. For example, Calsonic Kansei is pursuing the development of systems that will guarantee functional safety, to ensure that the driver is not put into danger even in the unlikely event of a systems failure.

#### Further Drilling-down of Needs

In March 2017, Calsonic Kansei became an independent *Monozukuri* company. Going forward, as well as developing products to meet the needs of specific automotive manufacturers, we also need to develop products that can be used by any manufacturer. Established in Fiscal 2017, our Future Product Planning Office formulates product strategies and, as well as planning how to respond to manufacturers' requests, explores manufacturers' needs proactively, and also drills down to end users' needs.

### Connection to SDGs



- 3: We will contribute to halving the number of fatalities and injuries caused by traffic accidents by leveraging our know-how in visibility and line-of-sight movement and our proprietary safety verification standards for interior products.
- 9: We will actively promote open innovation for the further pursuit of safety.
- 12: We will pursue CO<sub>2</sub> reductions and chemical substance management through consideration of the environment in our materials.



"A car is approaching"

#### Human-Max REAL

Graphic meters and bird's-eye images warn of approaching vehicles. Ambient illumination positioned on both sides will flash according to the degree of danger to alert the driver.

#### Response to Computerization and Enhancement of Cyber Security

With the next-generation telecommunications system, 5G, scheduled to launch in 2020, the developments in the advancement of computerization in the mobility space are growing in intensity. Meanwhile, with connectivity, one of the big trends in the mobility market, social issues such as cyber terrorism are being highlighted.

In July 2017, Calsonic Kansei established WHITE MOTION in a joint venture with France's Quarkslab. This new company will conduct software development and offer consulting on automotive cyber security to strengthen responses to this challenge. Calsonic Kansei already possesses a product called Gateway\*, and with this new joint venture, it has established frameworks for the control of connections in the cabin and connections with outside the car. Very few companies have such frameworks, so we believe that this will be a major advantage for us.

\*CAN communications data transmission unit that links on-board network domains

#### Toward *Monozukuri* that Will not Burden the Environment

Calsonic Kansei is a comprehensive supplier of automotive parts with a wide range of products. As such, production efficiency across our entire supply chain is one of our strengths.

In particular, because efficiency improvements in complex assembly processes lead to carbon footprint mitigation, we will continue to work with the automotive manufacturers to improve efficiency in this area.

In the area of materials, CPM and interior products use a great deal of plastic materials. We are considering adopting cellulose nanofiber, a new plant-derived material that is strong and light, for some of these products.

When adopting a new material, we conduct careful analysis to confirm that the new material will not change into harmful substances as it degrades with age. Of course, we also confirm that it complies with the legal requirements of the various countries and regions.

We also do this for adhesives, solders, and

other materials used in the manufacturing process.

#### Fusing of Technologies in Two Domains for Even More Advances

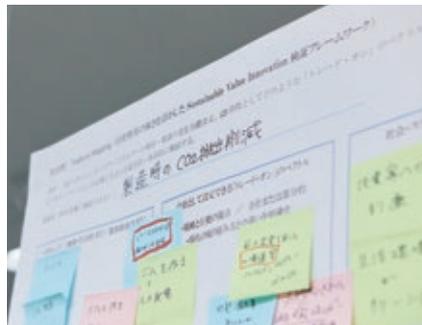
One of Calsonic Kansei's greatest strengths is the fact that it possesses outstanding technologies in both the cabin innovation and energy management domains. Even from a global perspective, there are very few companies who have this.

Currently, in the area of energy conservation of climate control systems that the energy management domain needs, the cabin innovation domain could, for example, develop interior materials that do not accumulate heat, which would cut down on energy consumption in climate control. We believe the synergy effects that could be achieved are limitless.

Going forward, we will take advantage of this feature to fuse the technologies of the two domains to pursue new product development and make comprehensive system proposals that are uniquely Calsonic Kansei.

## Employee Workshop

### Toward the Creation of Sustainable Value



Held on Monday, March 5, 2018 at Calsonic Kansei Headquarters  
For details: [www.calsonickansei.co.jp/en/csr/social/stakeholder-engagement/employee/](http://www.calsonickansei.co.jp/en/csr/social/stakeholder-engagement/employee/)



## Young Employees Think About Sustainable Value Creation

### Outline

For the Group to unite as one to create sustainable value, a change in the consciousness of each and every employee is essential. To create an opportunity to think about how to reflect sustainability perspectives in corporate management and how to connect it to one's own work, 15 young employees, in whose hands the future lies, were chosen from development, production, sales, and administration to attend a workshop on this topic. After listening to a lecture from Peter D. Pedersen, Executive Director of The Academy for Corporate/Collaborative/Creative Leadership (TACL) on "trade-on"\*, which is a mega-trend in sustainability, the workshop participants divided into groups to discuss what kinds of innovations their own companies needed and come up with ideas. The workshop concluded with all of the participants presenting to the group on what they had learned through the lecture and workshop. It is hoped that these 15 participants will become influencers and spread what they have learned throughout their respective divisions.

## Putting Sustainability into Practice

### Learnings from the workshop

Comments from the participants included that, through discussions of the benefits for the company of sustainable value creation and discussions from different perspectives from their regular work, they gained a true sense of the company's expectations for the future and the value that will be expected of them when the time to manage the company arrives.

'The question of how to set the social issues for the company is an important one. I think that this will be our greatest challenge.'  
(Kohei Kato, Production Engineering Development Group, Production Engineering Center)

'I hope to be more conscious of what parts of my own work are contributing to sustainability in the future.'  
(Noriyuki Omichi, Exhaust Systems Production Engineering Group, Exhaust Systems Business Unit)

'I got the sense that, over the medium to long-term, what is being expected of us is that we take a position of proactively creating sustainability trends.  
The Calsonic Kansei Group is a *Monozukuri* company, so there is a tendency to think about business in terms of how we respond to our customers' requests. However, I felt that we also needed to think about what kinds of innovations are needed in light of the megatrends.'  
(Juri Nagashima, Development Resources Management & Warrent Group, Global Technology Division)

'Because I work in the sales department, I cannot develop or produce products directly myself, but being in a division that is directly connected to our customers, I plan to bring back the expectations and requests of our stakeholders, organize them, think about how to realize them within the company, and link them to action.'  
(Miyu Okumura, 1st Customer Group, Global Sales Division)

(The groups and divisions listed are as of the end of March, 2018.)

## What Innovations Are Necessary for the Calsonic Kansei Group?

### Main ideas that emerged from the workshop

- In light of megatrends such as climate change, population aging, and urbanization, work with local communities to develop the infrastructure (take charge of building, maintenance, etc. of car-sharing infrastructure) for small, inexpensive single-seater electric vehicles.  
Also, make cars that can be driven perpetually, such as customizing four-seater cars into single-seater cars.
- As well as actively working to introduce renewable energies, motivate the plants by tallying up their energy emissions and give commendations to those that have improved the most.
- Recover the heat generated in plant processes such as welding and use it for other services, to give back to the community.

## Expectations of Contributions to Improving Sustainability Performance

### After the workshop

The workshop produced many constructive ideas about what kind of initiatives the Calsonic Kansei Group should pursue from a sustainability perspective.

The participants seemed to have developed a new affinity for the concept of "Sustainable Management," something that they had previously struggled to connect to their own day-to-day duties.

Going forward, I hope that the company will establish an environment for the workshop participants to put the ideas that came out of the workshop into concrete action, and that the participants themselves will actively network both within and outside the company. By doing this, I hope they will contribute to improving the sustainability of the entire automotive industry.



**Peter D. Pedersen**

Executive Director, The Academy for Corporate/Collaborative/Creative Leadership (TACL)  
Co-representative, NELIS - Next Leaders' Initiative for Sustainability & Network for Leadership and Innovation in Sustainability

### \*Trade-on

A concept in which, instead of corporate profit and social value creation being in a dichotomous relationship (a trade-off relationship), the more a company contributes to the creation of social value, the more the company's value increases.

Alternatively, the more good companies grow and prosper, the more healthy social and natural environment activities will be encouraged.  
(Peter D. Pedersen's definition)

## CSR Policy

### CSR Policy

#### Responsibilities to Stakeholders and Society

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 proactive information disclosure in order to meet the expectations of 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 an automotive society without car accidents

**Comfort:** Technologies for developing vehicles that 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.

### Key CSR Issues

The Calsonic Kansei Group has identified its key CSR issues and KPIs as a concrete action plan for the CSR Medium-term Plan, and is striving to reliably implement the PDCA cycle to achieve them.

