



**Calsonic Kansei**  
Driven by Inspiration and Innovation

# Sustainability Report

Web Version



2018

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## 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*. 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.

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.

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.

## 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.

# 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.

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.

\* 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.



> [Contribution to SDGs](#)

# Sustainable Value Creation Process

The Calsonic Kansei Group has addressed solutions to social issues related to mobility by using the diverse technologies it has cultivated through the manufacture of automotive components. Going forward, leveraging our deep knowledge of the mobility market, we will promote innovation and, through the creation of value that is distinctive to the Calsonic Kansei Group, contribute to realizing a sustainable society.



## > Sustainable Value Creation Process

# CSR Policy

## CSR Policy

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

## Responsibilities to Customers

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

## Responsibilities to Business Partners

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

## Responsibilities to Employees

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

### **Responsibilities to Employees' Health and Safety**

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

## Responsibilities to Shareholders

We aim to improve our profitability by continuously developing competitive products, and at the same time, we aim to enhance the company's corporate value by conducting fair business trade and with proactive information disclosure in order to 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 automotive society without car accidents

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

### **Environment**

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

### **Participation in Social Activities / Social Contributions**

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

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## Our Stance on CSR

# CSR Medium-term Plan

## Basic Stance

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

In fiscal 2017, in light of the new Medium-term Business Plan, Compass 2021, which was announced in September 2017, we reviewed our key CSR issues. We plan to update the CSR Medium-term Plan before the end of Fiscal 2018.

## CSR Vision

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

## Priority Areas

### 1. Improving Employee Awareness

In addition to creating attractive workplaces that are pleasant to work in, we are striving to raise awareness so that our employees themselves will pick up on social issues and engage in finding solutions to them.

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

### 2. Coexisting with Society

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

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

### 3. Improving Corporate Value

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

- (1) Achieving the Medium-term Business Plan
- (2) Strengthening our CSR activities

## Our Stance on CSR

# Key Issues in CSR Activities

## Identification of Key CSR Issues

The Calsonic Kansei Group has identified its key CSR issues and KPIs as a concrete action plan for the CSR 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

The process of identifying the key CSR issues in Fiscal 2015 entailed classifying the contents of the various initiatives which we have rolled out to date in line with the seven core subjects laid out in ISO 26000 (Guidance on social responsibility) into two categories based on (1) stakeholder expectations, and (2) the time required to achieve them or the degree of difficulty in achieving them. We then determined their priority and identified the key CSR issues.

In the fiscal 2017 review, we first confirmed the latest trends in social expectations before carefully examining the contents of our initiatives. We then conducted an assessment based on (1) stakeholder expectations, and (2) impact on our 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. The Materiality Map was released after being reviewed by the Corporate Officer responsible for CSR.

We also set KPIs for each of those issues, and we are implementing the PDCA cycle based on their respective degree of priority. The progress of initiatives for each key issue and their outcomes are reviewed by senior management and disclosed in our sustainability reports.

## Materiality Map



## 23 Key issues identified

Top Priority Issues	
Environment	Climate change action
	Prevention of pollution
	Effective use of resources
Social	Improve ESG in supply chain
	Creating 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
Governance	ESG risk management
	Strengthening compliance
	Strengthening information security

Key Issues	
Environment	Protection of water resources
	Protection of biodiversity
Social	Dialogue between management and employees
	Promotion of social contribution activities
	Productivity improvement
Governance	Strengthening of business continuity management (BCM/BCP)
	Prevention of corruption and bribery
	Maintenance and disclosure of appropriate tax practices

Global Calsonic Kansei headquarters played a central role in the materiality analysis, which was conducted from a global group perspective.

In the analysis, to reflect stakeholders' expectations in fine detail, we adopted the following viewpoints as evaluation axes.

#### **1. Feedback through questionnaire and day-to-day dialogue**

Results of questionnaire surveys administered to the Governor of Saitama Prefecture, Mayor of Saitama City, President of Saitama University, local residents and companies, as well as opinions expressed by customers, employee questionnaires, etc.

#### **2. Global economic and social mega-trends and initiatives**

World Economic Forum's Global Risk 2017, United Nations' Global Compact and [Sustainable Development Goals \(SDGs\)](#), reviews of industry scandals based on publicly available information, etc.

#### **3. International CSR guidance and guidelines**

[ISO 26000](#), [GRI Sustainability Reporting Standards](#), Sustainability Accounting Standards Board (SASB), etc.

#### **4. Evaluations by ESG investment rating companies**

FTSE4Good, Dow Jones Sustainability Index, Sustainalytics, CDP Climate Change, CDP Water, Toyo Keizai CRS Rankings, etc.

To ascertain and reflect the impact on our company, we worked with the representatives of individual departments in Japan and overseas after considering the Medium-term Business Plan, Compass 2021, holding multiple conversations with them, and then we obtained the approval of the heads of the relevant divisions and the Corporate Officer responsible for CSR for the key issues and their prioritization.

## Active Incorporation of Expert Recommendations

For some time, Calsonic Kansei has actively sought to implement the recommendations of independent experts. We obtained recommendations from external consultants regarding the results of the materiality analysis that was reviewed in fiscal 2017, based on developments in the automotive parts industry. For the fiscal 2018 Sustainability Report, we again obtained a third-party opinion from Ms. Kumi Fujisawa, a highly respected expert in the areas of CSR and ESG.



## Important Points Raised by Stakeholders

In terms of the degree of importance of CK's materiality discussed in the Environmental Communication meetings, stakeholders expressed particularly high expectations regarding the environment (water pollution, environmental pollution) and compliance. No particular points of concern were raised.

In addition, our major stakeholders raised the issues of "contributing to the development of human resources needed by society," and "spreading CSR awareness to other companies."

We will continue to create opportunities to communicate with local residents about the environment. We will address compliance as a top priority issue.

In terms of "contribution to the development of human resources needed by society," for the development for *Monozukuri* human resources we are responding with initiatives such as opportunities for hands-on experiences for elementary school pupils, scholarship programs, and internships.

In terms of "spreading CSR awareness to other companies," we are conducting initiatives such as presenting case studies when we have opportunities to interact with other companies, such as through the various industry organizations.

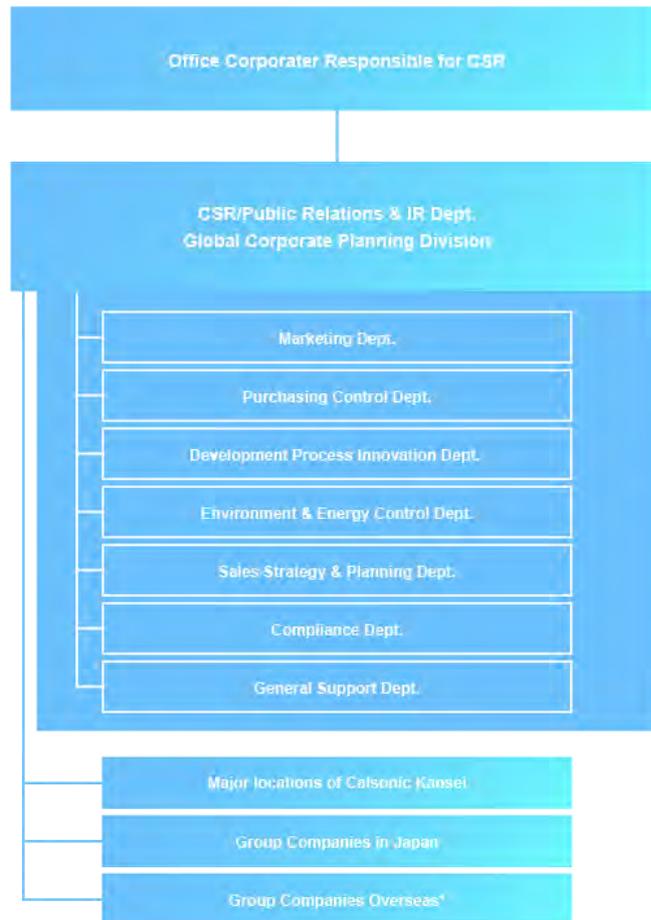
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## Approaches for Tackling the Key CSR Issues

The Calsonic Kansei Group has appointed certain divisions to be responsible for each of the 23 key CSR issues. Since Fiscal 2016, these responsible divisions have played a central role in advancing the steady execution of the KPIs.

Further, in light of the increasingly borderless nature of business, we are actively extending the scope of the PDCA cycle overseas beyond Japan, and setting not only key CSR issues, but also KPIs, with the cooperation of our overseas locations. With Calsonic Kansei global headquarters acting as the division with overall control, we will set up divisions in each region to manage CSR and pursue CSR initiatives that are precisely in line with the individual characteristics of each region.

### CK Group CSR Structure



\*For group companies overseas, a person in charge is assigned to each region, and management and coordination is performed by region.

Our Stance on CSR

## Key CSR Issues and KPIs

### **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.

[> Key CSR Issues and KPIs](#)

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## Our Stance on CSR

# Contribution to SDGs

## Calsonic Kansei and the Sustainable Development Goals (SDGs)

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

As a global company, the Calsonic Kansei Group works throughout its entire value chain to bring solutions to the challenges the world faces today through its business activities and CSR activities, and strives to promote further activities aimed at achieving the internationally agreed goals of the SDGs.



## Key CSR Issues and SDGs

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 address them. In Fiscal 2017, with the announcement of the new Medium-term Business Plan, Compass 2021, we reviewed our key CSR issues. In the process of this review, we conducted a materiality analysis, incorporating both a global group perspective and the perspectives of our major regional stakeholders, and took the SDGs into consideration in identifying key CSR issues as expectations from society and identifying the order of priority of the key CSR issues. Of the 23 key CSR issues we identified, we linked the 15 top priority issues to the SDGs that we will focus on until 2021 and clarified the SDGs that the Calsonic Kansei Group will strengthen its approaches to going forward.



Calsonic Kansei Corporation’s initiatives towards achieving the SDGs were highlighted as a case example on the Ministry of Foreign Affairs website.

[Ministry of Foreign Affairs website](#)

[Key Issues in CSR Activities](#)

Top Priority CSR Issues	Related SDGs	Related SDG targets
Quality improvement	 	<p><b>3.6</b> By 2020, halve the number of deaths and injuries from road traffic accidents</p> <p><b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>
Occupational health and safety		<p><b>3.6</b> By 2020, halve the number of deaths and injuries from road traffic accidents</p> <p><b>3.9</b> By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p> <p><b>3.a</b> Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate</p>
Strengthening compliance		<p><b>16.3</b> Promote the rule of law at the national and international levels and ensure equal access to justice for all</p> <p><b>16.b</b> Promote and enforce non-discriminatory laws and policies for sustainable development</p>
Effective use of resources	 	<p><b>12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources</p> <p><b>12.4</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p> <p><b>12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>
Climate change action	 	<p><b>13.1</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p><b>13.3</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p> <p><b>15.1</b> By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements</p>
Improve customer satisfaction	 	<p><b>3.6</b> By 2020, halve the number of deaths and injuries from road traffic accidents</p> <p><b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>

Top Priority CSR Issues	Related SDGs	Related SDG targets
Create social values through innovations	     	<p><b>3.6</b> By 2020, halve the number of deaths and injuries from road traffic accidents</p> <p><b>7.3</b> By 2030, double the global rate of improvement in energy efficiency</p> <p><b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p> <p><b>11.6</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p><b>12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources</p> <p><b>12.4</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p> <p><b>12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p><b>13.3</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>
Promoting diversity	 	<p><b>5.1</b> End all forms of discrimination against all women and girls everywhere</p> <p><b>5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> <p><b>8.2</b> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors</p> <p><b>8.5</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>
Respecting human rights		<p><b>10.2</b> By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>
Promoting work-life balance	 	<p><b>5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> <p><b>8.2</b> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors</p>
Prevention of pollution	  	<p><b>3.9</b> By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p> <p><b>6.3</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p><b>14.1</b> By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p>

Top Priority CSR Issues	Related SDGs	Related SDG targets
Improve ESG in supply chain	   	<p><b>8.7</b> Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms</p> <p><b>10.2</b> By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p><b>12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources</p> <p><b>12.4</b> By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p> <p><b>13.3</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>
Human resources development		<p><b>8.2</b> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors</p>
Strengthening information security		<p><b>3.6</b> By 2020, halve the number of deaths and injuries from road traffic accidents *Making our contribution by strengthening cyber security in vehicles</p> <p><b>16.4</b> By 2030, significantly reduce illicit financial and arms, strengthen the recovery and return of stolen assets and combat all forms of organized</p>
ESG risk management		<p><b>17.14</b> Enhance policy coherence for sustainable development</p>

## SDGs Targeted in Business Strategies

In the Calsonic Kansei Group's new Medium-term Business Plan, Compass 2021, established in fiscal 2017, we set Energy Management and Cabin Innovation as the key focus domains for our business. Through development and innovations in these two domains, we will aim to reduce the environmental footprint of the production processes and at the usage stages of our products, to provide society with safe, secure and comfortable mobility experiences that will expand people's freedom. As well as serving as a contribution by Calsonic Kansei Group to a sustainable society, this is also a growth strategy for the company itself.

The Calsonic Kansei Group will contribute, through its business strategies, to the SDGs that the Calsonic Kansei Group is contributing to through its business strategy are the following six. SDGs, which are related to our key CSR issues of "innovations to create social value," "quality improvement," "improvement of customer satisfaction," and "strengthening of information security."



# Promoting Active Information Disclosure and Dialogue with an Awareness of Transparency

## Basic Stance



### Policy

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

In identifying major stakeholders in the fiscal year in question, the CSR Secretariat (CSR/Public Relations & IR Department) undertakes reviews as required, based on the CSR Policy and CSR Medium-Term Plan, as well as the key CSR issues that are reviewed in light of society's expectations and other factors.

## Major stakeholders





## Stakeholder Initiatives



### Activity

### FY2017 results

Stakeholder		Major engagements	Initiatives
Customers	Automotive manufacturers	<ul style="list-style-type: none"> <li>• Meetings with top executives</li> <li>• Regular sales/marketing and proposal activities</li> <li>• Customer satisfaction surveys</li> <li>• Exhibitions</li> <li>• Opinion exchanges</li> </ul>	<p>To respond to the increasingly diverse requirements and expectations of the times and to provide a high-quality spirit and service that will satisfy our customers, we conduct an annual quantitative evaluation of each of our product areas from six perspectives, including quality. This initiative has been ongoing since FY2005, and the evaluations have improved every year. These evaluations also gather together opinions on areas that require improvement. In FY2017, opinions expressed included the need for improvement in the area of management.</p>
Business partners (Suppliers)	Companies that supply parts and services to the Calsonic Kansei Group	<ul style="list-style-type: none"> <li>• Regular procurement activities</li> <li>• Suppliers Meetings (policy briefings, liaison meetings)</li> <li>• Supplier audits</li> <li>• Supplier exhibitions at CK headquarters</li> <li>• Due diligence surveys</li> <li>• Survey regarding action on conflict minerals</li> <li>• Distribution of guidelines (CSR, green procurement)</li> <li>• Establishment of supplier whistleblower desk</li> </ul>	<p>The Calsonic Kansei Group is committed to working together with our suppliers as equal partners for the mutual achievement of greater competitiveness and sustainable growth, and by following fair and ethical business practices. Suppliers meetings are held on an annual basis, at which we communicate the Group's procurement policies for the financial year, present awards to suppliers that have excelled in their performance, and conduct surveys. Separate liaison meetings are also held for each procurement category, as part of our efforts to achieve two-way communication.</p>

Stakeholder		Major engagements	Initiatives
Employees	All employees of the Calsonic Kansei Group and their families, retired employees	<ul style="list-style-type: none"> <li>• Personnel reviews</li> <li>• CK WAY and Compliance Penetration Survey</li> <li>• Employee Commendation Program</li> <li>• Employee Awareness Survey (Performance Characteristic Profile Survey)</li> <li>• Labor-management roundtables</li> <li>• Advice desk</li> <li>• Various counselling services</li> <li>• Internal whistleblowing scheme</li> <li>• Intranet</li> <li>• Intranet Comment Form</li> <li>• Company Newsletter</li> </ul>	<p>We are engaged in efforts that respect the diversity and value of each individual employee and that will give them a place to develop their own character, so they may better contribute to the company and to society, and to a safe, healthy environment. Every year, we survey all Calsonic Kansei Group employees about the degree to which they practice the ten action principles of our action guideline, the CK WAY. We also collect anonymous comments about problematic behavior, and activate the PDCA cycle to pursue improvements. For our retired employees, we send out the company newsletter for the first two years after their retirement and endeavor to maintain communication with them.</p>
Shareholders	Calsonic Kansei shareholders	<ul style="list-style-type: none"> <li>• General Meeting of Shareholders</li> <li>• Facility tours</li> <li>• Regular meetings</li> </ul>	<p>Through regular meetings, we report on the business and provide ongoing improvement activities in response to shareholder demands and expectations.</p>
Government, Municipalities	Government agencies and municipalities in all regions in which the Calsonic Kansei Group has business locations	<ul style="list-style-type: none"> <li>• Responses to laws and regulations</li> <li>• Regular individual meetings</li> <li>• Meeting between Governor of Saitama Prefecture and former CEO Moriya</li> <li>• Cooperation with government events (volunteering, sponsorships, etc.)</li> <li>• Support for local government activities</li> </ul>	<p>Through meetings with the top figures in the administrations of Saitama Prefecture and the City of Saitama, where our corporate headquarters are located, and regular meetings with other officials, we share issues and mutual requests with the local community and reflect them in our corporate activities. We are also strengthening our contributions to the region, including providing support for local government activities (e.g., The Calsonic Kansei Next-Generation Scholarships for Saitama Prefecture, support for forestation programs, donation of school backpack covers to Saitama City). Both in Japan and overseas, we aim to contribute to local communities as a good corporate citizen by recommending and sponsoring staff volunteers at government-hosted events. We ask the Saitama Prefecture and Saitama City administrations about their expectations regarding Calsonic Kansei's key CSR issues and use their feedback to inform our initiatives.</p>

Stakeholder		Major engagements	Initiatives
Local communities	Local residents and communities in all regions in which the Calsonic Kansei Group has business locations	<ul style="list-style-type: none"> <li>• Kids Engineer program</li> <li>• Traveling classroom activities for elementary schools</li> <li>• Clean-up activities</li> <li>• Environmental Communication meeting</li> <li>• Meetings with residents' associations</li> <li>• Business site tours</li> <li>• Online Inquiry Form</li> </ul>	The Calsonic Kansei Group undertakes a range of activities aimed at gaining the acknowledgement and trust of local residents. As part of these initiatives, since 2015, once every two years, we invite representatives of local residents' associations and companies to the Calsonic Kansei R&D Center and corporate headquarters to take part in "Environmental Communication" meetings to discuss our environmental activities. Similarly, our other facilities around Japan and overseas have established various opportunities for communication with their local communities and are engaged in cooperation with the local regions. We ask the people who attend the Environmental Communication meetings about their expectations regarding our key CSR issues and use their feedback to inform our initiatives
NGO/NPO	Organizations involved in sectors to which Calsonic Kansei should make particular contributions	<ul style="list-style-type: none"> <li>• Individual discussions</li> <li>• Participation in activities</li> </ul>	We recognize in particular the automotive industry's impact on the environment and seek to work together with environment-related non-government and non-profit organizations. We participate in and/or provide assistance for these organizations' environmental protection activities based on our individual discussions with them. We also provide support for organizations that aim to nurture future generations. Overseas, as well, we seek to make society better through collaborations with local non-government and non-profit organizations that are engaged in various programs.

\* As of Fiscal 2017

## Customers

### Ongoing Customer Satisfaction Surveys

 **Japan**  **Overseas**

#### System

The Calsonic Kansei Group conducts an annual Customer Satisfaction Survey to gauge our customers' evaluation of our corporate activities. This survey has been conducted every year since 2005 and was held for the thirteenth time in 2017.

Using a survey, respondents are asked to evaluate Calsonic Kansei on a five-point scale in the individual categories of Quality, Cost, Delivery, Development, Management, and Sales (QCDDMS). They are also invited to make comments regarding specific requests for improvement.

There are four key points relating to the analysis of the survey results.

- The same items are evaluated every year so we can monitor changes over time. The
- respondents are made clear and the status of collection of the completed surveys is ascertained (to understand the relationship with the customers).
- Changes and comments are confirmed and issues clarified.

- Measures for improving identified issues are incorporated into the next fiscal year's plans and implemented.

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

Implementing the following measures based on the findings of the Fiscal 2016 survey resulted in a 0.07-point increase in the evaluation rating in the Fiscal 2017 survey.

- Strengthening of sales structures
- Opening offices closer to customers
- Prompter responses

We will also analyze the results of the Fiscal 2018 survey and continue to add new measures and undertake other improvements.

### **Fiscal 2017 Survey Results and Response**

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

The following represents some of the customer feedback received during Fiscal 2017.

#### **Points for Improvement by Function**

##### Sales

1. Issues related to costs and cost details (281 cases)
2. Issues related to response and speed (51 cases)
3. Issues related to visits/communication (22 cases)

##### Development

1. Issues related to new development and advanced development (60 cases)
2. Issues related to proposal activities (59 cases)
3. Issues related to management (project management, etc.) (58 cases)

##### Quality

1. Issues related to management (123 cases)
2. Issues related to response and speed (51 cases)
3. Issues related to analysis capabilities (25 cases)

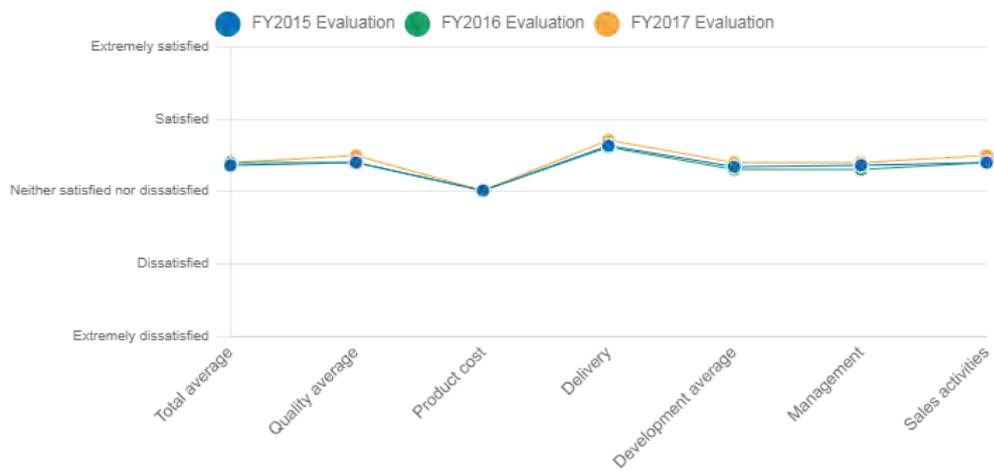
We hope that the planning and implementation of improvement proposals for each of these functions will lead to improved customer satisfaction and the establishment of better relationships.

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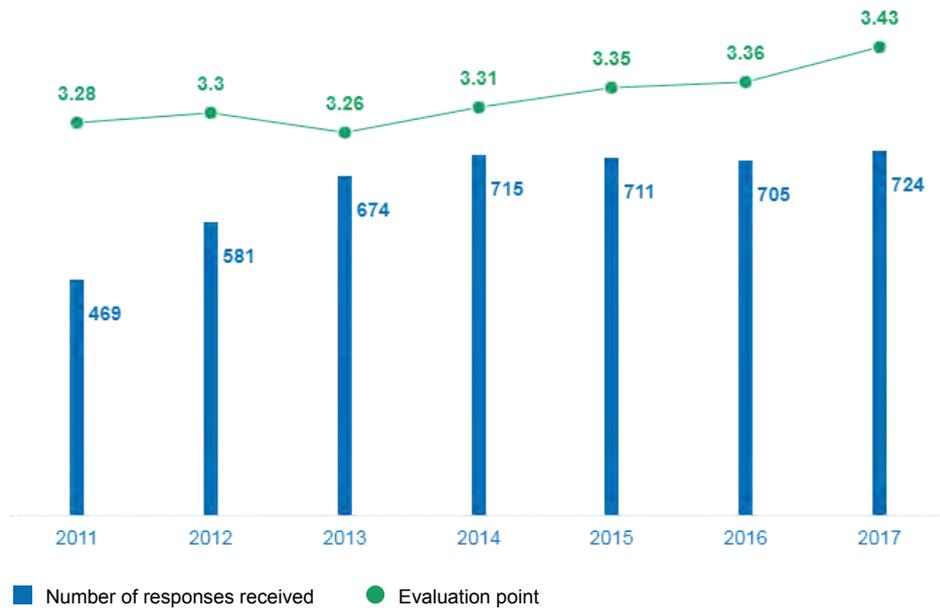
## FY2017 Customer Satisfaction Evaluation by Product (Change from FY2016)

	Product	Total average
UP	A	0.30
	B	0.22
	C	0.13
	D	0.10
	E	0.07
	F	0.05
	G	0.00
DOWN	H	-0.03
	I	-0.03
	J	-0.05
	K	-0.10
	L	-0.17

## FY2017 Customer Satisfaction Evaluation by Item



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



# Employee Workshop Toward Creating Sustainable Value



## 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 by Peter D. Pedersen, Executive Director of The Academy for Corporate/Collaborative/Creative Leadership (TACL) on the concept of "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.

\*Trade-on is 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)

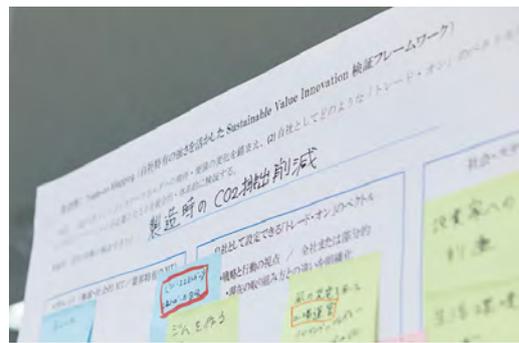
Held on Monday, March 5, 2018 at Calsonic Kansei Headquarters



## What innovations are necessary for the Calsonic Kansei Group?

### Main ideas that emerged from the workshop

- In light of mega trends 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 giving commendations to those that improve the most.
- Recover the heat generated in plant processes such as welding and use it for other services, to give back to the community.



## 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.

## Participants' Comments



### **Kana Saito**

**Equipment, Tooling and  
Expense, Procurement  
Department,  
Global Purchasing  
Division**

The workshop was a great opportunity to think about corporate management and sustainability by linking them together. It was also extremely interesting to hear the ideas of people from a variety of divisions that I do not normally have much to do with.



### **Takuro Kono**

**Production and Logistics  
Management Group, Japan  
Region Division**

I gained a strong sense of the need to focus not only on industry mega-trends, but also on mega-trends in sustainability so we can come up with innovations.



### **Fumihiro Kaneko**

**CAE/MBEG, Global  
Technology Division**

Before the workshop, the connections between business and sustainability weren't visible to me, but the opportunity to encounter a variety of ideas at the workshop made me realize that there are seeds to sustainability to be found in our regular work as well. I will now start thinking about what kinds of seeds will be important.



### **Hikaru Hirayanagi**

**Green Technology  
Development Group,  
Global Technology  
Division**

I work in product development, and I usually do not have much chance to think about the kinds of sustainable mega-trends and the "trade-on" concept that I learned about at the workshop, so I found it very inspiring. The actual realization of the ideas that came out of the workshop may be some time away, but by keeping these kinds of perspectives in mind in my regular work, I think I will make many different discoveries.



## Kohei Kato

**Production Engineering  
Development Group,  
Production Engineering  
Center**

In the lecture, the expectation on companies to come up with “problem-solving innovations” was mentioned. The question of how to decide on problems or social issues for the company is an important one. I think that this will be our greatest challenge.



## Yusuke Ito

**Human Resources Group,  
Global Corporate  
Development Division**

The Calsonic Kansei group is in the midst of a transition as a company. I hope to make a contribution that will enable each individual employee to possess management perspectives and medium to long-term perspectives in their everyday work.



## Noriyuki Omichi

**Exhaust Systems  
Production Engineering  
Group,  
Exhaust Systems Business  
Unit**

CSR Newsletters are sent regularly, but I had never really thought they had anything to do with me. I hope to be more conscious of what parts of my own work are contributing to sustainability in the future. I also want to think about what I can do to make my work contribute even more to sustainability.



## Daichi Kiso

**CPM/Interiors Technology  
Development Group,  
CPM/Interiors Technology  
Division**

There were times during the workshop when I got stuck and found it hard to come up with ideas, but I realized that this was because I rarely think about the business from a sustainability perspective or medium- to long-term perspectives in my everyday work. I am glad I realized this.



## Juri Nagashima

Development Resource  
Management & Warrant  
Group,  
Global Technology Division

I gained a renewed sense of how very important it is for a company to have a sustainability viewpoint if it is to survive into the future. I realized that, over the medium to long term, we will be expected to be in 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 mega-trends.



## Sachiko Ishikawa

Testing Fundamental  
Technology Team

As a member of Team SKETT, I participate in traveling classrooms for third-graders. I think it's a shame that elementary school students don't know much about our company. For us to raise our profile around the world and establish our strengths, every individual employee needs to have stronger feelings toward the company. For this purpose as well, I hope that more workshops like this one are held on a regular basis.



## Moeka Harada

CSR/Public Relations & IR  
Group,  
Corporate Planning  
Division

The image I had of sustainability was that it was an obligation and something that would cost money to address. However, when I heard in the lecture about how a company of a few dozen people, which had started up a new business from the viewpoint of sustainability, grew into a company of about 15,000, I realized that engaging in sustainability can also help the company to grow and prosper.



## Genta Kishimoto

Exhaust Systems  
Strategy Department,  
Exhaust Systems  
Business Unit

Employees like me in our twenties and thirties learned about various environmental issues at school and in the media, so you could say that our generation has an extremely strong awareness of environmental protection. I would like us younger employees to take the lead in coming up with ideas for rolling out businesses that will reduce our environmental footprint.



## Miyu Okumura

1st Customer Group,  
Global Sales Division

A variety of ideas came out of the workshop, regardless of whether they were achievable or not. I gained the sense that there are hints about the demands hidden in our daily work and our everyday lives. Because I work in the sales department, I cannot develop or make products directly myself, but being part of 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.



## Takahito Araki

Design Group,  
Global Technology  
Division

In our everyday work, I come up with concepts for future car interiors. I gained a renewed awareness that I need to take mega-trends and corporate strategy into consideration in those undertakings.



## Shinpei Matsushita

Environment & Energy  
Control Group, Global  
Production Division

I belong to a department that oversees the CK Group's environment management, where we promote mitigation of environmental burdens. The CK Group has just commenced initiatives to reduce our CO<sub>2</sub> emissions based on Science Based Targets (SBT), as a way to address global warming. In the workshop, I was able to hear some fresh ideas from people in other departments, and I sensed the need to get more people to understand our environmental initiatives for the sake of our global mitigation activities. To get people to understand the need for environmental action, I think it would be good to have more of these kinds of workshop opportunities.

\* The groups and divisions listed are as of the end of March, 2018.

# Expectations of Contributions to Improving Sustainability Performance

After the workshop



**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

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.



## Employee Awareness Survey



### System

With the Calsonic Kansei Group's addition to KKR in Fiscal 2017, a survey was conducted of all global employees.

The aim of this survey was to ascertain how employees perceived strengths and weaknesses in the corporate culture and the way work progresses, to share with management any issues that have arisen in the pursuit of the Medium-Term Business Plan, and to use their feedback to inform approaches to improvements.

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

## Labor/Management Relations



### System

Based on the stance that healthy labor-management relations are essential for corporate growth, Calsonic Kansei and its Group companies in Japan have built stable labor-management relations with the Calsonic Kansei Group Union Confederation (CKGU), to which their employees belong. We strive to improve the working conditions of our employees and revise relevant systems through regular opinion exchanges at labor-management roundtables and in the Work Style Improvement Committee. As of the end of March 2018, 100% of our employees (excluding those in managerial positions, re-hires, and non-regular workers) belong to the CKGU.

