

Sharp Sustainability Report 2014



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About the Cover



Sharp's medium-term management plan (announced in May 2013) defines fiscal 2014 and beyond as a period of regrowth for the company. The image of a rainbow breaking through rain clouds represents hope for the future and serves as a symbol of Sharp's recovery and growth.

Editorial Policy

Policy for Information Disclosure

Sharp's efforts toward corporate social responsibility (CSR), particularly the environmental and social dimensions of CSR, contribute to creating a sustainable society. Information on these efforts is made available in the Social and Environmental Activities section of the Sharp corporate website.

The Sustainability Report 2014 presents Sharp's fiscal 2013 efforts in three sections—titled Management, Environmental Activities, and Social Activities—which are accompanied by a variety of related data. To keep our various stakeholders appropriately informed, the website also provides detailed data and information on Sharp's latest CSR activities.

Period and Items Covered

Period covered

Fiscal 2013 (April 2013 to March 2014)

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

Coverage

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

See pages 87 to 89 for the boundary of environmental performance data.

The names of overseas subsidiaries and affiliates are denoted with acronyms, such as SEC. For a list of the full names of subsidiaries and affiliates, see pages 88 and 89.

Referenced Guidelines

- Sustainability Reporting Guidelines Version 3.1 (2011, Japanese), Global Reporting Initiative (GRI)
 - [GRI Content Index](http://sharp-world.com/corporate/eco/report/ssr/guideline/gri/index.html)
http://sharp-world.com/corporate/eco/report/ssr/guideline/gri/index.html
- Environmental Reporting Guidelines (2012 Version), Ministry of the Environment, Japan
 - [Environmental Reporting Guidelines Content Index](http://sharp-world.com/corporate/eco/report/ssr/guideline/env_guideline/index.html)
http://sharp-world.com/corporate/eco/report/ssr/guideline/env_guideline/index.html
- Environmental Accounting Guidelines 2005, Ministry of the Environment, Japan

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Outline of the Sharp Group

Sharp's business activities comprise the "Product Business" (i.e., end-user consumer electronics and information products) and the "Device Business" (i.e., key components of electronic products).

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

Outline of the Sharp Group

Corporate Profile

| | |
|-----------------------------------|--|
| Name | Sharp Corporation |
| Head office | 22-22, Nagaïke-cho, Abeno-ku, Osaka 545-8522, Japan |
| Representative | Kozo Takahashi, President |
| Founded | September 15, 1912 |
| Operations ^{*1} | Manufacture and sales in the Product Business (digital information equipment, health and environmental equipment, solar cells ^{*2} , business solutions) and the Device Business (LCDs, electronic devices) |
| Capital stock ^{*1} | 121,884 million yen (rounded down to the nearest million) |
| Number of employees ^{*1} | Consolidated: 50,253 (24,118 in Japan; 26,135 overseas) Entire Sharp Group: 58,519 (26,816 in Japan; 31,703 overseas) |

*1 As of March 31, 2014

*2 The "Solar Cells" product group was renamed "Energy Solutions" in April 2014.

Main Products

Digital Information Equipment



4K LCD TV



IGZO smartphones

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

Health and Environmental Equipment



Robotic cleaning appliance



Plasmacluster humidifying air purifier

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

Solar Cells



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



**Tonemachi Sharp Solar Power Plant
(Kita-soma District, Ibaraki Prefecture, Japan)**

Crystalline solar cells, thin-film solar cells, others

Business Solutions



Touchscreen LCD monitor



Digital full-color MFP

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

LCDs



Free-form display (prototype)

IGZO



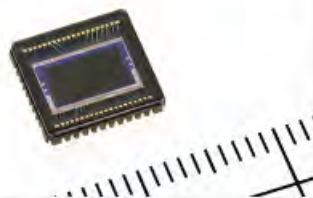
IGZO touchscreen monitor



Full HD touchscreen monitor

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

Other Electronic Devices



1/3-type 2-megapixel CCD for security cameras



LED device for small/mid-size LCDs

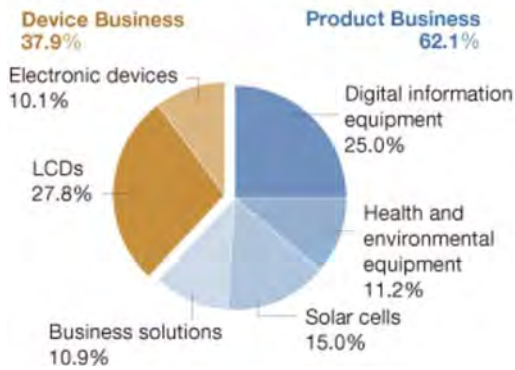
Camera modules, CCD/CMOS imagers, LSIs for LCDs, microprocessors, flash memory, analog ICs, components for satellite broadcasting, terrestrial digital tuners, RF modules, network components, laser diodes, LEDs, optical sensors, components for optical communications, regulators, switching power supplies,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

Main Data

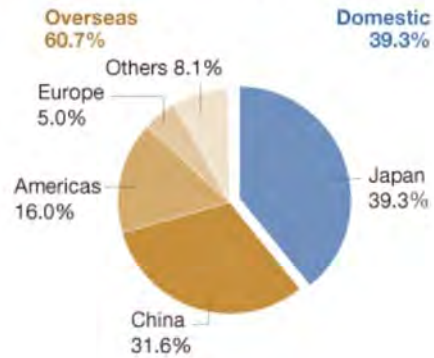
■ Net Sales, Operating Income, and Net Income (Consolidated)



■ Fiscal 2013 Net Sales Component Ratio by Product Group*3 (Consolidated)



■ Fiscal 2013 Net Sales Component Ratio by Region (Consolidated)

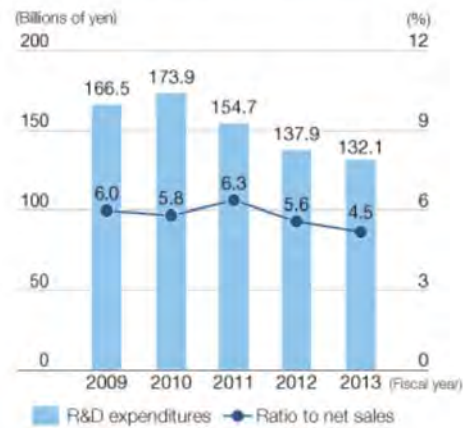


*3 Calculated based on sales to outside customers.