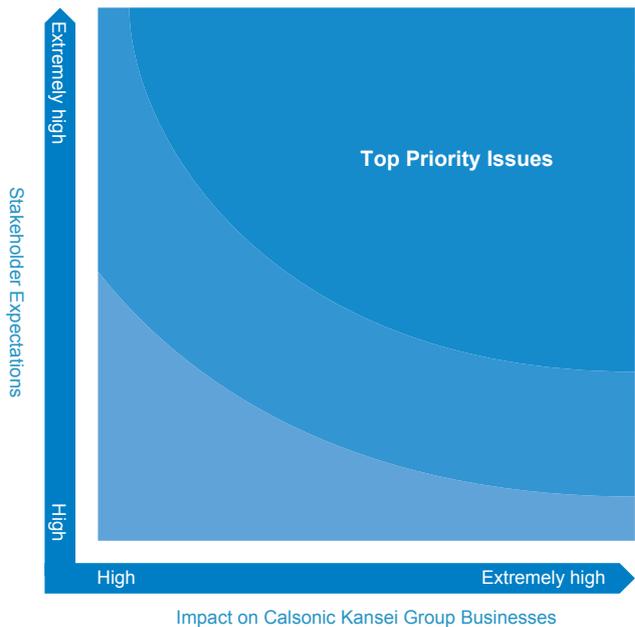
In Fiscal 2017, with the announcement of the new Medium-term Business Plan in September 2017 titled Compass 2021, we conducted a review of the key CSR issues that we identified in Fiscal 2015, and aligned them with the rapidly-changing expectations of society and with the new management plan.

#### Calsonic Kansei Group's Materiality

In the review of our key CSR issues that we performed in Fiscal 2017, we first confirmed the latest trends in social expectations before carefully examining the contents of our initiatives. We then conducted an assessment based on the two axes of (1) stakeholder expectations, and (2) impact on business, based on which we identified 23 key issues for the Calsonic Kansei Group to address, 15 of which we identified as top priority issues.

We also set KPIs for each of those issues, and we are implementing the PDCA cycle based on their respective degree of priority.

#### Materiality Map



#### Top Priority Issues

<b>Environment</b>	Climate change action Prevention of pollution Effective use of resources
<b>Social</b>	Improve ESG in supply chain Create social values through innovations Respecting human rights Occupational health and safety Promoting work-life balance Promoting diversity Human resource development Improve customer satisfaction Quality improvement
<b>Governance</b>	ESG Risk management Strengthening compliance Strengthening information security

# 2017 in Review

## Major Achievements in Fiscal 2017

### Number of Suppliers Who Were invited to Participate in the Due Diligence Survey

FY2017 target: 220 companies



Target Achieved

FY2017

**225**  
Companies

### Ratio of Female Managers \*



Up  
**0.1%**

FY2016

FY2017

**2.3%** **2.4%**

### Water Use Intensity

FY2017 target: 2% reduction from previous fiscal year



Target Achieved

FY2016

FY2017

**2.2%** **4.8%**  
Reduction Reduction

[Water use intensity: total water consumption/sales revenue]

### Percentage of Code of Conduct Education Undertaken and Pledges Collected

FY2017 target: 100%



Target Achieved

FY2016

FY2017

**100%** **100%**

### Percentage of Annual Leave Taken \*

FY2017 target: 16 days\*



Up  
**6%**

FY2016

FY2017

**77%** **83%**

### Rate of Reduction of CO<sub>2</sub> Emissions During Production \*\*

FY2017 target: Japan: 20.5% reduction  
Overseas: 15.8% reduction

[Compared to Fiscal 2005]



Target Achieved

FY2016

FY2017

Japan ↓ **32.3%** Reduction Japan ↓ **31.2%** Reduction  
Over-seas ↓ **26.7%** Reduction Over-seas ↓ **21.1%** Reduction

[Emission intensity: Emissions/sales revenue]

### Customer Satisfaction

FY2017 target: 3.38 [Maximum 5 points]



Target Achieved

FY2016

FY2017

**3.36** **3.43**

### Calsonic Kansei Group KPIs (Key Performance Indicators)

KPIs, targets, and responsible divisions have been set for each key CSR issue, and the PDCA cycle is being implemented according to the degree of priority of key CSR issues. Self-assessments will be conducted every year.

\* Because the number of annual leave days granted to employees differs depending on the number of years of service (16 days in the first year of employment), annual targets were set for the number of days' leave actually taken per person in a year.

Boundaries: ★ = Calsonic Kansei only; ★★ = Japan: Calsonic Kansei and domestic Group companies; Overseas: Group companies overseas  
The remainder are global.

# Our Initiatives Across the Globe

[China Region]

## To Create a Working Environment Where Diverse People Can Work with Vitality

China is a massive country with the world's 2nd largest GDP\*1, a population that exceeds 1.3 billion\*2, and more than 17 million live births\*3 a year. To contribute to the realization of a sustainable society, the Calsonic Kansei Group is pursuing a range of CSR activities. They include making improvements to the workplace environments in each of its China locations, and environmental management across the entire supply chain.

\*1, \*2: China Statistical Yearbook 2017, National Bureau of Statistics of China website  
 \*3: Press Release of February 28, 2018 (Statistical Communiqué of the People's Republic of China on the 2017 National Economic and Social Development), National Bureau of Statistics of China website



### Workplaces Where Mothers Can Work With Peace of Mind While Still Nursing

In China, the government-mandated maternity leave period is 98 days\*, but there is no parental leave scheme. At Calsonic Kansei (Guangzhou) Corporation (CKGH), about 10% of our female workers return to work before their child's first birthday. A major concern for working mothers is whether to wean their small children before returning to work or to continue nursing by expressing breast milk in restrooms or elsewhere during work hours. In Fiscal 2017, to allow female workers to work with peace of mind while still nursing, CKGH established a special room where they can express. The room is equipped with a refrigerator, where the women can store their expressed breast milk to take home after work. With the aim of creating a workplace environment in which its employees can balance work and raising children, CKGH will continue to listen to our employees and pursue a range of activities.

\*Varies according to province



**Zhang Jie**  
 Human Resources and General Affairs Department  
 Calsonic Kansei (Guangzhou) Corporation

### Environmental Monitoring of Suppliers

At Calsonic Kansei China Holding Company (CKC), in addition to activities in our own company to mitigate our own environmental burden, in recent years, we have extended the scope of these activities to our suppliers, in the pursuit of the environmental management of our entire supply chain. In the Purchasing Department, in Fiscal 2017, we commenced regular environmental monitoring of our supplier's production plants. We rotate the PDCA cycle on an annual basis and we have confirmed that the plants have obtained the required approvals related to environmental protection mandated by the Chinese government. China's environmental regulations are becoming stricter by the year, and there have even been cases of companies that have violated those regulations having their operations suspended. This monitoring initiative not only raises environmental awareness within CKC, it also helps to ensure stable supply of products.



**Sun Qingqing**  
 Purchasing Department  
 Calsonic Kansei China Holding Company

### My CSR Declaration

Here are some of the personal declarations made by Calsonic Kansei Group employees around the world regarding their own CSR activities.



**Kang Xudong**

I am using a program called "Ant Forest," in which you can register the environmental activities you are undertaking in your own daily life, and, when you reach a certain target, apply to have trees planted. In 2017, I was able to plant five trees in Inner Mongolia and Gansu Province. In 2018, I will pursue daily environmental activities with a target of planting six trees.

[Europe Region]

## Address the Gender Pay Gap and Cultivate the Next Generation

In Europe, a range of CSR-related laws have been enacted, particularly in the UK. These include the Modern Slavery Act and GPG legislation, which aims to address the gender pay gap.

Compliance with these laws is a given, but we will also strive to pursue activities that go beyond that. In Romania, where a second production plant is under construction, we are pursuing initiatives aimed at cultivating the next generation.



### Addressing the Gender Pay Gap

In the United Kingdom, under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, companies with 250 or more employees are obligated to release data on the gender pay gap every year.

The Calsonic Kansei Group has set role-based wages at all levels of the organization and does not differentiate between men and women.

In Fiscal 2017, the average gender pay gap was 3.63% at Calsonic Kansei Sunderland Limited (CKSU) and 3.65% at Calsonic Kansei UK Limited (CKUK). This was well below the average for British companies, but the fact remains that there are still few women at the senior management level.

We will continue to review our personnel evaluation systems, be thorough in determining and disclosing pay gaps, and cultivate leadership and technical capabilities, regardless of gender.



**Amanda Parry**

Senior Manager  
Human Resources  
Calsonic Kansei Europe plc.



**Daniela Ionescu**

Manufacturing Trainer  
Production Management & Support  
Calsonic Kansei Romania S.R.L.

### Nurturing the Next Generation Through Factory Training

At Calsonic Kansei Romania S.R.L. (CKRO), we have partnered with educational institutions to offer educational programs such as workshops for students, in order to support their future development.

In Fiscal 2017, we conducted factory training for students aged 14-18 years.

This program was an excellent opportunity for students to put into practice the theory they have learned at school, using CKRO's actual factory equipment.

Comments from the students included, 'I was able to increase my awareness of the work processes,' and 'I hope to work at CKRO in the future.'