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

## Participation in Outside Organizations and Other Initiatives

### Basic Stance

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

### Main Organizations in which Calsonic Kansei Participates

Japan Auto Parts Industries Association (JAPIA) (Vice Chair)

Society of Automotive Engineers of Japan (JSAE)

Keidanren (Member, Board of Councilors)

Japan Electronics and Information Technology Industries Association (JEITA)

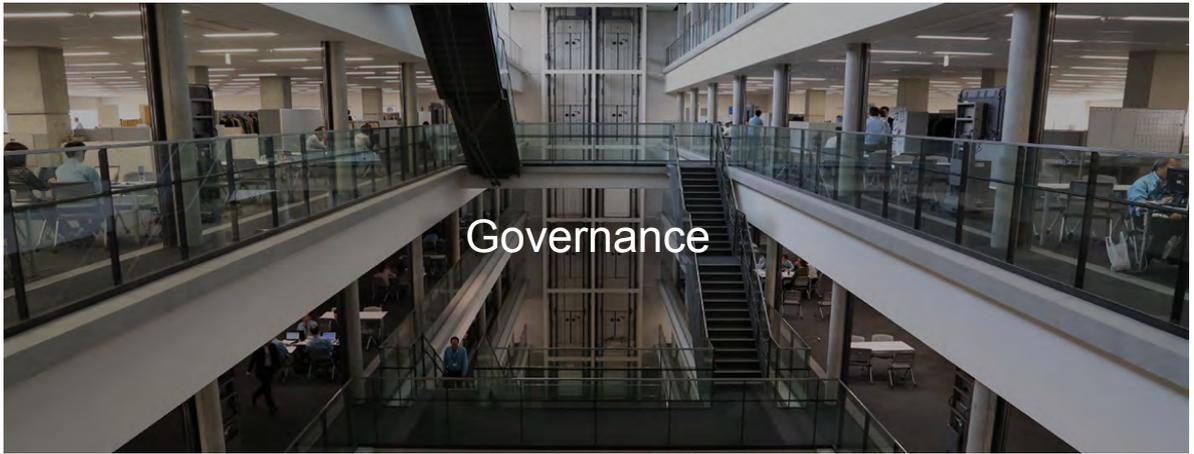
Japan Institute of Industrial Engineering (JIIE)

Saitama Association of Corporate Executives (Standing Executive Secretary) International Association for Universal Design (IAUD)

### Industry-Government-Academia Projects

In Fiscal 2017, Calsonic Kansei participated in 39 industry-academia collaborative research initiatives.

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Corporate Governance

Compliance

Risk Management

# Corporate Governance

[> Basic Policies of Corporate Governance](#)

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## Changes to corporate governance structure to speed up decision-making



Global

### System

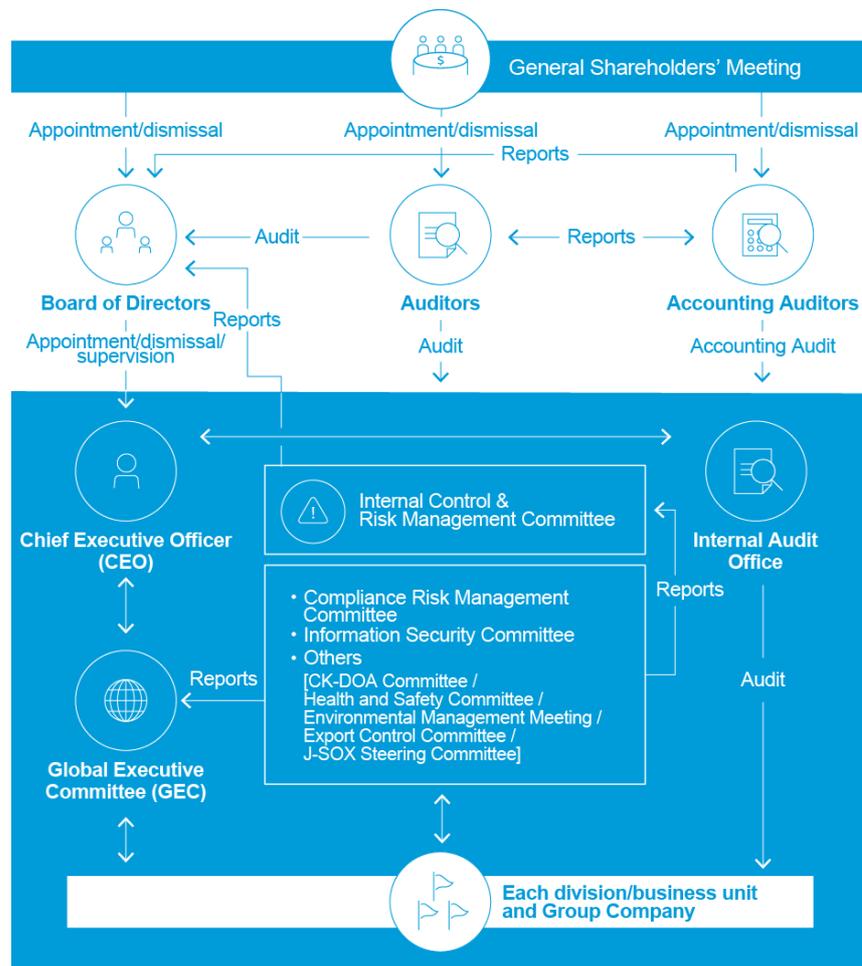
On May 8, 2017, Calsonic Kansei delisted from the First Section of the Tokyo Stock Exchange. With the objective of realizing speedier decision-making by Calsonic Kansei Corporation, Calsonic Kansei established a corporate governance structure consisting of a Board of Directors, with three directors who 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.

## Corporate Governance Structure



## Construction of Internal Control System

### Global

#### System

For our internal control systems, to establish a structure that will ensure appropriate business operations, we have established the Calsonic Kansei Basic Policy on Internal Control, along with related company rules and regulations such as the Calsonic Kansei Code of Conduct (Japan version), Regulations for Meetings of the Board of Directors, Regulations on Safety and Health Management, and Regulations for Management of Insider Trading Prevention. We ensure that our board members and employees are thoroughly familiar with these rules and regulations and that the performance of their duties fulfills our company's social responsibilities. Additionally, to ensure proper business operations within the Calsonic Kansei Group, we report on certain important issues, carry out discussions, and make decisions based on the clear and transparent Rules of Delegation of Authority established at the global level. These reports, discussions, and decisions are made in committees such as the Global Executive Committee (GEC)\*, which consists of company officers and managers of group subsidiaries.

## Committees Responsible for Internal Control



### System

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

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

In Fiscal 2017, there were no legal violations with respect to the environment, labor, bribery, information security, product safety, or exports. As such, Calsonic Kansei was not subject to any sanctions such as fines.

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

Committee	Reports to the Board of Directors	Title and division of responsible director
Internal Control & Risk Management Committee	Twice a year (joint report)	Executive Vice President, Global Corporate Development Division
Compliance Committee		Executive Vice President, Global Corporate Development Division
CK-DOA Committee		Executive Vice President, Corporate Planning Division
Environmental Management Meeting		Executive Vice President, Global Production Division
J-SOX Steering Committee		Senior Vice President, Global Finance Division

\* As of March 31, 2018



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

# Compliance

## Basic Stance



### Policy

In the pursuit of the smooth operation of its business, the Calsonic Kansei Group recognizes the importance of all employees practicing compliance, based on a strong sense of ethics.

The Calsonic Kansei Global Code of Conduct was established in 2003 (and revised in 2018) to strengthen the global compliance structure. This Code serves as a shared code of conduct that defines proper behavior for employees around the world, and it applies to the entire Calsonic Kansei Group.

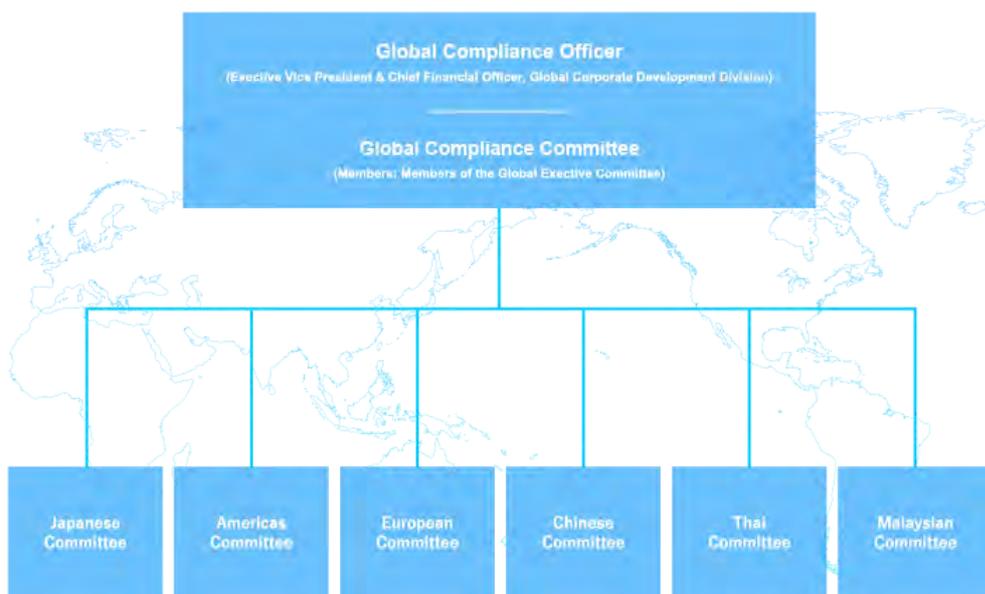
## Compliance Promotion System



### System

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

## Global Compliance Structure



## Spreading Awareness of Compliance

### Periodic Monitoring



#### System

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

#### Compliance Program

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

## Compliance Education and Awareness



#### System

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. We also conducted targeted training globally on anti-bribery law and anti-trust law for the relevant departments in Japan, North America, Europe, China and Asia in a drive to increase awareness of the basic rules and policies among relevant employees (regular employees only). The breakdown by region of the participants in the anti-bribery law targeted training targeted at relevant departments is as follows.

Region/Country	Anti-bribery law targeted training
Japan	4,863
Americas	362
Europe	107
China	99
Thailand	67
Malaysia	373
Total	5,871



Anti-trust law training for executive members in Japan

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.

[> Promotion of Socially Responsible Procurement](#)

## Internal Whistleblowing System



### System

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

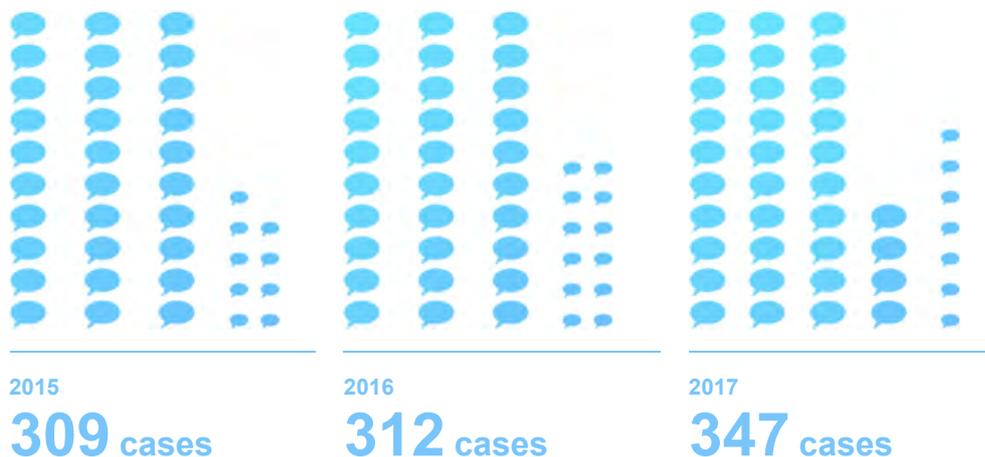
We have developed a framework that enables employees to directly communicate opinions, questions, and requests to the company. This is helpful not only in terms of improving operations and the workplace, but also in terms of creating a corporate culture that complies with corporate ethics.

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

In each region and business location around the world, we have also established and run internal whistleblowing systems that are optimized for each company while giving consideration to the culture and laws of each country. In the Americas and Europe, we have established hotlines as external contact points that accept reports 24 hours a day. We will also look into the establishment of an external contact point in Asia going forward. From the perspective of whistleblower protection, we respond to any reports received with caution to ensure that whistleblowers do not suffer any disadvantages. In Fiscal 2016, in addition to employees, we established a whistleblowing contact point for suppliers in each of our global regions. As with reports from employees, any reports received from suppliers will be dealt with in confidence to protect the privacy of the whistleblowers, to ensure that they are not disadvantaged. In the event of behavior in a workplace that could be suspected of constituting a human rights violation, the company must be prompt in understanding the situation and taking an appropriate response. The Calsonic Kansei Group believes that respect for human rights and the prevention of human rights violations are important to the employee whistle blowing system's interview process. Confidentiality is strictly adhered to in the running of the system, including the privacy of the person seeking advice, to ensure that the whistleblower does not suffer any disadvantages.

In Fiscal 2017, 347 whistleblowing cases were recorded across the entire Group. All cases were satisfactorily dealt with and improvements made to the system, in consultation with the relevant departments.

### Number of Whistleblowing Cases



## Export Control (Security Trade Control)



### System

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

There were no violations of such regulations in Japan or overseas during Fiscal 2017.

### Export Control System



# Risk Management

## Basic Stance



Global

### System

The Calsonic Kansei Group has established the Internal Control & Risk Management Committee in response to the global expansion of our business and the diversification of risk. This committee is composed of Global Executive Committee (GEC) members, with the Executive Vice President serving as Chairman. The PDCA cycle for risk management activities, which includes the identification of major risks and the development of response plans, is then implemented by the executives responsible for each business unit, functional division, and region.

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## Promotion System

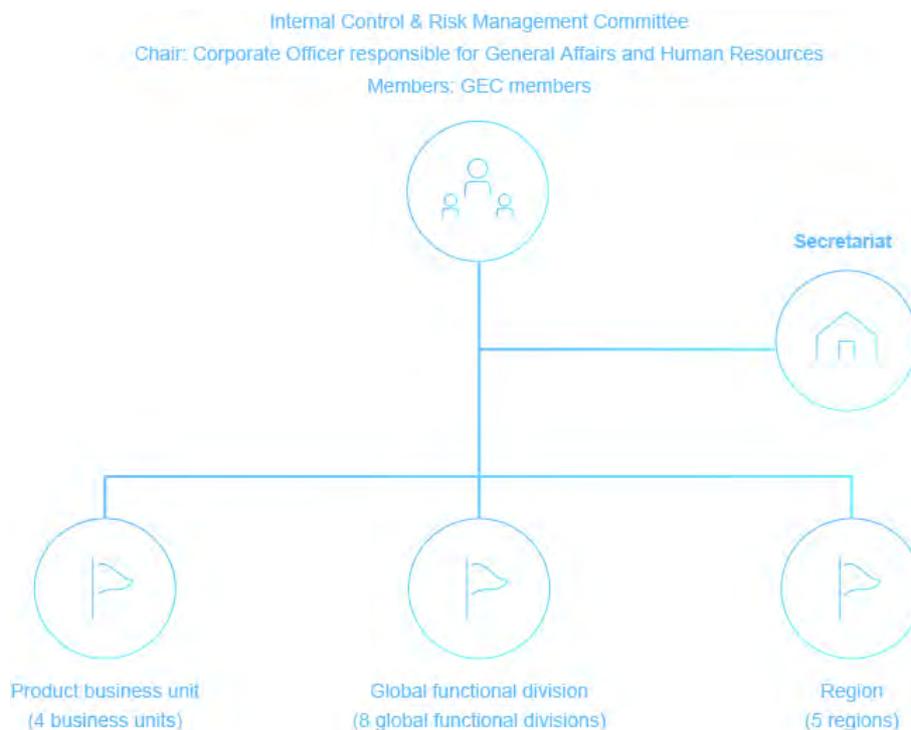


Global

### System

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

## Internal Control & Risk Management Promotion System



### Activities of the Internal Control & Risk Management Committee

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

In Fiscal 2017, the Internal Control & Risk Management Committee identified a total of five issues as potential major risks for the entire Group, namely, large-scale disasters, production continuity (supply risk), quality, China's VOC restrictions\*, and the appropriate responses to the Subcontractor Act. The Committee then formulated measures based on each action plan, and evaluated the implementation status and results of these measures.

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

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

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

## BCP Preparation



### System

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

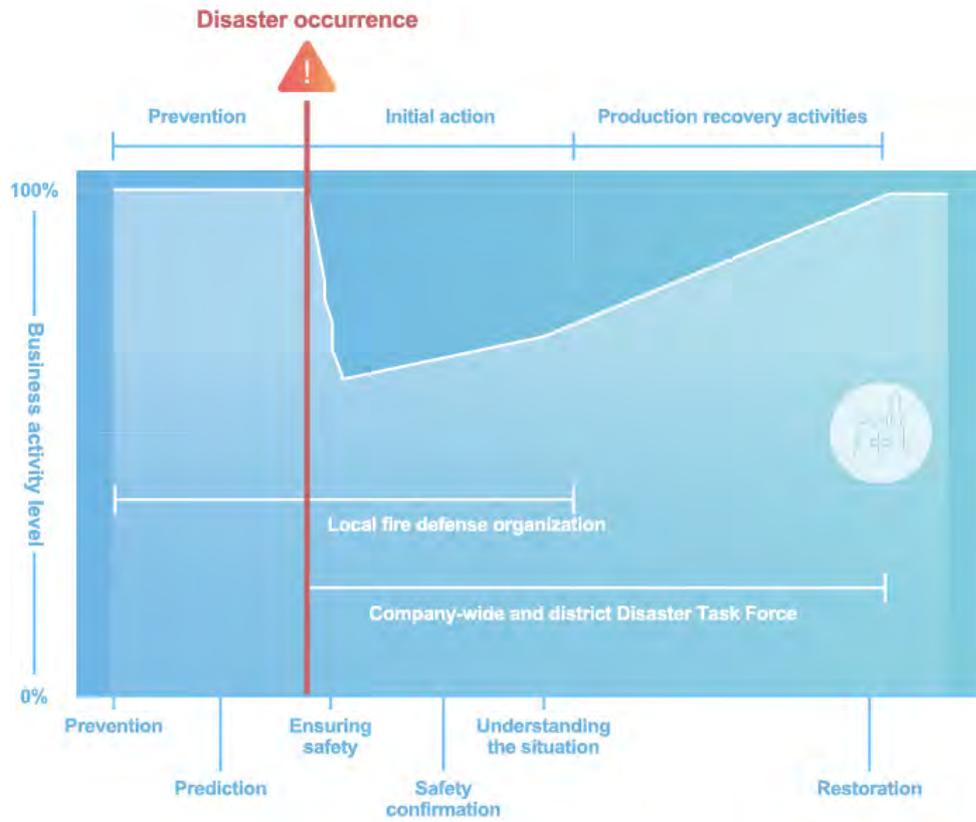
In the event of a disaster that could interfere with production continuity in the Group, the Central Disaster Task Force will be activated in Group Headquarters. To deal with possible interruptions to power transmission, the Central Disaster Task Force is equipped with emergency power generators, along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

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

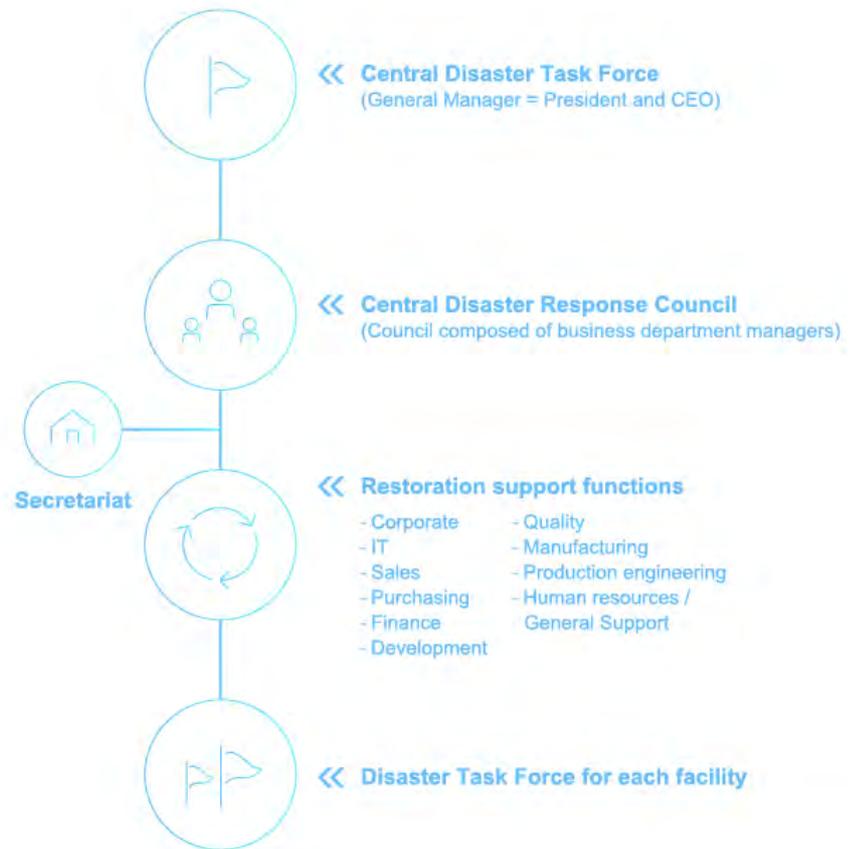
Furthermore, in preparation for a large-scale major earthquake disaster over a wide area, earthquake early warning systems have been installed in all Group facilities in Japan. Emergency power generators have also been installed in manufacturing locations where there is the possibility of fire, so that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

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

## Basic Response in the Event of a Major Earthquake



## Disaster Prevention Structure



BCP Preparation Initial fire-fighting training



Basic first aid training

# Information Security

## Basic Stance



### Policy

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

To ensure that the personal information of employees, suppliers, and other parties is adequately protected, we have set up a management structure based on laws, related government ordinances, and other guidelines, etc., concerning the protection of personal information, and established Personal Information Management Regulations that stipulate rules and procedures. Personal information is thoroughly managed throughout the entire company in accordance with these regulations.

## Information Security Management Structure



### System

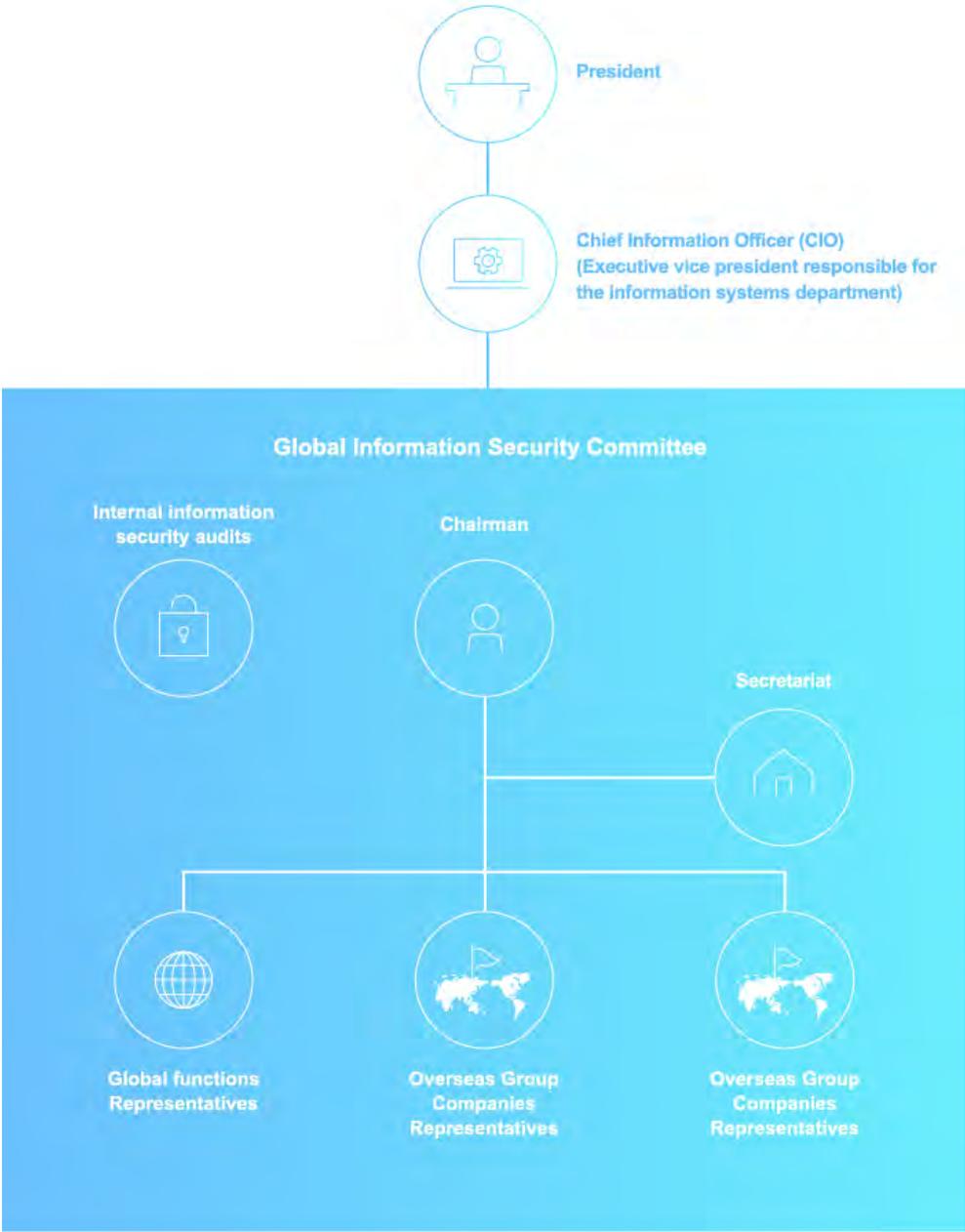
In order to address information security as a management issue at Calsonic Kansei, we have established an information security management structure with the vice president responsible for the information systems department serving as the Chief Information Officer (CIO).

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

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

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

# Global Information Security Management Structure



## Information Security Education and Awareness-Raising



### System

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

### Education and Awareness Activities

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

### Results of Employee Education

	FY2015	FY2016	FY2017
Rate of participation in education activities	99%	100%	100%

## Activity Report

### Disaster Response Activities



#### Activities

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

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



Groundwater membrane filtration system



Bags for supplying water to neighboring residents



Some of the emergency food stockpile



General training with local firefighting agencies



Mock earthquake experience using an earthquake simulation truck

[> Installing Groundwater Membrane Filtration System](#)

## Information Security Activities in Fiscal 2017

### Global

#### Activities

- The Global Security Committee met twice and the Japan Region Information Security Committee met four times in Fiscal 2017 to deploy new measures related to improving information security and to share information on the status of audits.  
Security measures: internal audit conducted on information leak risks
- Employee awareness-raising activities: employee education provided with globally standardized content
- “Security Week” held with the aim of improving knowledge and awareness of security among all employees on a global level
- Distribution of messages from the CEO and the executives to raise awareness Messages posted
- on the company intranet and displayed on wall posters to improve awareness of security



## For a Safe, Reliable, and Comfortable Automotive Lifestyle

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

## Respecting Human Rights

Creating an organization in which employees can participate actively

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

## Social Contribution Activities

# Together with our Business Partners

## Basic Stance



### Policy

The Calsonic Kansei Group considers its suppliers as equal partners, and aims for mutual sustainable growth while maintaining equal and fair relationships based on mutual trust. As supply chains expand globally in line with the globalization of the Calsonic Kansei Group's business, we are aiming to improve our CSR management by sharing our ideas and policies with our suppliers, both in Japan and overseas, in order to promote our CSR activities.

Particularly in the case of overseas suppliers, we share our CSR policies and actively promote local procurement to generate employment opportunities. (Ref: FY2017 local procurement rate: Approx. 80%)

There were no material changes to the location or structure of major suppliers of the Calsonic Kansei Group in Fiscal 2017.

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## Promotion of Socially Responsible Procurement



### System/Activities

The Calsonic Kansei Group is committed to transparent, fair, and impartial business processes when selecting suppliers. Providing opportunities for broad participation, regardless of nationality, company size, and trading track record, Calsonic Kansei reviews the details of proposals from suppliers across the relevant departments when making selections.

In actual trading as well, we comply with the Global Code of Conduct for the Calsonic Kansei Group to maintain the performance of equal and fair work of a high standard. We hold briefing sessions on the Group's policies and regular liaison meetings in which we communicate with suppliers through supplier surveys and exchanges of opinion. As an approach toward legal compliance, we work to raise awareness of matters to keep in mind regarding the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Act) and the Antimonopoly Act, as well as holding CSR briefings for our suppliers.

In Fiscal 2017, we rolled out a revised version of the CSR Guidelines for Suppliers

(Japanese and English), which includes the additional requirements regarding the handling of conflict minerals. These Guidelines were sent to 364 companies and we entered into a “Confirmation of Agreement” with them.

We also conducted a Supplier Due Diligence Survey, which comprised 80 questions in seven categories, of 225 companies in Fiscal 2017. After analyzing the findings obtained from this survey, we clarified the areas that we wanted the suppliers to strengthen and enhance when we provided feedback to the suppliers that cooperated in the survey. We also surveyed 64 suppliers in Japan, 16 in Thailand, and 13 in Mexico about whether or not they have an anti-bribery policy. Going forward, we will request our suppliers’ continued cooperation with our CSR initiatives.

> Compliance Education and Awareness

> Calsonic Kansei CSR Guidelines for Suppliers



## Environmental Monitoring of Suppliers



Sun Qingqing  
Purchasing Department  
Calsonic Kansei China Holding Company

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.

## Sharing Our CSR Vision with Suppliers



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

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 striking activities.



## Cooperation with Suppliers on CO<sub>2</sub> Reduction

### Japan

#### Activities

In order to strengthen the *Monozukuri* capabilities of our suppliers and our relationships of trust with them, the Purchasing Department conducts supplier support activities. In these activities, with the agreement of the suppliers, we are introducing the Calsonic Kansei Production System (CKPS) for workplace improvements. By presenting successful examples as case studies to suppliers through exhibitions and other opportunities, we believe we can revitalize workplace improvements at our other suppliers.

One particular example of environmental protection activities is the quantification and visualization of the CO<sub>2</sub> reduction effects of workplace improvements, which began in 2013. In Fiscal 2017, improvement activities conducted at two suppliers resulted in CO<sub>2</sub> reductions of approximately 28 tonnes.

We intend to continue with these environmental protection activities with our suppliers in Fiscal 2018.



## Response to Conflict Minerals

### Japan

#### Policy

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

 [Action against Conflict Minerals](#)

## Supply Chain Survey in Response to Conflict Materials



### Activities

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

- 2012: Preliminary survey of suppliers conducted (rolled out to 40 companies) 2013:
- Full survey rolled out to 224 companies
- 2014: rolled out to 288 companies
- 2015: rolled out to 285 companies
- 2016: rolled out to 284 companies. Response rate 83%
- 2017: rolled out to 211 companies. Response rate 99%



## Promoting Calsonic Kansei Green Procurement



### Policy

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

In accordance with the Calsonic Kansei Group Environmental Policy, in 2008 we issued the Calsonic Kansei Green Purchasing Guidelines (partially revised in October 2014) as the standard for environmental activities among suppliers. In addition to requesting their cooperation in not using hazardous substances, we also worked together with our suppliers to conduct surveys of component substances of purchased goods, to verify their compliance with the International Material Data System (IMDS) and the Safety Data Sheet (SDS), etc.

In 2017, we once again achieved a 100% rate of signed agreements regarding the Green Purchasing Standards obtained at the opening of new accounts.

Further, we investigate whether our suppliers have acquired IATF 16949 or any equivalent certification for their environmental management systems, to work on improving our control of environmentally hazardous substances.