■ Principal Financial Performance Indicators (Consolidated)



■ R&D Expenditures (Consolidated)



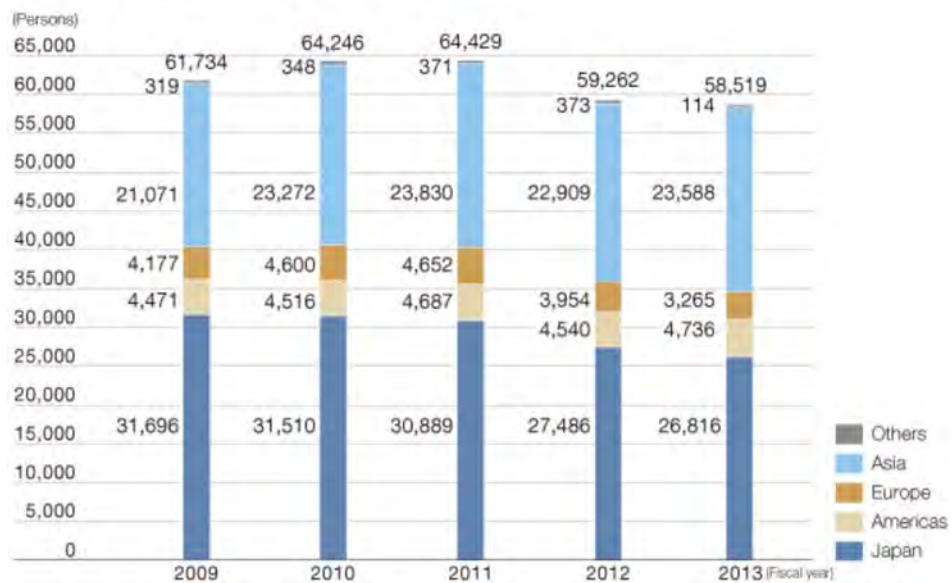
■ The Sharp Group at a Glance**

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

| | |
|--------------------------------|---|
| Regional headquarters | 2 companies in 2 countries/regions |
| Sales subsidiaries | 31 companies in 24 countries/regions |
| Manufacturing bases | 21 companies in 13 countries/regions |
| R&D bases | 6 companies in 4 countries/regions |
| R&D company and parts supplier | 1 company in 1 country/region |
| Solar power bases | 2 companies in 2 countries/regions |
| Finance company | 1 company in 1 country/region |
| Total | 64 companies in 26 countries/regions |

*4 As of July 31, 2014

■ Number of Sharp Group Employees*5



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

[Philosophies, Policies, Strategies]

Business Philosophy and Business Creed

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

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

In 1973, Sharp articulated the unchanging spirit of its founder in the company's business philosophy and business creed. The business philosophy states that Sharp aims for mutual prosperity with society and stakeholders—the foundation of CSR* today—by "contributing to the culture, benefits and welfare of people throughout the world." The business creed calls for "Sincerity and Creativity," and all employees must hold to it and follow it in order to realize the business philosophy.

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

* Corporate Social Responsibility

Business Philosophy

We do not seek merely to expand our business volume. Rather, we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits and welfare of people throughout the world.

It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living. Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders ...indeed, the entire Sharp family.

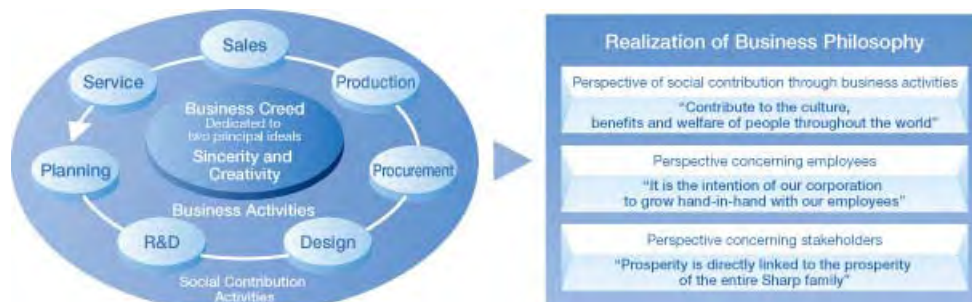
Business Creed

Sharp Corporation is dedicated to two principal ideals:
"Sincerity and Creativity"

By committing ourselves to these ideals, we can derive genuine satisfaction from our work, while making a meaningful contribution to society.

Sincerity is a virtue fundamental to humanity ... always be sincere.
 Harmony brings strength ... trust each other and work together.
 Politeness is a merit ... always be courteous and respectful.
 Creativity promotes progress ... remain constantly aware of the need to innovate and improve.
 Courage is the basis of a rewarding life ... accept every challenge with a positive attitude.

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



- The business creed is the central axis of all business activities.
- "Sincerity" means a working attitude mindful of what will offer genuinely useful solutions and happiness to everyone.
- "Creativity" means a working attitude not content with the way things are. An attitude which always seeks to add value, and to make efforts to innovate and improve.