In Romania, where many citizens have to travel to other countries to find work, policies are being put in place on a nation-wide basis to increase the rate of employment in the country.

Going forward, we will further enhance our programs in partnership with educational institutions around the country to cultivate the next generation, as well as pursuing activities that will help to create jobs in Romania. We wish to give something back to society and contribute to its sustainable growth.



 **Sian Phillips**

Working with the Welsh government, other companies, universities, colleges and training organizations, we participate in technical conferences and strive to engage pupils to study Science, Technology, Engineering and Mathematics (STEM) subjects.



 **Teruhisa Fujinuma**

Our French office is active in community engagement as a Japanese company with bases in France. We will continue with these contributions in Fiscal 2018 to embed our image in the community as a company that can be trusted.

[Americas Region]

## Engaging in Community Contribution Activities With Pride

In the Americas, as a company with roots in the community, we participate in a variety of community events. We are actively engaged in the cultivation of the next generation, in partnership with government and others.



### Promoting Locally-oriented Social Contribution Activities

At Calsonic Kansei Mexicana, S.A. de C.V (CKMX), we have conducted a wide range of social contribution activities, such as disaster-readiness training in collaboration with the fire department, distributing Christmas presents to sick and disadvantaged children, donations to hospitals, clean-up activities in the area around the plant, and traffic safety campaigns.

In 2017, our locally-oriented social contribution activities were recognized with our accreditation as a “socially responsible enterprise (ESR) by CEMEFI\*.

This accreditation is valid for one year, so we will continue to pursue these kinds of initiatives with the aim of receiving it again this year.

\*CEMEFI(Centro Mexicano para la Filantropía) Established in December 1988. A nongovernmental, not-for-profit organization that aims to promote a culture of philanthropy and corporate social responsibility and to encourage community engagement.

### Providing Educational Programs for Children and Youth

Calsonic Kansei North America, Inc. (CKNA) has partnered with local schools in an educational support activity called Partners in Education. CKNA supports individual STEM\* activities and Career Day programs, in which children are given the opportunity to think about their future, as a way of showing them how enjoyable and rewarding working can be and teaching them about society’s expectations.

The program has been so successful, that we have received requests from other schools in the area to conduct similar activities, so we plan to expand the scope of our activities going forward.

\*STEM  
Collective term for science, technology, engineering and mathematics education



**Ricardo Ponce de Leon**  
Director  
Human Resources & Compliance  
Calsonic Kansei Mexicana, S.A. de C.V



**Jason Jones**  
Calsonic Kansei Production System Coordinator  
Calsonic Kansei North America, Inc.



 **Tanya Snoddy**  
In Fiscal 2017, CKNA established the Americas Risk Management Committee and is pursuing CSR activities. We conducted training on ISO 26000 in Fiscal 2017, in which we explained the certification’s connection to CKNA’s CSR activities. We will continue to raise awareness within the company about those activities.



 **Shelly Bowers**  
We recently exhibited at a CKNA booth at a job fair for high school students. As well as presenting our education programs, we showed visitors to the booth the fun of *Monozukuri* with activities such as a build-your-own mousetrap car. We hope to continue our involvement in activities to support the next generation.

[Asia Region]

## Raising Awareness of CSR Across the Entire Supply Chain and Contributing to the Local Community Through Environmental Protection Activities

Thailand is one of the Calsonic Kansei Group's major production bases in Asia. By sharing our CSR Vision not only with our own employees, but also with our suppliers, we aim to raise awareness of CSR across the entire supply chain. We are also contributing to the local community through a range of environmental protection activities, such as tree-planting activities.



### Sharing Our CSR Vision with Suppliers

Calsonic Kansei (Thailand) Co., Limited is strengthening its ties with its suppliers through its annual supplier meetings. For the further pursuit of solutions to social issues through business, collaboration with our suppliers is essential. Based on that thinking, at the supplier meeting for Fiscal 2017, we conveyed the Calsonic Kansei Group's thinking on CSR and discussed CSR trends. Looking ahead, we plan to pursue concrete collaborative actions through our sales, purchasing, and other business divisions. To raise motivation, we are considering establishing an awards scheme for suppliers that pursue particularly impressive activities.



**Chalavalai Wutthikornkriengkrai**

Vice President  
Organization Promotion Division  
Calsonic Kansei (Thailand) Co., Limited

### Promoting Local Environmental Protection Through Tree-planting

Through its business of manufacturing automotive components, the Calsonic Kansei Group is deeply connected to emissions of CO<sub>2</sub> and other greenhouse gases.

As well as making our products in ways that produce fewer CO<sub>2</sub> emissions, we are also promoting environmental protection through tree-planting activities in the various regions.

CKT is conducting tree-planting activities in the Chonburi region and surrounding areas.

In Fiscal 2017, our employees, together with other companies in the region of the plant, our customers, and our suppliers, we planted 4,000 trees.

These local environmental protection activities, particularly the tree-planting, received high praise and, in March 2018, we received the Environment and CSR Good Governance Award 2017.

In Fiscal 2018, we aim to plant 10,000 trees.



**Employees Representative Group**

Calsonic Kansei (Thailand) Co., Limited



**Nadchaya Teansaguan**

Chonburi Province, where CKT is located, has many very popular beaches. In order to the beautiful beaches, Fiscal 2018, we will engage in clean-up activities on the beaches and around our own homes. Even though each individual's actions may only be small, I believe that the accumulation of all those small actions will lead to big impacts.



**Kanchana Inborisuth**

By participating in a range of volunteer activities, I am raising my own awareness and deepening my engagement with the local community. In Fiscal 2018, together with my CKT colleagues, I will engage in activities to support disadvantaged schools in Thailand. We plan to fix up the schools' playgrounds and donate books and other supplies to the schools.

## 2017 in Review: Highlights



### [Organizational Governance]

## Establishing the Foundations for Responsible Management

The Calsonic Kansei Group believes it is vital to contribute to creating a prosperous society through our business activities and to have excellent relationships with all of our stakeholders. To remain a trusted company in society, we have established corporate governance policies with a strong focus on CSR.

With a commitment to law-abiding and ethical management, we are enhancing risk management and building systems able to achieve stable product supply in emergency situations.

### Highlights

» CK

### Changes to Corporate Governance Structure to Speed up Decision-making

On May 8, 2017, Calsonic Kansei withdrew its listing from the First Section of the Tokyo Stock Exchange.

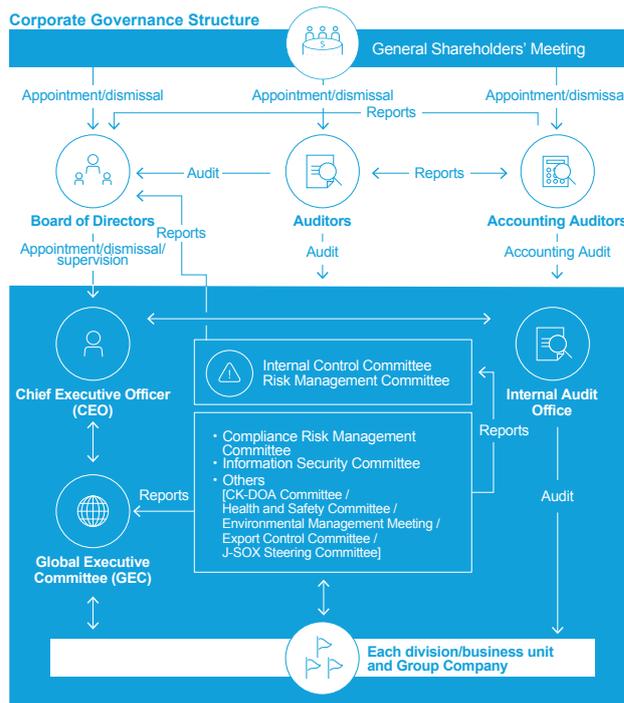
With the objective of realizing speedier decision-making by Calsonic Kansei Corporation, Calsonic Kansei established a corporate governance structure consisting of a Board of Directors, with three directors who concurrently serve as executive officers, and one auditor.

Also, in terms of Calsonic Kansei's relationship with its controlling shareholder, as a wholly-owned subsidiary of CK Holdings (CKH), an entity wholly owned by Kohlberg Kravis Roberts (KKR), Calsonic Kansei is working to increase the diversity of its Board of Directors membership, under the supervision of the CKH Board of Directors.

The auditor monitors the performance of Directors in carrying out their duties, and also works with the auditors of CKH to audit the execution of business related to all aspects of the Group's management.

In addition, outside auditors conduct accounting audits, in which they verify the appropriateness and legal compliance of accounts and of internal controls related to the accounts from an independent standpoint.

The current structure has been chosen because we believe these measures will ensure the effectiveness of our corporate governance.



» Global

### Business Continuity Planning (BCP) for Entire Value Chain in Preparation for Emergencies

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.