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

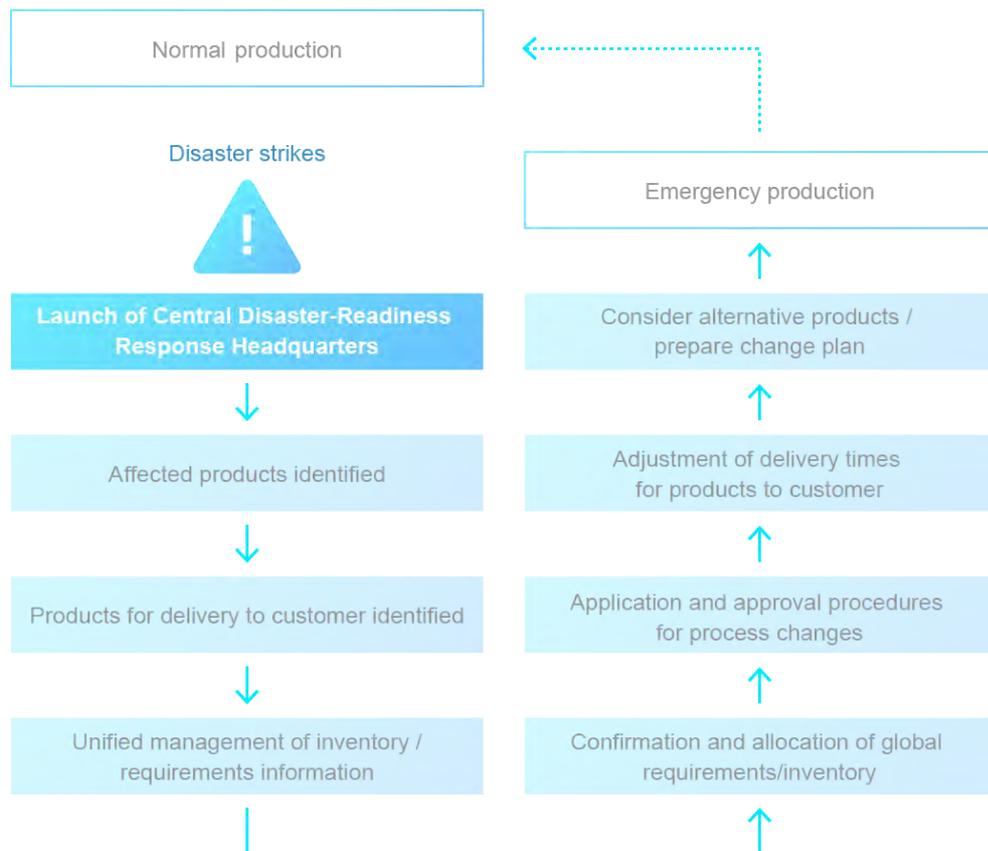


### Activities

With 80 production sites in 15 countries manufacturing numerous automotive components, the Calsonic Kansei Group believes that 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 the event of an emergency, (1) a Central Disaster-Readiness Response Headquarters will be launched, (2) affected components will be identified, (3) products for delivery to customers will be identified, (4) information regarding inventory and requirements will be centrally managed; (5) alternative products will be considered and change plans developed, (6) approval procedures for changes to processes will be sought and obtained; and (7) delivery deadlines for products to customers will be adjusted. In addition, even in normal times, for certain electronic parts, we are using a “multi-fab” system, in which we order the same part from multiple plants. We have also begun preliminary consideration of the following five matters.

- 1) Automation of bundling of product information between the customer, supplier, and CK.
- 2) Checking the status of business continuity planning (BCP) at suppliers, including overseas plants
- 3) Securing electronic parts, demand for which is growing
- 4) Multi-sourcing of electronic components that have the same features
- 5) Responses to a large-scale disaster, which is forecast to happen in the future

## BCP Procedure



## Monozukuri Improvement Activities in Cooperation with Business Partners



Global

### System

In FY2009, Calsonic Kansei and its Group companies in Japan established a dedicated Supplier Support Team (SST) within the Calsonic Kansei Purchasing Department. The aims of this team are to strengthen the *Monozukuri* characteristics of our suppliers and enhance our working relationships with them. With the suppliers' consent, the SST pursues joint activities for workplace improvements through the Calsonic Kansei Production System (CKPS). Also, with the consent of our suppliers, we share examples of improvements with other suppliers through events and exhibitions. In this way, we are creating an environment in which we can expect further energization of this initiative going forward. We conducted activities with four suppliers in Fiscal 2017.

In Fiscal 2013, we began a program of calculating the level of our suppliers' contributions to the environment. We do this by measuring the reductions in CO<sub>2</sub> emissions that result from their improvements in response to environmental issues, an area of growing concern, as a means of quantitatively confirming the effectiveness of those improvements. By clarifying the link between improvement activities and environmental footprint, we are seeking to improve awareness of environmental issues among our suppliers while promoting joint activities to expand their scope.

## Supplier Awards Scheme



### Activities

Every year, we select and award suppliers that have contributed to the development of the business of Calsonic Kansei and its Group companies in Japan.

Based on the selection criteria decided on by the Calsonic Kansei Group, the Quality Division selected three suppliers for Japan Region Outstanding Supplier Awards, three companies for Japan Region Quality Improvement Awards, and three companies for Global Quality Improvement Awards, based on their performances in Fiscal 2017.

The Purchasing Division also commends other outstanding suppliers, presenting the Global *Monozukuri* Award to three companies in Fiscal 2017. We will continue to present awards to outstanding suppliers in this manner into the future.

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# Quality Management

## Basic Stance



### Policy

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 issues for the company as a whole, and we aim to contribute to society and be a company that is trusted by its customers, by continuing to provide high quality in all processes, including sales and purchasing, development and design, production, and logistics.

## Quality Vision

Realize the world No.1 quality to satisfy our customers.



## Quality Management Structure

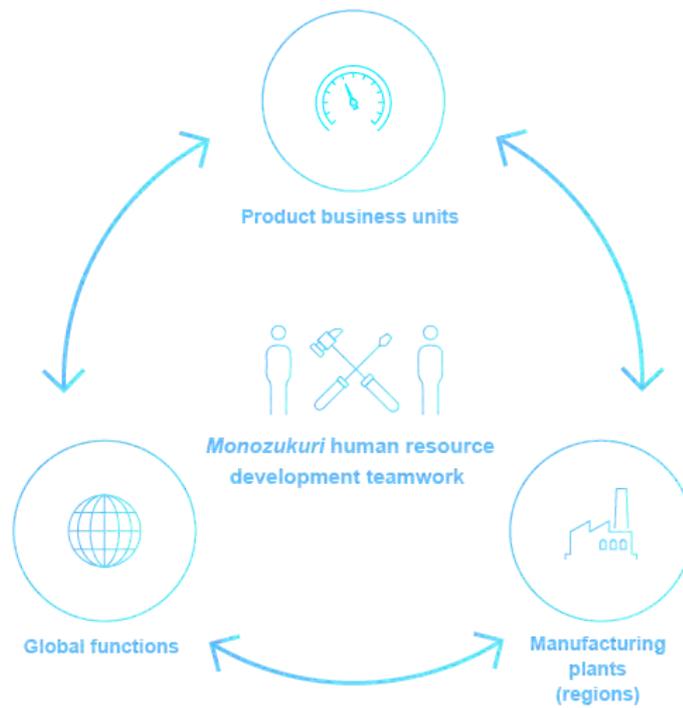


### System

In order to realize the world No.1 quality to satisfy customers, the Calsonic Kansei Group's product business units, manufacturing sites (regions), and global functions work together towards *Monozukuri* innovation. Because human resource development and teamwork are the foundations of *Monozukuri* innovation, values related to human resource development and cross-function and cross-region initiatives are shared globally as the CK Way.

Specifically, in addition to collaboration between the global functions and individual business divisions, we have optimal quality assurance formation for each country /region and business. These systems are implemented through regular meetings with our production locations around the world. Also, based on our own original quality management system (CK-QMS), we have built a global quality assurance system that is standard across the entire Group, including all affiliated companies in Japan and overseas, and we are working to further improve quality and increase cost competitiveness. Based on CK-QMS, we monitor *Monozukuri* activities and implement corrective action and horizontal deployment across the Group to achieve performance of the highest standard.

We are promoting global activities in the pursuit of customer satisfaction and "zero" quality risks. Further, we are engaged in the continuous improvement of the CK-QMS and we are working to cultivate Global CK's quality management competencies both in the organization and its people.




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## Global Evaluation Standard for Quality Management

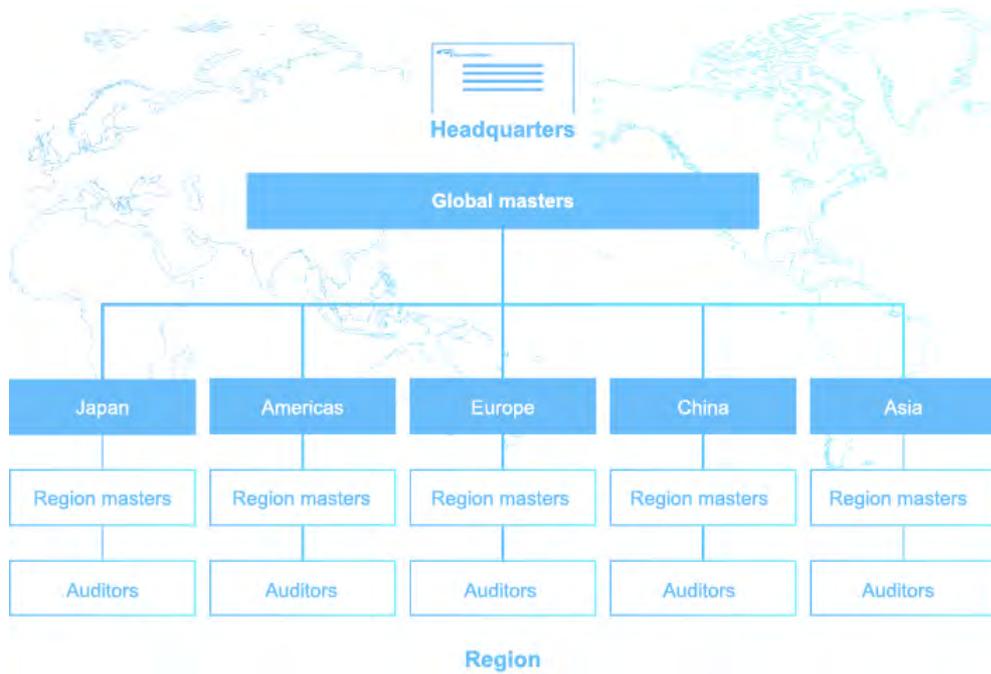
### Global

#### System

To achieve our basic quality policy on a global level, the Calsonic Kansei Group has established its own Quality System Evaluation System (QSES). This system is used to conduct evaluations of the quality systems and process management of the entire company and our suppliers.

Through evaluation, we identify problems, and by implementing corrective action and improvements repeatedly, we constantly maintain even higher standards of management, which leads to improve customer satisfaction.

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



## Quality Education and Awareness



### System

### Q-Forum

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

### QC Circle Global Convention

The individual companies in the CK Group conduct **QC Circle** activities around the world, promoting quality improvement activities at workplace (Genba) and fostering human resource development through those activities.

Best practice presentations of quality improvements are given at annual QC circle global conventions held at our headquarters, to encourage friendly competition between regions and to raise motivation for further improvement of Monozukuri quality.



## Initiatives to Improve R&D Quality



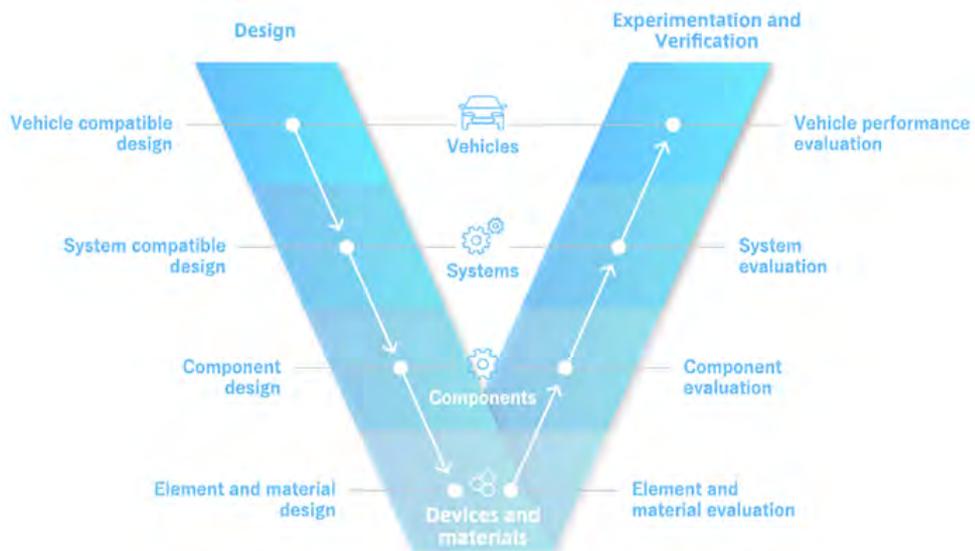
Global

### System

## Certification for Quality Management Standard IATF 16949

The Calsonic Kansei Group has completed certification under ISO/TS 16949, the international quality management standard for the automotive industry, at all of its sites. Currently, we are promoting the application of the new standard, IATF 16949, which has new, additional standards for product safety and development of products with embedded software, in our quality management system, as well as activities aimed at obtaining certification for all global locations. In Fiscal 2017, we obtained certification for 16 sites, and we are scheduled to complete certification of all sites by September 2018. The Calsonic Kansei Group also works to improve technological strengths in evaluation, which underpins our development quality.

To ensure appropriate quality, we have replicated the global market environments through state-of-the-art equipment and experimental evaluation technologies in the technical fields of safety, environment and comfort from the customer's perspective. In this way, we ensure a high level of development quality in the four stages of vehicles, systems, components, and elements/materials.



Development Quality Assurance on Four Levels

# Experimental evaluation technologies that underpin development quality

	Safety/Durability	Environment	Comfort
 Vehicles	 EMC anechoic chamber (vehicle & Units)	 Exhaust gas emission and fuel consumption evaluation	 Air conditioning performance evaluation
 Systems	 Complex thermal shock evaluation	 Inverter performance evaluation	 Squeak & Rattle noise evaluation
 Components	 Compressor durability evaluation	 EGR cooler performance evaluation	 Multi-axial vibration simulator
	 High-temperature thermal durability evaluation	 3D scanning vibrometer	 Silent air supply system
		 PIV system	

## Element/Material Evaluation/Analysis



## Implementation of Novelty and Materiality Assessments

The Calsonic Kansei Group reveals risks through assessments of the novelty and materiality of new products from the design concept phase. Depending on the results, dedicated reviewers then conduct design reviews and process design reviews with the aim of improving the safety and reliability of our products. In Fiscal 2017, 710 reviews were conducted and no product safety-related issues were found. Furthermore, in pursuit of continuous *Monozukuri* innovation, the Production Engineering Center develops new manufacturing methods, verifies prototypes and establishes global standards. It works to achieve drawing and production processes based on the principles and fundamentals of manufacturing, placing value on teamwork.

## Quality Awards Received from Automotive Manufacturers

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

	Automotive manufacturer	Awards Received	Award Category
FY2017	RNPO (Renault Nissan Purchasing Organization)	Renault Quality Award	Daihan Calsonic Corporation (DHC)
	General Motors Thai	Supplier Quality Excellence Award	Calsonic Kansei (Thailand) Co., Limited (CKT)
	Nissan Motor Company	Excellent Quality Award	Japan Region Compressor Business Unit
	Nissan Motor Company	Regional Supplier Quality Award Finalist	CKT Heat Exchanger System Business Unit
	Nissan Motor Company	Regional Supplier Quality Award Finalist	Calsonic Kansei North America, Inc. (CKNA) Heat Exchanger System Business Unit
	AAT (Auto Alliance Thailand)	Supplier Quality Award	CKT Electronic System Business Unit
FY2016	Nissan Motor Company	Japan Regional Quality Award	Vehicle Systems Category, Heat Exchange System Section
	Nissan Motor Company	Certificate of Appreciation for Excellent Quality, Japan Region	CPM & Interior Business Unit
	Nissan Motor Company	Certificate of Appreciation for Excellent Quality, Japan Region	Compressor Business Unit
	Nissan Motor Company	Supplier Quality Award	Calsonic Kansei Romania (CKRO)
	Isuzu Motors Ltd.	Excellent Quality Award	Calsonic Kansei Corporation
FY2015	Nissan Motor Company	Japan Regional Quality Award	Vehicle Systems Category, Heat Exchange System Section
	Nissan Motor Company	Certificate of Appreciation for Excellent Quality, Japan Region	CPM & Interior, Exhaust System Business Unit
FY2014	Nissan Motor Company	Certificate of Appreciation for Excellent Quality, Japan Region	Exhaust System, Compressor Business Unit
FY2012	Nissan Motor Company	Japan Regional Quality Award	Vehicle Systems Category, Heat Exchange System Section
FY2011	Nissan Motor Company	Japan Regional Quality Award	Vehicle Systems Category, Climate System Section
FY2010	Dongfeng Nissan Motor Corporation	Excellent Quality Improvement Award	Calsonic Kansei (Guangzhou) Components Corporation

# Creating Social Values through Innovations

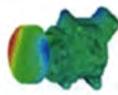


## Foundation of *Monozukuri* that Supports Eco-Friendly Products

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

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

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



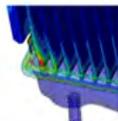
Compressor vibration analysis



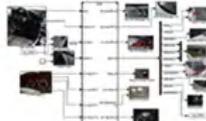
Cockpit module lower limb failure value analysis



Instrument panel resin cooling analysis



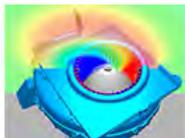
Heat exchanger thermal stress analysis



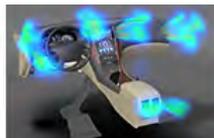
Power module solder thermal fatigue analysis



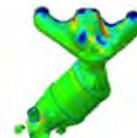
Meter electronic substrate Electro-Magnetic Compatibility (EMC) analysis



Sirocco fan air ow noise analysis



Air-conditioning system cooling performance analysis



Vehicle interior demisting performance analysis

## Ensuring High Product Development Quality

Through research into the world's market environments and state-of-the-art equipment and experimental evaluation technologies, we are replicating those market environments and conducting product development in the four levels of vehicles, systems, components, and elements/materials, thus ensuring a high level of development quality. We ensure that our high product development quality assurance process is carried out without fail, in pursuit of developing products that are safe, durable, and satisfy our customers.

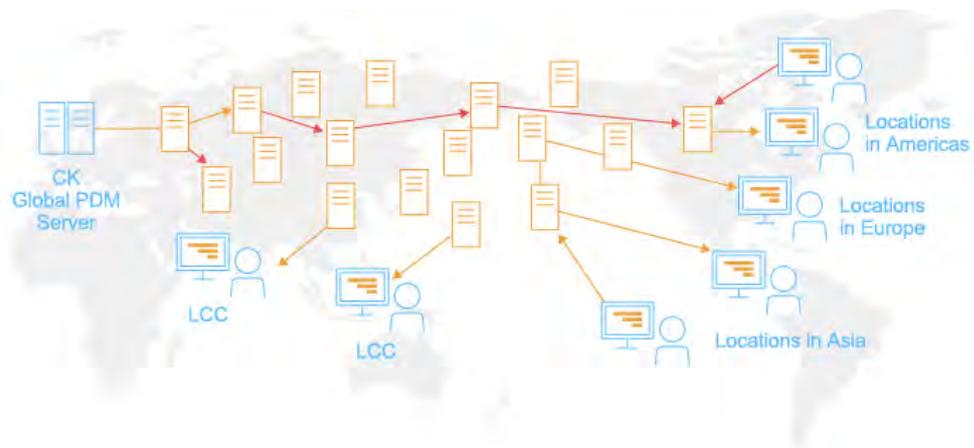


## Technical Innovations and R&D Structure

### Strengthening the Global Technical Development Structure

In order to meet the needs of our customers around the world, the Calsonic Kansei Group has established sites around the world including in the United States, the United Kingdom, France, China, and Thailand. Rooted in each region, we are promoting product development that reflects the opinions of our customers. Going forward, we will accurately grasp the needs of diversifying markets and promote construction of a structure capable of quickly responding to customer requirements.

In addition, we are promoting the utilization of LCC engineering resources to optimize development costs, such as by starting operation of a materials testing center at our site in India (CECI-L&T). We will continue to advance product development that considers the environment and comfort and work towards creating a sustainable mobility society.



\*PDM=Product Data Management

> Domain of Focus

# Respect for Human Rights across Our Supply Chain

## Basic Stance



### Policy

With a sincere recognition of the global trends in human rights and labor, the Calsonic Kansei Group respects the diversity and human rights of its officers and employees alike, and has an established policy of non-tolerance of discrimination and harassment. Respect for human rights is enshrined in the Calsonic Kansei Code of Conduct. The Basic Policy on Human Rights and the Key Policy on Human Rights both state explicitly that sexual harassment and other forms of harassment will not be tolerated in the workplace, and we are making efforts to prevent human rights infringements, to ensure that no employee is adversely affected, regardless of who she or he is.

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

[> Global Code of Conduct for Calsonic Kansei Group](#)

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## Human Rights Policy



### Policy

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

[> Basic Policy for Human Rights](#)

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## Human Rights Due Diligence in the Supply Chain

### Global

#### Activities

A Supplier [Due Diligence](#) Survey asked a total of 80 questions on seven categories. Those categories were (1) corporate governance in CSR, (2) human rights, (3) labor practices, (4) environment, (5) business practices, (6) consumer (or customer) issues, and (7) community development.

We will analyze the opinions and questions received and the responses to the survey questions and provide feedback to individual suppliers. In Fiscal 2018, we will incorporate them into the CSR Medium-term Plan.

In Fiscal 2017, the survey was sent to 225 of our major suppliers, which account for 99% of our domestic purchasing.



Due Diligence Survey

Rolled out to  
**225** suppliers

\*As of March 19, 2018



## Human Rights Education and Training

### Japan

#### Activities

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

In Fiscal 2017, we raised the topic of human rights through the following channels. We are endeavoring to raise awareness of our human rights policy through the company intranet, publishing it in the CSR handbook, and conducting activities such as on World Human Rights Day.



Information published in company  
CSR newsletter



Company magazine



CSR in-house e-learning  
(Approx. 15 min. per person) ★



Posters displayed in company  
workplaces



Intranet notices  
about Human Rights Week



Information published in CSR  
Handbook read by all employees ★ ★



Notices on company electronic  
noticeboards on World Human  
Rights Day ★ ★ ★



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

- ★ All CKJ employees, employees at Group companies in Japan who have internet access, China region employees, and Calsonic Kansei Thailand employees who have access to the internet.
- ★ ★ All CKJ employees, Group companies in Japan only. Posted on Intranet for overseas Group companies.
- ★ ★ ★ Japan Calsonic Kansei Headquarters only.
- ★ ★ ★ ★ Japan only, all new employees, approx. 40 min.

In Fiscal 2017, there were five harassment-related cases, which were handled in accordance with company regulations. We have already incorporated these examples of violations into our human rights education and training programs, and we continue to make efforts to prevent the recurrence of such incidents.

No other cases concerning discrimination were reported.

We will continue in our proactive efforts to educate and raise awareness about human rights, including for employees of overseas Group companies.



A seminar for new employees



## Europe Region

# 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 (Modern Slavery Act 2015)

Legislation that requires enterprises to prepare and publish an annual statement on the 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 GBP36 million are subject to this obligation.

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# Protecting the Health and Safety of our Employees

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



## Health and Safety Structure

### System for Occupational Health and Safety Activities

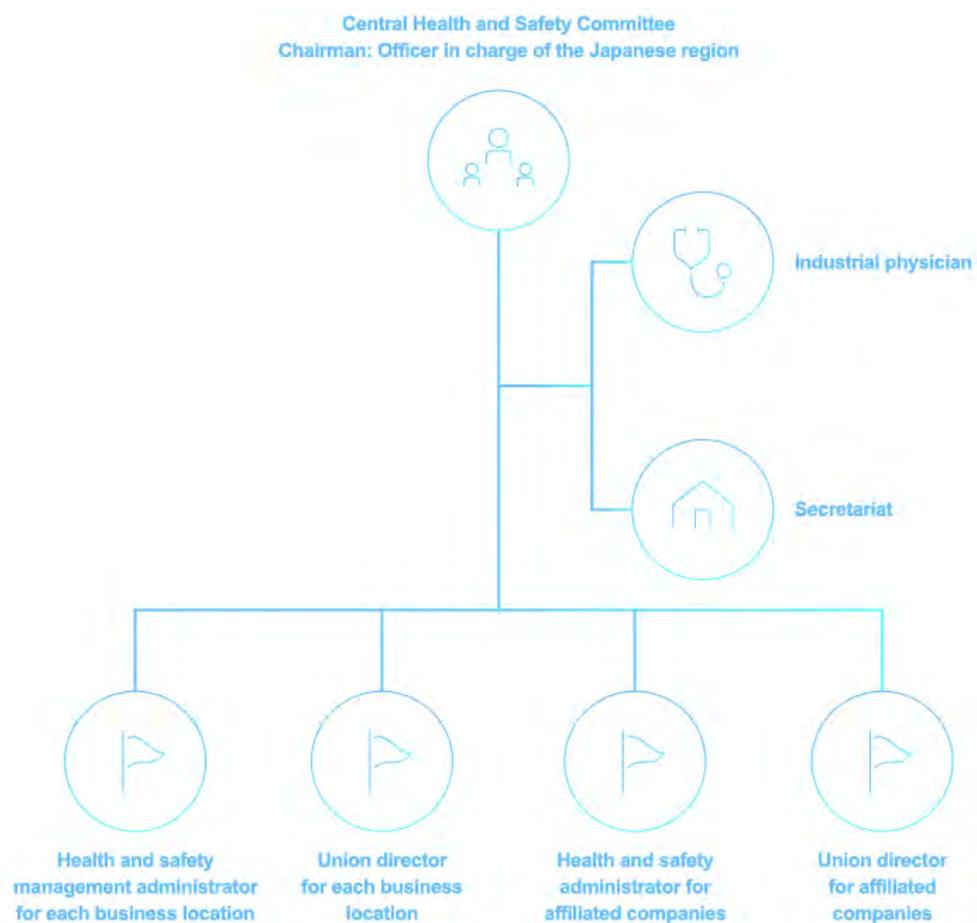
 [Japan](#)

#### **System**

Calsonic Kansei and its Group companies in Japan have established annual targets for various indicators related to health and safety, and work to ensure the health and safety of our workplaces and employees under the supervision of the health and safety management administrator for each facility. At the annual Central Health and Safety Committee meeting, we look back on the past fiscal year and confirm the priority activities and targets for the entire Group for the new fiscal year.

In Fiscal 2017, based on the results of discussions in that Committee, we chose to focus our efforts on the issues of (1) labor safety, (2) fire prevention, (3) heatstroke prevention, (4) maintenance of mental and physical health, and (5) traffic safety. In addition, we promoted the implementation of safety and disaster prevention systems, such as the Safety Evaluation System (SES) and the Fire-Prevention Evaluation System (F-PES), in addition to mental health measures. We promoted activities for the maintenance and improvement of health and safety.

## Occupational Health and Safety System Structure



## Health and Safety Systems Audit

### ● Japan

#### System

Every year, Calsonic Kansei and its Group companies in Japan strive to improve the level of their performance regarding certain issues. In FY2017, in response to the Top Safety Declaration at each business location, a review was performed of the previous year and each business location engaged in activities to improve its individual weaknesses. Other action in Fiscal 2017 included publication of an Occupational Health and Safety Manual and establishment of criteria for health and safety system audits in line with that manual's contents.

Further, to confirm the health and safety PDCA cycle, in the future, each business location will undergo an annual audit, through which each location's weaknesses will be identified and improvements made.

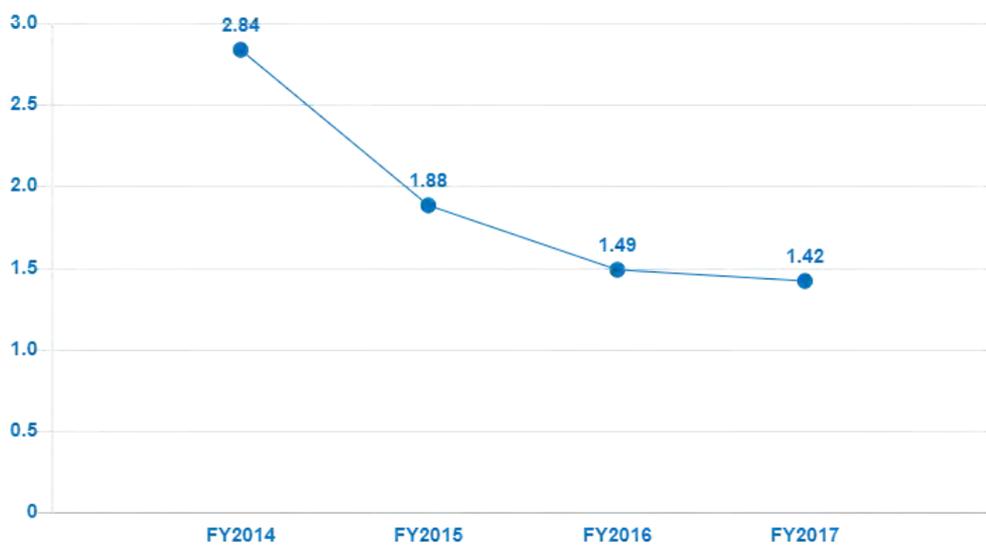
## Fiscal 2017 Results

### Global

#### Activities

There were no serious accidents or fatalities at Calsonic Kansei or any of its Group companies in Japan or overseas in Fiscal 2017. There were eight lost-time accidents at Calsonic Kansei and its Group companies in Japan, but the frequency rate\* across the entire Global organization fell from 1.49 in Fiscal 2016 to 1.42 in Fiscal 2017.

### Trend in Total Frequency Rate



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

### SES (Safety Evaluation System)

#### Japan

#### System

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



An inspection

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

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

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

## F-PES(Fire-Prevention Evaluation System)

### Japan

#### System

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

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



## Health Activities

### Japan

#### Activities

Calsonic Kansei and its Group companies in Japan launched a quit-smoking campaign in Fiscal 2013. That same year, as a trial, they declared one day a year as a non-smoking day. Since then, the frequency of these non-smoking days has increased every year, from twice a year to six times a year (every odd-numbered month) in Fiscal 2017. At the same time, indoors areas were separated into smoking and non-smoking sections, and the smoking sections are gradually being reduced.

Individual facilities also hold Quit Smoking seminars, and are raising awareness about the harm caused by smoking through activities such as measuring the CO<sub>2</sub> density of exhaled breath and measuring “lung age.”

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

We are also working to improve health management offices, including at affiliated companies, with improvements such as increasing the number of beds and reviewing the partitions between beds.



## Mental Health

### ● Japan

#### System

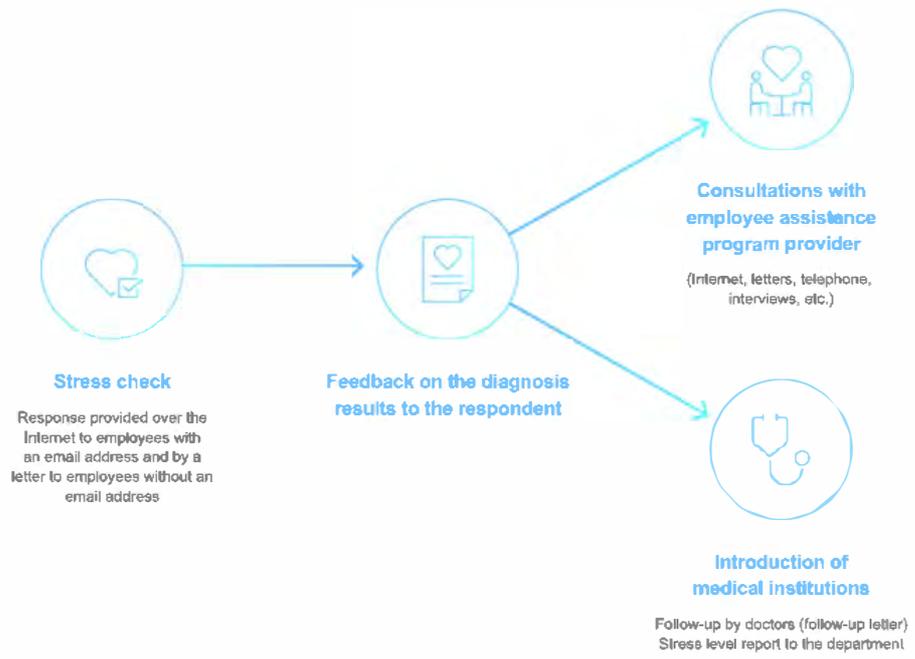
Calsonic Kansei and its Group companies in Japan has had external experts conduct stress checks on employees every year since Fiscal 2008. The participation rate is almost 100%, and employees with high levels of stress are able to receive advice from a specialist doctor. This program also satisfies the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

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

At divisions with particularly high levels of stress, external counseling experts have been engaged to listen to the opinions of both employees and their supervisors to identify any weaknesses and devise improvement plans.