[Philosophies, Policies, Strategies]

Top Message

Be the Kind of Company Society Needs

Sharp was in the red for both fiscal 2011 and fiscal 2012 but got back into the black in fiscal 2013 as it entered a restructuring stage with all employees uniting as one to put Sharp's collective strength into regaining our profits and the trust of society. The past year has been one in which we have rediscovered the importance of returning to the basics, such as making products with the customer in mind, and mutual prosperity with stakeholders. We are truly grateful for the support of our customers, business partners, shareholders, and all the rest of our stakeholders.

Sharp's roots are stated in its Business Philosophy, which says that "we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits and welfare of people throughout the world." Put simply, we aim to be the kind of company society needs. Since the entire Sharp Group embarked on a course of action based on the belief that the best way for us to contribute to society is through our business, it is starting to feel like we are picking up the pace towards recovery and growth.

Under our medium-term management plan, we expressed our desire to reform and expand our business so that we could provide 'the good life' in many aspects of people's lives. We will realize a range of new possibilities by utilizing our many special technologies—and we will not be limited to our conventional fields of business. To do this, besides our existing areas of LCDs, solar cells, Plasmacluster Ions, telecommunications, and document systems, we will expand the scope of business in five new areas: (1) healthcare/medical services, (2) robotics, (3) smart home/mobility/office, (4) safety and security of food/air/water, and (5) education. We will make these new fields the pillars of our business, as we look not just a century into the future but many years beyond that.

Once again this fiscal year the entire Sharp Group will take on many new challenges as it creates new technologies, products, and services based on our strong customer focus. And besides operating according to ISO 26000 and other international standards, we will continue to support the 10 principles of the United Nations Global Compact, which covers areas such as human rights, labor, the environment, and anti-corruption, as we contribute to solving such worldwide issues as conflict minerals and respect for human rights.

We are stepping up our activities to deal with global environmental problems, and in order to further clarify this direction, we have defined our environmental policy in terms of 'Increasing Green Shared Value', as we carry out efforts centered around the pursuit of fulfilling society's needs for a low-carbon society, the recycling of resources, and harmony with nature. Under this policy, we manufacture products that meet society's needs by striving to raise environmental performance in every stage of the supply chain, including product manufacture, logistics, product use by customers, and recycling.

While making every effort to fulfill the expectations directed at Sharp, we will continue striving to be the kind of company society needs—a company that can contribute to the sustainable development of society. I look forward to your continued support.



President
Kozo Takahashi

[Philosophies, Policies, Strategies]

Policy on CSR Activities

Approach to CSR Activities

Sharp's CSR has its roots in its Business Philosophy and Business Creed. Sharp divides its CSR activities into four large categories and pursues them while engaging and communicating with stakeholders. The Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct serve as the basis for all of these activities. All directors and employees of Sharp Group companies act appropriately and in a sincere manner in line with these guidelines, in order to make Sharp the kind of company society needs.



Message from the Person in Charge of CSR Promotion



Yumiko Ito
 Director and Executive Managing Officer
 General Counsel
 Corporate Management Group

Companies have a give-and-take relationship with their shareholders, business partners, customers, local communities, and employees. All corporate activities—and even a company's very existence—have an impact on society in some way. That is why it is crucial for a company to contribute to society through its business activities in a way that will help solve various social issues, so that it can grow together with society in a sustainable manner.

In an increasingly globalizing world, it may be no exaggeration to say that there is no incident or phenomenon in the world that does not in some way connect with our own company. For example, stakeholders are showing increasing concern for labor and human rights issues in the supply chain. As a corporate citizen, Sharp is expected to be fully aware of the range of influence its activities have on society and to address social issues.

Sharp conducts various CSR activities in line with its stance on social responsibility, as defined in its Business Philosophy and Business Creed. The company will further enhance these activities in accordance with international CSR norms and standards.

By pursuing closer communications with stakeholders and by reflecting the expectations and requests of society in our management reforms, Sharp is committed to conducting ever more effective CSR activities.

We sincerely ask for your continued support.

[Philosophies, Policies, Strategies]

Policy on CSR Activities

System to Promote CSR

Structure to Promote CSR Policies and Measures Company-Wide

Sharp holds quarterly meetings of the CSR/Compliance Committee to discuss and decide on important measures for the entire company. These meetings are chaired by Sharp's president and attended by chief officers in charge of the business groups and by relevant officers of the Corporate Management Group. The work of this committee serves to complement the business execution functions of Sharp.

In addition, Sharp has established the CSR Promotion Unit, which is tasked with promoting CSR policies and measures and which falls under the control of the executive officer in charge of legal affairs. The CSR Promotion Unit collects and analyzes information on domestic and overseas trends in CSR, and it works in collaboration with relevant units/divisions to implement important measures that are discussed by the CSR/Compliance Committee.

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



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

The Boards of Directors of Sharp Group companies around the world passed resolutions to adopt the Charter of Corporate Behavior and Code of Conduct, and Sharp is working to thoroughly communicate their content through internal notices, pamphlets, and training.

In fiscal 2013, Sharp held online training on the Code of Conduct for all directors and employees in Japan.

The Charter of Corporate Behavior and Code of Conduct are reviewed as appropriate to accommodate changes in the business environment, including changes in the nature of what society and stakeholders expect of companies. The revisions also reflect changes to existing laws and the enactment of new ones.