With 80 production sites in 15 countries manufacturing numerous automotive components, in the event of a disaster, the task of ensuring the supply chain amid production recovery operations will take on immense importance.

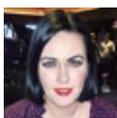
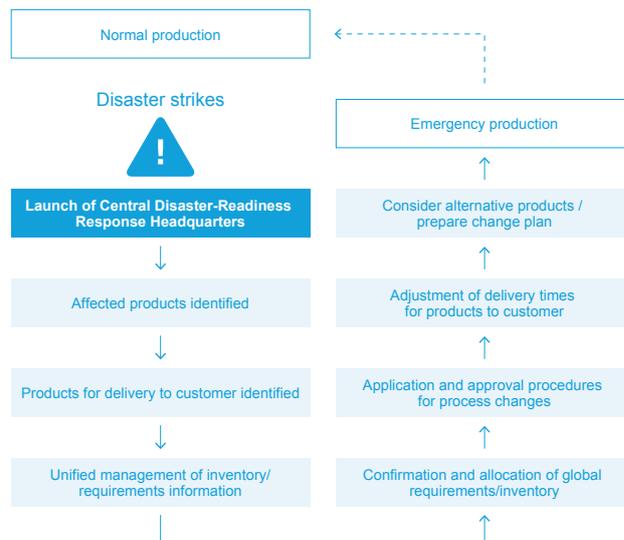
To achieve this, we have established a BCP Procedure.

In addition, even in normal times, for certain electronic parts we are using a "multi-fab" system where we order the same part from multiple plants.

In Fiscal 2017, we began considering ways of further strengthening our collaborative structures with suppliers in the area of BCP.

Specifically, we implemented automation of product information linking between customers, suppliers and ourselves, and confirmed the status of supplier BCP implementation, including at overseas plants.

### BCP Procedure



**Vicki Manghan**

We provide skills training programs for local students to increase their employability in the future.



**Jessica Truss**

As a Production Technician, I was fortunate to participate in a special activity centered around *Genba Kanri* and how it works. The biggest impact for me was the safety training which helped me understand the importance. I'm truly grateful for the experience and the training I've received.



## [Human Rights]

### Fostering a Corporate Culture of Respect for Human Rights

In the Calsonic Kansei Code of Conduct, the Calsonic Kansei Group clearly states that it respects diversity and human rights.

We established the Basic Policy for Human Rights and the Human Rights Priority Policy. Through these concrete policies, we are thoroughly promoting human rights and labor considerations among employees, and accelerating Group-wide actions that will encourage more respect for human rights in the supply chain.

## Highlights

### » Global

#### Encouraging More Respect for Human Rights

In April 2016, the Calsonic Kansei Group published the Basic Policy for Human Rights and the Key Policy on Human Rights.

To ensure that our operations can be pursued with respect for ethnicity, culture, and other factors in diverse countries and regions, we conduct

education and raise awareness to thoroughly instill our human rights policies in all employees of the Group.

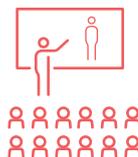
In Fiscal 2017 also, we adopted a variety of approaches, including those described below, to instill these policies throughout the Group.



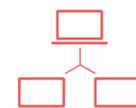
Information published in company  
CSR newsletter



Information published in CSR Handbook  
read by all employees



Human rights training as part of  
new employee induction training  
Approx. 220 trainees\*\*



Notices on company electronic  
noticeboards on Human Rights Day\*

★ = Calsonic Kansei only; ★★ = Japan: Calsonic Kansei and domestic Group companies; Overseas: Group companies overseas

### » Global

#### Human Rights Due Diligence in the Supply Chain

We are conducting due diligence of our suppliers using a survey which contains questions about human rights.

In Fiscal 2017, we rolled out surveys to our 225 major suppliers.

After analyzing the opinions, questions, and survey responses received, we will provide feedback to the suppliers and reflect the results in the CSR Medium-term Business Plan and other plans.



Due Diligence Survey

Rolled out to

**225** Suppliers

\*As of March 19, 2018

### » Global

#### Response to UK Modern Slavery Act

Calsonic Kansei Europe plc. (CKEU) published its first annual statement in response to the UK Modern Slavery Act\* in Fiscal 2016.

In Fiscal 2017, CKEU again prepared and published an annual statement.

In addition to activities to raise awareness within the company, CKEU also made efforts to raise awareness among its suppliers by conducting due diligence and distributing the Calsonic Kansei CSR Guidelines for Suppliers.

For the prevention of forced labor, human trafficking, illegal child labor, and other similar acts, these initiatives will be extended globally beyond the United Kingdom. We will continue in our endeavors to fulfil our responsibility to respect human rights across the entire supply chain.

\* UK Modern Slavery Act 2015

Legislation that requires enterprises to prepare and publish an annual statement on the actions they have taken to guarantee that they have not been involved in slave labor or human trafficking.

For-profit organizations and companies that are engaged in business activity in the UK and that have annual sales of over GBP 36 million, are subject to this obligation.



Yuko Nakagawa

As a nurse engaged by the Yoshimi Plant, I support the health of the plant's employees. I want to create a culture in which everyone supports each other and works happily.



Wu Haijun

In Fiscal 2017, I donated blood on two occasions. I hope to continue participating in blood donation in the spirit of helping one another and to make society better.



[Labor Practices]

## Creating an Organization that Values the Individual and Diversity

The Calsonic Kansei Group has established the CK WAY, common action guidelines for all employees, and the CK Leadership Competencies (CKLC), 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.

Our aim is to promote diversity and work/life balance and to create workplaces in which all employees can work with energy and vitality. At the same time, we are striving to enhance our evaluation programs and human resources development programs so we can take advantage of the skills and diversity of every individual.

### Highlights

» Japan

#### Fair Treatment and Evaluation that Takes Advantage of Individual Skills and Diversity

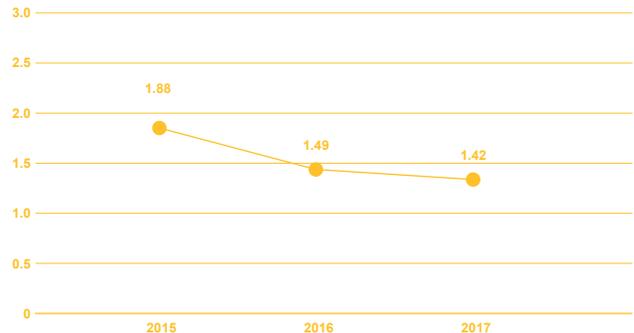
The Calsonic Kansei Group and its Group companies in Japan revise annual salaries and wages based on competency evaluations, using the CK WAY and CKLC as evaluation parameters, and provide incentives and bonuses based on individual performance evaluations. There is no difference in base salary or total 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.

» Japan/Global

#### Promoting Occupational Health and Safety

Every year, Calsonic Kansei and its Group companies in Japan set certain challenges and strive to raise the level of their performance in occupational health and safety. In Fiscal 2017, in response to the Top Safety Declaration at each business location, a review was performed of the previous year and each business site engaged in improving its individual weaknesses. Other action in Fiscal 2017 included the publication of an Occupational Health and Safety Manual and the establishment of audit criteria. Further, with the objective of PDCA confirmation, it was decided to conduct once-yearly audits of each business site going forward. There were no serious incidents or fatal accidents in Fiscal 2017. The Frequency Rate\* for the entire Group fell from 1.49 in Fiscal 2016 to 1.42 in Fiscal 2017.



\* Frequency Rate: Number of fatalities and injuries due to workplace accidents per 1,000,000 hours worked

» Global

#### Human Resources Development to Expand Individual Capabilities

The Calsonic Kansei Group believes that, above all else, it is its people who are instrumental in the company's sustainable growth. The Calsonic Kansei Group is committed to the development of its human resources, with a priority on "Monozukuri" and "global" perspectives.



##### Introduction of the Skills Meister System (CK only)

At a meeting of the Meister Certification Committee held in February 2018, one new Meister was certified, bringing the total to 13.

#### 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. This training includes CKPS (Calsonic Kansei Production System) training, which forms the foundation for *Monozukuri* at Calsonic Kansei, as well as various specialized technical training programs. Also, to clarify the necessary skills for *Monozukuri*, we have introduced a Skills Meister System.

#### 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. Further, to develop global *Monozukuri* human resources, we conduct Global Factory Manager Training for factory managers and factory manager candidates from each country and region.



● Emi Odajima

As a member of the diversity promotion team, shine.net, I aim to create environments that employees find pleasant to work in.



🇹🇭 Nuchjaree Jaijak

I will get involved in charity activities to support disadvantaged children and people with disabilities. For example, I would like to conduct a campaign to collect ring-pull tabs and donate them to a prosthetics organization.

» Global

## Promotion of Diversity

In the belief that creating new innovations through healthy conflict between employees with diverse values will lead to the growth of the company and the growth of the individual, the Calsonic Kansei Group considers promoting diversity as an important management strategy for the entire Group.