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

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



Creating an organization in which employees can participate actively

# Creating an Organization that Values the Individual and Diversity

## Basic Stance



### Policy

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

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## Basic Personnel Philosophy



### Policy

To contribute to society as a top level company that supports sustainable growth, it is essential to cultivate top level human resources.

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

### People

Motivated and Innovative People

### Organization

Global and Diverse Organization

### Culture

Challenging and “Care for you” Culture

### Corporate citizen

Transparent and Ethical Behavior

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## Sharing a Sense of Values



### **Policy**

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

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## Fair Treatment and Evaluation

### ● Japan

#### System

Calsonic Kansei and its Group companies in Japan revise annual salaries and wages based on competency evaluations, using the CK WAY and CKLC as evaluation parameters, and provide incentive pay and bonuses based on individual performance evaluations. There is no difference in base pay or total compensation between male and female employees on the same labor rank. Competency evaluations are held once a year, while individual performance evaluations are held twice a year in the form of a face-to-face interview between employee and supervisor. During these interviews, evaluation feedback is provided and individual career development is also discussed.

#### Europe Region

### Addressing the Gender Pay Gap



Amanda Parry  
Senior Manager  
Human Resources Calsonic  
Kansei Europe plc.

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.

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# Human Resources Development to Expand Individual Capabilities

## Basic Stance



### System

The Calsonic Kansei Group believes that its people are vital above all else for achieving sustainable growth, and is committed to the development of its human resources. The Group has rolled out a variety of human resources development programs, with particular focus on the themes of “*Monozukuri*” and “global.” These programs were conducted for a total of 8,039 employees and 123,845 hours in Fiscal 2017 (15.4 hours per employee).



## *Monozukuri* Human Resources Development



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



## Introduction of the Skills Meister System



The Meister Certification Committee has been established to define the skills required for *Monozukuri* and to certify and re-certify “meisters” (highly skilled workers). As in the previous year, a meeting of the Meister Certification Committee was held in February 2018, during which one new meister was certified, bringing the total to thirteen. Meisters are selected not only for their skills, but also for being recognized as skilled workers by everyone they work with.

**13 Skills  
Meisters**



#### 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.



## Global Human Resources Development

### **Global**

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.

## Global Business Leader Training (GBLT)



## Systems for Raising Incentive



### System

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

System	Outline	Number of participants
Qualification and Skills Examination Encouragement Scheme	An incentive allowance is paid to employees who have passed the in-house skills examination for core skills designated by the company.	13
Awards Scheme	The CEO Awards, Division General Manager Awards, and Region General Manager Awards have been brought together into a single scheme. Awards are presented each quarter, and annual awards are presented at the end of the fiscal year.	1263
Career Advancement Assistance Scheme	Career interviews for all employees	All employees
Thank You Card Scheme	Thank you cards are given to employees in a timely manner in appreciation for their actions and results, to foster a warm culture of "mutual recognition, praise, and appreciation."	All employees
Mentor system	Young employees become mentors for newly graduated first year employees and provide advice on things such as work, the workplace, and human relations. In addition, their growth as people is promoted as they teach each other.	81

# Promotion of Diversity

## Basic Stance



### System

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

From Fiscal 2018, we welcomed a CEO of foreign nationality, and we are promoting further deepening of diversity management by appointing officers who are young or have extensive work experience outside the company.

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## Diversity Management



### System

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

In addition to raising awareness through activities such as workplace study groups and lectures, shine.net suggests measures and systems that support diverse work styles through activities such as opinion exchange meetings and advanced company benchmarking, and develops environments for employees that are easy to work in.

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## Active Participation of Women



### Activities

Calsonic Kansei aims to create workplaces and ways of working that make it possible to maximize the capabilities of women at various life stages, such as childbirth and childcare.

Accordingly, through employee opinion surveys and surveys on work life balance conducted by the Work Style Improvement Committee and Diversity Promotion Team, we have incorporated the voice of our employees into various measures. Furthermore, 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 according to the Act on Promotion of Women's Participation and Advancement in the Workplace. Toward this goal, we are proceeding to implement various measures in collaboration with the HR Group and other related divisions, in addition to continued efforts to change the consciousness of people inside the company.



## Active Participation of Foreign Employees



### Activities

The Calsonic Kansei Group hires talented people regardless of their gender, nationality, or other factors. Of the new graduates hired by CKJ in 2017, 10 are foreign nationals. As of April 1, 2017, the overall number of foreign-national employees at CKJ was 66 (including contracted employees and employees on temporary assignment from overseas locations and one corporate officer of foreign nationality.). We are also actively promoting the engagement of local employees in each region, with 34.9% of the officers at our local subsidiaries hired locally.



## Active Participation of People with Disabilities



### Activities

As well as actively hiring people with disabilities, Calsonic Kansei is taking steps to promote better understanding through human rights seminars to create a workplace that is friendly to employees with disabilities. Besides promoting employment of women and foreign nationals, we are currently actively expanding both the employment of people with disabilities and the types of jobs open to them. As of March 31, 2018, employees with disabilities accounted for 1.99% of our workforce.

## Improving Company Infrastructure



### Activities

In February 2017, we carried out work on the manual security doors between the shared space and office area on each floor at headquarters and changed them to automatic doors. This was done to improve accessibility, in response to feedback from wheelchair-bound employees who found it difficult to pass through the manual doors. In addition to improving accessibility, this change has also made it more convenient for other employees when they need to carry large objects around inside the company. In October 2016, in response to requests from employees, one of the meeting rooms in the headquarters building was made into a prayer room. Rules for operating this room have been established so that its use is not confined to any one particular religion. In October 2017, we carried out “barrier free” improvements to walkways at headquarters to improve wheelchair access and safety when walking.



## Re-hiring of Retired Employees



### System

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

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# Promotion of Work-Life Balance

## Basic Stance

### Japan

#### Policy

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

In the back-office divisions, a flexible extime system, which has no stipulated core time, has been in place for some time. We have also made changes to our systems with the aim of improving the work-life balance of our employees. For example, in Fiscal 2016, the length of vacation allowed for honeymoons was extended, as was the number of paid holidays for employees who have been with the company less than one year. Going forward, we will continue to develop environments that are easy to work in for employees, for example through an initiative to introduce telecommuting in order to support diverse work styles.



## Supporting Childbirth, Childcare, and Nursing Care

### Japan

#### System

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

Year after year, we have been enhancing our schemes to help employees continue their working careers and to facilitate their return to work. For example, in Fiscal 2015, we expanded employee eligibility to work shorter hours so they can care for their children until the year of their child's elementary school graduation. From Fiscal 2016, we expanded the eligibility for assistance for family dependents, extended the length of childcare leave (until the end of the first April following the child's second birthday), and instituted a regular interview system to check in with employees who are on leave of absence. In Fiscal 2017, 100% of employees who had taken leave of absence returned to work. We also extended the periods that employees may take in nursing care leave scheme as a way of supporting our employees in their work.



**China Region**

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



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

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



## Kurumin Mark Certification



### Activities

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



## Encouraging a good work-life balance



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

## Childbirth

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### Pre-and post-birth maternity leave

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

## Childbirth

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### 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

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### Nursing Care Leave Scheme

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

## Child Care

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### Child Care Leave

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

## Child Care

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### Regular Consultation Scheme

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

## Child Care

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### Shorter working hours to care for children

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



### Flextime Scheme

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



### Employee welfare programs

From April 2018, we introduced the CK Group Welfare Service for the purpose of employees and their families living a healthy and fulfilling lives. This service is for employees of Calsonic Kansei and group companies in Japan who can select from approximately 20,000 programs that cover areas such as health promotion, leisure, learning, childcare, and nursing care to receive services and subsidies that match their lifestyles.



## Work-style Reform



### Activities

From Fiscal 2017, we are fully committed to work style reforms for the purpose of improving work productivity, increasing high added-value, and creating satisfying work environments by realizing diverse work styles. Specifically, we are promoting the following pillars:

- 1)Setting available times for meetings with overseas and thoroughly enforcing rules for holding meetings
  - 2)Utilizing ICT
  - 3)Thoroughly improving efficiency of conventional work centered on indirect departments
  - 4)Systemizing various procedures and processes
-

## Employee Data



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

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# For a Better Society

## Basic Stance



### Policy

To build relationships of co-existence and co-prosperity with the diverse communities with which we come into contact through our business - this is what is being asked of companies from the perspective of creating a sustainable society. As a corporate citizen, the Calsonic Kansei Group has long emphasized community engagement and development. Furthermore, in our deliberation and implementation of social contribution activities, we constantly consider how we can leverage the Group's characteristics and know-how to contribute to the development of both the community and industry.

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## Four Areas of Our Social Contribution Activities



### Policy

Calsonic Kansei is expanding its social contribution activities, so that we 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 and dialogue with stakeholders, with the aim of contributing to regional development and solving social issues.



**Supporting the next generation**



**Safety**



**Environment**



**Community**

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## Activities Expenditure



### Activities

Since Fiscal 2015, Calsonic Kansei and its Group companies in Japan have been calculating the social contribution activities expenditure in the areas recommended by the Japan Business Federation (Keidanren) as examples of issues to be addressed.

## Social Contribution Activities Expenditure

 Social welfare and social inclusion	¥ 142,120	0.7%
 Health and medicine, sports	¥ 559,000	2.9%
 Academia and research	¥ 3,200,000	16.3%
 Education, including social education	¥ 9,222,000	47.0%
 Culture and the arts	¥ 100,000	0.5%
 Environment	¥ 2,010,000	10.3%
 Local activities	¥ 2,121,000	10.8%
 International exchange and cooperation	¥ 150,000	0.8%
 Aid to disaster-stricken areas	¥ 2,000,000	10.2%
 Job creation, technological development, and employment assistance	¥ 100,000	0.5%





## Supporting the Next Generation

### ● Japan

#### Activities

Through the internal volunteer-run Team SKETT, Calsonic Kansei and its Group companies in Japan conduct a wide range of activities to support children who will be the leaders of the future.



### Developing Future Engineers

We provide elementary school students with opportunities to experience vehicle technology and manufacturing first-hand, in the hope that they will become familiar with vehicles and *Monozukuri*. We also see such activities as an opportunity for our employees' development, as it enables them to learn the principles and fundamentals of the technologies they are communicating to the children, while at the same time, children are able to gain an interest in *Monozukuri*.

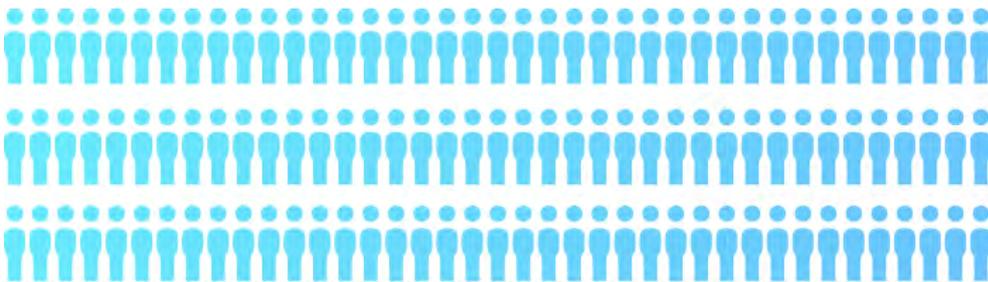
### Exhibiting at Kids Engineer

Team SKETT has exhibited at Kids Engineer, a hands-on exhibition for elementary schoolchildren organized by the Society of Automotive Engineers of Japan, Inc., since the inaugural event in 2008. In Fiscal 2017, at Kids Engineer 2017 held in Nagoya in August and Mini Kids Engineer in Tohoku, held in Sendai in November, more than 3,000 participants enjoyed the hands-on experience of making windmills and mini-cars, and participated in a challenge to assemble a cockpit module, where they learned the enjoyment of *Monozukuri*.

We also exhibited at the inaugural Parent-and-Child Kids Engineer event hosted by the Automobile Business Association of Japan in March 2018, where more than 300 people participated in a hands-on building experience.



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



More than **3,000**

### Traveling Classrooms for Elementary Schools and Craft Workshops for Community Centers

Since 2012, Calsonic Kansei has been delivering a program of “traveling classrooms,” offering special science lessons for elementary schools. In Fiscal 2017, we again conveyed the fun of science to over 800 pupils at more than 16 elementary schools. We also hold craft workshops at local children’s centers and community centers to give children the opportunity to experience first hand the fun of making things.

## Traveling Classrooms for Elementary Schools



more than **16**  
elementary schools

Over **800**  
pupils participated



### Activities

## Support for the Student Formula Japan Competition

Calsonic Kansei sends staff as organizing committee members and judges to the Student Formula Japan Competition (SFJ), which the Society of Automotive Engineers of Japan, Inc. has been hosting since 2003.

The students are the stars of this event, pitting their *Monozukuri* skills against each other with vehicles they have conceived, designed and built themselves. The main objective of SFJ is to nurture professional individuals who will contribute to the development and promotion of automotive technology and industry, with the support of industry, academia, and government.

As well as exhibiting our products, we also arrange opportunities for interaction with the students, supporting the development of the engineers of the future through technical support.

## Calsonic Kansei Next-Generation Scholarship

The Saitama Fund for Active Global Talent (managed by Saitama International Association) supports students and working people to study abroad, with the objective of developing global human resources from Saitama.

In May 2017, Calsonic Kansei contributed to this Fund with the Calsonic Kansei Next-Generation Scholarship.

## Saitama University Calsonic Kansei Scholarship

With the objectives of developing the *Monozukuri* human resources of the future and assisting students who are having difficulty continuing their studies for financial reasons, in October 2017 we started contributing to Saitama University Scholarship Foundation to establish a grant-type scholarship called the Calsonic Kansei Scholarship. Grants to students selected for the scholarship will, in principle, continue until the year they graduate.

## Europe Region

### Nurturing the Next Generation Through Factory Training



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

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.

## Americas Region

### Providing Educational Programs for Children and Youth



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

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.

## Safety



### Activities

## Donation of School Backpack Covers

Calsonic Kansei promotes traffic safety as part of our responsibility as a company involved in automobiles. In April 2018, we partnered with the City of Saitama, where our headquarters is located, to donate bright yellow safety covers for school backpacks. We discussed with the city and parents what features they wanted in the new covers and made improvements to the specifications. The new covers feature a reflective band effective for preventing traffic accidents. These covers are distributed to new first-graders at all elementary schools in Saitama City via the City administration.



## Environment



### Activities

## Engagement in Forestation

We have concluded an agreement with the Saitama Prefectural Government and the Saitama Agriculture and Fisheries Corporation to engage in forestation programs.

We have begun by making financial contributions to the maintenance of the forests owned and managed by the Corporation, including pruning and improvement cutting. We plan to provide ongoing assistance, including through activities in which CK staff can participate.

### Asia Region

## Promoting Local Environmental Protection Through Tree-planting



Employees Representative Group  
Calsonic Kansei (Thailand) Co., Limited

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, 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.



## Community

### Installing a Groundwater Membrane Filtration System



#### Activities

In October 2015, a groundwater membrane filtration system was installed at the Calsonic Kansei R&D Center and Headquarters. This system draws groundwater up to an extent that will not impact on the underground water arteries and passes it through sophisticated filtration equipment to make safe drinking water.

This has enabled a dual-source water supply, from groundwater and public water supplies. The system will secure a “water lifeline” that can supply drinking water even in the event of a disaster rendering public water supplies unusable. We envisage providing drinking water to neighboring residents in the event of disruptions to the entire area’s water supply, so we have also stockpiled water supply bags for people to carry the water in.



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

## Environmental Communication



### Activities

In October 2017, Calsonic Kansei invited 36 neighboring residents and companies, as well as employees of Saitama Prefecture and the City of Saitama, to the R&D center and headquarters for an “Environmental Communication” gathering.

Environmental Communication is an initiative of the City of Saitama, which sees it as an opportunity for companies to communicate information about the environmental activities they are engaged in and to share and exchange information with the local community. Endorsing the aims of this initiative, Calsonic Kansei has held these Environmental Communication meetings every other year since 2015 at its headquarters and the Kodama Plant (Honjo City, Saitama), with the aim of creating a relationship of trust with the local community by deepening mutual understanding through presentations on Calsonic Kansei’s environmental initiatives.

We exchanged opinions with the participants about the company’s environmental activities and conducted a survey on the participants’ expectations of Calsonic Kansei. We incorporated the findings of that survey into the Fiscal 2017 review of Calsonic Kansei’s materialities (key CSR issues) as stakeholder expectations.

We are also engaged in activities designed to popularize electric vehicles (EV). In addition to participating in the E-KIZUNA Summit in Saitama, we have also installed a Workplace Charging station, where visitors and employees can charge their EVs, in the headquarters parking lot. We have also set up a rapid charging station outside the headquarters entrance for anyone in the local community to use.



Environmental Communication Meeting

## Promoting Locally-oriented Social Contribution Activities



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

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.

## Being a Good Corporate Citizen

### Global

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





Environmental Management

Environmentally-Conscious *Monozukuri*

Approaches to Climate Change

Approaches to Resources Conservation and Recycling

Appropriate Management of Chemical Substances

Environmental Burden Data (Material Flow)

Environmental Accounting

Environmental Action Plan and Results

Environmental Data of Manufacturing Plants in Japan

# To Become a Company that is Recognized for its Environmental Initiatives

## Basic Stance



### Policy

To further enhance its environmental protection initiatives through its global corporate activities, the Calsonic Kansei Group revised its Environmental Policy established in 2000, relaunching it in Fiscal 2017 as the CK Green Policy, consisting of 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 (corporate philosophy).



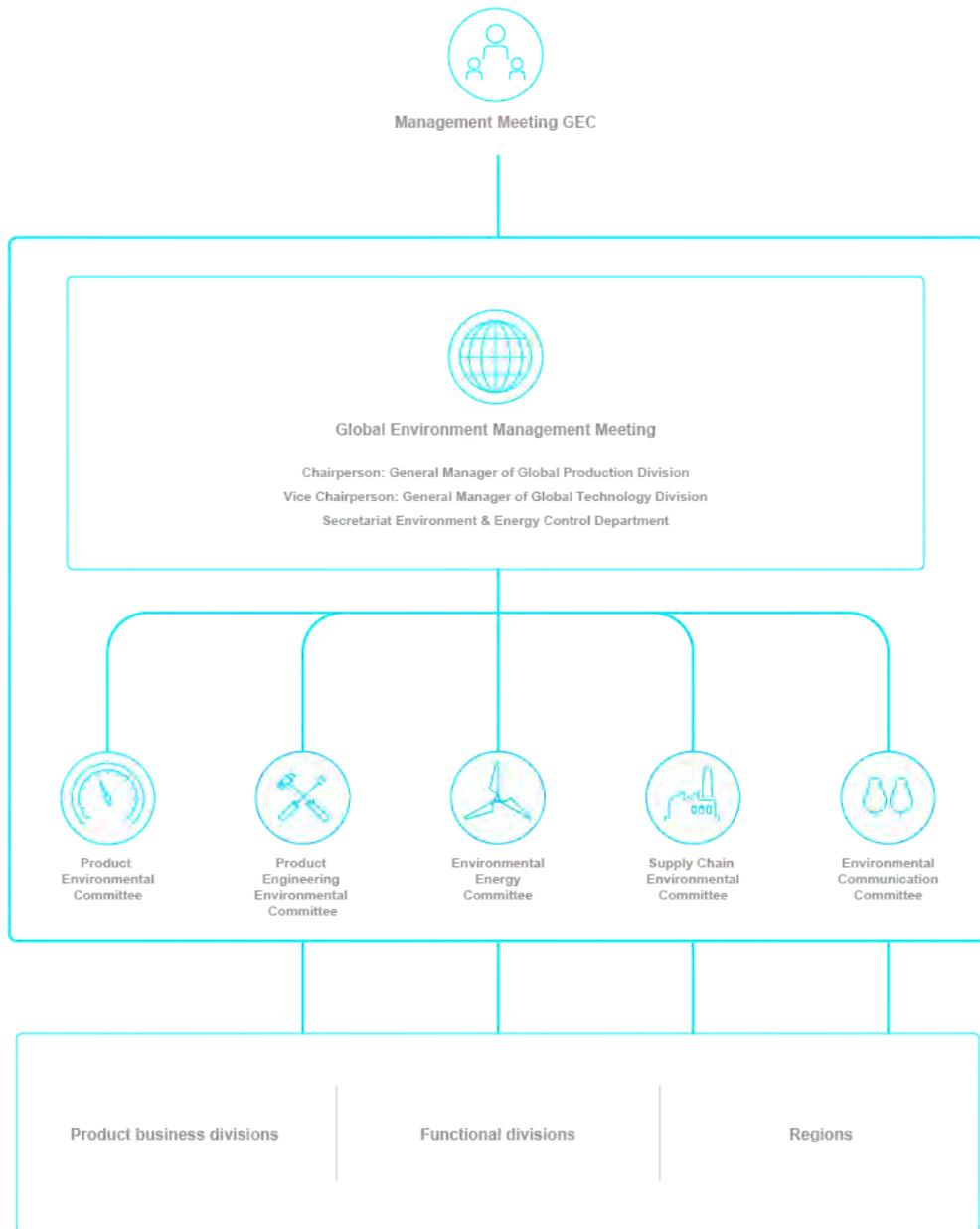
## Environmental Management Promotion System



### System

Calsonic Kansei Corporation convenes its Global Environmental Management Meeting to promote the environmental activities of the entire Group.

The Global Environmental Management Meeting is the supreme conference body concerning environmental activities in the Calsonic Kansei Group. It is chaired by the executive responsible for the environment, and its members are drawn from the membership of the Environment Committees set up in each of the main corporate activity areas, such as development and production, as well as the leading environmental officers of our global locations. The role of the Meeting is to develop proposals for activity policies and measures and to manage the progress of environmental activities. In Fiscal 2017, with the revision of the CK Green Policy (Environmental Policy), a new Supply Chain Environmental Committee was established to engage in strengthening environmental action across the life cycle of our products.



# Medium-Term Environmental Plan: Calsonic Kansei Green Program 2016

 **Japan**  **Overseas**

## Policy

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

※New Medium-term Environmental Plan is expected to be announced at the end of September.

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

Item	Target				
	Category	Region	Target achievement schedule	FY2016 target	FY2016 results
Conservation of water, air, soil and biodiversity <ul style="list-style-type: none"> <li>Usage intensity (usage/sales revenue )</li> </ul>	Water consumption	Japan	Top Single-year Bottom Mid-term	2.0% reduction compared to FY2015 21.4% reduction compared to FY2009	13.6% reduction compared to FY2015 19.7% reduction compared to FY2009
		Americas, Europe, and Asia	Top Single-year Bottom Mid-term	2.0% reduction compared to FY2015 4.0% reduction compared to FY2014	7.6% increase compared to FY2015 2.6% reduction compared to FY2014
	VOC (Volatile Organic Compounds)	Japan	Top Single-year Bottom Mid-term	2.0% reduction compared to FY2015 30.0% reduction compared to FY2000	6.4% increase compared to FY2015 83.9% reduction compared to FY2000
Zero Landfill (reduce landfill waste to zero) <ul style="list-style-type: none"> <li>Landfill rate (Landfill volumes/waste volumes)</li> </ul>	Landfill waste	Americas, Europe, and Asia	Mid-term	Maintain zero landfill	0%

## Identification of Key Issues Concerning the Environment

### Global

To contribute to the realization of a sustainable society, the Calsonic Kansei Group identifies key issues related to the environment.

In Fiscal 2017, with the announcement of the new Medium-Term Business Plan, Compass 2021, we conducted a review of our CSR key issues and identified five environmental issues as key issues. They are: action on climate change, effective use of resources, water conservation, prevention of pollution, and conservation of biodiversity. Our global sites are planning and pursuing specific initiatives to address the Group's key issues within their environmental management systems, taking into consideration the sites' respective characteristics and the aspects of risk and opportunity.



## Strengthening Environmental Management

### Development and Continued Improvement of Environmental Management System



#### Policy

The Calsonic Kansei Group has been pursuing ISO 14001 certification, the international standard for environmental management systems, since 1998. Thirteen sites in Japan and 22 overseas sites have already obtained certification. In 2015, there was a major amendment of the standard and ISO 14001:2015 was released. Three CK sites completed transition to the new system in Fiscal 2016. 27 sites completed their transition to new system in Fiscal 2017.

Five more sites will progressively move over to the new system in Fiscal 2018, with transition scheduled for completion by the final deadline of September 2018.

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

#### Status of ISO 14001:2015 Certification

 = Sites that acquired certification in Fiscal 2017

#### Certification Status within Calsonic Kansei

Region	Manufacturing Plants	Registered transition to 2015 version
Japan	Gunma Plant	Oct. 2017
	Kodama Plant	Oct. 2017
	Oppama Plant	Jul. 2017
	Yoshimi Plant	Nov. 2017
	Testing Research Center	Jan. 2018
	R&D Center, Headquarters	Feb. 2017

### Certification Status at Major Group Companies in Japan

Region	Company	Registered transition to 2015 version
Japan	Calsonic Kansei Iwate Corporation	Feb. 2018
	Calsonic Kansei Kyusyu Corporation	Nov. 2017
	Calsonic Kansei Utsunomiya Corporation	Feb. 2018
	Calsonic Kansei Fukushima Corporation	Dec. 2017
	Tokyo Radiator Mfg. Co., Ltd.	Jan. 2018
	Calsonic Kansei Tochigi Corporation	Dec. 2017
	Calsonic Kansei Yamagata Corporation	Oct. 2017

### Certification Status at Major Overseas Group Companies

Region	Company	Registered transition to 2015 version
North America	Calsonic Kansei North America, Inc. Shelbyville Plant	Sep. 2017
	Calsonic Kansei North America, Inc. Lewisburg Plant	Sep. 2017
	Calsonic Kansei Mexicana, S.A. de C.V Aguascalientes Plant	Nov. 2017
	Calsonic Kansei Mexicana, S.A. de C.V San Francisco Plant	Nov. 2017
Europe	Calsonic Kansei Sunderland Limited	Apr. 2018 (scheduled)
	Calsonic Kansei UK Limited Washington Plant	Apr. 2018 (scheduled)
	Calsonic Kansei UK Limited Llanelli Plant	Feb. 2018
	Calsonic Kansei Spain, S.A.	Mar. 2018
	Calsonic Kansei Romania S.R.L.	Nov. 2017
	Calsonic Kansei RUS LLC	Mar. 2018
Asia	Daihan Calsonic Corporation.	Jul. 2018 (scheduled)
	Calsonic Kansei Korea Corporation	Jul. 2018 (scheduled)
	Calsonic Kansei (Malaysia) Sdn. Bhd.	Sep. 2018 (scheduled)
	Calsonic Kansei (Thailand) Co., Limited	Aug. 2017
	Siam Calsonic Co., Limited, Amata	Jul. 2017
	Siam Calsonic Co., Limited, Bang Phli	Jul. 2017
	Calsonic Kansei Motherson Auto Products Limited	Mar. 2018
	Calsonic Kansei (Wuxi) Corporation	Nov. 2017
	Calsonic Kansei Components (Wuxi) Corporation	Nov. 2017
	Calsonic Kansei (Guangzhou) Components Corporation	Jan. 2018
	Calsonic Kansei (Xiang Yang) Corporation	Jan. 2017
	Calsonic Kansei (Haimen) Car Air-Conditioning Compressor Corporation	Jul. 2017
	Calsonic Kansei (Guangzhou) Corporation	Feb. 2018
	Calsonic Kansei (Guangzhou) Corporation, Zhengzhou Branch	Jan. 2018
	Calsonic Kansei (Guangzhou) Corporation, Dalian Branch	Oct. 2017
Calsonic Kansei (Guangzhou) Touring Center	Dec. 2016	

## Conducting Environmental Audits at Overseas Locations

 Overseas

### Activities

During Fiscal 2017, we conducted environmental audits at four sites, where we identified and managed risks. This has helped to raise the standard of environmental management at those sites. Audits are planned for Fiscal 2018 as part of our efforts to improve the standard of environmental management on a global basis.

## Response to Scope 3 Emissions

 Japan  Overseas

### Activities

Aiming to reduce CO<sub>2</sub> emissions in the value chain, from fiscal 2016, the Calsonic Kansei Group began an initiative to calculate emissions under the Scope 3 Greenhouse Gas Protocol in FY2015. In FY2016, these emissions were calculated in 13 categories.

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## Disclosure of Environmental Information Outside the Company

 Global

### Recognition by CDP

CDP is an international non-profit organization, established in London in 2000, which calls on companies and municipalities around the world to disclose their environmental performance data based on requests from investors, for use by rating agencies and policy decision-makers. Calsonic Kansei Corporation has disclosed information to the CDP Climate Change and Water surveys, and received a B ranking for both surveys in 2017.

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# Pursuing “Green” policies and creating new value

## Basic Stance

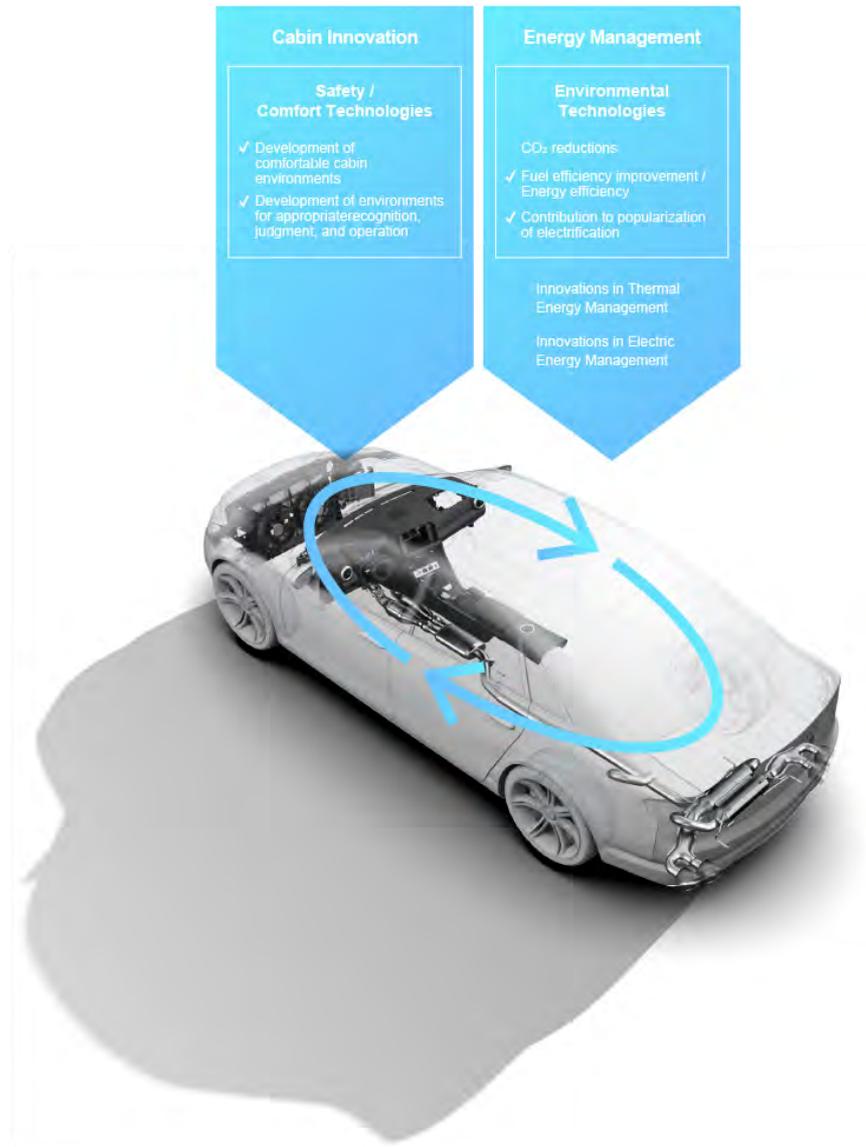
The Calsonic Kansei Group will contribute to creating a progressive, sustainable mobility society by developing innovative products based on our advanced technological capabilities and knowledge accumulated over many years. Through our business activities, we will continue to extend solutions to social issues on a global scale and create new value every day.