Related information:

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



A leaflet on the Sharp Group Charter of Corporate Behavior and Sharp Code of Conduct

ISO 26000 and the United Nations Global Compact

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

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

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

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

Related information:

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



[Philosophies, Policies, Strategies]

Management Strategy and CSR

Sharp Management Strategy and CSR

At Sharp, corporate management is based on the Business Philosophy, which states that we "contribute to the culture, benefits and welfare of people throughout the world" and "grow hand-in-hand with our employees," and that "Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders." Sharp also believes that it can best make a contribution to society by incorporating the "Sincerity and Creativity" of its Business Creed into all the work that it does.

Through the technology it has built up and the business expansion that exemplifies its unique focus, Sharp solves problems for both society and individual users, thus contributing to society and achieving medium- and long-term growth for the company.

Fiscal 2013–2015 Medium-Term Management Plan: Recovery and Growth

In May 2013, Sharp formulated its medium-term management plan, under which it aims to become a 'new Sharp' that achieves stable growth in profits and steady cash flow and brings people worldwide new value and joy. Sharp defines fiscal 2013, the first year of the plan, as a restructuring stage, and fiscal 2014 and beyond as a re-growth stage. The medium-term management plan incorporates the following three basic strategies and five priority measures.

Basic Strategies of Medium-Term Management Plan

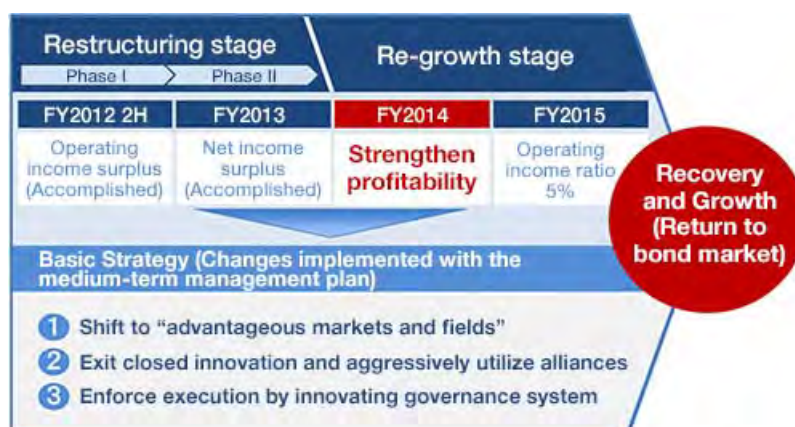
1. Shift to advantageous markets and fields
2. Exit closed innovation and aggressively utilize alliances
3. Enforce execution by innovating governance system

5 Priority Measures

- (1) Restructuring the business portfolio
- (2) Improving the profitability of the LCD business
- (3) Expanding overseas businesses, focusing on the ASEAN market
- (4) Reducing fixed costs by reforming company-wide cost structure
- (5) Improving financial position

Basic Strategies of Medium-Term Management Plan and Positioning for Fiscal 2014

In fiscal 2014, Sharp is stepping up efforts to boost its systems to achieve re-growth.



Actions Taken in Fiscal 2013

Fiscal 2013 was a year of restructuring and preparation for re-growth. The entire company worked together to reduce fixed costs, restructure its business, and create new products and new businesses. As a result of these efforts, Sharp successfully achieved a net income surplus.

Rather than resting on its laurels, in fiscal 2014 and 2015 Sharp will work towards steady business recovery and build a solid foundation for 'today' ^{*1}, while at the same time working towards building a strong 'tomorrow' ^{*1} and the 'day after tomorrow' ^{*1} as it transforms itself into a truly sustainable company.

^{*1} 'Today' means fiscal 2014 and 2015, 'tomorrow' means fiscal 2016 and beyond, and the 'day after tomorrow' means the direction we want our business to take in the long term.

Message from the Group General Manager, Corporate Management Group



Tetsuo Onishi
Representative Director; Executive Vice President;
Group General Manager,
Corporate Management Group

Strengthen Governance to Achieve Stable Growth

I believe that it is Sharp's responsibility to respond to the hopes and expectations of all stakeholders, including our customers, business partners, and subcontractors.

To this end, we have been working hard on the pressing task of revamping our management foundation, and in fiscal 2013 this work paid off as we got back into the black for the first time in three years. We will continue strengthening our management foundation so that we can achieve our announced profit targets and pay dividends to the shareholders who have invested in Sharp. As well, we will strive to once again achieve an investment-grade rating so that we can regain the public's confidence and procure funding from the market. Along with improving our financial situation, we are also aiming to contribute to society by solving problems through Sharp's one-of-a-kind creation of products.

In business operations, it is crucial that we focus on stable management and growth, and to this end we will improve our various risk management capabilities and strengthen our decision-making for business operations; in other words, our governance system.

Besides having an audit and supervisory board, Sharp will review the workings of the Compensation Committee and Nominating Committee under the Board of Directors to ensure transparent and stronger functions for objective monitoring. For example, we increased the number of outside directors and auditors, and appointed outside directors to be the chairpersons of the Compensation Committee and Nominating Committee.

We are also reforming our corporate culture. This is because we believe it is important that all Sharp directors and employees make decisions and take action based on accepted social norms. In the past year, we have called upon all employees to make decisions and take action based on accepted social norms, and we have provided opportunities for opinion exchange and discussion on this topic. Having employees make proper decisions and take proper action will boost their motivation and independence, and this will give them firsthand experience of what it's like to grow as one with the company.

Our biggest responsibility is to rebuild our management foundation and carry out stable, growth-oriented business operations so that we can regain the confidence of the market and be a company that is needed by society.