» Japan

## A company Where Women Can Shine

Calsonic Kansei aims to create workplaces and working styles 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.

The results of such activities are reflected in our various diversity promotion measures. We have set a goal of at least doubling the number of female managers from 2016 (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 under the Act on Promotion of Women's Participation and Advancement in the Workplace.



**Number of employees returning to work after maternity leave**  
**100%**



**Eruboshi Mark**  
Calsonic Kansei obtained the highest level of certification under the Eruboshi Mark scheme in 2016. This scheme recognizes companies with an excellent record in terms of implementing initiatives to promote women's advancement in the workplace.



**Kurumin Mark**  
Calsonic Kansei obtained the Kurumin Mark, a certification granted to "corporations that support childcare" in 2015, under the Act on Advancement of Measures to Support Raising Next-Generation Children.



**Company that Practices Diverse Working Styles (Saitama Prefecture)**  
In 2012, Calsonic Kansei was chosen as a certified company under the Saitama Prefectural Government's Scheme for Certification of Companies That Practice Diverse Working Styles.

» CK

## Employee Data

	2015	2016	2017
<b>Number of regular employees</b>	3,643	3,741	4,056
<b>Male</b>	3,352	3,419	3,657
<b>Female</b>	291	322	399
<b>Average age (years)</b>	44.4	44.2	43.7
<b>Length of continuous employment (years)</b>	19.4	18.3	17.5
<b>Turnover rate (%)</b>	1.0	1.3	1.2
<b>Average yearly salary (yen)</b>	6,237,718	6,394,249	6,293,193
<b>Rate of employment of people with disabilities (%)</b>	1.93	2.07	1.99
<b>Number of employees taking childcare leave</b>	13	14	18
<b>Number of employees taking nursing care leave</b>	0	1	1

» Japan

## 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 a multiple pregnancy, 14 weeks, dating back from the due date, and to 8 weeks' leave counted from the day after the child is born.



**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).



**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.

**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.)



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



**Shorter working hours to care for children**  
Employees may work shorter hours until the child graduates from elementary school. (The legislative requirement is up to third grade of elementary school.)



**Employee welfare programs**  
A scheme under which employees may choose from approximately 20,000 programs to best suit their lifestyle will be introduced in Fiscal 2018 (available for employees and their families.)

» Global

## Work-style Reform

With the objective of creating highly satisfactory workplace environments by raising operational productivity, achieving higher added value, and realizing diverse working styles, the Calsonic Kansei Group has been engaged in the reform of working styles in earnest since Fiscal 2017.

Specific initiatives include setting specific times when meetings with

overseas locations may be held and thorough implementation of rules for conduct of meetings, active use of ICT, thorough operational efficiency improvements, particularly in indirect divisions, and the systemization of various procedures and processes.



**Employee Representative Group, Calsonic Kansei North America**

CKNA participated in Relay For Life, an event that supports cancer patients and their families, and donates to the cause. This event is an all-night marathon relay. Cancer patients, even though they may be exhausted, cannot rest. By running the relay, we can experience what they are feeling, if only for one night. We will continue to participate in this event, in the hope that we can provide support to as many people as possible.



**Katina McCoy**

The Madison, MS near-site plant, which began operating in May 2017, with the goal to be environmentally compliant and sustainable from the beginning. The Plant is operating in ways that are considerate of the local community and the environment. This includes the establishment of methods for recycling cardboard and plastic, and obtaining a Certificate of No Exposure from the state's Department of Environmental Quality for its initiatives to prevent outflows of contaminated storm water. Our goal is to be a good neighbor to those around us as well as to the environment.



[The Environment]

## Environmental Initiatives

The Calsonic Kansei Group recognizes the importance of contributing to the realization of a sustainable society through environmental protection initiatives. To respond to the demands for consideration of the environment imposed on companies by the international community, including the Paris Agreement, we strive to raise environmental awareness in each and every one of our employees. We are also engaged in the development of environmentally friendly products and the continued reduction of the environmental impact of our business activities.

### Highlights

» Global

#### CK Green Policy (Environmental Policy)

To further enhance its initiatives to protect the environment through its global corporate activities, Calsonic Kansei revised its Environmental Policy established in 2000, relaunching it in Fiscal 2017 as the CK Green Policy, which comprises the Basic Environmental Policy and Environmental Action Guideline.

Based on this Policy, we will all engage in environmental activities as one team and contribute to the realization of a sustainable society, as declared in the Calsonic Kansei Vision.

#### CK Green Policy (Environmental Policy)

##### Basic Environmental Policy

To contribute to build a sustainable society, each individual shall strive to protect the environment at every stage of our business activities.

##### Environmental Action Guideline

- Continuously improve current target-achieving activities and environmental management systems globally by setting annual plan based on compliance, social demands, and long-term vision.
- Promote development of environmentally friendly products, with consideration to the lifecycle.
- In addition to making efforts to prevent pollution and complying with laws and regulations, etc., promote reduction of environmental impact caused by corporate activities.
- Enhance communication with stakeholders. Promote coordination, cooperation and involvement with local communities, governments, and municipalities regarding environmental protection.
- Build coordination and cooperation not only with affiliates but with customers and business partners towards reduction of environmental impact on the overall supply chain.

» Global

#### Promoting Innovations in Energy Management

In our six-year Medium-term Business Plan CK GX4 T10, which covered Fiscal 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 succeeded in the commercialization of those products.

From Fiscal 2017, under our new Medium-term Business Plan Compass 2021, we have declared our goal of pursuing energy management as one of the pillars of our core domains.

Boasting the world's largest track record in mass production of inverters and battery management systems, we are leveraging our power management and heat management technologies to provide comprehensive energy management.

We have also stepped up our approaches to the development of technologies to bring mobility with minimal environmental impact, such as electric vehicles, closer, and to the development of products that will contribute to purifying exhaust gases and improving fuel efficiency.

#### Products in the Energy Management Domain



##### Sheet metal turbine housing CK-SMITH

Improvement of exhaust gas purification and fuel efficiency performance

##### [Purpose]

This is a turbine housing of a turbocharger for engines for automobiles. It suppresses the exhaust gas temperature drop and improves the temperature rise performance of catalysts. In addition, by reducing weight, it improves not only exhaust gas purification performance but also fuel consumption performance, contributing to significant environmental improvement.

##### [Strengths]

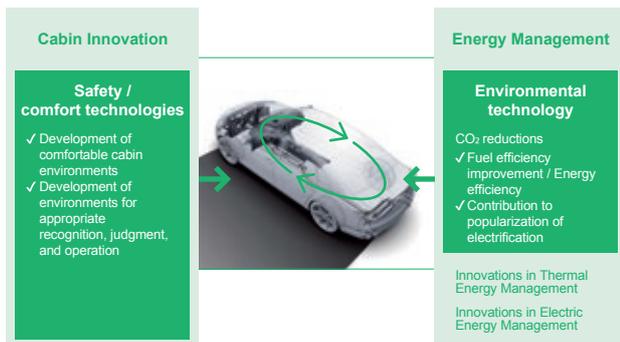
CK-SMITH uses pressed components made from thin stainless steel. This is used to make the gas passage and thermos-like double-wall structure. In addition to the design of the double-layer exhaust manifold of the exhaust part, testing, and production engineering (pressing and welding techniques), the mass production of this product was realized by integrating high-precision machine molding techniques and measuring techniques required by turbocharger products.

##### Vane-rotary compressor with fixed displacement: CR Series of fixed displacement compressors

Small and light with high energy efficiency (→p.12)

##### Inverters

Alternative to gasoline for vehicle power (contributing to the popularization of electrification)



Alexandra Kirsanova

We are reducing the use of mercury lights. Previously, many of the lights used on the factory floors and in our offices were mercury lights. Replacing mercury lights for LED lights will reduce wastage and mitigate the impact on the local environment. At the same time making the production lines much brighter.



Li Xia

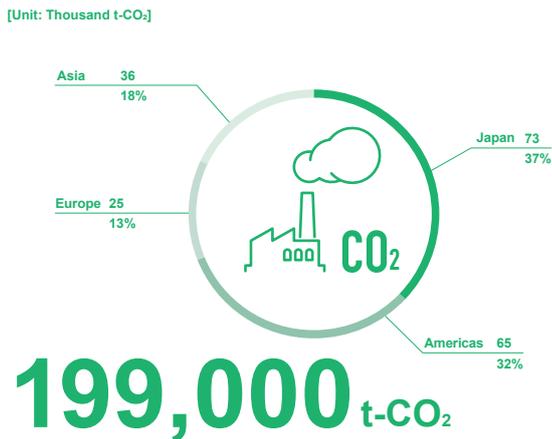
On Arbor Day in March, we all engaged in tree-planting and volunteer activities under the principle of contributing to the local community. We will continue these initiatives in Fiscal 2018.