## Strategic *Monozukuri* in the Pursuit of the Sustainability of the Mobility Society

With our aim to solve social issues through our business activities, the Calsonic Kansei Group positioned Cabin Innovation and Energy Management as the core focus domains in the new Medium-Term Business Plan, Compass 2021, established in 2017, and the mid-term plans of our development divisions. We also declared that we would contribute to the development of safety and comfort technologies and of environmental technologies through product development in those domains. The heads of the development divisions also serve concurrently as members of the Product Planning Office and are striving to achieve partnerships between development and product planning.

## Promoting Innovations in Energy Management



### 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.

## Initiatives for Reducing Environmental Footprint Through Energy Management

- We will contribute to the expansion of electric vehicles by developing technologies that utilize electric power efficiently.
- We will contribute to reducing overall heat loss and improving vehicle efficiency through efficient management of heat.
- We will contribute to improving fuel efficiency and electricity efficiency by developing systems for power conservation in climate control, which is a major consumer of energy, from perspectives that include the comfort of vehicle occupants.
- We will improve exhaust gas purification performance and reduce air pollution by managing exhaust gas temperature.

## Products in the Energy Management Domain

### [\[Electronic products\] Inverter](#)

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

### [\[Exhaust systems\] Sheet metal turbine housing CK-SMITH](#)

Improved exhaust gas purification and fuel efficiency performance

### [\[Heat exchange products\] Built-in oil cooler \(BOC\)](#)

Compact with high radiation efficiency

### [\[Compressors\] Vane-rotary compressor with fixed displacement: CR Series of Fixed Displacement Compressors](#)

Small and light with high energy efficiency

[> Domains of Focus](#)

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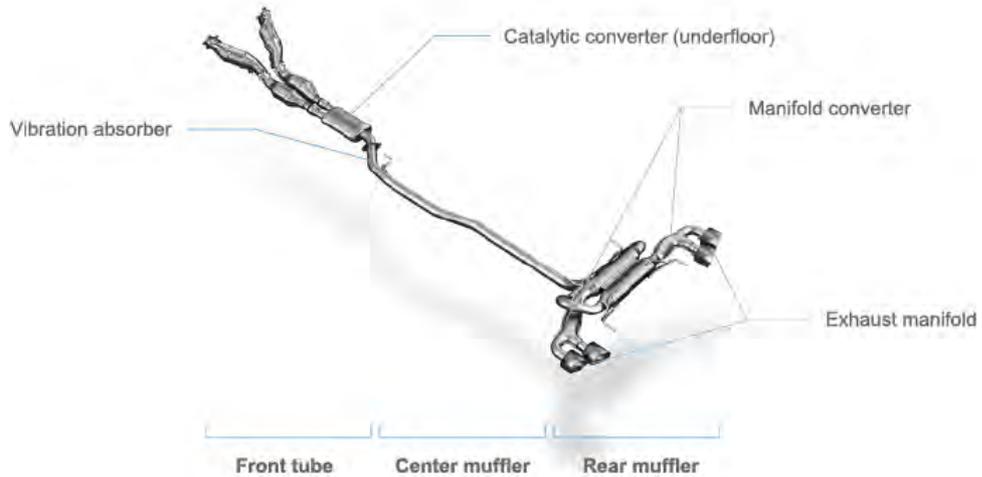


## Eco-Friendly Products Widely Used in the Market

### Examples of Existing Eco-Friendly Products

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

### Example of Exhaust System



### Main Features of Our Exhaust Systems

#### **Exhaust Manifold**

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

#### **Manifold Converter**

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

**Catalytic Converter (Underfloor)**

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

**Vibration Absorber**

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

---

# An Environmentally-Friendly Site in Line with International Standards

## Basic Stance



### Policy

The Calsonic Kansei Group has identified responding to climate change as a key issue in environmental protection, and we engaged in actions to reduce the carbon footprint of our global locations.

Through the implementation of ISO 14001 environmental management systems, our global locations are striving to achieve their targets and make continuous improvements. From Fiscal 2017, to respond to growing social expectations regarding climate change, we have set a CO<sub>2</sub> emissions reduction target that incorporates the approach of the international Science Based Targets (SBT) initiative. This initiative advocates the Paris Agreement target of holding the increase in the global average temperature to well below 2°C above pre-industrial levels. We have declared our target in the new corporate Medium-term Business Plan, Compass 2021.

In addition to energy conservation activities that we have conducted to date, the Group will work as a united force on a variety of measures, including the installation of energy-saving equipment and the adoption of new manufacturing methods that will lead to energy savings, to further accelerate the reduction of business-related CO<sub>2</sub> emissions.



## Climate Change Action

### Results of CO<sub>2</sub> Emission Reductions in Production Activities

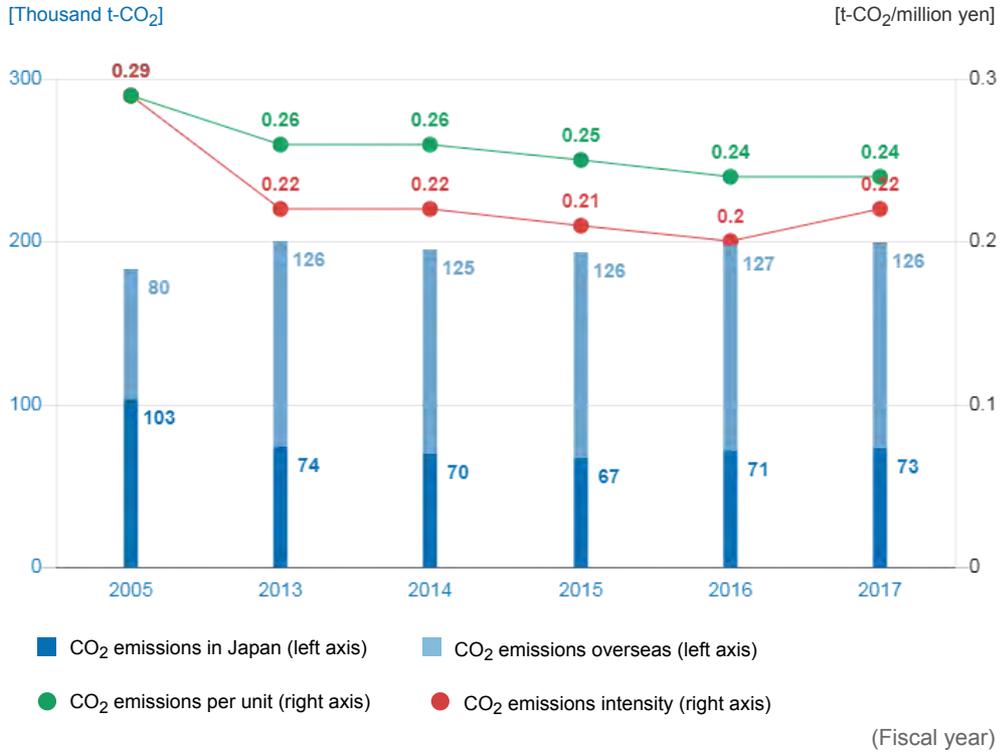


#### Activities

In terms of emission intensity (total CO<sub>2</sub> emissions/sales revenue), the pursuit of activities aimed at the respective mid-term 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.

In Japan, following on from the previous fiscal year, we carried out Energy Saving Special Activities in all locations. These consisted of identifying areas for improvement and sharing examples of energy-saving improvements made. Initiatives overseas included the identification of areas for improvement through energy-saving diagnostic checks, and sharing of improvements made.

## Results of CO<sub>2</sub> Emission Reductions and Emission Intensity Reductions in Production Activities

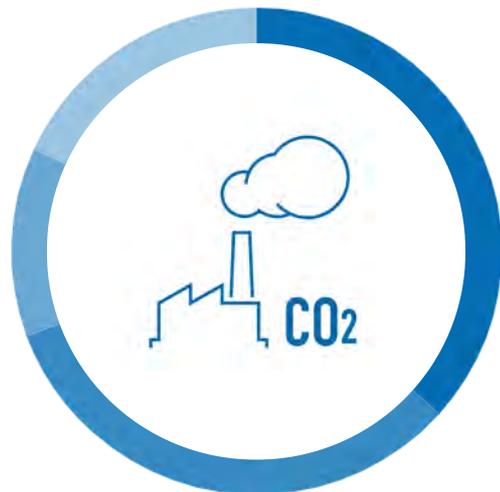


## CO<sub>2</sub> Emissions

[Unit: Thousand t-CO<sub>2</sub>]

<span style="color: blue;">■</span> Japan	73	37%
<span style="color: blue;">■</span> The Americas	65	32%
<span style="color: blue;">■</span> Europe	25	13%
<span style="color: blue;">■</span> Asia	36	18%

**199** thousand t-CO<sub>2</sub>





## Activity Report

### Use of Green Power

● Japan

#### Activities

The Calsonic Kansei Group participates in the Green Power Certificate Program, and contributes to the generation of 2,245,652 kWh of natural energy per year.

(Applicable sites: Calsonic Kansei Corporation Gunma Plant, Yoshimi Plant, CKP Corporation, Calsonic Kansei Utsunomiya Plant Co., Ltd.)



### Results of CO<sub>2</sub> Emission Reductions at the Logistics Stage

● Japan

#### Activities

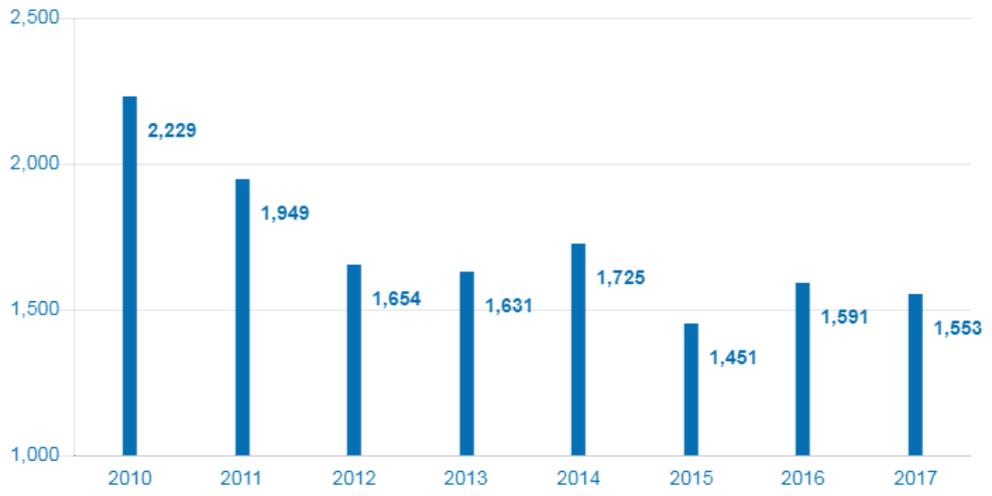
As Calsonic Kansei's CO<sub>2</sub> emissions at the logistics stage are less than 30 million t-km, we do not qualify as a Specified Consigner under Japan's Energy Saving Act and are therefore not required to report our emissions. However, we have established targets for CO<sub>2</sub> emissions reductions in logistics and we are working to reduce our transport tonne-kilometers.

Cooperation with our customers and suppliers is essential to reduction activities at the logistics stage. In the area of cooperation with our customers, we are establishing distribution networks that achieve the efficient combination of collections from customers and supply from the Calsonic Kansei Group and we are working to improve truck fill rates.

In the area of cooperation with suppliers, we have established a milk-run style of logistics for collecting parts from suppliers. We are now able to transport the required volume of parts at the required time with high truck fill rates. For sea freight as well, by improving container fill rates, we are achieving our transport tonne-kilometer reduction targets.

## Transport tonne-kilometers in the logistics stage

(10,000 t-km)



(Fiscal year)

# To Achieve a Closed-loop Society

## Basic Stance

 **Global**

### Policy

The Calsonic Kansei Group considers the effective use of resources and the protection of water resources to be key issues in environmental protection.

In terms of the effective use of resources, our global locations are engaged in efforts to reduce the amount of waste generated (waste for disposal and valuable resources), eliminate waste sent to landfill (zero landfill), and conserve resources. For the protection of water resources, they are engaged in activities to reduce water use.

Through the implementation of ISO 14001 environmental management systems, our global locations are striving to achieve their targets and make continuous improvements.



**Emission intensity**  
[Emissions / Sales revenue]

**Landfill rate**  
[Landfill volumes / Waste volumes]

**Water use intensity**  
[Total water consumption / Sales revenue]

Japan

**-24.8%**

Fiscal 2017 target:  
19.7% reduction  
[Compared to FY2005]

Japan

**0%**

Target continuously  
achieved since FY2006

Japan

**-31.8%**

Fiscal 2017 target:  
23.0% reduction  
[Compared to FY2009]

Overseas

**-16.9%**

Fiscal 2017 target: 6.9%  
reduction  
[Compared to FY2010]

Overseas

**0%**

Fiscal 2017 target:  
Maintain zero landfill

Overseas

**+1.0%**

Fiscal 2017 target: 5.9%  
reduction  
[Compared to FY2014]

## Effective use of resources

### Waste Reduction Results

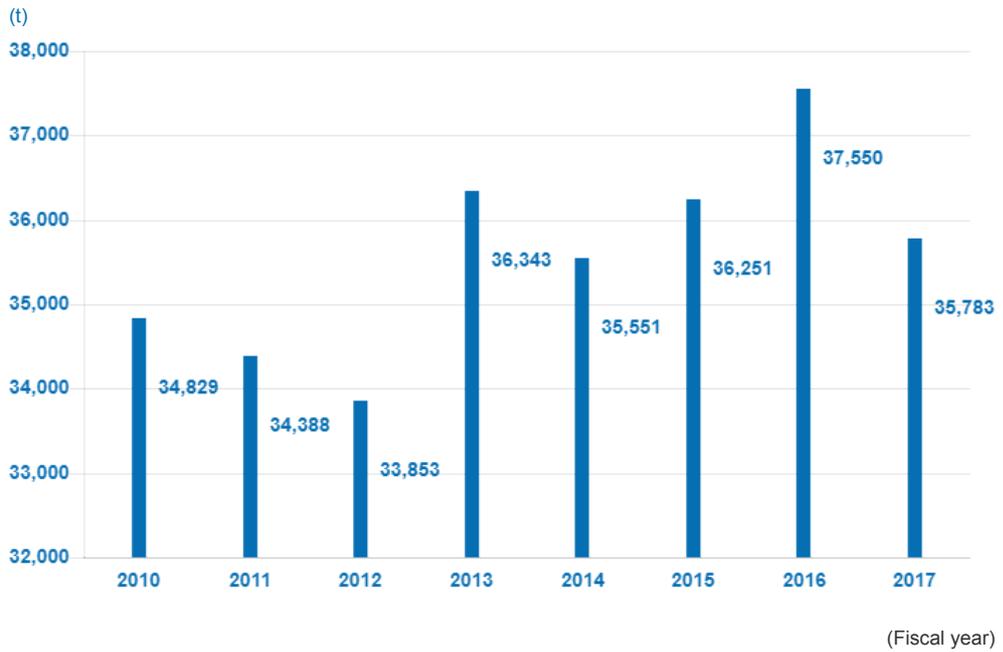


#### Activities

In Japan, each plant has implemented activities to reduce process defects. Waste generation intensity (total waste/sales revenue) was reduced by 24.8% compared to FY2005, achieving the mid-term target of 19.7% but falling short of the single-year target.

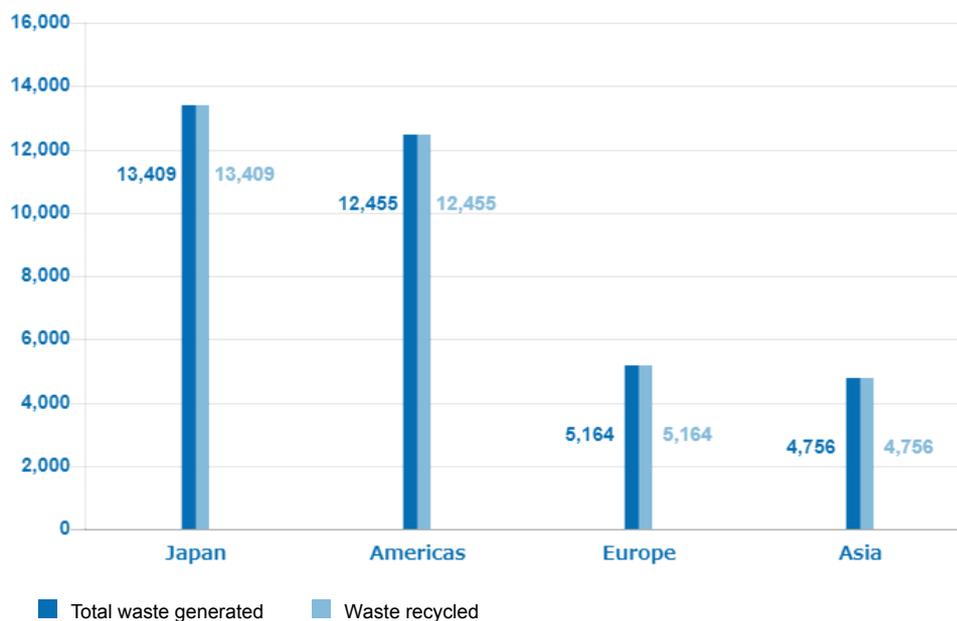
Overseas, efforts were made to improve the efficiency of reduction activities through activities to reduce process defects and the horizontal roll-out of resource conservation best practice. Waste generation intensity (total waste/sales revenue) was reduced by 16.9% compared to FY2010, achieving both the medium-term target of 6.9% and the single-year target.

### Waste Generated by Calsonic Kansei Group



## Volume of Waste Generated and Recycled by Calsonic Kansei Group by Region (FY2017)

(t)



## Landfill Waste Results

### Overseas

#### Activities

Starting in FY2012, a target of zero landfill by Fiscal 2015 was set for our overseas operations, and this target has been achieved. Activities continued in Fiscal 2017 and zero landfill was maintained.



## Protection of water resources

## Water Use Reduction Results

### Global

#### Activities

Calsonic Kansei is working to reduce water use, with the aim of helping to protect water resources. To strengthen our water use reduction initiatives, we have established a global monitoring system. Through this system, we are identifying production sites with

particularly heavy water use and problematic equipment, updating equipment to achieve reductions and adopting water-efficient systems for flush toilets. Through the pursuit of these and other initiatives on a global basis, we succeeded in a major reduction in water use over the previous fiscal year to 1,169,000m<sup>3</sup> in Fiscal 2017.

In Japan, water use totaled 524,000m<sup>3</sup>, a reduction from the previous fiscal year. This provided an excellent result in terms of water use intensity (water use volume/sales revenue), which was reduced by 31.8%, achieving the mid-term target of a 23.0% reduction compared to FY2009. The single-year reduction target of 2.0% was also achieved with a reduction of 15.2%.

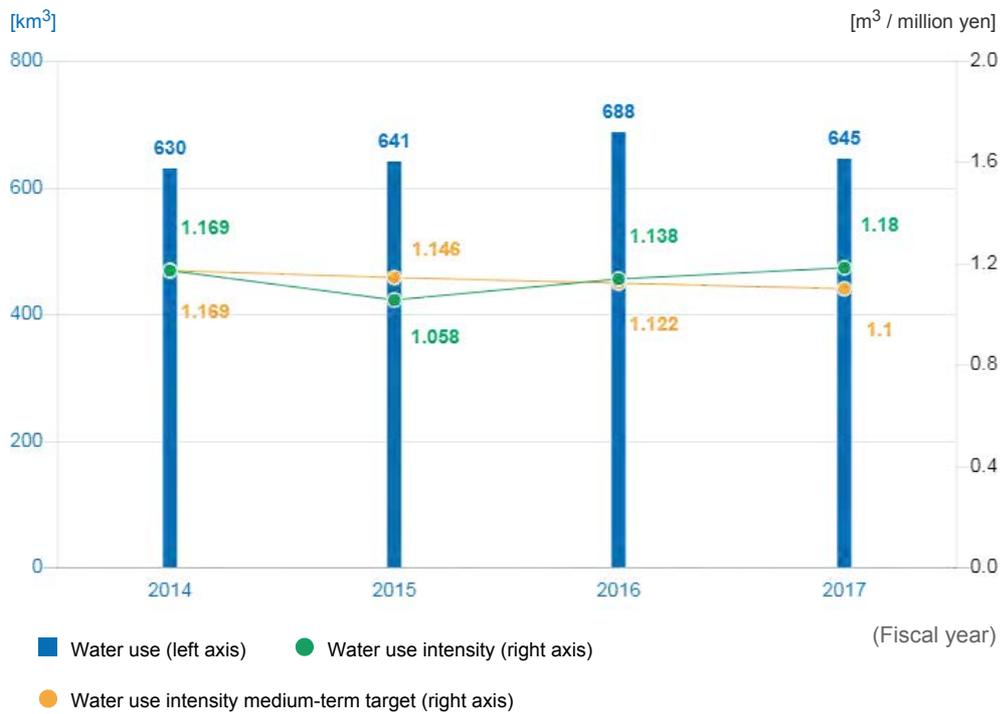
Overseas, water use intensity (water use/sales revenue) increased by 1.0% compared to FY2014, failing to achieve the mid-term reduction target of 5.9%. Water use, however, was steadily reduced from the previous year, falling to 645,000m<sup>3</sup>.

We will work on strengthening our reduction activities, with a focus on locations with heavy water use.

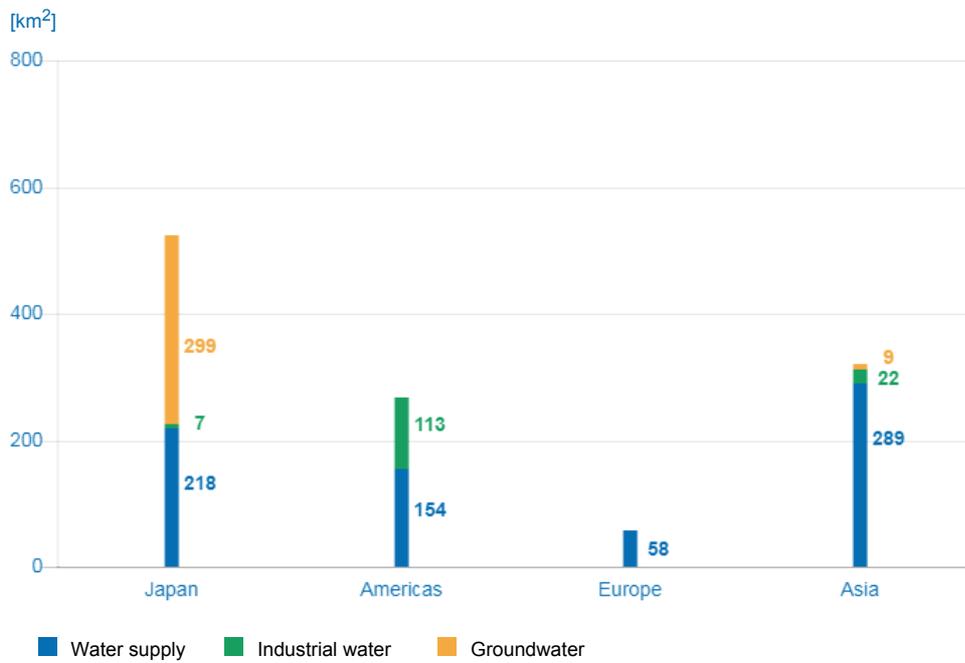
## Water Use in Japan



## Water Use Overseas



## Calsonic Kansei Group Water Use by Region (FY2017)





## Activity Report

### ● Japan

#### Resource Recycling Initiatives

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

A specific action being taken is the recycling of recovered catalysts used for exhaust purifiers, in which environmentally friendly dry separation equipment is used to efficiently separate and collect materials (wash coat) from these catalysts, which contain precious metals that are valuable resources.

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.

## Operations to Recycle Waste from Manufacturing Plants

### 🌐 Global

#### Activities

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

Category/Type	Handling/ disposal methods	Location	Methods for effective use	Recycled products
Oil waste (including benzene and waste LLCs), other oily water	→ Oily water separation	Cement manufacturers Calsonic Kansei (fuel)	Sale of resources (recycled heavy oil)	Fuels, cement, roadbed materials
High quality paper, newspapers, magazines	→ Sorting/ pulping	Paper manufacturers	Sale of resources	Toilet paper, etc.
Cardboard, confidential documents, paper cores	→ Sorting/ pulping	Paper manufacturers	Sale of resources	Recycled paper, cardboard cores, etc.
Scrap iron and empty cans	→ Sorting/ pulping	Metal refining manufacturers	Steel-making materials	Steel, non-ferrous metals (copper, aluminum, stainless steel, etc.)

Oil waste (cooking oil waste)	→	Separation/ recycling	Oleochemical manufacturers	Fuel for oleochemical manufacturers' company cars, animal feed	Biodiesel fuels, assorted animal feed
Discarded fluorescent tubes	→	Crushing/ separation	Material manufacturers	Recycled materials for each element	Recycled materials (mercury, glass, metals)
Glass bottles	→	Sorting/ crushing	Glass manufacturers	Glass materials	Glass bottles
Waste plastic (soft)	→	Crushing/ palletization	Resin-recycling manufacturers	Boiler fuel	Solid fuels
Oil waste (oil-bearing waste cloth)	→	Incineration	Waste heat boiler installation manufacturers	Utilization of waste heat (collecting steam)	Boiler fuels
Waste plastic	→	Crushing/ separation	General recycling manufacturers	Sorting, steel-making materials, fuel	Ferrous materials, solid fuels, fuels
Metal scraps (including aluminum chips)	→	Incineration/ fusion	Shaft furnace manufacturers	Shaft furnace-reducing agents	Steel-making materials, roadbed materials (incineration residues)
Discarded fluorescent tubes (fragments)					
Infectious waste					
Glass and ceramic scraps					
Sludge					
Oil waste (filter)					
Sludge (flux, grinding residue)	→	Incineration	Shaft furnace manufacturers	Utilization of waste heat (furnace heat reserves)	Roadbed materials (incineration residues)
Dehydrated sludge (filter press)	→	Classification	Shaft furnace manufacturers	Processing granular materials	Raw materials for cement
Wood scraps	→	Shredding	Waste wood-recycling manufacturers	Compressed graft cutting	Laminated wood (particle boards)
Tree and grass clippings	→	Shredding/ fermentation	Compost manufacturers	Compost materials	Compost

# Thorough Management of Chemical Substances

## Basic Stance



### Policy

The Calsonic Kansei Group uses chemical substances in products and product manufacturing. To ensure that these substances do not have a serious impact on the environment at all stages, from product manufacturing to use and disposal, the Group considers environmental pollution countermeasures, centering on chemical substances, and protection of biodiversity as key issues for environmental protection.

With the increase in environmental awareness in the global community, legal restrictions regarding the reduction and discontinuation of the use of harmful chemical substances are being reinforced every year.

Based on this recognition, to comply with laws and meet the requirements of its customers, the Calsonic Kansei Group seeks to achieve thorough risk management at each of its global locations in its products, manufacturing processes, purchased parts and processed materials, while adhering to the following fundamental principles: use as few harmful chemicals as possible, change to alternatives or eliminate as many harmful substances as possible, and properly manage harmful chemicals if they have to be used.



## Prevention of Environmental Pollution by Products



### Policy

In addition to complying with the laws and regulations of each country, including Europe's ELV Directive<sup>\*1</sup> and REACH Regulations<sup>\*2</sup>, the Calsonic Kansei Group sets voluntary targets to meet the requirements of its customers worldwide, and is working to reduce the content of environmental hazardous substances in its products. Specifically, we are enhancing our systems for management and follow-up using in-house systems, promoting the development of alternative technologies, and building chemical management systems across the entire supply chain through the Green Procurement Guidelines.

The Group is also pursuing analysis of and prompt action regarding chemical substances in advance of their being listed as SVHCs<sup>\*3</sup> under the REACH regulations.

\*1 ELV Directive: End of Life Vehicles Directive

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

\*3 SVHC: Substances of Very High Concern



## Prevention of Environmental Pollution by Plant



Global

### Policy

To comply with laws and regulations and mitigate the risks of environmental pollution in its business activities, the Calsonic Kansei Group is engaged in measures to reduce emissions of volatile organic compounds (VOCs) at its global locations, responses to the PRTR Act and PCBs, and the clean-up and prevention of contamination of water quality, air, soil, and groundwater. Through the implementation of the ISO 14001 environmental management systems, our global locations are striving to achieve their targets and make continuous improvements.

## Results of Overseas Countermeasures to Environmental Contamination from Business Activities



Global

### Activities

#### Water Quality

We have set our voluntary management targets (80% of the regulatory value) and are conducting stricter management than required by the regulations. In this way, we are contributing to the protection of aquatic life.

#### Atmosphere

We have reduced our sulfur oxide (SOx) and CO<sub>2</sub> emissions by switching to natural gas for combustion energy and reducing energy consumption through the adoption of energy-saving activities.

#### Clean-up of soil and groundwater and prevention of contamination

Regarding plants where contamination has already occurred, we are addressing all current situations, including preventive measures and conducting thorough investigations.

We are already conducting investigations of the soil in each area, including at Group companies.

These investigations are also undertaken when new companies join the Group.

## Environmental Contamination Incidents and Grievances

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

There was one environmental incident in Fiscal 2017, involving the discharge of waste water that exceeded legal standards in Thailand.

## PCB

We have implemented appropriate management for electrical devices containing PCBs, considering them as waste products for special management in accordance with regulations. PCBs have been scheduled for prompt disposal, and disposal is being progressively completed at each location.

## Results of Reductions of VOCs (volatile organic compounds) Released

### Japan

#### Activities

In Fiscal 2017, the Calsonic Kansei Group achieved a reduction in VOC use of 82.6% compared to fiscal 2000, against a mid-term target of a 30% reduction. However, the volume of use increased from the previous fiscal year to 129 tonnes, failing to meet the single-year target.

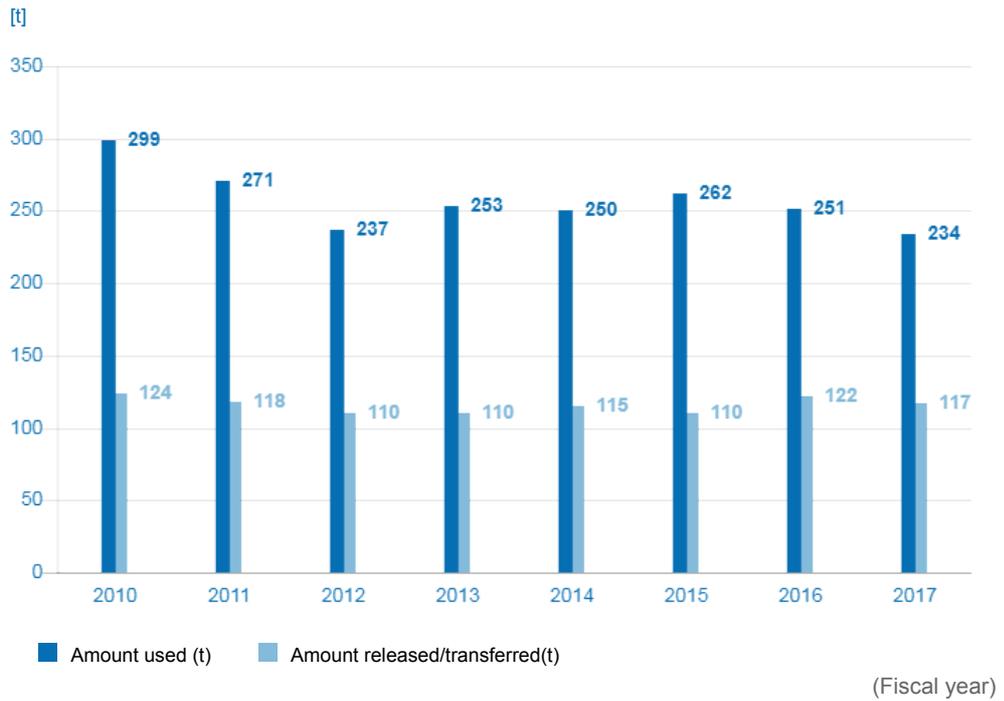
Management item	FY2000 (base year) results	FY2016 results	FY2017 results	Achievement status	
				Comparison with FY2000	Comparison with the previous year
VOC usage (t)	739	119	129	<b>82.6% reduction</b>	<b>8.2% increase</b>

## Results of PRTR Act Compliance

● Japan

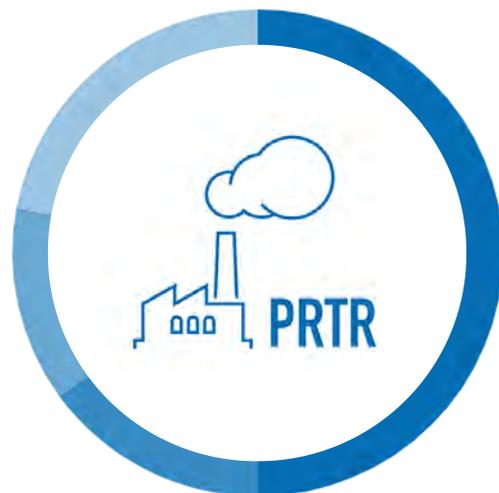
### Activities

### PRTR-Regulated Substance Amounts Used, Released, and Transferred



### Amounts of PRTR-Regulated Substances Released and Transferred

Toluene	50%
Xylene	15%
Ferric chloride	13%
Other	22%





## Prevention of Environmental Pollution by Purchased Items

### Global

#### Policy

The Calsonic Kansei Group established the Calsonic Kansei Green Procurement Guidelines, under which we confirm the chemical substances used in purchased items and the level of environmental management carried out by our suppliers.