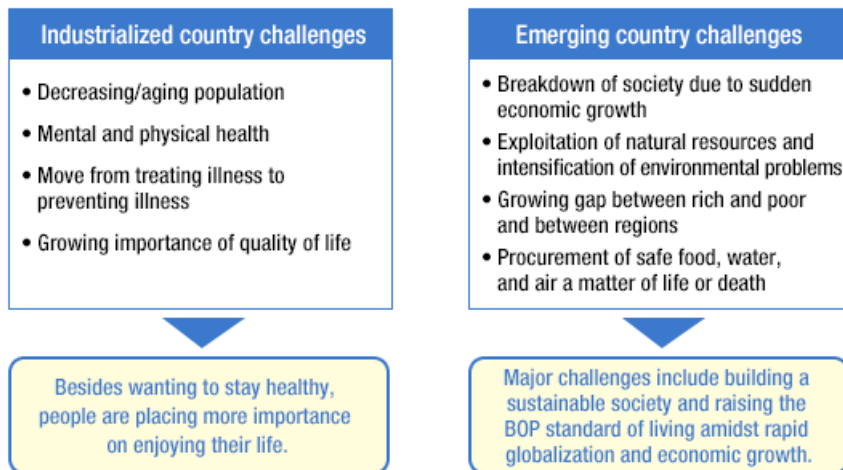
Sharp's Direction: Help Solve Problems Faced by People around the World

Today's world faces numerous challenges. In industrialized countries, populations are decreasing and aging, accompanied by mental and physical health problems as people become more aware of the importance of quality of life. Emerging countries, meanwhile, are grappling with pressing problems such as how to build sustainable societies and how to raise the standard of living of the BOP*² class.

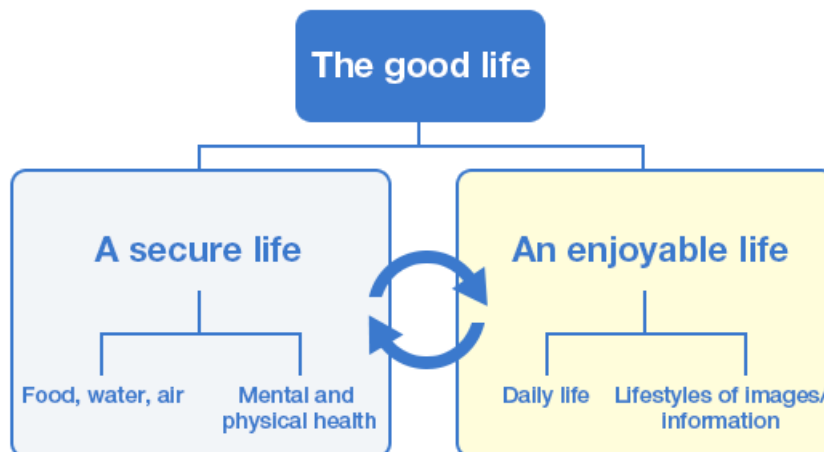
Whether you live in an industrialized country or an emerging country, you want to attain 'the good life'. But the good life requires both security and enjoyment; neither should be pursued solely on its own. Sharp aims to provide value that helps people achieve the good life, and to this end it will strive to contribute both to people's security and enjoyment.

*² BOP: Base of the pyramid; the lowest income earners in newly emerging countries.

Problems Faced by People around the World



Value Provided by Sharp



Expanding New Business Fields

Sharp has striven to give people an enjoyable daily life through the provision of products such as image and information products including 4K TVs and smartphones, and food-related items like Healsio Ocha-Presso tea machines, Healsio Juice-Presso slow juicers, and Healsio rice cookers. Sharp has sought to provide security through Plasmacluster air purifiers and Healsio Water Ovens (superheated steam ovens) that put people at ease with clean air and healthy food, as well as solar power systems that provide energy security through renewable energy use.

As a first step in providing value towards the achievement of the good life, in fiscal 2013 Sharp began expanding business in five new fields. The company has already come up with some promising products in these fields; for example, the Microbe Sensor, which was released in October 2013 and was awarded the 10 Best New Products Awards "Nippon Brand" Prize in 2013, sponsored by Nikkan Kogyo Shimbun in Japan.

Sharp will continue to advance its technologies so that it can bring customers the good life they desire.

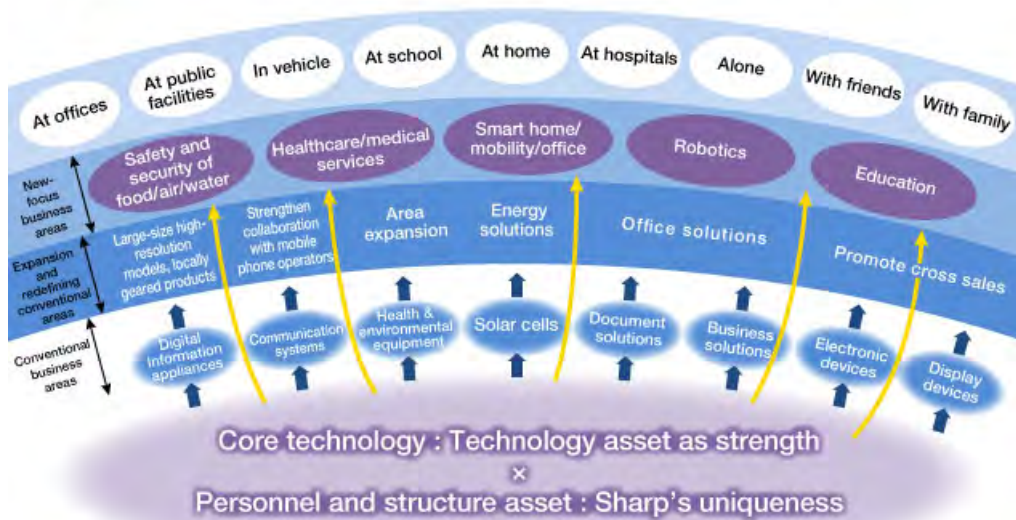


Award-winning BM-300C microbe sensor



At the 10 Best New Products Awards ceremony

Bringing 'the Good Life' to Every Facet of People's Lifestyles



Message from the Chief Technology Officer

Discover New Possibilities and Give Them Form—That's the Sharp Way

I believe that people expect Sharp to discover new possibilities and make these into products for the market. Looking back, it was Sharp that first brought the world amazing images on LCD TVs, a product that today accounts for the majority of worldwide TV demand. And equipping mobile phones with LCD screens and cameras dramatically expanded the world of possibilities for telephones.