» Global

## Approaches to Climate Change

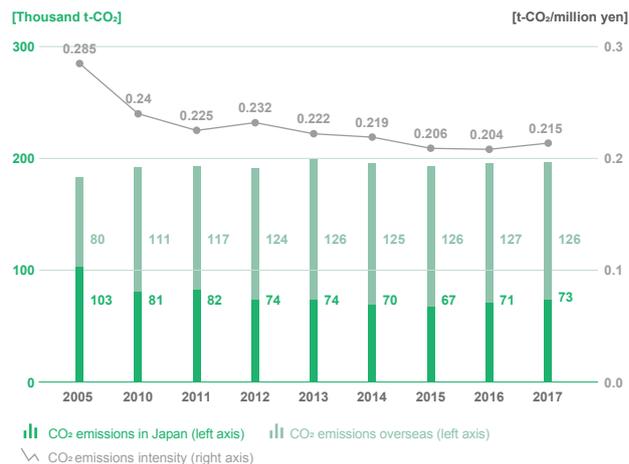
We are engaged in a “carbon minimum” activity to reduce environmental impact, with the goal of realizing a low-carbon society. Our total CO<sub>2</sub> emissions in Fiscal 2017 came to 199,000 t-CO<sub>2</sub>.

### Calsonic Kansei Group CO<sub>2</sub> Emissions by Region



In terms of emission intensity (total CO<sub>2</sub> emissions/sales revenue), the pursuit of activities aimed at respective reduction targets of 20.5% for Japan and 15.8% for overseas compared to Fiscal 2005 resulted in reductions of 31.2% in Japan and 21.1% overseas in Fiscal 2017, well above target.

### Trends in Calsonic Kansei Group CO<sub>2</sub> Emissions and Emissions Intensity



» Global

## Promoting Resource Recycling / 3R (Reduce, Reuse, Recycle)

With an emphasis on the effective use of resources, we are engaged in initiatives to reduce waste and achieve zero landfill. In Fiscal 2017, we began recycling and re-using plastic containers used for in-house logistics, leveraging Calsonic Kansei’s plastics processing technology. Through the in-house recycling of these plastic containers, which previously would have been discarded, we are not only reducing waste, but also helping to improve technologies for the use of recycled plastics. Globally, through the continuation of initiatives for the reduction of process defects and conservation of resources at each plant, we were able to reach our medium-term targets in Fiscal 2017 as well.

#### Waste Intensity

[Waste / Sales revenue]



#### Zero Landfill

[Landfill volumes /Waste volumes]



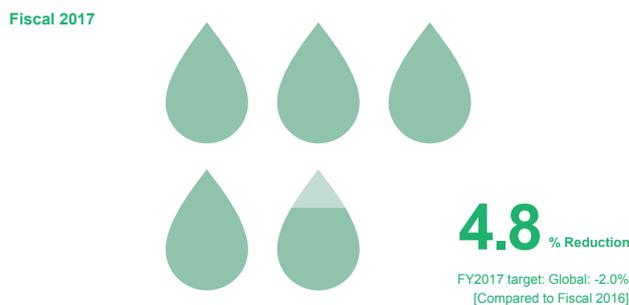
» Global

## Strengthening Approaches to Reduction of Water Use

We are engaged in the reduction of water use, from the perspective of the protection of water resources. Through the monitoring system established globally in Fiscal 2014, we have been able to identify those production sites with high volumes of water use and problematic equipment. In Fiscal 2017, we put a variety of initiatives in place at our global sites, including replacing equipment to contribute to reduced water usage and adopting efficient water use systems in flushing toilets. As a result, we were able to reduce water use intensity by 4.8%.

#### Water Use Intensity

[Usage volume /Sales revenue]



**● Komina Murakami**  
I try to be conscious of environmental protection in my daily work, by pursuing a reasonable level of energy conservation and separation of trash.



**● Tomoya Emori**  
I strive to make improvements on the factory floor by bringing together the knowledge and experience of related departments, to realize a safe workplace and create high-quality products. I pick up information about near misses from the factory floor on a regular basis and aim to eliminate unsafe situations and behavior. I will also continue to embrace the challenge of creating a workplace that is safe and comfortable for everyone.



[Fair Operating Practices]

## Practicing Compliance Based on the Code of Conduct

The Calsonic Kansei Group recognizes the importance of all employees practicing compliance, based on a strong sense of ethics.

Since the establishment of the Global Code of Conduct for the Calsonic Kansei Group in 2003, we have conducted exhaustive education and awareness-raising of employees, with the goal of strengthening our global compliance regime.

We have also strengthened communications with our suppliers and are pursuing initiatives across the entire supply chain.

### Highlights

» Global

#### Global Roll-out of Compliance Education

Every year, the Calsonic Kansei Group conducts training on the Code of Conduct, which has been prepared in the respective languages of each region, and collects pledges in order to strengthen awareness about compliance.

In Fiscal 2017, 100% of our employees in Japan and overseas, including corporate executives, signed pledges.

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 regarding these two risks – global (group-wide), for our Japanese locations, and for our overseas locations, and conducted communication and awareness-raising activities across the entire Group.

In Fiscal 2017, in addition to total-participation education programs, we also conducted anti-trust law training for our executives in Japan.



Anti-trust law training for executive members in Japan

#### Anti-bribery Training Participants (FY2017)

Japan	Americas	Europe	China	Thailand	Malaysia	Total
4,863	362	107	99	67	373	5,871

#### Number of Whistleblowing Cases (FY2017)

**347** cases

Due to the thorough communication of the internal whistleblowing system and careful handling to ensure that the whistleblower is not put at a disadvantage, the number of internal whistleblowing cases has been increasing every year since 2015.

» Global

#### Promoting CSR in the Supply Chain

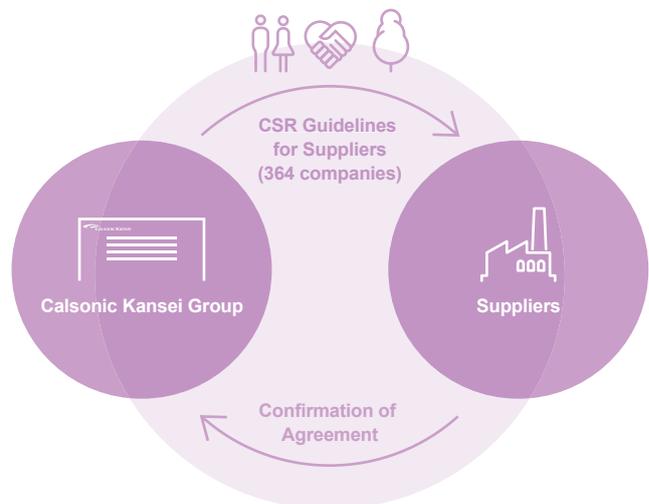
With the expansion of the Calsonic Kansei Group's business, its supply chain is also expanding globally. To promote CSR activities, we aim to improve our CSR management by sharing our ideas and policies with our suppliers.

In Japan, with the roll-out of the Calsonic Kansei CSR Guidelines for Suppliers, we have asked our suppliers to be thorough in their communication of compliance, including the prevention of bribery. We are also making efforts to ascertain the state of approaches to key CSR issues established by the Calsonic Kansei Group by conducting CSR due diligence surveys.

In Fiscal 2017, we rolled out a revised version of the CSR Guidelines for Suppliers (Japanese and English), which includes the addition of requirements regarding handling of conflict minerals, to 364 companies and entered into a "Confirmation of Agreement" with them.

We also conducted a Supplier Due Diligence Survey, comprising 80 questions in seven categories, of 225 companies.

We will continue to promote CSR activities that include our supply chain.



**Suvimon Lamaimuang**

I am involved in a charity project to improve the lives of disadvantaged children who have few educational opportunities.



**Yang Huanhuan**

I participated in tree-planting activities with my family. This time, the three of us planted three seedlings. I am happy I was able to make my own small contribution to environmental protection and I plan to continue with this activity in the future.



[Consumer Issues]

### Providing Safe, Quality Products

The Calsonic Kansei Group is focused on quality as an essential element required to meet the expectations of various customers, from improving performance to ensuring safety and reliability and achieving comfort.

Based on this approach, we consider quality to be one of the most important key issues for the company as a whole, and continue to provide high quality in all processes, including development, sales, purchasing, design, production, and logistics.

We also focus on improving our customer responsiveness through such activities as ongoing customer satisfaction surveys.