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## Protection of Biodiversity

### Japan

#### Activities

In the city of Saitama, where the R&D center and headquarters are located, we have donated to the Saitama Trust Campaign and are participating in conservation activities in protected areas, as initiatives for the protection of biodiversity in the region.

### Social Contribution Activities

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## Environmental Burden Data (Material Flow)

No mark = Calsonic Kansei Corporation and group companies in Japan and overseas  
 ● mark = Calsonic Kansei Corporation and group companies in Japan

### Input

 Raw materials	<b>Total raw materials</b> 178,697 t ●60,576 t	<b>Steel materials</b> 54,638 t ●20,675 t	<b>Nonferrous metal materials</b> 56,072 t ●18,311 t	<b>Resin materials</b> 67,278 t ●21,123 t
	<b>Other</b> 709 t ●468 t			
 Energy	<b>Total energy</b> 5,219,177 GJ ●2,045,276 GJ	<b>Electricity</b> 456,570 MWh ●176,509 MWh	<b>Low sulfur A-fuel oil</b> 842 kL ●842 kL	<b>Light oil</b> 50 kL ●50 kL
	<b>Kerosene</b> 145 kL ●145 kL	<b>Town gas</b> 9,118 km <sup>3</sup> ●1,986 km <sup>3</sup>	<b>LPG</b> 4,239 t ●3,015 t	<b>Gasoline</b> 93 kL ●93 kL
 Water	<b>Total water</b> 1,246 km <sup>3</sup> ●600 km <sup>3</sup>	<b>Water supply</b> 774 km <sup>3</sup> ●273 km <sup>3</sup>	<b>Industrial water</b> 142 km <sup>3</sup> ●7 km <sup>3</sup>	<b>Groundwater</b> 329 km <sup>3</sup> ●320 km <sup>3</sup>
 Chemical substances	<b>Total chemical substances</b> ●233 t			



## Calsonic Kansei Group



Press



Welding



Resin molding



Painting



Machining



Assembly



## Output

 Recycling	Reusable materials 36,100 t ● 13,726 t	Waste for disposal 0 t ● 0 t		
 Greenhouse gases	CO <sub>2</sub> 209,500 t-CO <sub>2</sub> ● 83,533 t-CO <sub>2</sub>			
 Air pollution emissions	SO <sub>x</sub> ● 0.62 t	NO <sub>x</sub> ● 2.92 t	Soot dust ● 0.08 t	
 Water contamination emissions	Discharged water 874 km <sup>3</sup> ● 458 km <sup>3</sup>	BOD ● 8.9 t		
 Chemical substances	Toluene/xylene ● 50 t	Other ● 55 t		

## Environmental Accounting

 **Japan**  **Overseas**

The Calsonic Kansei Group is working to introduce environmental accounting at our global locations, to gauge the costs and effects of environmental activities, as well as the economic effects of such activities.

### Environmental Protection Costs

Investments and expenditures related to our environmental activities are measured in monetary units.

(Unit: million yen)

Classification		Investment			Expenditures		
		FY2016	FY2017	Changes	FY2016	FY2017	Changes
1. Costs incurred within each business area for the reduction of environmental footprint		402	906	504	531	552	21
Pollution prevention costs	Costs of prevention of air, water, soil, and noise pollution	91	167	76	209	216	7
Global environmental protection costs	Cost of energy saving, resource saving, and phasing out of environmentally hazardous substances	278	739	461	39	34	(5)
Resource recycling costs	Costs of reduction, recycling, and disposal of industrial waste	33	0	(33)	283	302	19
2. Upstream/downstream costs		0	0	0	28	25	(3)
3. Management activity costs		41	17	(24)	193	186	(7)
4. Environmental research and development costs		399	399	0	5,026	5,249	223
5. Social activities costs		0	0	0	9	9	0
6. Costs of responses to environmental damage		1	0	(1)	27	28	1
<b>Total</b>		<b>843</b>	<b>1,322</b>	<b>479</b>	<b>5,814</b>	<b>6,049</b>	<b>235</b>

\* Parentheses indicate a decrease from the previous fiscal year.

## Environmental Protection Effects

Environmental burdens are measured from the dual perspectives of their quantitative effects, which is the evaluation of the quantity of reductions of environmentally hazardous substances, and economic effects, which is the evaluation of their effects in monetary terms.

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

Classification		FY2016	FY2017	Effects
Quantitative effects	1. Environmental conservation effects related to resources used in business operations (quantity)			
	Total energy use after conversion to CO <sub>2</sub> (t)	211,899	209,500	(2,399)
	Water Use (km <sup>3</sup> )	1,377	1,246	(131)
	2. Environmental protection effects related to waste for disposal produced in business operations (quantity)			
	Total volume of waste (t)	37,550	36,100	(1,450)
	Volume recycled (t)	37,527	36,100	(1,427)
	Volume disposed (landfill volume) (t)	23	0	(23)
Economic effects	PRTR substances (release/transfer) (t)	122	117	(5)
	3. Economic effects of environmental protection policies (million yen)			
	Reduced costs through energy saving	125	111	(14)
	Reduced costs related to water use	1	4	3
	Revenue from sales of eco-friendly products	15,498	9,477	(6,021)
Revenue from sales of valuable resources	1,059	1,149	90	

\* Parentheses indicate a decrease from the previous fiscal year.

## Basic Details

### 1. Target Period:

FY2016 (April 2016 – March 2017)

FY2017 (April 2017 – March 2018)

### 2. Scope of Statistics:

#### Calsonic Kansei Corporation

Gunma Plant

Oppama Plant

Yoshimi Plant

Kodama Plant

Testing Research Center R&D

Center, Headquarters

#### Group Companies in Japan

Calsonic Kansei Kyusyu Corporation

Calsonic Kansei Fukushima

Corporation

Calsonic Kansei Tochigi Corporation  
Calsonic Kansei Utsunomiya Corporation  
Calsonic Kansei Iwate Corporation  
Calsonic Kansei Yamagata Corporation  
Tokyo Radiator Mfg. Co., Ltd.

### **Overseas Group Companies**

#### America

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

#### Europe

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

#### Asia

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

### **3. Statistical Methods:**

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

## Environmental Action Plan (Fiscal 2016 Plan and Results)

 Japan  Overseas

### Activities

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

※New Medium-term Environmental Plan is expected to be announced at the end of September

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

Key issue	Mid-Term Action Plan	FY2016 Plan	FY2016 Results
	<p>Green partnership activities</p> <p>Collaboration with partner companies to engage in the three Environmental Clean Chain Activities (CO<sub>2</sub> emissions reduction, effective use of resources, and reduction of environmentally hazardous substances) and enhancement of activities (maintain fulfillment rate at 100%)</p>	<p>Fulfillment rate of green partnership activities (actual assessment score/base assessment score): 100%</p>	<p>Green partnership fulfillment rate: 100%</p> <p>Conducted emergency response training for partner companies</p> <p>Implemented training sessions on prevention of environmental incidents</p>
Reduction of Environmental Burdens of Manufacturing Operations	<p>Reduction of CO<sub>2</sub> emissions (Reduction of energy consumption)</p> <p>• Reduction of CO<sub>2</sub> emissions (CKGP2016) Reduce CO<sub>2</sub> emission intensity (CO<sub>2</sub> emission intensity = total emissions/sales revenue) by the percentages listed below by FY2016 Japan: 18.5% reduction compared to FY2005 Americas, Europe, and Asia: 13.6% reduction compared to FY2005</p>	<p>Reduction of CO<sub>2</sub> emission intensity Japan: 2.5% reduction compared to FY2015 (18.5% reduction compared to FY2005) Americas, Europe, and Asia: 2.5% reduction compared to FY2015 (13.6% reduction compared to FY2005)</p>	<p>Japan: 3.8% reduction compared to FY2015 (32.3% reduction compared to FY2005) Americas, Europe, and Asia: 1.2% reduction compared to FY2015 (26.7% reduction compared to FY2005)</p>
	<p>Resource recycling</p> <p>• Reduction of waste (waste for disposal + valuable resources) (CKGP 2016) Reduce waste generation intensity (total waste/sales revenue) by the percentages listed below by FY2016 Japan: 18.1% reduction compared to FY2005 Americas, Europe, and Asia: 6.0% reduction compared to FY2010</p>	<p>Reduce waste generation intensity Japan: 2.0% reduction compared to FY2015 (18.1% reduction compared to FY2005) Americas, Europe, and Asia: 1.0% reduction compared to FY2015 (6.0% reduction compared to FY2010)</p>	<p>Japan: 1.1% increase compared to FY2015 (26.1% reduction compared to FY2005) Americas, Europe, and Asia: 2.3% reduction compared to FY2015 (18.8% reduction compared to FY2010)</p>
	<p>• Zero Landfill: Zero landfilled waste (CKGP 2016) Reduce landfill ratio (landfill volume/waste volume) by FY2015 Overseas: landfill ratio of 0.2%</p>	<p>Maintain zero landfill ratio overseas</p>	<p>Overseas landfill ratio of 0%</p>
	<p>Conservation of water, air, soil, and biodiversity</p> <p>• Reduction of use of environmentally hazardous substances (CKGP 2016) Reduce environmentally hazardous substance and VOC use by FY2020 Japan: 30.0% reduction compared to FY2000</p>	<p>Reduce VOC use Japan: 2.0% reduction compared to FY2015 (30.0% reduction compared to FY2000)</p>	<p>Reduce VOC use Japan: 6.4% reduction compared to FY2015 (83.9% reduction compared to FY2000)</p>
	<p>• Reduction of water use (CKGP 2016) Reduce water use intensity (total water consumption/sales revenue) by the percentages listed below by FY2016 Japan: 21.4% reduction compared to FY2009 Americas, Europe, and Asia: 4.0% reduction compared to FY2014</p>	<p>Reduce water use intensity Japan: 2.0% reduction compared to FY2015 (21.4% reduction compared to FY2009) Americas, Europe, and Asia: 2.0% reduction compared to FY2015 (4.0% reduction compared to FY2014)</p>	<p>Japan: 13.6% reduction compared to FY2015 (19.7% reduction compared to FY2009) Americas, Europe, and Asia: 7.6% increase compared to FY2015 (2.6% reduction compared to FY2014)</p>

Key issue	Mid-Term Action Plan	FY2016 Plan	FY2016 Results	
Development of Eco-friendly Products	Enhancement of efforts to develop products that address environmental issues	Compliance with laws and regulations and customer requirements, and reduction and elimination of use of regulated chemical substances in products (Compliance with European ELV Directive) (Compliance with European REACH regulations) (Compliance with Tennessee's air pollution regulations in North America)	Reduce the use of VOCs in vehicle cabins Ensure compliance with European REACH regulations and North American regulations on use of organic solvents	Continued efforts to reduce use of VOCs in vehicle cabins Implemented activities to comply with European REACH regulations in advance of regulations coming into force Adopted water soluble materials for instrument panel pad skin primer and paint; expanded adoption
			Disclose materials data to customers promptly	Implemented actions according to customer instructions (via IMDS)
		Reduction of waste (development of easily recyclable products)	Use of recycled materials	Radiators, condensers, motor fans
			Separation of parts with recyclability in mind	Airconditioner ducts
			Promote the development of easily recyclable products	Compressors, exhaust systems
			Bolt reduction activities	Airconditioning units, compressors
			Design with ease of disassembly in mind	Cockpit modules, airconditioning units
		Prevention of global warming (fuel efficiency/energy efficiency)	Promote lightweight, fuel-efficient, energy-efficient products	Developed cockpit front-end modules, high performance climate control systems, steering members, variable capacity compressors for air-conditioners, small and lightweight rotary compressors for air-conditioners, heat pump air-conditioning systems, hot water heaters, meters, built-in oil coolers, EV inverters, EV battery controllers, lightweight radiators, charge air coolers, brushless motors, and EGR coolers
		Prevention of air pollution (purification of exhaust gas)	Promote development of products that ensure effective purification of exhaust gas	Developed exhaust manifolds, manifold converters, and catalytic converters (underfloor)
		Noise prevention (reduction of noise emissions)	Promote development of products with low exhaust and noise emissions	Developed low noise exhaust systems
		Evaluation of eco-friendly products	Promote eco-friendly product manufacturing Promote the creation of a database for relevant indicators	Disseminated information on stance regarding indicators for eco-friendly products to employees and put indicators into practice Promoted LCA calculations for eco-friendly products
		Introduction of eco-friendly products onto market (CK GX 4 T10)	Introduce three products into the marketplace over Fiscal 2015 and 2016	Introduced one product into the market in Fiscal 2016
Green Procurement	Expansion of green procurement	Enhance the Green Procurement Guidelines	Promoted activities to encourage suppliers to agree to and follow our Green Procurement Guidelines	
Environmental Communication	Active disclosure of information on environmental activities	Enhance disclosure of information on environmental activities - Top 15 in Toyo Keizai's CSR Ranking (Environmental score in transport equipment industry) - Provided information to CDP	Enhanced disclosure of information on environmental activities Achieve Top 8 in the automobile industry in Toyo Keizai's CSR Ranking (Environmental score in transport equipment industry) Provide information to CDP	

## Environmental Data of Manufacturing Plants in Japan

### Gunma Plant

**Address** : 132 Shin-nakano, Ora-cho, Ora-gun, Gunma

**Site area** : 224,781m<sup>2</sup>

**Buildings** : 64,352m<sup>2</sup>

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

### Ordinances and Agreements: Gunma Prefectural Ordinance, Ora Town Agreement, Sewerage Act

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	6.5~8.5	6.9	8.2
SS	≤ 30mg/l	5.7	22.6
BOD	≤ 20mg/l	2.9	9.6
N-Hex	≤ 3mg/l	0.9	1.4
F	≤ 8mg/l	< 0.5	1.6
Zn	≤ 2mg/l	< 0.1	0.3
P	≤ 16mg/l	0.2	0.4
N	≤ 120mg/l	0.8	2.4
Cu	≤ 3mg/l	< 0.1	
Ni	-	-	-
Fe	≤ 5mg/l	< 0.1	0.2
COD	-	-	-
E. coli bacteria	≤ 3,000	0	99
Dichloromethane	≤ 0.2mg/l	< 0.02	
Total volume of water discharge	-	88.0(km <sup>3</sup> )	
Drain field	-	Discharged into a river (subsidiary stream of the Tone River)	
BOD average	-	6.68(mg/l)	
Amount of pollution load (BOD)	-	0.59(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	-(t)	
Soot / dust	-	-(t)	
CO <sub>2</sub>	-	18 (thousand tonnes)	

## Oppama Plant

Address : 18 Natsushima-cho, Yokosuka City, Kanagawa

Site area : 22,514m<sup>2</sup>

Buildings : 17,434m<sup>2</sup>

Main Products : Exhaust products

### Ordinances and Agreements: Kanagawa Prefectural Ordinance, Yokosuka Municipal Ordinance, Sewerage Act

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.8~8.6	7.7	7.9
SS	-	-	-
BOD	-	-	-
N-Hex	≤ 5mg/l	< 0.5	0.9
F	-	-	-
Zn	≤ 1.0mg/l	< 0.1	0.2
P	-	-	-
N	-	-	-
Cu	≤ 1.0mg/l	< 0.1	
Ni	≤ 1.0mg/l	< 0.1	
Fe	≤ 3mg/l	< 0.1	0.2
COD	-	-	-
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	-	5.5(km <sup>3</sup> )	
Drain field	-	Sewage	
BOD average	-	-(mg/l)	
Amount of pollution load (BOD)	-	-(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	-(t)	
Soot / dust	-	-(t)	
CO <sub>2</sub>	-	1 (thousand tonnes)	

## Yoshimi Plant

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

**Site area :** 141,784m<sup>2</sup>

**Buildings :** 49,700m<sup>2</sup>

**Main Products :** Instrument panels, center consoles

## Ordinances and Agreements: Saitama Prefectural Ordinance

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.8~8.6	6.6	7.5
SS	≤ 90mg/l	2.4	14.8
BOD	≤ 25mg/l	< 1.0	7.7
N-Hex	≤ 5mg/l	< 1.0	
F	-	-	-
Zn	-	-	-
P	≤ 8mg/l	2.8	5.8
N	≤ 60mg/l	5.9	27.5
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	≤ 60mg/l	9.1	21.8
E. coli bacteria	≤ 3,000	0	120
Dichloromethane	-	-	-
Total volume of water discharge	-	32.6(km <sup>3</sup> )	
Drain field	-	Discharged into a river (subsidiary stream of the Ichino River)	
BOD average	-	3.68(mg/l)	
Amount of pollution load (BOD)	-	0.12(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	0.085(t)	
Soot / dust	-	0.0009(t)	
CO <sub>2</sub>	-	7 (thousand tonnes)	

### Kodama Plant

**Address :** 540-7 Kyoei, Kodama-cho, Honjo City, Saitama

**Site area :** 51,168m<sup>2</sup>

**Buildings :** 15,838m<sup>2</sup>

**Main Products :** Electronic control units

### Ordinances and Agreements: Saitama Prefectural Ordinance, Honjo Municipal Ordinance

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.8~8.6	6.6	7.5
SS	≤ 60mg/l	2.0	42.0
BOD	≤ 25mg/l	2.0	10.0
N-Hex	≤ 30mg/l	< 3.0	
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	≤ 160mg/l	8.0	43.0
E. coli bacteria	≤ 3,000	< 30	
Dichloromethane	-	-	-
Total volume of water discharge	-	4.4(km <sup>3</sup> )	
Drain field	-	Discharged into a river (subsidiary stream of the Tone River)	
BOD average	-	4.17(mg/l)	
Amount of pollution load (BOD)	-	0.02(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	-(t)	
Soot / dust	-	-(t)	
CO <sub>2</sub>	-	2 (thousand tonnes)	

### Testing Research Center

Address : 8 Sakae-cho, Sano City, Tochigi

Site area : 73,829m<sup>2</sup>

Buildings : 47,141m<sup>2</sup>

### Ordinances and Agreements: Ordinances and Agreements: Tochigi Prefectural Ordinance, Sano Municipal Ordinance, Sewerage Act

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.0~9.0	6.8	8.3
SS	≤ 600mg/l	< 1.0	292.0
BOD	≤ 600mg/l	< 1.0	261.0
N-Hex	≤ 5mg/l	< 1.0	
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	-	47.2(km <sup>3</sup> )	
Drain field	-	Sewage, Misugi River	
BOD average	-	29.13(mg/l)	
Amount of pollution load (BOD)	-	1.38(t)	
So <sub>x</sub>	-	0.007(t)	
No <sub>x</sub>	-	0.025(t)	
Soot / dust	-	0.0006(t)	
CO <sub>2</sub>	-	8 (thousand tonnes)	

**R&D Center, Headquarters**

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

**Site area :** 33,047m<sup>2</sup>

**Buildings :** 10,704m<sup>2</sup>

**Ordinances and Agreements: Ordinances and Agreements : Saitama Prefectural Ordinance, Saitama Municipal Ordinance, Sewerage Act**

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.0~9.0	7.1	7.5
SS	≤ 600mg/l	110.0	292.0
BOD	≤ 600mg/l	60.4	180.0
N-Hex	≤ 30mg/l	1.7	25.1
F	-	-	-
Zn	-	-	-
P	≤ 32mg/l	1.4	5.5
N	≤ 240mg/l	4.8	14.6
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	-	29.2(km <sup>3</sup> )	
Drain field	-	Sewage	
BOD average	-	116.76(mg/l)	
Amount of pollution load (BOD)	-	3.41(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	0.378(t)	
Soot dust	-	-(t)	
CO <sub>2</sub>	-	2 (thousand tonnes)	

**Calsonic Kansei Kyusyu Corporation (Headquarters and Usa Plant)**

**Address :** 111 Ooaza-Waki, Usa City, Oita

**Site area :** 99,146m<sup>2</sup>

**Buildings :** 19,427m<sup>2</sup>

**Main Products :** Instrument panels

**Ordinances and Agreements: Oita Prefectural Ordinance, Usa Municipal Agreement**

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	6.0~8.6	6.9	7.8
SS	≤ 60mg/l	2.0	25.0
BOD	≤ 60mg/l	< 1.0	1.0
N-Hex	≤ 2mg/l	< 1.0	
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	≤ 60mg/l	4.0	11.0
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	-	1.3(km <sup>3</sup> )	
Drain field	-	Discharged into a river (Yorimo River)	
BOD average	-	1.00(mg/l)	
Amount of pollution load (BOD)	-	0.0013(t)	
So <sub>x</sub>	-	0.355(t)	
No <sub>x</sub>	-	1.038(t)	
Soot / dust	-	0.0418(t)	
CO <sub>2</sub>	-	7 (thousand tonnes)	

**Calsonic Kansei Kyusyu Corporation (Nakatsu Plant)**

**Address :** 150-3 Aza-Inumaru, Nakatsu-city, Oita

**Site area :** 48,646m<sup>2</sup>

**Buildings :** 17,803m<sup>2</sup>

**Main Products :** Air-conditioning units, radiators, exhaust products

**Ordinances and Agreements: Oita Prefectural Ordinance, Nakatsu Municipal Agreement**

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	6.0~8.5	6.6	7.5
SS	≤ 30mg/l	< 1.0	14.0
BOD	≤ 30mg/l	1.3	9.7
N-Hex	≤ 5mg/l	< 0.5	1.1
F	-	-	-
Zn	-	-	-
P	≤ 8mg/l	0.27	3.2
N	≤ 60mg/l	3.0	21.0
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	≤ 3,000	0	1.0
Dichloromethane	-	-	-
Total volume of water discharge	-	7.8(km <sup>3</sup> )	
Drain field	-	Discharged into river (Inumaru River)	
BOD average	-	3.96(mg/l)	
Amount of pollution load (BOD)	-	0.03(t)	
So <sub>x</sub>	-	0.257(t)	
No <sub>x</sub>	-	0.735(t)	
Soot / dust	-	0.0175(t)	
CO <sub>2</sub>	-	9 (thousand tonnes)	

**Calsonic Kansei Fukushima Corporation**

**Address :** 5-1 Sumiyoshi, Nihonmatsu City, Fukushima

**Site area :** 68,400m<sup>2</sup>

**Buildings :** 13,800m<sup>2</sup>

**Main Products :** Meters, tank units, various sensors, switches

**Ordinances and Agreements: Fukushima Prefectural Ordinance, Nihonmatsu Municipal Ordinance**

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.8~8.6	7.2	7.6
SS	≤ 70mg/l	< 1.0	8.8
BOD	≤ 25mg/l	< 1.0	2.5
N-Hex	≤ 5mg/l	< 0.5	
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	≤ 3,000	0	
Dichloromethane	-	-	-
Total volume of water discharge	-	21.7(km <sup>3</sup> )	
Drain field	-	Discharged into a river (subsidiary stream of the Abukuma River)	
BOD average	-	1.13(mg/l)	
Amount of pollution load (BOD)	-	0.02(t)	
So <sub>x</sub>	-	-	
No <sub>x</sub>	-	0.19(t)	
Soot / dust	-	0.0084(t)	
CO <sub>2</sub>	-	5 (thousand tonnes)	

**Tokyo Radiator Mfg Co., Ltd.**

**Address :** 2002-1 Endo, Fujisawa City, Kanagawa

**Site area :** 88,254m<sup>2</sup>

**Buildings :** 41,004m<sup>2</sup>

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

**Ordinances and Agreements: Kanagawa Prefectural Ordinance, Fujisawa Municipal Greening Agreement**

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.8~8.6	7.1	7.5
SS	≤ 90mg/l	< 1.0	22.8
BOD	≤ 60mg/l	4.8	14.8
N-Hex	≤ 5mg/l	< 0.5	3.5
F	≤ 8mg/l	0.4	2.4
Zn	≤ 2mg/l	< 0.1	0.1
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	≤ 60mg/l	9.0	20.0
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	-	190.7(km <sup>3</sup> )	
Drain field	-	Discharged into a river (subsidiary stream of the Hikiji River)	
BOD average	-	9.67(mg/l)	
Amount of pollution load (BOD)	-	1.84(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	0.465(t)	
Soot / dust	-	0.0081(t)	
CO <sub>2</sub>	-	11 (thousand tonnes)	

**Calsonic Kansei Tochigi Corporation (Sano Plant)**

**Address** : 765 Aza-Ishihara Takahagi-cho, Sano City, Tochigi

**Site area** : 12,012m<sup>2</sup>

**Buildings** : 5,670m<sup>2</sup>

**Main Products** : Resin molded parts, intake, motor fans, liquid tanks, relief valves

**Ordinances and Agreements: Tochigi Prefectural Ordinance, Sano Municipal Ordinance**

Items Regarding Drainage Regulations	Regulation Value	Results
pH	5.0~9.0	7.2
SS	≤ 600mg/l	5.2
BOD	≤ 600mg/l	1.5
N-Hex	≤5mg/l	< 1.0
F	-	-
Zn	-	-
P	-	-
N	-	-
Cu	-	-
Ni	-	-
Fe	-	-
COD	-	-
E. coli bacteria	-	-
Dichloromethane	-	-
Total volume of water discharge	-	2.3(km <sup>3</sup> )
Drain field	-	Discharged into a river (subsidiary stream of the Misugi River)
BOD average	-	1.50(mg/l)
Amount of pollution load (BOD)	-	0.0034(t)
So <sub>x</sub>	-	-(t)
No <sub>x</sub>	-	-(t)
Soot / dust	-	-(t)
CO <sub>2</sub>	-	2 (thousand tonnes)

**Calsonic Kansei Tochigi Corporation (Itakura Plant)**

**Address :** 7 Aza-Futoi, Ooaza-Ookura, Itakura-cho, Ora-gun, Gunma

**Site area :** 16,500m<sup>2</sup>

**Buildings :** 4,161m<sup>2</sup>

**Main Products :** Integrated switches for heating air-conditioners, controls, electronic circuits

**Ordinances and Agreements: Gunma Prefectural Ordinance, Itakura Town Agreement**

Items Regarding Drainage Regulations	Regulation Value	Results
pH	5.8~8.6	6.1
SS	≤ 15mg/l	17.0
BOD	≤ 15mg/l	5.0
N-Hex	≤ 3mg/l	< 3.0
F	-	-
Zn	-	-
P	-	-
N	-	-
Cu	-	-
Ni	-	-
Fe	-	-
COD	-	-
E. coli bacteria	≤ 1,000	< 30
Dichloromethane	-	-
Total volume of water discharge	-	5.1(km <sup>3</sup> )
Drain field	-	Discharged into a river (subsidiary stream of the Watarase River)
BOD average	-	5.00(mg/l)
Amount of pollution load (BOD)	-	0.03(t)
So <sub>x</sub>	-	-(t)
No <sub>x</sub>	-	-(t)
Soot / dust	-	-(t)
CO <sub>2</sub>	-	1 (thousand tonnes)

**Calsonic Kansei Tochigi Corporation (Tochigi Plant)**

**Address :** 144-1 Shimokoyama, Shimotsuke City, Tochigi

**Site area :** 18,886m<sup>2</sup>

**Buildings :** 10,497m<sup>2</sup>

**Main Products :** Car interior resin parts, instrument panels, consoles, etc.

**Ordinances and Agreements: Tochigi Prefectural Ordinance, Shimotsuke Municipal Agreement**

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.8~8.6	6.4	
SS	≤ 50mg/l	1.2	8.9
BOD	≤ 30mg/l	1.1	1.5
N-Hex	≤ 5mg/l	< 0.5	
F	≤ 8mg/l	< 0.2	
Zn	≤ 2mg/l	< 0.1	
P	≤ 32mg/l	4.0	
N	-	-	-
Cu	≤ 3mg/l	< 0.1	
Ni	-	-	-
Fe	≤ 10mg/l	< 0.1	
COD	≤ 30mg/l	5.1	9.5
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	-	7.0(km <sup>3</sup> )	
Drain field	-	Discharged into river (Sugata River)	
BOD average	-	1.30(mg/l)	
Amount of pollution load (BOD)	-	0.0092(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	-(t)	
Soot / dust	-	-(t)	
CO <sub>2</sub>	-	2 (thousand tonnes)	

**Calsonic Kansei Utsunomiya Corporation**

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

**Site area :** 66,100m<sup>2</sup>

**Buildings :** 20,864m<sup>2</sup>

**Main Products :** Compressors and parts for car air-conditioners

**Ordinances and Agreements: Tochigi Prefectural Ordinance, Utsunomiya Municipal Agreement**

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.8~8.6	6.8	8.1
SS	≤ 40mg/l	1.0	5.2
BOD	≤ 20mg/l	2.2	12.1
N-Hex	≤ 5mg/l	0.5	0.7
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	≤ 20mg/l	2.1	9.4
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	-	1.1(km <sup>3</sup> )	
Drain field	-	Via the Kiyohara Industrial Park Disposal Plant to the Kinu River	
BOD average	-	6.39(mg/l)	
Amount of pollution load (BOD)	-	0.01(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	-(t)	
Soot / dust	-	-(t)	
CO <sub>2</sub>	-	1 (thousand tonnes)	

**Calsonic Kansei Iwate Corporation**

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

**Site area :** 23,410m<sup>2</sup>

**Buildings :** 9,742m<sup>2</sup>

**Main Products :** Compressors for car air-conditioners

**Ordinances and Agreements: Iwate Prefectural Ordinance, Kitakami Municipal Agreement**

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.8~8.6	6.4	7.5
SS	≤ 200mg/l	2.0	14.0
BOD	≤ 160mg/l	3.4	23.0
N-Hex	≤ 5mg/l	0.5	0.6
F	≤ 8mg/l	0.08	
Zn	≤ 2mg/l	0.035	0.057
P	≤ 16mg/l	5.6	6.5
N	≤ 120mg/l	57.0	58.0
Cu	≤ 3mg/l	0.011	0.028
Ni	-	-	-
Fe	≤ 10mg/l	0.05	0.14
COD	≤ 160mg/l	5.1	25.0
E. coli bacteria	≤ 3,000	30	
Dichloromethane	-	-	-
Total volume of water discharge	-	6.2(km <sup>3</sup> )	
Drain field	-	Discharged into a river (Waga River)	
BOD average	-	9.95(mg/l)	
Amount of pollution load (BOD)	-	0.06(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	-(t)	
Soot / dust	-	-(t)	
CO <sub>2</sub>	-	3 (thousand tonnes)	