At Sharp, 'the good life' is the phrase we use to describe the value we provide to meet society's hopes and expectations. Our goal is to contribute to the good life for people around the world through our existing businesses and through five new business areas—(1) healthcare/medical services, (2) robotics, (3) smart home/mobility/office, (4) safety and security of food/air/water, and (5) education—as well as a sixth, innovative products. I believe it is the mission of our development divisions to come up with the technologies and services that make our goal a reality.

In the area of healthcare and medical services, we focus on the three areas of healthcare and health management support, state-of-the-art medical R&D support, and initial diagnosis support. For example, in our health cockpit concept, users needn't go to a hospital for medical checkups: they simply sit down and have their vital signs measured—pulse, weight, blood pressure, obesity rate, body fat ratio—and then sent to the cloud for diagnosis.

In robotics, we are expanding business through the three focus areas of service robots, manufacturing robots, and communications robots. We already have a vacuum cleaner on the market with built-in communication functions, and we plan to come out with security guard robots, commercial cleaning robots, and robots that help elderly people walk safely.

In safety and security of food/air/water, we want to use Sharp technology to solve food safety problems and air concerns such as PM 2.5. We have had Plasmacluster Ion products on the market for some time now that inactivate airborne bacteria and mold, and we are currently developing innovations such as a PM 2.5 sensor and a microbe sensor that counts the volume of airborne microbes to show the danger of polluted air. Before this product, it took about a week to show the level of microbes counted in the air, making it difficult to usefully apply this data. Sharp's microbe sensor takes just 10 minutes to measure the amount of airborne microbes. Food processing companies are already inquiring about this product as an effective way to conduct real-time monitoring of the level of microbes in the air.

Although Sharp's business fields span the entire spectrum—devices to finished goods, services, B2B, B2C—our business is always focused on people and their lifestyles. We constantly strive to provide value through our products and services with the aim of contributing to the good life.



Shigeaki Mizushima
Representative Director,
Executive Vice President,
Chief Technology Officer

Increasing Green Shared Value

In emerging countries as well as in industrialized countries, social problems are coming to the fore as citizens seek a better life through economic growth.

Environmental problems are particularly prevalent, as large-scale use of the energy and resources that support people's lives is upsetting the world's environmental balance and intensifying worldwide problems like global warming, resource depletion, and biodiversity loss, and making it imperative that society solve these pressing issues.

Sharp has over the years created many environmentally friendly products, and it has a wealth of energy-saving and energy-creating environmental technologies that can solve the world's problems.

Besides striving to reduce the environmental impact of its business activities, Sharp is using these environmental technologies to further improve on its energy-saving and energy-creating products. To clarify and solidify this direction, Sharp has defined a policy of increasing what it calls 'Green Shared Value', and this policy is the basis of the company's efforts to make products that meet society's needs.

Message from the Division General Manager, CS and Environmental Promotion Division



Masashi Yasuki
Division General Manager,
CS and Environmental Promotion Division

Increase Green Shared Value to Be a Company Needed by Society

In 2014, the IPCC^{*3} released a report saying that greenhouse gas (GHG) emissions must be reduced by 40 to 70% over 2010 levels if we are to prevent the Earth's temperature from rising further. The report adds that to achieve this we must make low-carbon energy sources account for at least 80% of the energy mix.

Under our environmental policy of creating and increasing Green Shared Value by fusing our business activities and our contribution to a low-carbon society, we are raising environmental performance throughout the entire supply chain. We have made it a goal to make the positive impact of our avoidance of GHG emissions more than balance out the negative impact of GHG emissions from our business activities. In fiscal 2013, we achieved this goal.

To ensure that we continue to achieve this goal by increasing our positive impact, we are spreading the use of low-carbon energy by continuing to provide the market with solar power systems that utilize our more than 50 years of experience and technological expertise.

As well, to reduce the negative impact, we are constantly creating products with greater energy efficiency that reduce the amount of energy that people need to consume to enjoy a comfortable life.

Reducing carbon emissions in terms of both energy supply and energy consumption means that we not only boost the environmental performance of our business; it also means that we contribute to the IPCC's target of a low-carbon society.

^{*3} IPCC: Intergovernmental Panel on Climate Change

Visit this link to read about Green Shared Value (GSV).

> [Environmental Policy](#)

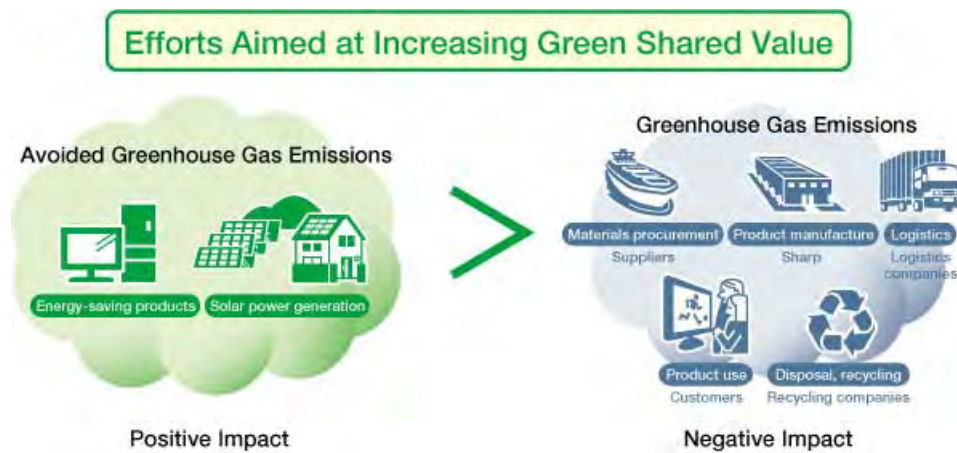
[Environmental Policy]

Increasing Green Shared Value

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

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

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



Visit this link to read a message from the Division General Manager of the CS and Environmental Promotion Division.