### Highlights

» Global

#### First to Comply With New International Quality Standards



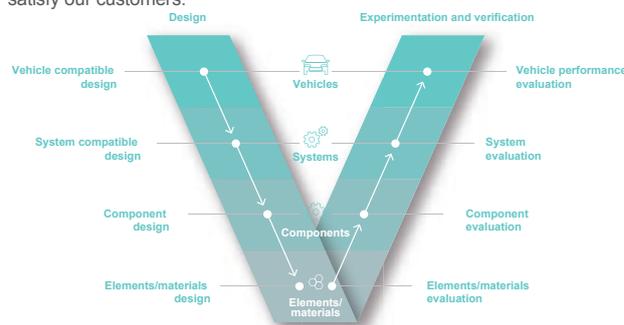
EMC Test, a type of verification test at the "vehicle" stage of the Quality Assurance Process (right)

The Calsonic Kansei Group is taking the lead in the improvement of technological capabilities in quality and reliability.

With the amendment of ISO/TS 16949, the international standard for quality management systems for the automotive industry, we are pursuing activities to bring our quality management systems into compliance with the new standard, IATF 16949, and to obtain certification for all of our global sites. In Fiscal 2017, we obtained certification for 16 sites, and we are scheduled to complete certification of all sites by September 2018.

Further, we have investigated the global market environment and replicated the market environment through state-of-the-art equipment and experimental evaluation technologies, and conducted product development in the four stages of vehicles, systems, components, and elements/materials, thus ensuring a high level of development quality.

We ensure that our Development Quality Assurance Process is carried out without fail, in pursuit of developing products that are safe, durable, and that satisfy our customers.



Development Quality Assurance Process on Four Levels

» Global

#### Reflecting Customers' Opinions Opinions in Improvements

The Calsonic Kansei Group hopes to be an industry leader in *Monozukuri* in automotive society and to continue to provide a range of values.

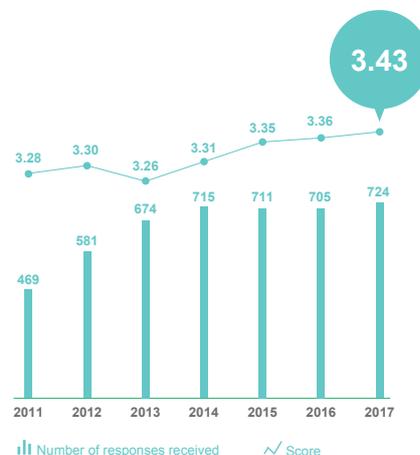
To push forward vigorously in *Monozukuri* that is of high quality, competitive, and that meets the needs of our customers, we are dedicating efforts to our customer service capabilities.

To this end, we have been conducting Customer Satisfaction Surveys since 2005.

The Customer Satisfaction Survey asks respondents to evaluate Calsonic Kansei on a five-point scale in the individual categories of Quality, Cost, Delivery, Development, Management, and Sales (QCDDMS). It also seeks comments from respondents on specific requests for improvement.

In Fiscal 2017, we received 724 responses to the survey. The overall grade, at 3.43 points (of a maximum of 5 points), was the highest on record.

With this survey as a point of connection, we will further enhance our communication with our customers and aim to improve customer satisfaction.



● Shunji Kikuchi

I pursue my work with the motto of "providing safe, reliable products and services." I conduct ample confirmation of equipment safety prior to shipment and provide meticulous support after installation.



● He Yunfei

Fans of outdoor sports in the company came together to combine a hike with a mountain clean-up activity. The walk also served as a health promotion activity.



[Community Involvement and Development]

## Contribution to Local Communities

From the perspective of creating a sustainable society, companies are being called on to build relationships of co-existence and co-prosperity with the diverse communities that they come into contact with through their business.

As a corporate citizen, the Calsonic Kansei Group is actively involved in activities for the support of future generations and community activities in local communities. We engage in social contribution from multiple angles, leveraging the Group's characteristics and know-how.

### Highlights

» Global

#### Strengthening Social Contribution Activities in Our Global Operations

The Calsonic Kansei Group is expanding its social contribution activities, so that it may contribute to a better society on a global scale, with a focus on four domains.

In the expansion of these activities, we place importance on the expectations of stakeholders and on communicating with them, with the aim of contributing to regional development and solving social issues.



Supporting the next generation



Safety



Environment



Community

» Japan

#### Support for the *Monozukuri* Human Resources of the Future

Team SKETT, a team of volunteers whose members are drawn from an open call for participants from within Calsonic Kansei and its Group companies in Japan, conducts a wide range of activities to give elementary schoolchildren hands-on experience of *Monozukuri*.

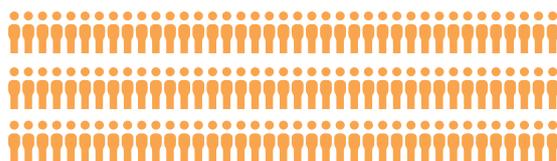
Team SKETT has exhibited at Kids Engineer, a hands-on exhibition for elementary school pupils organized by the Society of Automotive Engineers of Japan, Inc., every year since the inaugural event in 2008.

In Fiscal 2017, at Kids Engineer 2017 in Nagoya and at Mini Kids Engineer in Tohoku, held in Sendai, more than 3,000 people participated in a challenge to assemble a cockpit module, where they learned the enjoyment of *Monozukuri*.

We also exhibited at the Parent-and-Child Kids Engineer event held by the Automobile Business Association of Japan, where more than 300 people participated in a hands-on building experience.

In our Traveling Classrooms for Elementary Schools program, which began in 2012, we conveyed the fun of science to more than 800 elementary school pupils at more than 16 school in Fiscal 2017.

#### Number of Participants Attending Kids Engineer (Fiscal 2017)



More than **3,000**

#### Traveling Classrooms for Elementary Schools



Traveled to more than **16** elementary schools over **800** pupils participated



**Kaythirat Lerddaratsamee**

Together with some colleagues, I participate in the "Friends Helping Friends Project," which gives support to disadvantaged children. I want to collect more money in Fiscal 2018 so we can build new toilets in schools and fix up their schoolyards.



**Jia Lixin**

I have donated blood twice a year for the past five years. So far, I have donated a total of 4,000 ml of blood! I intend to keep up this blood donation activity.

## Third-party Opinion

### Kumi Fujisawa

Co-Founder, Think Tank SophiaBank

#### Evolution into a Committed Report that Considers its Readers

Continuing from last year, I have had the opportunity to read this Sustainability Report again this year. I was impressed by the effort that its authors have put into achieving even more innovative contents and their attention to detail. I can see they have remained conscious of their diverse readers in various parts of the world. In addition, the key points of the Medium-term Business Plan were incorporated in the graphs and tables showing the Sustainable Value Creation Process, enabling an awareness of the value process in day-to-day work. This evolution is worthy of praise.

#### A Real Sense of Instilling the Mindset

What most drew my eye in this year's report was the fact that, throughout the report, one can gain a real sense that the mindset of "independence and initiatives" is taking shape within the company.

As the company has welcomed new top executives, it has declared a goal of sustainable management that looks toward the next 80 years.

Another highly impressive aspect of the report was that it not only discusses what the company needs to do to realize that goal from individual perspectives such as CSR and SDGs, but it also ties them in with the company's business.

Whether it was the explanations of each domain by the people in charge of them, or the presentation of initiatives being undertaken in

various parts of the world, the pride that they have in their company's business, and the fact that they are engaged in it with autonomy and on the basis of the elements and perspectives of sustainability really shone through in the report. Through these individual initiatives, the report has been made easy even for people with little knowledge of Calsonic Kansei to understand, and the relationship between the business and sustainability is very clear.

#### A Playing Field for Fair Participation by Everyone Around the World

As with last year's report, this year's report featured comments from employees from the various countries about their own approaches to CSR, around the theme of My CSR Declarations. These short comments show how these individual initiatives are being conducted autonomously, based on the culture and customs of each region. They also provide an opportunity for employees from the various countries to share their wisdom with their colleagues around the world through this report. I hope that they will lead to the further evolution of initiatives in each region.

If next year's report conveys how employees' actions and approaches have changed and evolved, I believe it will add to the enjoyment of continued readership of the report.

As I read the messages from people around the world and read about the various company schemes and programs, one thing that concerned me a little was that comparatively more space was devoted to explanations of



Japan-only schemes than to explanations of overseas schemes.

I realize that this is a Japanese company with its headquarters in Japan, but as a company with colleagues around the world that professes diversity, I hope that these company schemes could be reviewed to eliminate any regional disparity, so that common global initiatives can be given central position and the individual initiatives of each country can be presented in equal proportion.

I hope that, after reading the summary report, more readers will be motivated to access the full report on the website.

I hope that your employees will use even more fulfilling initiatives and ideas in their daily work, and I look forward to seeing these comments from on the ground taking center stage in the report next year, to give readers a real sense of change.

#### 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 the Davos Conference and other partners, is engaged in creating mutually beneficial bonds between the public and private sectors in Japan and overseas.



## Response to Third-party Opinion

### Hideaki Watanabe

Executive Vice President and Chief Strategy Officer  
Calsonic Kansei Corporation

I would like to thank Ms. Fujisawa for once again providing her valuable observations about our Group's Sustainability Report.