**Calsonic Kansei Yamagata Corporation****Address** : 190 Chuo Industrial Park, Sagae City, Yamagata**Site area** : 10,616m<sup>2</sup>**Buildings** : 5,077m<sup>2</sup>**Main Products** : Aluminum die casting, parts processing**Ordinances and Agreements: Yamagata Prefectural Ordinance, Sagae Municipal Ordinance**

Items Regarding Drainage Regulations	Regulation Value	Results / Minimum	Results / Maximum
pH	5.8~8.6	6.8	7.5
SS	≤ 200mg/l	1.6	34.8
BOD	≤ 160mg/l	1.6	5.1
N-Hex	≤ 5mg/l	< 0.5	0.5
F	-	-	-
Zn	-	-	-
P	-	-	-
N	-	-	-
Cu	-	-	-
Ni	-	-	-
Fe	-	-	-
COD	-	-	-
E. coli bacteria	-	-	-
Dichloromethane	-	-	-
Total volume of water discharge	-	15.6(km <sup>3</sup> )	
Drain field	-	Sagae river	
BOD average	-	3.53(mg/l)	
Amount of pollution load (BOD)	-	0.06(t)	
So <sub>x</sub>	-	-(t)	
No <sub>x</sub>	-	-(t)	
Soot / dust	-	-(t)	
CO <sub>2</sub>	-	4 (thousand tonnes)	

## Key CSR Indicators and Results

### > Key CSR Issues and KPIs

## Sustainability Data

CKJ=CKJ J=Japan O=Overseas ☆=External

Category	Item	Unit	KPI	FY2015 actual	FY2016 actual	FY2017 actual	Boundary	
Organizational Governance	Governance	Independent outside directors	persons		1	2	1	CKJ
		Outside auditors	persons		2	2	0	CKJ
Human Rights	Diversity	Ratio of employment of people with disabilities	%		1.93	2.07	1.99	CKJ
		Ratio of female managers	%	●	1.9	2.3	2.4	CKJ
		Number of female directors	persons		0	0	0	CKJ
	Supply chain	Supply chain due diligence	companies	●	0	9	225	☆/CKJ/J/O
	Conflict minerals	Number of companies surveyed for conflict minerals (%)	companies (%) <sup>*</sup>	●	285 (99)	284 (99)	211 (99)	CKJ/J
Labor Practices	Employee data	Ratio of female employees	%		7.90	9.11	9.84	CKJ
		Average years of service (males)	years			19	18.1	CKJ
		Average years of service (females)	years			17.5	15.4	CKJ
		Number and ratio of union members	persons (%)		2,959 (100)	3,075 (100)	3,257 (100)	CKJ
		Number of new-graduate recruits (males)	persons		43	77	72	CKJ
		Number of new-graduate recruits (females)	persons		12	20	13	CKJ
	Human resources development	Annual hours training per employee	hours/10,000 JPY		—	13.5	15.4	CKJ

Category	Item	Unit	KPI	FY2015 actual	FY2016 actual	FY2017 actual	Boundary	
	Work style reforms	Number of retired employees re-hired	persons		167	198	168	CKJ
		Percentage of annual leave taken	%	•	73	77	83	CKJ
		Number of employees who took childcare leave	persons		6	24	—	CKJ
		Number of employees who took maternity leave (%)	%		—	6(100)	19(100)	CKJ
		Average hours overtime/month	hours		19.3	22.7	22.1	CKJ
		Number of employees who took childcare leave (males)	persons		—	1	0	CKJ
		Number of employees who took childcare leave (females)	persons		—	13	14	CKJ
		Number of employees who took nursing care leave	persons	•	0	1	1	CKJ
	Workplace health and safety	Ratio of lost-time injury accidents	%		1.88	1.46	1.42	CKJ/J/O
Environment	Climate change action	Percentage reduction of production sector CO <sub>2</sub> emissions (Japan and overseas compared to FY2005)	%	•	J -29.6	J -32.3	J -31.2	CKJ/J
					O -27.6	O -26.7	O -21.1	O
		Percentage reduction of logistics sector CO <sub>2</sub> emissions (compared to FY2010)	%	•	-34.9	-28.6	-30.3	CKJ/J
	Percentage reduction of office sector CO <sub>2</sub> emissions (compared to FY2010)	%	•	-6.1	-8.0	-3.8	CKJ/J	
	Environmental destruction prevention	Percentage reduction of waste (Japan compared to FY2005, overseas compared to FY2010)	%	•	J -27.0	J -26.1	J -24.8	CKJ/J
					O -16.9	O -18.8	O -16.9	O
		Percentage reduction of water use (Japan compared to FY2009, overseas compared to FY2014)	%	•	J -7.0	J -19.7	J -31.8	CKJ/J
					O -9.5	O -2.6	O -1.0	O
	Percentage reduction of VOCs (volatile organic compounds) (compared to FY2000)	%	•	-84.9	-83.9	-82.6	CKJ/J	
	CSR procurement	Landfill ratio	%	•	0.17	0.0	0.0	O
Green purchasing (percentage of agreements obtained from new accounts)		%	•	100	100	100	CKJ/J/O	

Category	Item	Unit	KPI	FY2015 actual	FY2016 actual	FY2017 actual	Boundary	
Fair Operating Practices	Compliance	Number of significant compliance issue occurrences	cases	•	0	1	0	CKJ/J/O
		Percentage of Code of Conduct education undertaken and pledges collected		•	—	100	100	CKJ/J/O
		Number of compliance commendations	cases	•	350	416	733	CKJ/J/O
		Number of whistleblowing cases	cases	•	309	312	347	CKJ/J/O
		Percentage of employees receiving Information security education	%	•	99	100	100	CKJ/J/O
Consumer Issues	Customer issues	Customer satisfaction	%	•	3.35	3.36	3.43	CKJ/J/O/☆
Community Involvement and Development	Social contribution activities	Total spending on social contribution activities	Yen	•	9,615,000	10,800,000	19,604,000	CKJ
		Activities to support children, who are society's future (total number of Team SKETT participants)	persons		262	283	395	CKJ/J

\* Percentage of value of all purchases from suppliers accounted for by listed companies

As of March 31, 2018

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

## Third-party Recognition of CSR Initiatives

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



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



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



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



CDP is an international non-profit organization, established in London in 2000, which calls on companies and municipalities around the world to disclose their environmental performance data based on requests from investors, for use by rating agencies and policy decision-makers. Calsonic Kansei Corporation has disclosed information to the CDP Climate Change and Water surveys, and received a B ranking for both surveys in 2017.

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## About Our Reporting

### Report Scope and Structure

The Calsonic Kansei Group published the first Sustainability Report in 2014, reporting on our ideas and various initiatives as a tool for communicating with stakeholders and as part of our efforts to release information about our Corporate Social Responsibility (CSR) activities. The report is published in Japanese and English.

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

We have also produced a summary version of the report in booklet form. The booklet provides a digest of the contents of the full report, to familiarize even first-time readers with the Calsonic Kansei 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.

### Applicable Scope

Calsonic Kansei Corporation and Group companies

### Applicable Term

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

### Publication Date

June 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

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

Calsonic Kansei is in agreement with the initiatives laid out in policies such as the UN International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work, ISO 26000 (Guidance on social responsibility) and the Keidanren (Japan Business Federation) Charter of Corporate Behavior, and implements initiatives to help achieve these important management 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 of the Sustainability Report 2017 and on the website.

## Contact for Questions about this Report

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

Calsonic Kansei Corporation

CSR/Public Relations & IR Department, Global Corporate Planning Division

[> CSR Opinion / Suggestion Form](#)

## Please Note:

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

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# GRI Guideline Comparison Table

## GRI 102 : General Disclosures 2016

### 1. Organizational profile

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-1 Name of the organization	a. Name of the organization.	<ul style="list-style-type: none"> <li>Profile</li> </ul>	
102-2 Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	<ul style="list-style-type: none"> <li>Products</li> </ul>	
102-3 Location of headquarters	a. Location of the organization's headquarters.	<ul style="list-style-type: none"> <li>Profile</li> </ul>	
102-4 Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	<ul style="list-style-type: none"> <li>Global Network</li> </ul>	
102-5 Ownership and legal form	a. Nature of ownership and legal form.	<ul style="list-style-type: none"> <li>Profile</li> </ul>	
102-6 Markets served	a. Markets served, including: <ul style="list-style-type: none"> <li>geographic locations where products and services are offered;</li> <li>sectors served;</li> <li>types of customers and beneficiaries.</li> </ul>	<ul style="list-style-type: none"> <li>About Us</li> </ul>	
102-7 Scale of the organization	a. Scale of the organization, including: <ul style="list-style-type: none"> <li>total number of employees;</li> <li>total number of operations;</li> <li>net sales (for private sector organizations) or net revenues (for public sector organizations);</li> <li>total capitalization (for private sector organizations) broken down in terms of debt and equity;</li> <li>quantity of products or services provided.</li> </ul>	<ul style="list-style-type: none"> <li>About Us</li> <li>Global Network</li> </ul>	Total capital, which shows the breakdown of shareholder equity and liabilities, and product/service volumes have not been disclosed due to confidentiality restrictions with the controlling shareholders.

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-8 Information on employees and other workers	<p>a. Total number of employees by employment contract (permanent and temporary), by gender.</p> <p>b. Total number of employees by employment contract (permanent and temporary), by region.</p> <p>c. Total number of employees by employment type (full-time and part-time), by gender.</p> <p>d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.</p> <p>e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).</p> <p>f. An explanation of how the data have been compiled, including any assumptions made.</p>	<ul style="list-style-type: none"> <li>• <a href="#">Employee Data</a></li> <li>• <a href="#">Sustainability Report p.5</a></li> </ul>	<p>Consideration will be given to the disclosure of figures per employment contract from Fiscal 2018.</p>
102-9 Supply chain	<p>a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.</p>	<ul style="list-style-type: none"> <li>• <a href="#">Together with our Business Partners/Basic Stance</a></li> </ul>	
102-10 Significant changes to the organization and its supply chain	<p>a. Significant changes to the organization's size, structure, ownership, or supply chain, including:</p> <ul style="list-style-type: none"> <li>• Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;</li> <li>• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);</li> <li>• Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Together with our Business Partners/Basic Stance</a></li> </ul>	

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-11 Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach.	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Compliance</li> <li>• Risk Management</li> <li>• Environmental Management</li> <li>• Together with our Business Partners/Business Continuity Planning (BCP) for Entire Value Chain in Preparation for Emergencies</li> </ul>	
102-12 External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	<ul style="list-style-type: none"> <li>• Report Scope and Structure</li> <li>• Contribution to SDGs</li> <li>• Respecting Human Rights</li> </ul>	
102-13 Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	<ul style="list-style-type: none"> <li>• Stakeholder Engagement/Participation in Outside Organizations and Other Initiatives</li> </ul>	

## 2. Strategy

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-14 Statement from senior decision-maker	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	<ul style="list-style-type: none"> <li>• Top Commitment</li> </ul>	
102-15 Key impacts, risks, and opportunities	a. A description of key impacts, risks, and opportunities.	<ul style="list-style-type: none"> <li>• Key Issues in CSR Activities</li> <li>• Risk Management/Promotion System</li> <li>• Environmental Management/Identification of Key Issues Concerning the Environment</li> </ul>	

### 3. Ethics and integrity

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-16 Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.	<ul style="list-style-type: none"> <li>• <a href="#">Vision</a></li> <li>• <a href="#">Global Code of Conduct for Calsonic Kansei Group</a></li> <li>• <a href="#">CSR Policy</a></li> </ul>	
102-17 Mechanisms for advice and concerns about ethics	a. A description of internal and external mechanisms for: <ul style="list-style-type: none"> <li>• seeking advice about ethical and lawful behavior, and organizational integrity;</li> <li>• reporting concerns about unethical or unlawful behavior, and organizational integrity.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Compliance/Spreading Awareness of Compliance</a></li> </ul>	

#### 4. Governance

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-18 Governance structure	<p>a. Governance structure of the organization, including committees of the highest governance body.</p> <p>b. Committees responsible for decision-making on economic, environmental, and social topics.</p>	<ul style="list-style-type: none"> <li>Corporate Governance/Changes to corporate governance structure to speed up decision-making</li> </ul>	
102-19 Delegating authority	<p>a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.</p>	<ul style="list-style-type: none"> <li>Corporate Governance/Changes to corporate governance structure to speed up decision-making</li> </ul>	
102-20 Executive-level responsibility for economic, environmental, and social topics	<p>a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics.</p> <p>b. Whether post holders report directly to the highest governance body.</p>	<ul style="list-style-type: none"> <li>Corporate Governance/Changes to corporate governance structure to speed up decision-making</li> </ul>	
102-21 Consulting stakeholders on economic, environmental, and social topics	<p>a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics.</p> <p>b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.</p>	—	
102-22 Composition of the highest governance body and its committees	<p>a. Composition of the highest governance body and its committees by:</p> <ul style="list-style-type: none"> <li>executive or non-executive;</li> <li>independence;</li> <li>tenure on the governance body;</li> <li>number of each individual's other significant positions and commitments, and the nature of the commitments;</li> <li>gender;</li> <li>membership of under-represented social groups;</li> <li>competencies relating to economic, environmental, and social topics;</li> <li>stakeholder representation.</li> </ul>	—	
102-23 Chair of the highest governance body	<p>a. Whether the chair of the highest governance body is also an executive officer in the organization.</p> <p>b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.</p>	—	

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-24 Nominating and selecting the highest governance body	<p>a. Nomination and selection processes for the highest governance body and its committees.</p> <p>b. Criteria used for nominating and selecting highest governance body members, including whether and how:</p> <ul style="list-style-type: none"> <li>• stakeholders (including shareholders) are involved;</li> <li>• diversity is considered;</li> <li>• independence is considered;</li> <li>• expertise and experience relating to economic, environmental, and social topics are considered.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Governance/Changes to corporate governance structure to speed up decision-making</a></li> </ul>	
102-25 Conflicts of interest	<p>a. Processes for the highest governance body to ensure conflicts of interest are avoided</p> <p>b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <ul style="list-style-type: none"> <li>• Cross-board membership;</li> <li>• Cross-shareholding with suppliers and other stakeholders;</li> <li>• Existence of controlling shareholder;</li> <li>• Related party disclosures.</li> </ul>	—	
102-26 Role of highest governance body in setting purpose, values, and strategy	<p>a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.</p>	—	
102-27 Collective knowledge of highest governance body	<p>a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.</p>	—	
102-28 Evaluating the highest governance body's performance	<p>a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.</p> <p>b. Whether such evaluation is independent or not, and its frequency.</p> <p>c. Whether such evaluation is a self-assessment.</p> <p>d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.</p>	—	

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-29 Identifying and managing economic, environmental, and social impacts	<p>a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.</p> <p>b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.</p>	<ul style="list-style-type: none"> <li>Corporate Governance/Changes to corporate governance structure to speed up decision-making</li> <li>Risk Management/Promotion System</li> </ul>	
102-30 Effectiveness of risk management processes	<p>a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.</p>	<ul style="list-style-type: none"> <li>Corporate Governance/Changes to corporate governance structure to speed up decision-making</li> </ul>	
102-31 Review of economic, environmental, and social topics	<p>a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.</p>	<ul style="list-style-type: none"> <li>Corporate Governance/Changes to corporate governance structure to speed up decision-making</li> </ul>	
102-32 Highest governance body's role in sustainability reporting	<p>a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.</p>	<ul style="list-style-type: none"> <li>Key Issues in CSR Activities</li> </ul>	
102-33 Communicating critical concerns	<p>a. Process for communicating critical concerns to the highest governance body.</p>	<ul style="list-style-type: none"> <li>Corporate Governance/Changes to corporate governance structure to speed up decision-making</li> <li>Risk Management/Promotion System</li> </ul>	
102-34 Nature and total number of critical concerns	<p>a. Total number and nature of critical concerns that were communicated to the highest governance body.</p> <p>b. Mechanism(s) used to address and resolve critical concerns.</p>	<ul style="list-style-type: none"> <li>Risk Management/Promotion System</li> </ul>	

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-35 Remuneration policies	<p>a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:</p> <ul style="list-style-type: none"> <li>• Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares</li> <li>• Sign-on bonuses or recruitment incentive payments;</li> <li>• Termination payments;</li> <li>• Clawbacks;</li> <li>• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.</li> </ul> <p>b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.</p>	—	
102-36 Process for determining remuneration	<p>a. Process for determining remuneration.</p> <p>b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.</p> <p>c. Any other relationships that the remuneration consultants have with the organization.</p>	—	
102-37 Stakeholders' involvement in remuneration	<p>a. How stakeholders' views are sought and taken into account regarding remuneration.</p> <p>b. If applicable, the results of votes on remuneration policies and proposals.</p>	—	
102-38 Annual total compensation ratio	<p>a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.</p>	—	
102-39 Percentage increase in annual total compensation ratio	<p>a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.</p>	—	

## 5. Stakeholder engagement

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-40 List of stakeholder groups	a. A list of stakeholder groups engaged by the organization.	<ul style="list-style-type: none"> <li>Stakeholder Engagement</li> </ul>	
102-41 Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	<ul style="list-style-type: none"> <li>Stakeholder Engagement/Stakeholder Initiatives</li> </ul>	
102-42 Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage	<ul style="list-style-type: none"> <li>Stakeholder Engagement/Stakeholder Initiatives</li> </ul>	
102-43 Approach to stakeholder engagement	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<ul style="list-style-type: none"> <li>Stakeholder Engagement/Stakeholder Initiatives</li> <li>Key Issues in CSR Activities/Active Incorporation of Expert Recommendations</li> <li>Third-party Opinion</li> </ul>	
102-44 Key topics and concerns raised	<p>a. Key topics and concerns that have been raised through stakeholder engagement, including:</p> <ul style="list-style-type: none"> <li>how the organization has responded to those key topics and concerns, including through its reporting;</li> <li>the stakeholder groups that raised each of the key topics and concerns.</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder Engagement/Stakeholder Initiatives</li> <li>Third-party Opinion</li> </ul>	

## 6. Reporting practice

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-45 Entities included in the consolidated financial statements	<p>a. A list of all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	—	The list of all business entities covered by the consolidated financial statements or equivalent documents have not been disclosed due to confidentiality restrictions with the controlling shareholders.
102-46 Defining report content and topic Boundaries	<p>a. An explanation of the process for defining the report content and the topic Boundaries.</p> <p>b. An explanation of how the organization has implemented the Reporting Principles for defining report content.</p>	<ul style="list-style-type: none"> <li>• <a href="#">Report Scope and Structure</a></li> <li>• <a href="#">Key Issues in CSR Activities</a></li> </ul>	
102-47 List of material topics	<p>a. A list of the material topics identified in the process for defining report content.</p>	<ul style="list-style-type: none"> <li>• <a href="#">Key Issues in CSR Activities</a></li> </ul>	
102-48 Restatements of information	<p>a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.</p>	Not applicable	
102-49 Changes in reporting	<p>a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.</p>	Not applicable	
102-50 Reporting period	<p>a. Reporting period for the information provided.</p>	<ul style="list-style-type: none"> <li>• <a href="#">Report Scope and Structure</a></li> </ul>	
102-51 Date of most recent report	<p>a. If applicable, the date of the most recent previous report.</p>	<ul style="list-style-type: none"> <li>• <a href="#">Report Scope and Structure</a></li> </ul>	
102-52 Reporting cycle	<p>a. Reporting cycle.</p>	<ul style="list-style-type: none"> <li>• <a href="#">Report Scope and Structure</a></li> </ul>	
102-53 Contact point for questions regarding the report	<p>a. The contact point for questions regarding the report or its contents.</p>	<ul style="list-style-type: none"> <li>• <a href="#">Report Scope and Structure</a></li> </ul>	
102-54 Claims of reporting in accordance with the GRI Standards	<p>a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either:</p> <ul style="list-style-type: none"> <li>• 'This report has been prepared in accordance with the GRI Standards: Core option';</li> <li>• 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.</li> </ul>	Core	

Disclosure Number	Disclosure Title	Relevant Sections	Reason/Explanation for Omission
102-55 GRI content index	<p>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.</p> <p>b. For each disclosure, the content index shall include:</p> <ul style="list-style-type: none"> <li>• the number of the disclosure (for disclosures covered by the GRI Standards);</li> <li>• the page number(s) or URL(s) where the information can be found, either within the report or in other published materials;</li> <li>• if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">GRI Guideline Comparison Table</a></li> </ul>	
102-56 External assurance	<p>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If the report has been externally assured:</p> <ul style="list-style-type: none"> <li>• A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</li> <li>• The relationship between the organization and the assurance provider;</li> <li>• Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.</li> </ul>	<p>In order to enhance credibility, it is anticipated that third-party assurance will be obtained, after FY2019.</p>	

GRI 201 : Economic Performance 2016

2. Topic-specific disclosures

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
201-1 Direct economic value generated and distributed	<p>a. Direct economic value generated and distributed (EVG&amp;D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <ul style="list-style-type: none"> <li>• Direct economic value generated: revenues;</li> <li>• Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;</li> <li>• Economic value retained: 'direct economic value generated' less 'economic value distributed'.</li> </ul> <p>b. Where significant, report EVG&amp;D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	•	—	Not disclosed due to confidentiality restrictions with the controlling shareholders.
201-2 Financial implications and other risks and opportunities due to climate change	<p>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:</p> <ul style="list-style-type: none"> <li>• a description of the risk or opportunity and its classification as either physical, regulatory, or other;</li> <li>• a description of the impact associated with the risk or opportunity;</li> <li>• the financial implications of the risk or opportunity before action is taken;</li> <li>• the methods used to manage the risk or opportunity;</li> <li>• the costs of actions taken to manage the risk or opportunity.</li> </ul>		<ul style="list-style-type: none"> <li>• <a href="#">Environmental Management</a></li> <li>• <a href="#">Environmental Accounting</a></li> </ul> <p>The information disclosed in the FY2018 report has been expanded in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.</p>	

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
201-3 Defined benefit plan obligations and other retirement plans	<p>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</p> <p>b. If a separate fund exists to pay the plan's pension liabilities:</p> <ul style="list-style-type: none"> <li>• the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;</li> <li>• the basis on which that estimate has been arrived at;</li> <li>• when that estimate was made.</li> </ul> <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer.</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</p>	•	—	
201-4 Financial assistance received from government	<p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:</p> <ul style="list-style-type: none"> <li>• tax relief and tax credits;</li> <li>• subsidies;</li> <li>• investment grants, research and development grants, and other relevant types of grant;</li> <li>• awards;</li> <li>• royalty holidays;</li> <li>• financial assistance from Export Credit Agencies (ECAs);</li> <li>• financial incentives;</li> <li>• other financial benefits received or receivable from any government for any operation.</li> </ul> <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>		—	

GRI 202 : Market Presence 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	<p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for 'significant locations of operation'.</p>		—	
202-2 Proportion of senior management hired from the local community	<p>a. Percentage of senior management at significant locations of operation that are hired from the local community.</p> <p>b. The definition used for 'senior management'.</p> <p>c. The organization's geographical definition of 'local'.</p> <p>d. The definition used for 'significant locations of operation'.</p>		—	

## GRI 203 : Indirect Economic Impacts 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
203-1 Infrastructure investments and services supported	<p>a. Extent of development of significant infrastructure investments and services supported.</p> <p>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p> <p>c. Whether these investments and services are commercial, in-kind, or pro bono engagements.</p>		<ul style="list-style-type: none"> <li>• <a href="#">Social Contribution Activities</a></li> </ul>	
203-2 Significant indirect economic impacts	<p>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</p> <p>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>		—	

## GRI 204 : Procurement Practices 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
204-1 Proportion of spending on local suppliers	<p>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. The organization's geographical definition of 'local'.</p> <p>c. The definition used for 'significant locations of operation'.</p>	•	<ul style="list-style-type: none"> <li>• <a href="#">Together with our Business Partners/Basic Stance</a></li> </ul>	

GRI 205 : Anti-corruption 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
205-1 Operations assessed for risks related to corruption	<p>a. Total number and percentage of operations assessed for risks related to corruption.</p> <p>b. Significant risks related to corruption identified through the risk assessment.</p>		<ul style="list-style-type: none"> <li>Risk Management/Promotion System</li> </ul>	
205-2 Communication and training about anti-corruption policies and procedures	<p>a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.</p> <p>b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.</p> <p>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Compliance/Spreading Awareness of Compliance</li> <li>Together with our Business Partners/Promotion of Socially Responsible Procurement</li> </ul>	

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
205-3 Confirmed incidents of corruption and actions taken	<p>a. Total number and nature of confirmed incidents of corruption.</p> <p>b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p> <p>c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p> <p>d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	•	• <a href="#">Corporate Governance/ Changes to corporate governance structure to speed up decision-making</a>	

#### GRI 206 : Anti-competitive Behavior 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<p>a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant.</p> <p>b. Main outcomes of completed legal actions, including any decisions or judgments.</p>	•	• <a href="#">Corporate Governance/ Changes to corporate governance structure to speed up decision-making</a>	

GRI 301 : Materials 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
301-1 Materials used by weight or volume	a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by: <ul style="list-style-type: none"> <li>• non-renewable materials used;</li> <li>• renewable materials used.</li> </ul>		<ul style="list-style-type: none"> <li>• <a href="#">Environmental Burden Data (Material Flow)</a></li> </ul>	
301-2 Recycled input materials used	a. Percentage of recycled input materials used to manufacture the organization's primary products and services.		—	
301-3 Reclaimed products and their packaging materials	a. Percentage of reclaimed products and their packaging materials for each product category. b. How the data for this disclosure have been collected.		—	

GRI 302 : Energy 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
302-1 Energy consumption within the organization	<p>a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.</p> <p>b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.</p> <p>c. In joules, watt-hours or multiples, the total:</p> <ul style="list-style-type: none"> <li>• electricity consumption</li> <li>• heating consumption</li> <li>• cooling consumption</li> <li>• steam consumption</li> </ul> <p>d. In joules, watt-hours or multiples, the total:</p> <ul style="list-style-type: none"> <li>• electricity sold</li> <li>• heating sold</li> <li>• cooling sold</li> <li>• steam sold</li> </ul> <p>e. Total energy consumption within the organization, in joules or multiples.</p> <p>f. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>g. Source of the conversion factors used.</p>	•	<ul style="list-style-type: none"> <li>• <a href="#">Environmental Burden Data (Material Flow)</a></li> </ul>	Total consumption of fuel derived from renewable energy sources has not been disclosed due to difficulties in obtaining information.
302-2 Energy consumption outside of the organization	<p>a. Energy consumption outside of the organization, in joules or multiples.</p> <p>b. Standards, methodologies, assumptions, and/or calculation tools used.</p> <p>c. Source of the conversion factors used.</p>		—	
302-3 Energy intensity	<p>a. Energy intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.</p> <p>d. Whether the ratio uses energy consumption within the organization, outside of it, or both.</p>		—	

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
302-4 Reduction of energy consumption	<ul style="list-style-type: none"> <li>a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</li> <li>b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.</li> <li>c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</li> <li>d. Standards, methodologies, assumptions, and/or calculation tools used.</li> </ul>	•	—	Reduction in energy consumption due to energy-saving activities will be disclosed from Fiscal 2019.
302-5 Reductions in energy requirements of products and services	<ul style="list-style-type: none"> <li>a. Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples.</li> <li>b. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.</li> <li>c. Standards, methodologies, assumptions, and/or calculation tools used.</li> </ul>		—	

GRI 303 : Water 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
303-1 Water withdrawal by source	<p>a. Total volume of water withdrawn, with a breakdown by the following sources:</p> <ul style="list-style-type: none"> <li>• Surface water, including water from wetlands, rivers, lakes, and oceans;</li> <li>• Ground water;</li> <li>• Rainwater collected directly and stored by the organization;</li> <li>• Waste water from another organization;</li> <li>• Municipal water supplies or other public or private water utilities.</li> </ul> <p>b. Standards, methodologies, and assumptions used.</p>		<ul style="list-style-type: none"> <li>• <a href="#">Approaches to Resources Conservation and Recycling/Protection of water resources</a></li> </ul>	
303-2 Water sources significantly affected by withdrawal of water	<p>a. Total number of water sources significantly affected by withdrawal by type:</p> <ul style="list-style-type: none"> <li>• Size of the water source;</li> <li>• Whether the source is designated as a nationally or internationally protected area;</li> <li>• Biodiversity value (such as species diversity and endemism, and total number of protected species);</li> <li>• Value or importance of the water source to local communities and indigenous peoples.</li> </ul> <p>b. Standards, methodologies, and assumptions used.</p>		—	There are plans to conduct a water risk assessment in Fiscal 2018, which will be disclosed from Fiscal 2019.
303-3 Water recycled and reused	<p>a. Total volume of water recycled and reused by the organization.</p> <p>b. Total volume of water recycled and reused as a percentage of the total water withdrawal as specified in Disclosure 303-1.</p> <p>c. Standards, methodologies, and assumptions used.</p>		—	

GRI 304 : Biodiversity 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<p>a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information:</p> <ul style="list-style-type: none"> <li>• Geographic location;</li> <li>• Subsurface and underground land that may be owned, leased, or managed by the organization;</li> <li>• Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas;</li> <li>• Type of operation (office, manufacturing or production, or extractive);</li> <li>• Size of operational site in km<sup>2</sup> (or another unit, if appropriate);</li> <li>• Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem);</li> <li>• Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).</li> </ul>		—	

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
304-2 Significant impacts of activities, products, and services on biodiversity	<p>a. Nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following:</p> <ul style="list-style-type: none"> <li>• Construction or use of manufacturing plants, mines, and transport infrastructure;</li> <li>• Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources);</li> <li>• Introduction of invasive species, pests, and pathogens;</li> <li>• Reduction of species;</li> <li>• Habitat conversion;</li> <li>• Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level).</li> </ul> <p>b. Significant direct and indirect positive and negative impacts with reference to the following:</p> <ul style="list-style-type: none"> <li>• Species affected;</li> <li>• Extent of areas impacted;</li> <li>• Duration of impacts;</li> <li>• Reversibility or irreversibility of the impacts.</li> </ul>		—	
304-3 Habitats protected or restored	<p>a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals.</p> <p>b. Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.</p> <p>c. Status of each area based on its condition at the close of the reporting period.</p> <p>d. Standards, methodologies, and assumptions used.</p>		—	
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	<p>a. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk:</p> <ul style="list-style-type: none"> <li>• Critically endangered</li> <li>• Endangered</li> <li>• Vulnerable</li> <li>• Near threatened</li> <li>• Least concern</li> </ul>		—	

GRI 305 : Emissions 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
305-1 Direct (Scope 1) GHG emissions	<p>a. Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>d. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"> <li>• the rationale for choosing it;</li> <li>• emissions in the base year;</li> <li>• the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ul> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	•	<ul style="list-style-type: none"> <li>• <a href="#">Approaches to Climate Change/Climate Change Action</a></li> <li>• <a href="#">Environmental Burden Data (Material Flow)</a></li> </ul>	Difficulty obtaining information: Unable to obtain information for all business locations

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
305-2 Energy indirect (Scope 2) GHG emissions	<p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>c. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>d. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"> <li>• the rationale for choosing it;</li> <li>• emissions in the base year;</li> <li>• the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ul> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>		—	Difficulty obtaining information: Unable to obtain information for all business locations
305-3 Other indirect (Scope 3) GHG emissions	<p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.</p> <p>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</p> <p>e. Base year for the calculation, if applicable, including:</p> <ul style="list-style-type: none"> <li>• the rationale for choosing it;</li> <li>• emissions in the base year;</li> <li>• the context for any significant changes in emissions that triggered recalculations of base year emissions.</li> </ul> <p>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	•	—	

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
305-4 GHG emissions intensity	<p>a. GHG emissions intensity ratio for the organization.</p> <p>b. Organization-specific metric (the denominator) chosen to calculate the ratio.</p> <p>c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>d. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p>		<ul style="list-style-type: none"> <li>Approaches to Climate Change/Climate Change Action</li> </ul>	
305-5 Reduction of GHG emissions	<p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.</p> <p>b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>e. Standards, methodologies, assumptions, and/or calculation tools used.</p>		<ul style="list-style-type: none"> <li>Approaches to Climate Change/Climate Change Action</li> <li>Environmental Action Plan and Results</li> <li>Environmental Burden Data (Material Flow)</li> </ul>	
305-6 Emissions of ozone-depleting substances (ODS)	<p>a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.</p> <p>b. Substances included in the calculation.</p> <p>c. Source of the emission factors used.</p> <p>d. Standards, methodologies, assumptions, and/or calculation tools used.</p>	•	—	
305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	<p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ul style="list-style-type: none"> <li>NO<sub>x</sub></li> <li>SO<sub>x</sub></li> <li>Persistent organic pollutants (POP)</li> <li>Volatile organic compounds (VOC)</li> <li>Hazardous air pollutants (HAP)</li> <li>Particulate matter (PM)</li> <li>Other standard categories of air emissions identified in relevant regulations</li> </ul> <p>b. Source of the emission factors used.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>		<ul style="list-style-type: none"> <li>Environmental Burden Data (Material Flow)</li> <li>Sustainability Data</li> <li>Environmental Data of Manufacturing Plants in Japan</li> <li>Appropriate Management of Chemical Substances</li> </ul>	

GRI 306 : Effluents and Waste 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
306-1 Water discharge by quality and destination	<p>a. Total volume of planned and unplanned water discharges by:</p> <ul style="list-style-type: none"> <li>• destination;</li> <li>• quality of the water, including treatment method;</li> <li>• whether the water was reused by another organization.</li> </ul> <p>b. Standards, methodologies, and assumptions used.</p>	•	• <a href="#">Environmental Burden Data (Material Flow)</a>	Difficulty obtaining information: Unable to obtain information from overseas

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
306-2 Waste by type and disposal method	<p>a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ul style="list-style-type: none"> <li>• Reuse</li> <li>• Recycling</li> <li>• Composting</li> <li>• Recovery, including energy recovery</li> <li>• Incineration (mass burn)</li> <li>• Deep well injection</li> <li>• Landfill</li> <li>• On-site storage</li> <li>• Other (to be specified by the organization)</li> </ul> <p>b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:</p> <ul style="list-style-type: none"> <li>• Reuse</li> <li>• Recycling</li> <li>• Composting</li> <li>• Recovery, including energy recovery</li> <li>• Incineration (mass burn)</li> <li>• Deep well injection</li> <li>• Landfill</li> <li>• On-site storage</li> <li>• Other (to be specified by the organization)</li> </ul> <p>c. How the waste disposal method has been determined:</p> <ul style="list-style-type: none"> <li>• Disposed of directly by the organization, or otherwise directly confirmed</li> <li>• Information provided by the waste disposal contractor</li> <li>• Organizational defaults of the waste disposal contractor</li> </ul>	•	<ul style="list-style-type: none"> <li>• <a href="#">Environmental Burden Data (Material Flow)</a></li> <li>• <a href="#">Approaches to Resources Conservation and Recycling/ Effective use of resources (Efficiency in the use of materials)</a></li> </ul>	

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
306-3 Significant spills	<p>a. Total number and total volume of recorded significant spills.</p> <p>b. The following additional information for each spill that was reported in the organization's financial statements:</p> <ul style="list-style-type: none"> <li>• Location of spill;</li> <li>• Volume of spill;</li> <li>• Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization).</li> </ul> <p>c. Impacts of significant spills.</p>		<ul style="list-style-type: none"> <li>• <a href="#">Appropriate Management of Chemical Substances/ Prevention of Environmental Pollution by Plant</a></li> </ul>	
306-4 Transport of hazardous waste	<p>a. Total weight for each of the following:</p> <ul style="list-style-type: none"> <li>• Hazardous waste transported</li> <li>• Hazardous waste imported</li> <li>• Hazardous waste exported</li> <li>• Hazardous waste treated</li> </ul> <p>b. Percentage of hazardous waste shipped internationally.</p> <p>c. Standards, methodologies, and assumptions used.</p>	•	Not applicable	
306-5 Water bodies affected by water discharges and/or runoff	<p>a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on:</p> <ul style="list-style-type: none"> <li>• the size of the water body and related habitat;</li> <li>• whether the water body and related habitat is designated as a nationally or internationally protected area;</li> <li>• the biodiversity value, such as total number of protected species.</li> </ul>		—	There are plans to conduct a water risk assessment in Fiscal 2018, which will be disclosed from Fiscal 2019.