> [Management Strategy and CSR](#)

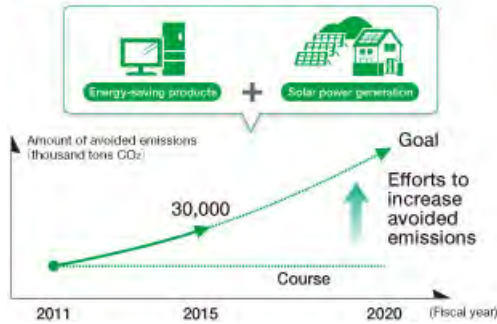
Achievements for Fiscal 2013

In fiscal 2013, Sharp's "positive impact" (i.e., avoided GHG emissions) was 30 million tons CO₂, up 30% over the previous fiscal year. This was due to factors as a large growth in solar power system sales. Meanwhile, the company's "negative impact" (i.e., GHG emissions) increased by 11% over the previous fiscal year to 20 million tons CO₂. This was due to factors as increased demand for home appliances in Southeast Asia and a surge in sales in Japan prior to a consumption tax hike there. Note that Sharp is steadily reducing the amount of GHG emitted by customer use of its products by developing products with superb energy efficiency, such as large-screen LCD TVs.

As a result, the GSV index (the ratio of positive impact to negative impact) increased to 1.5 (i.e., 30 million tons CO₂ divided by 20 million tons CO₂).

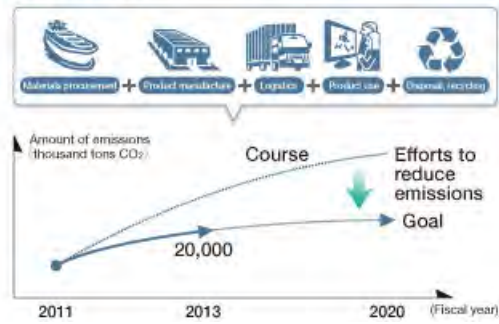
■ Avoided GHG Emissions and GHG Emissions in Fiscal 2013

■ Increasing Avoided Emissions



> [See calculation method](#)

■ Reducing Emissions



> [See calculation method](#)

Fiscal 2013 Results

30 million tons CO₂

Avoided Greenhouse Gas Emissions

Positive Impact

20 million tons CO₂

Greenhouse Gas Emissions

Negative Impact

GSV index

= 1.5

Increasing the amount of avoided GHG emissions

Energy-saving products

Greatly improve the energy efficiency of products and make full use of the SGP (Super Green Product) certification system.
 Avoided GHG emissions in fiscal 2013:
 11 million tons CO₂

Solar power generation

Expand sales of solar power systems for residential and industrial use and promote the total energy solutions business.
 Fiscal 2013 sales: 2,098 MW
 Avoided GHG emissions: 19 million tons CO₂

Close-Up: Japan
 Constructing a 42 MW mega-solar project

Reducing the amount of GHG emissions

Materials procurement

Promoting green procurement in collaboration with suppliers
 (Case study: Indonesia)
 Eco Improvement contest involving suppliers

Product manufacture

Installing energy-saving equipment and pursuing energy-saving activities
 (Case study: China)
 Installing more LED lights in factories

Logistics

Switching modes of transport for international distribution
 (Case study) Choosing optimally located harbors for landing

Product use

Expanding use of energy-saving products
 (Case study) Examples of Super Green Products for fiscal 2013

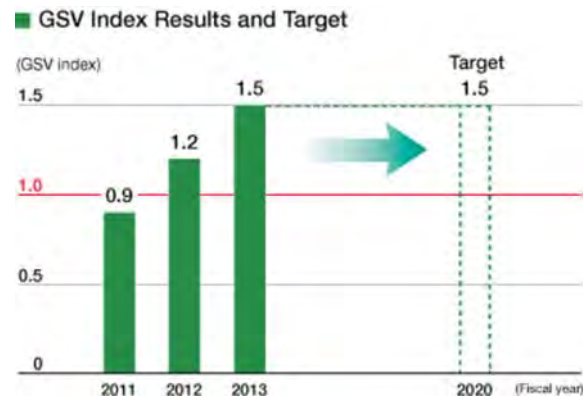
Disposal, recycling

Recycling used products
 (Case study: Japan) Expanding closed-loop plastic material recycling technology for the repeated reuse of plastic

For fiscal 2014 and beyond, Sharp will strive both to grow its business and to increase the amount of avoided GHG emissions. Sharp aims to increase Green Shared Value by reducing GHG emissions across the entire supply chain and by developing more energy-saving products and expanding the use of solar power systems.

Challenge for the Year 2020

Sharp is further advancing its environmental efforts so that its GSV index—the ratio of its positive impact to its negative impact—will constantly be 1.0 or higher for each year. It will also maximize business efficiency by the year 2020, when the Kyoto Protocol's second commitment period ends, so as to establish a company structure that will allow Sharp to maintain a GSV index of 1.5 or higher.