We have made significant changes to the report based on her suggestions from last year, and we appreciate her words of support and acknowledgement of the improvements made.

In Fiscal 2017, we became independent from Nissan Motor and launched our new Medium-term Business Plan, named Compass 2021.

As part of Compass 2021, we have positioned CSR as one of the fundamentals of how we run our business, and we will aim to further strengthen the fusion between management of our business and CSR. This ensures our business is sustainable for the long term. The Sustainable Value Creation Process is the embodiment of the values our Group offers and

our contributions to the SDGs.

This year marks our 80th anniversary of the company's foundation. As we continue to respond to social requirements, such as fostering innovation, protection of the environment, and ethical corporate activity, we will maintain our efforts to be a company that will develop in a sustainable way, together with society, for the next 80 years.

Regarding Ms. Fujisawa's comments about "reviewing company schemes to eliminate any regional disparity," we will make further improvements in this regard so we can become "one team" as Global CK.

We value the opinions of each and every one of our employees around the world and we will continue to strive to be a company that acts as a force for good in order to make all our stakeholders proud.

## Company Overview

<b>Company</b>	Calsonic Kansei Corporation
<b>Address</b>	2-1917 Nisshin-cho, Kita-ku, Saitama City, Saitama, Japan
<b>Main Products</b>	Cockpit modules, Front-end modules, Exhaust systems, Air conditioning units, Compressors, Meters, Radiators
<b>Number of Group Companies</b>	Consolidated: 34*1
<b>Total Number of Employees</b>	Consolidated: 22,678*2
<b>Major Clients (Alphabetical order)</b>	Audi AG, Daihatsu Motor Co., Ltd., Daimler AG, Geely Automobile, General Motors Corporation, Hino Motors, Ltd., Honda Motor Co., Ltd., Isuzu Motors Limited, Jaguar Land Rover Limited, Mazda Motor Corporation, Mitsubishi Motors Corporation, Nissan Motor Co., Ltd., Peugeot S.A., Renault S.A.S., Subaru Corporation, Suzuki Motor Corporation, UD Trucks Corporation, Volkswagen AG

\*1: As of May 31, 2018

\*2: As of March 31, 2018



## Editorial Policy

### About this Report

The Calsonic Kansei Group published its first Sustainability Report in 2014, reporting on its ideas and various initiatives as a communication tool for stakeholders and as part of its efforts to release information about sustainability. The report is published in Japanese and English.

From the 2017 edition, to communicate information in a timely manner and to provide our stakeholders with better access to the information they require, we have compiled detailed information on the website.

We have also produced a summary version of the report in the form of this booklet. It provides a digest of the contents of the report to familiarize even first-time readers with the Group's sustainability endeavors.

A new feature in the Sustainability Report 2018 is the inclusion of the Calsonic Kansei Group's Sustainable Value Creation Process, which integrates the concept of sustainability into management and creates new value.

Together with the new Medium-term Business Plan, the report clarifies our contributions to the SDGs in our domains of focus to give readers a deeper understanding of the relationship between business and sustainability.

We look forward to receiving the honest opinions of our stakeholders to assist us in the further progress of our sustainability endeavors.



### Website CSR Page

<https://www.calsonickansei.co.jp/en/csr/>

### Applicable Scope

Calsonic Kansei Corporation and Group companies

### Applicable Term

Mainly Fiscal 2017 (April 1, 2017–March 31, 2018)

### Publication Date

September 2018 (previous report: September 2017; next report: September 2019 (scheduled))

### Reference Guidelines

GRI Sustainability Reporting Standards

Environmental Reporting Guidelines of the Ministry of the Environment of Japan, 2012 Edition

### Support for various principles, etc. concerning the 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 indicators.

### 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 and is published on the website of the Sustainability Report 2018.

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

CSR/Public Relations & IR Department,

Global Corporate Planning Division

Calsonic Kansei Corporation

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



### Online Contact Form

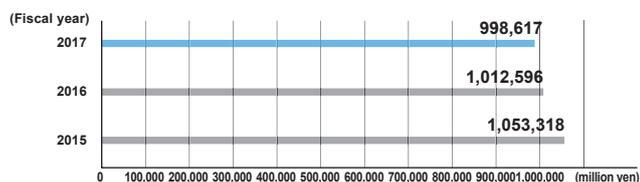
<https://www.calsonickansei.co.jp/en/csr/opinion/>

### Please Note:

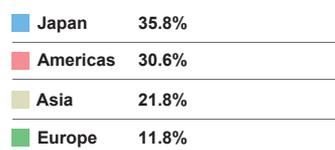
This report contains forward-looking statements. Please be aware that actual results may differ due to various industry-related factors.

## Financial Highlights

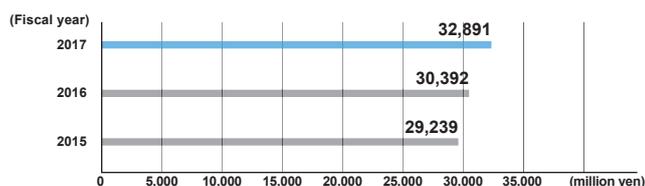
### Consolidated Sales



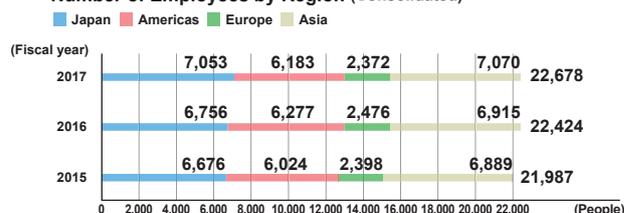
### Share of Consolidated Sales by Region (Fiscal 2017)



### Consolidated R&D Expenditure



### Number of Employees by Region (Consolidated)



## Global Network

### Major Overseas Locations

#### AMERICAS

Calsonic Kansei North America, Inc.

#### MEXICO

Calsonic Kansei Mexicana, S.A. de C.V.

#### BRAZIL

Calsonic Kansei do Brasil Industria e Comercio Ltda.

#### THE UNITED KINGDOM

Calsonic Kansei Europe plc.  
Calsonic Kansei UK Limited

#### SPAIN

Calsonic Kansei Spain, S.A.

#### ROMANIA

Calsonic Kansei Romania S.R.L.

#### FRANCE

Calsonic Kansei Europe plc. France Branch Office

#### GERMANY

Calsonic Kansei Europe plc. German Branch Office

#### RUSSIA

Calsonic Kansei RUS LLC

#### CHINA

Calsonic Kansei China Holding Company  
Calsonic Kansei (Wuxi) Corporation  
Calsonic Kansei (Shanghai) Automotive Technology R&D Co., Limited  
Calsonic Kansei (Shanghai) Corporation  
Calsonic Kansei (Guangzhou) Corporation  
Calsonic Kansei (Xiang Yang) Corporation  
Calsonic Kansei (Wuxi) Components Corporation  
Calsonic Kansei (Guangzhou) Components Corporation  
CK KS Engineering (Guangzhou) Tooling Center Corporation  
Calsonic Kansei (Haimen) Car Air-Conditioning Compressor Corporation  
CK Electric Machinery Development (Shanghai) Co., Limited

#### KOREA

Calsonic Kansei Korea Corporation

#### MALAYSIA

Calsonic Kansei (Malaysia) Sdn. Bhd.

#### THAILAND

Calsonic Kansei (Thailand) Co., Limited  
Siam Calsonic Co., Limited

#### MYANMAR

Calsonic Kansei Engineering Yangon Co., Ltd.

#### INDIA

Calsonic Kansei Motherson Auto Products Limited

### Major Locations in Japan

#### Centers

R&D Center, Headquarters  
Testing Research Center  
Production Engineering Center

#### Offices

Utsunomiya Office  
Hamamatsu Office  
Nagoya Office  
Kurashiki Office  
Hiroshima Office  
Atsugi Office  
Suzuka Office

#### Manufacturing Plants

Gunma Plant  
Yoshimi Plant  
Kodama Plant  
Oppama Plant

#### Group Companies

Calsonic Kansei Fukushima Corporation  
Calsonic Kansei Kyusyu Corporation  
Tokyo Radiator Mfg. Co., Ltd.  
Calsonic Kansei Tochigi Corporation  
Calsonic Kansei Utsunomiya Corporation  
Calsonic Kansei Machine Works Corporation  
Calsonic Kansei Yamagata Corporation  
Calsonic Kansei Iwate Corporation  
Calsonic Kansei Business Expert Corporation  
CK SALES Co., Ltd.

As of May 31, 2018

## **Calsonic Kansei Corporation**

### **R&D Center, Headquarters**

CSR / Public Relations & IR Department, Global Corporate Planning Division  
2-1917 Nisshin-cho, Kita-ku, Saitama City, Saitama 331-8501, Japan  
[www.calsonickansei.co.jp/en/](http://www.calsonickansei.co.jp/en/)