GRI 307 : Environmental Compliance 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
307-1 Non-compliance with environmental laws and regulations	<p>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:</p> <ul style="list-style-type: none"> <li>• total monetary value of significant fines;</li> <li>• total number of non-monetary sanctions;</li> <li>• cases brought through dispute resolution mechanisms.</li> </ul> <p>b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.</p>	•	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Governance/ Changes to corporate governance structure to speed up decision-making</a></li> </ul>	

GRI 308 : Supplier Environmental Assessment 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
308-1 New suppliers that were screened using environmental criteria	<p>a. Percentage of new suppliers that were screened using environmental criteria.</p>		—	The percentage of new suppliers selected according to environmental criteria has not been disclosed due to difficulties in obtaining information, but this will be disclosed from FY2019.
308-2 Negative environmental impacts in the supply chain and actions taken	<p>a. Number of suppliers assessed for environmental impacts.</p> <p>b. Number of suppliers identified as having significant actual and potential negative environmental impacts.</p> <p>c. Significant actual and potential negative environmental impacts identified in the supply chain.</p> <p>d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment.</p> <p>e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.</p>	•	—	

GRI 401 : Employment 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
401-1 New employee hires and employee turnover	<p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>		<ul style="list-style-type: none"> <li>Employee Data</li> </ul>	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:</p> <ul style="list-style-type: none"> <li>life insurance;</li> <li>health care;</li> <li>disability and invalidity coverage;</li> <li>parental leave;</li> <li>retirement provision;</li> <li>stock ownership;</li> <li>others.</li> </ul> <p>b. The definition used for 'significant locations of operation'.</p>	<ul style="list-style-type: none"> <li></li> </ul>	—	
401-3 Parental leave	<p>a. Total number of employees that were entitled to parental leave, by gender.</p> <p>b. Total number of employees that took parental leave, by gender.</p> <p>c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.</p> <p>d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.</p> <p>e. Return to work and retention rates of employees that took parental leave, by gender.</p>		<ul style="list-style-type: none"> <li>Sustainability Data</li> <li>Employee Data</li> <li>Promotion of Work-Life Balance</li> </ul>	

GRI 402 : Labor/Management Relations 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
402-1 Minimum notice periods regarding operational changes	<p>a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.</p> <p>b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.</p>		<ul style="list-style-type: none"> <li>Stakeholder Engagement/ Labor/ Management Relations</li> </ul>	

GRI 403 : Occupational Health and Safety 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
403-1 Workers representation in formal joint management-worker health and safety committees	<p>a. The level at which each formal joint management-worker health and safety committee typically operates within the organization.</p> <p>b. Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees.</p>		<ul style="list-style-type: none"> <li>Protecting the Health and Safety of our Employees</li> </ul>	
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<p>a. Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by:</p> <ul style="list-style-type: none"> <li>region;</li> <li>gender.</li> </ul> <p>b. Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, with a breakdown by:</p> <ul style="list-style-type: none"> <li>region;</li> <li>gender.</li> </ul> <p>c. The system of rules applied in recording and reporting accident statistics.</p>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Protecting the Health and Safety of our Employees</li> </ul>	
403-3 Workers with high incidence or high risk of diseases related to their occupation	<p>a. Whether there are workers whose work, or workplace, is controlled by the organization, involved in occupational activities who have a high incidence or high risk of specific diseases.</p>		—	
403-4 Health and safety topics covered in formal agreements with trade unions	<p>a. Whether formal agreements (either local or global) with trade unions cover health and safety.</p> <p>b. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements.</p>		—	

GRI 404 : Training and Education 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
404-1 Average hours of training per year per employee	<p>a. Average hours of training that the organization's employees have undertaken during the reporting period, by:</p> <ul style="list-style-type: none"> <li>• gender;</li> <li>• employee category.</li> </ul>		<ul style="list-style-type: none"> <li>• <a href="#">Human Resources Development to Expand Individual Capabilities/Basic Stance</a></li> <li>• <a href="#">Sustainability Data</a></li> </ul>	
404-2 Programs for upgrading employee skills and transition assistance programs	<p>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.</p> <p>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</p>	•	<ul style="list-style-type: none"> <li>• <a href="#">Human Resources Development to Expand Individual Capabilities/Basic Stance</a></li> <li>• <a href="#">Promotion of Diversity/Re-hiring of Retired Employees</a></li> </ul>	
404-3 Percentage of employees receiving regular performance and career development reviews	<p>a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.</p>		<ul style="list-style-type: none"> <li>• <a href="#">Fair Treatment and Evaluation</a></li> </ul>	

GRI 405 : Diversity and Equal Opportunity 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
405-1 Diversity of governance bodies and employees	<p>a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:</p> <ul style="list-style-type: none"> <li>• Gender;</li> <li>• Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>• Other indicators of diversity where relevant (such as minority or vulnerable groups).</li> </ul> <p>b. Percentage of employees per employee category in each of the following diversity categories:</p> <ul style="list-style-type: none"> <li>• Gender;</li> <li>• Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>• Other indicators of diversity where relevant (such as minority or vulnerable groups).</li> </ul>	•	<ul style="list-style-type: none"> <li>• <a href="#">Promotion of Diversity</a></li> <li>• <a href="#">Sustainability Data</a></li> </ul>	
405-2 Ratio of basic salary and remuneration of women to men	<p>a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.</p> <p>b. The definition used for 'significant locations of operation'.</p>		<ul style="list-style-type: none"> <li>• <a href="#">Fair Treatment and Evaluation</a></li> </ul>	

GRI 406 : Non-discrimination 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
406-1 Incidents of discrimination and corrective actions taken	<p>a. Total number of incidents of discrimination during the reporting period.</p> <p>b. Status of the incidents and actions taken with reference to the following:</p> <ul style="list-style-type: none"> <li>• Incident reviewed by the organization;</li> <li>• Remediation plans being implemented;</li> <li>• Remediation plans that have been implemented, with results reviewed through routine internal management review processes;</li> <li>• Incident no longer subject to action.</li> </ul>		<ul style="list-style-type: none"> <li>• <a href="#">Respecting Human Rights/Human Rights Due Diligence in the Supply Chain/Human Rights Education and Training</a></li> </ul>	

GRI 407 : Freedom of Association and Collective Bargaining 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<p>a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:</p> <ul style="list-style-type: none"> <li>• type of operation (such as manufacturing plant) and supplier;</li> <li>• countries or geographic areas with operations and suppliers considered at risk.</li> </ul> <p>b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.</p>		—	

GRI 408 : Child Labor 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
408-1 Operations and suppliers at significant risk for incidents of child labor	<p>a. Operations and suppliers considered to have significant risk for incidents of:</p> <ul style="list-style-type: none"> <li>• child labor;</li> <li>• young workers exposed to hazardous work.</li> </ul> <p>b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of:</p> <ul style="list-style-type: none"> <li>• type of operation (such as manufacturing plant) and supplier;</li> <li>• countries or geographic areas with operations and suppliers considered at risk.</li> </ul> <p>c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.</p>	•	<ul style="list-style-type: none"> <li>• <a href="#">Respecting Human Rights/Human Rights Due Diligence in the Supply Chain/Human Rights Education and Training</a></li> </ul>	Business locations and suppliers believed to have significant risks have not been disclosed due to confidentiality restrictions.

### GRI 409 : Forced or Compulsory Labor 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<p>a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of:</p> <ul style="list-style-type: none"> <li>• type of operation (such as manufacturing plant) and supplier;</li> <li>• countries or geographic areas with operations and suppliers considered at risk.</li> </ul> <p>b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.</p>	•	<ul style="list-style-type: none"> <li>• <a href="#">Respecting Human Rights/Human Rights Due Diligence in the Supply Chain/Human Rights Education and Training</a></li> </ul>	Business locations and suppliers believed to have significant risks have not been disclosed due to confidentiality restrictions.

### GRI 410 : Security Practices 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
410-1 Security personnel trained in human rights policies or procedures	<p>a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.</p> <p>b. Whether training requirements also apply to third-party organizations providing security personnel.</p>		—	

### GRI 411 : Rights of Indigenous Peoples 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
411-1 Incidents of violations involving rights of indigenous peoples	<p>a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.</p> <p>b. Status of the incidents and actions taken with reference to the following:</p> <ul style="list-style-type: none"> <li>• Incident reviewed by the organization;</li> <li>• Remediation plans being implemented;</li> <li>• Remediation plans that have been implemented, with results reviewed through routine internal management review processes;</li> <li>• Incident no longer subject to action.</li> </ul>		—	

GRI 412 : Human Rights Assessment 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
412-1 Operations that have been subject to human rights reviews or impact assessments	a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.		<ul style="list-style-type: none"> <li>Respecting Human Rights/Human Rights Due Diligence in the Supply Chain</li> </ul>	
412-2 Employee training on human rights policies or procedures	<p>a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p> <p>b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Respecting Human Rights/Human Rights Education and Training</li> </ul>	
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.</p> <p>b. The definition used for 'significant investment agreements'.</p>		—	

GRI 413 : Local Communities 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
413-1 Operations with local community engagement, impact assessments, and development programs	<p>a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:</p> <ul style="list-style-type: none"> <li>• social impact assessments, including gender impact assessments, based on participatory processes;</li> <li>• environmental impact assessments and ongoing monitoring;</li> <li>• public disclosure of results of environmental and social impact assessments;</li> <li>• local community development programs based on local communities' needs;</li> <li>• stakeholder engagement plans based on stakeholder mapping;</li> <li>• broad based local community consultation committees and processes that include vulnerable groups;</li> <li>• works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;</li> <li>• formal local community grievance processes.</li> </ul>		<ul style="list-style-type: none"> <li>• <a href="#">Social Contribution Activities</a></li> <li>• <a href="#">Stakeholder Engagement/ Stakeholder Initiatives</a></li> </ul>	
413-2 Operations with significant actual and potential negative impacts on local communities	<p>a. Operations with significant actual and potential negative impacts on local communities, including:</p> <ul style="list-style-type: none"> <li>• the location of the operations;</li> <li>• the significant actual and potential negative impacts of operations.</li> </ul>		—	

GRI 414 : Supplier Social Assessment 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
414-1 New suppliers that were screened using social criteria	a. Percentage of new suppliers that were screened using social criteria.		—	The percentage of new suppliers selected according to social criteria has not been disclosed due to difficulties in obtaining information, but this will be disclosed from FY2019.
414-2 Negative social impacts in the supply chain and actions taken	<p>a. Number of suppliers assessed for social impacts.</p> <p>b. Number of suppliers identified as having significant actual and potential negative social impacts.</p> <p>c. Significant actual and potential negative social impacts identified in the supply chain.</p> <p>d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.</p> <p>e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.</p>	•	<ul style="list-style-type: none"> <li>• <a href="#">Respecting Human Rights/Human Rights Due Diligence in the Supply Chain</a></li> </ul>	The number of suppliers identified as having significant negative social impact has not been disclosed due to confidentiality restrictions.

GRI 415 : Public Policy 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
415-1 Political contributions	<p>a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/ beneficiary.</p> <p>b. If applicable, how the monetary value of in-kind contributions was estimated.</p>		—	

GRI 416 : Customer Health and Safety 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
416-1 Assessment of the health and safety impacts of product and service categories	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.		<ul style="list-style-type: none"> <li>Quality Management/ Initiatives to Improve R&amp;D Quality</li> </ul>	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:</p> <ul style="list-style-type: none"> <li>incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>incidents of non-compliance with regulations resulting in a warning;</li> <li>incidents of non-compliance with voluntary codes.</li> </ul> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Quality Management/ Initiatives to Improve R&amp;D Quality</li> </ul>	

GRI 417 : Marketing and Labeling 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
417-1 Requirements for product and service information and labeling	<p>a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling:</p> <ul style="list-style-type: none"> <li>• The sourcing of components of the product or service;</li> <li>• Content, particularly with regard to substances that might produce an environmental or social impact;</li> <li>• Safe use of the product or service;</li> <li>• Disposal of the product and environmental or social impacts;</li> <li>• Other (explain).</li> </ul> <p>b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.</p>		—	
417-2 Incidents of non-compliance concerning product and service information and labeling	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by:</p> <ul style="list-style-type: none"> <li>• incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>• incidents of non-compliance with regulations resulting in a warning;</li> <li>• incidents of non-compliance with voluntary codes.</li> </ul> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>		—	
417-3 Incidents of non-compliance concerning marketing communications	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <ul style="list-style-type: none"> <li>• incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>• incidents of non-compliance with regulations resulting in a warning;</li> <li>• incidents of non-compliance with voluntary codes.</li> </ul> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>		—	

GRI 418 : Customer Privacy 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <ul style="list-style-type: none"> <li>• complaints received from outside parties and substantiated by the organization;</li> <li>• complaints from regulatory bodies.</li> </ul> <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>		—	

GRI 419 : Socioeconomic Compliance 2016

Disclosure Number	Disclosure Title	CK Materiality	Relevant Sections	Reason/Explanation for Omission
419-1 Non-compliance with laws and regulations in the social and economic area	<p>a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:</p> <ul style="list-style-type: none"> <li>• total monetary value of significant fines;</li> <li>• total number of non-monetary sanctions;</li> <li>• cases brought through dispute resolution mechanisms.</li> </ul> <p>b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.</p> <p>c. The context against which significant fines and non-monetary sanctions were incurred.</p>	•	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Governance/ Changes to corporate governance structure to speed up decision-making</a></li> </ul>	

## Top Priority CSR Issues and Material Issues in regard to GRI Standards

Top Priority CSR Issues	Areas	Material Issues in regard to GRI Standards
Climate change action	Environment	GRI 302 : Energy 2016
		GRI 305 : Emissions 2016
Prevention of pollution	Environment	GRI 306 : Effluents and Waste 2016
Effective use of resources	Environment	GRI 306 : Effluents and Waste 2016
Improve ESG in supply chain	Social	GRI 204 : Procurement Practices 2016
		GRI 308 : Supplier Environmental Assessment 2016
		GRI 414 : Supplier Social Assessment 2016
Create social values through innovations	Social	GRI 203 : Indirect Economic Impacts 2016
Respecting human rights	Social	GRI 408 : Child Labor 2016
		GRI 409 : Forced or Compulsory Labor 2016
		GRI 412 : Human Rights Assessment 2016
Occupational health and safety	Social	GRI 403 : Occupational Health and Safety 2016
Promoting work-life balance	Social	GRI 401 : Employment 2016
Promoting diversity	Social	GRI 405 : Diversity and Equal Opportunity 2016
Human resource development	Social	GRI 404 : Training and Education 2016
Improve customer satisfaction	Social	GRI 416 : Customer Health and Safety 2016
Quality improvement	Social	GRI 416 : Customer Health and Safety 2016
ESG Risk management	Governance	GRI 201 : Economic Performance 2016
Strengthening compliance	Governance	GRI 205 : Anti-corruption 2016
		GRI 206 : Anti-competitive Behavior 2016
		GRI 307 : Environmental Compliance 2016
		GRI 419 : Socioeconomic Compliance 2016
Strengthening information security	Governance	GRI 416 : Customer Health and Safety 2016

## ISO Comparison Table

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

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

# Glossary

## **Modern slavery**

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

## **Due diligence**

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

## **QCDDMS**

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

## **VOC**

Volatile Organic Compounds.

## **QC circle**

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

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## CK specific

### ***Monozukuri***

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

### **QSES**

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

### **GEC**

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

## Third-party Opinion



Co-Founder, Think Tank SophiaBank

Kumi Fujisawa

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

### 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 the 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 initiative" is taking shape within the company. As the company has welcomed new top executive, 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.

## 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 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.

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# Key CSR Issues and KPIs

## Calsonic Kansei Group KPIs (Key Performance Indicators)

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

CKJ=CKJ J=Japan O=Overseas ☆=External

Key Issues added as a result of the Fiscal 2017 review of key CSR issues are not applicable in Fiscal 2017 and prior.

◆ will be prepared in Fiscal 2018 and progressively disclosed.

Area	Top Priority Issues	Key CSR Issues	Initiatives Already Implemented or Planned	Current KPIs	FY2017 Target	FY2017 Results	Evaluation	FY2018 Target	Future Initiatives	2021 Targets	Responsible Divisions	Boundary		
Environment	●	Climate change action	1-1) Reduce production sector CO <sub>2</sub> emissions (Japan)	1) Reduction of emission intensity	1-1) 20.5% reduction compared to FY2005 2.5% year-on-year reduction (Japan)	1-1) 31.2% reduction compared to FY2005 1.6% year-on-year increase (Japan)	○ Target met	◆	Promote energy-saving activities, identify areas for improvement through energy-saving diagnosis and conduct horizontal roll-out of energy-saving best practice	◆	Environment & Energy Control Department	J		
			1-2) Reduce production sector CO <sub>2</sub> emissions (Overseas)		1-2) 15.8% reduction compared to FY2005 2.5% year-on-year reduction (Overseas)	1-2) 21.1% reduction compared to FY2005 7.7% year-on-year increase (Overseas)	○ Target met					O		
			2) Reduce logistics sector CO <sub>2</sub> emissions	2) Reduction of transport tonne-kilometers	2) 1.0% year-on-year reduction	2) 2.4% year-on-year reduction	○ Target met					◆	Establish logistics networks and continue to improve fill rates	J
			3) Reduce office sector CO <sub>2</sub> emissions	3) Reduction of emission intensity	3) 1.0% year-on-year reduction	3) 4.26% year-on-year increase	× Target Failed					◆	Upgrade lighting and optimize air-conditioning	J
			4) Establish CO <sub>2</sub> emission reduction targets for next medium-term business plan	4) —	4) Conduct in FY2017	4) Medium-term target set for up to 2021	○ Target met					◆	4) Establish long-term environmental vision and medium-term environmental plan	CKJ/J/O
			5) Introduce external audits	5) —	5) —	5) —	—NA in FY2017					◆	5) Reconsider implementation timing	CKJ/J
Environment	●	Prevention of environmental pollution	1) Conduct soil tests / disclose results / establish clean-up plan	1) —	1) Disclose information in the event of an applicable event	1) No applicable events	○ Target met	◆	Engage in the protection of water, air, and soil through management and reduction of environmental pollutants generated by production activities	◆	Environment & Energy Control Department	CKJ/J		
			2) Reduce use of VOCs	2) Reduction of consumption	2) 2.0% year-on-year reduction	1) 8.2% year-on-year increase	× Target Failed	◆	2) 2.0% year-on-year reduction	Reduce use of environmentally hazardous substances	◆	CKJ/J (Applicable companies only)		
Environment	●	Effective use of resources	1-1) Reduce waste (Japan)	1) Reduction of waste generation intensity	1-1) 19.7% reduction compared to FY2005 2.0% year-on-year reduction (Japan)	1-1) 24.8% reduction compared to FY2005 1.8% year-on-year increase (Japan)	○ Target met	◆	Continue initiatives for yield improvement and re-use and recycling initiatives	◆	Environment & Energy Control Department	J		
			1-2) Reduce waste (Overseas)		1-2) 6.9% reduction compared to FY2010 1.0% year-on-year reduction (Overseas)	1-2) 16.9% reduction compared to FY2010 2.4% year-on-year increase (Overseas)	○ Target met					O		
			2) Zero landfill activities	2) Landfill ratio	2) Maintain zero landfill	2) Maintain zero landfill	○ Target met					◆	2) Maintain zero landfill	Maintain zero landfill
Environment		Protection of water resources	1) Reduce water use: Aim to conserve water resources in corporate activities by reducing water use in production activities	1) Usage intensity	1-1) 23.0% reduction compared to FY2009 2.0% year-on-year reduction (Japan)	1-1) 31.8% reduction compared to FY2009 15.2% year-on-year reduction (Japan)	○ Target met	◆		◆	Environment & Energy Control Department	CKJ/J		
					1-2) 5.9% reduction compared to FY2014 2.0% year-on-year reduction (Overseas)	1-2) 1.0% increase compared to FY2014 3.7% year-on-year increase (Overseas)	× Target Failed	◆		◆		CKJ/J		
Environment		Protection of biodiversity	1) Collaborate with environmental NPOs/NGOs	1) —	1) Conduct in FY2017	1) Commenced collaboration with environmental NPOs/NGOs	○ Target met	◆	1) Ongoing	◆	Environment & Energy Control Department	CKJ/J/O/◆		
Society	●	Improving ESG in supply chain	1) Conduct supply chain due diligence	1) Number of companies that have undergone due diligence	1) 220 companies	1) Rolled out to 225 suppliers	○ Target met	◆	1) At least 250 major suppliers	◆	Purchasing Control Department	CKJ/J		
			2) Strengthen green purchasing	2-1) Horizontal roll-out of green purchasing of equipment (Percentage of basic agreements concluded with equipment suppliers)	2-1) 100%	2-1) 100%	○ Target met	◆	2-1) 100%	◆		CKJ/J		
				2-2) Percentage of agreements obtained from new accounts	2-2) 100%	2-2) 100%	○ Target met	◆	2-2) 100%	◆		CKJ/J		
			3) Establish conflict minerals policy	3) Revision and extension of supplier CSR guidelines	3) Review as appropriate	3) Revised and rolled out supplier CSR guidelines	○ Target met	◆	3) Review as appropriate	◆		CKJ/J		
			4) Continue supplier surveys regarding conflict minerals	4) Number and ratio of companies surveyed	4) 250 companies (*99% of production value)	4) 211 companies (*98% of production value)	○ Target met	◆	4) 250 companies	◆		CKJ/J		
5) Conduct conflict minerals audits and expand education and awareness-raising	5) Staff education participation rate	5) 100%	5) Not conducted	× Target Failed	◆	5) 100%	◆	CKJ/J						
Society		Strengthening of business continuity management (BCP/BCM)	◆					◆		◆		◆		
Society	●	Creating social values through innovations	◆					◆	Create social value by pursuing the development of attractive products with innovative new technologies in the two mainstream domains of Energy Control to realize improvements in energy efficiency and environmental performance and cabin innovations to achieve safe, secure and comfortable next-generation mobility	◆	◆	◆		

Area	Top Priority Issues	Key CSR Issues	Initiatives Already Implemented or Planned	Current KPIs	FY2017 Target	FY2017 Results	Evaluation	FY2018 Target	Future Initiatives	2021 Targets	Responsible Divisions	Boundary
Society	•	Respect for human rights	1) Conduct human rights education and awareness-raising (as part of CSR training activities)	1) Training to scope of education target groups (leave target groups up to each company)	1) Trial in Japan and overseas	1) Conducted in Japan, and in Thailand and China overseas	○ Target met	1) Conduct at all locations in Japan and overseas		•	CSR/PR & IR Department Human Resources and Operation Department	CKJ/J/O
Society	•	Ensuring workplace health and safety	1) Prevent workplace accidents	1) Number of lost-time injury accidents	1) None	1) 8 cases	× Target Failed	1) None		•	General Support Department	CKJ/J
Society	•	Promotion of work-life balance	1) Encourage employees to take paid annual leave	1) Percentage of annual leave taken	1) 80%	1) 83%	○ Target met	1) 83%		•	Human Resources and Operation Department	CKJ
			2) Introduce telecommuting	—	2) Conduct in FY2017	2) Introduction of satellite offices	○ Target met	2) —		•	Human Resources Planning Department	CKJ
			3) Enhance leave and leave-of-absence systems (salary, duration, shorter working hours, etc.)	3-1) Ratio of return to work from maternity leave and childcare leave	3-1) 100%	3-1) 100%	—NA in FY2017	3-1) Expand program		•	Human Resources and Operation Department	CKJ
			4) Enhance childcare and nursing care support systems	3-2) Number of employees who took nursing care leave	3-2) 1	3-2) 1	—NA in FY2017	3-2) Expand program		•		CKJ
Society	•	Promotion of diversity	1) Establish basic diversity philosophy and medium-term action vision	—	1) Disclose in FY2017	2) Not conducted	× Target Failed	1) Reflect in medium-term HR plan		•	Human Resources and Operation Department	CKJ/J
			2) Recruitment of diverse personnel	2) Ratio of employment of people with disabilities	2) 2%	2) 1.99%	× Target Failed	2) 2.2%		—		CKJ
			3) Encourage active participation by women	3) Ratio of female managers (2020)	3) -	3) 2.4%	—NA in FY2017	3) Double compared to 2015		•		CKJ
			4) Establish schemes for re-employment of employees who have resigned due to childbirth, child-raising, etc.	4) Conduct in FY2017	4) Not conducted	4) Not conducted	× Target Failed	4) Finalize year to introduce scheme		•		CKJ
Society	•	Human resources development	1) Review educational framework	1) —	1) Under consideration	1) Conducted (added training for selected young leaders and enhanced management training)	○ Target met	1) Review as appropriate		•	Human Resources and Operation Department	CKJ/J
			2) Conduct CSR education (e-learning, etc.)	2) Training to scope of education target groups (leave target groups up to each company)	2) Trial in Japan and overseas	2) Conducted in Japan, and in Thailand and China overseas	○ Target met	2) Implement at all locations in Japan and overseas		•	CSR/PR & IR Department	CKJ/J/O
Society	•	Improving customer satisfaction	1) Incorporate customer feedback	1) In-house customer satisfaction survey score	1) At least 3.38	1) 3.43	○ Target met	1) At least 3.45	1) Incorporate customer feedback	•	Sales Strategy and Planning Department	CKJ/J/O
Society	•	Quality improvement	1) Cultivate and increase in-house QSES auditors	1) Number of auditors	1) At least 200	1) 210 persons	○ Target met	—		—	Quality Planning & Quality Control Department	CKJ/J/O
Society		Dialogue between management and employees	1) Review evaluation systems (Fair personnel evaluation)	—	1) Review as appropriate and make improvements	1) Review completed	○ Target met	•		•	Human Resources and Operation Department	CKJ
Society		Promotion of social contribution activities	1) Invest in social contributions	1) Activity spending	1) Maintain at least FY2015 level	1) Achieved at least FY2015 level	○ Target met	1) Maintain at least FY2015 level		•	General Support Department/Environment & Energy Control Department/CSR/PR & IR Department	CKJ
			2) Introduce and operate volunteering programs	2) Introduction of revised system	2) Finalize	2) Not conducted	× Target Failed	2) Conduct		—	Human Resources and Operation Department	CKJ
			3) Select and collaborate with NPOs and NGOs	3) —	3) Finalize	3) Finalize	○ Target met	3) Conduct		•	General Support Department/Environment & Energy Control Department/CSR/PR & IR Department	CKJ/J
Society		Productivity improvement	•					•	•	•	•	
Governance	•	Promotion of ESG Risk Management	1) CSR Audit by third-party organization (Third-party Opinion of Disclosed Information)	—	—	Conducted	○ Target met	•		•	CSR/PR & IR Department	CKJ/J/O
Governance	•	Strengthening compliance	1) Strengthen compliance / expand education and awareness-raising	1-1) Percentage of global Code of Conduct education undertaken and pledges collected	1-1) 100%	1-1) 100%	○ Target met	1-1) 100%	Strengthen compliance / expand education and awareness-raising	1-1) 100%	Compliance Department	CKJ/J/O
				1-2) Significant compliance issues	1-2) None	1-2) None	○ Target met	1-2) None	Strengthen compliance / expand education and awareness-raising	1-2) None		CKJ/J/O
				1-3) Number of whistleblowing cases	—	1-3) 347 cases	—	—	Strengthen compliance / expand education and awareness-raising	—		CKJ/J/O
Governance	•	Strengthening information security	1) Strengthen information security and expand education and awareness-raising	1) Ratio of education undertaken	1) 100%	1) 100%	○ Target met	1) 100%		1) 100%	Compliance Department Corporate IT Department	CKJ/J/O
			2) Conduct external audit of information security	2) External audits conducted	2) Conduct	2) Conduct	○ Target met	2) Conduct		2) Conduct		CKJ/J/O
Governance		Prevention of corruption and bribery	1) Conduct education and awareness raising on bribery	1) Percentage of corporate officers and employees of relevant departments receiving education	1) 100%	1) 75%	× Target Failed	1) 80%	Conduct executive training	1) 100%	Compliance Department	CKJ/J/O
Governance		Maintenance and disclosure of appropriate tax administration	1) Action on OECD transfer pricing guidelines, etc.	1) —	1) Action on OECD transfer pricing guidelines, etc.	1) Action being taken	○ Target met	1) Action on OECD transfer pricing guidelines, etc.	1) Action on OECD transfer pricing guidelines, etc.	1) Action on OECD transfer pricing guidelines, etc.	Tax Administration Department	CKJ/J/O