Objectives and Achievements in CSR

Under its Business Philosophy and Business Creed, Sharp is establishing priority action themes in the managerial, environmental, and social dimensions of CSR and is putting them into action while communicating with various stakeholders in Sharp's business activities. The aims are to offer innovations through business activities, to harmonize with society, to collaborate with partners, to create and innovate corporate culture, and to fulfill basic social responsibilities.

Follow the links below to read about achievements for fiscal 2013 and future priority objectives.

[▶ Objectives and Achievements in the Area of Management](#)

[▶ Environmental Objectives and Achievements](#)

[▶ Objectives and Achievements in the Social Dimension of CSR](#)

[Objectives and Achievements in CSR]

Objectives and Achievements in the Area of Management

Fiscal 2013 Achievement Summary

In fiscal 2013, Sharp continued to improve its corporate governance system and took steps to ensure the stable operation of the company's internal control system. Sharp also conducted an ongoing series of training and educational activities in Japan and overseas in the area of compliance. Sharp also pushed forward with ongoing efforts to improve specific management-related areas by, for example, reviewing priority risks and implementing risk management based on a PDCA cycle and strengthening information security measures.

Objectives and Achievements for Fiscal 2013

* Self evaluation: ◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Priority Themes | Fiscal 2013 Objectives | Fiscal 2013 Achievements | Self Evaluation * |
|--|---|--|-------------------|
| Reinforce corporate governance | <ul style="list-style-type: none"> Further improve transparency, objectivity, and soundness in management | <ul style="list-style-type: none"> Reviewed operation of Executive Management Meeting to enhance rapid decision-making and soundness in management; strengthened management by introducing Business Group system to match the characteristics of each business | ○ |
| Develop, maintain, operate, and assess internal control system | <ul style="list-style-type: none"> Continuously put into practice various policies related to internal control system and mount intensive efforts to resolve important items (problem items) in each internal control area | <ul style="list-style-type: none"> Completed various policies related to internal control system as initially scheduled Reviewed policies, mounted intensive efforts to resolve important items (problem items), and submitted Internal Control System Report (information disclosure) (June 2014) | ○ |
| Review systems for promoting CSR | <ul style="list-style-type: none"> Respond to new social challenges associated with global business development | <ul style="list-style-type: none"> Studied and promoted priority measures in line with international guidelines, such as ISO 26000, with relevant units/divisions | △ |
| Strengthen business risk management | <ul style="list-style-type: none"> Ongoing review of priority risks and implementation of risk management based on PDCA cycle | <ul style="list-style-type: none"> Reviewed priority risks and implemented risk management based on PDCA cycle | ○ |
| Practice compliance in business | <ul style="list-style-type: none"> Ongoing compliance training for employees in Japan and abroad | <ul style="list-style-type: none"> Implemented compliance training for employees in Japan and abroad | ○ |
| Strengthen measures for maintaining confidentiality and information security | <ul style="list-style-type: none"> Conduct web application penetration tests of publicly accessible websites Centralize and unify management of such websites | <ul style="list-style-type: none"> Conducted regular web application penetration tests Gradually migrated to company-wide cloud environment to consolidate websites | ○ |

| | | | |
|---|--|--|---|
| Strengthen personal information protection system | <ul style="list-style-type: none"> ■ Ongoing implementation of internal audits related to protecting personal information ■ Ongoing implementation of education and awareness policies related to protecting personal information for employees and others | <ul style="list-style-type: none"> ■ Implemented regular internal audits related to protecting personal information ■ Implemented continuous education and awareness policies (e-learning) related to protecting personal information for employees and others | ○ |
|---|--|--|---|

Fiscal 2014 Objectives

| Priority Themes | Fiscal 2014 Objectives |
|--|--|
| Reinforce corporate governance | <ul style="list-style-type: none"> ■ Augment Business Group system to strengthen business execution power; reform Board of Directors system to strengthen control functions |
| Develop, maintain, operate, and assess internal control system | <ul style="list-style-type: none"> ■ Continuously put into practice various policies related to internal control system and mount intensive efforts to resolve important items (problem items) <ul style="list-style-type: none"> ○ Complete various policies related to internal control system (30 items) as scheduled ○ Submit Internal Control System Report in June 2015 |
| Review systems for promoting CSR | <ul style="list-style-type: none"> ■ Establish system for promoting CSR activities group-wide <ul style="list-style-type: none"> ○ Review activities conducted in line with 7 major themes covered by ISO 26000, grasp current situation, identify problems, and implement priority measures group-wide |
| Strengthen business risk management | <ul style="list-style-type: none"> ■ Ongoing review of priority risks and implementation of risk management based on PDCA cycle <ul style="list-style-type: none"> ○ Strengthen risk management for overseas subsidiaries |
| Practice compliance in business | <ul style="list-style-type: none"> ■ Conduct compliance training |
| Promote information management measures | <ul style="list-style-type: none"> ■ Construct framework for group-wide information control and promote measures to resolve various issues <ul style="list-style-type: none"> ○ Centralize and unify management of publicly accessible websites ○ Conduct training to deal with advanced persistent threats ○ Institute group-wide digital document management system and paperless teleconference system |

[Objectives and Achievements in CSR]

Environmental Objectives and Achievements

Fiscal 2013 Achievement Summary

In fiscal 2013, Sharp set objectives and implemented measures at each stage of its business operations to reduce the environmental burden across the entire supply chain. This was in line with its environmental policy of increasing Green Shared Value (GSV). In the area of "Developing environmentally conscious products and devices," Sharp focused on creating Super Green Products (SGP) that meet its certification criteria centered on energy efficiency, a feature much sought after by consumers. As a result, 67 product models were certified as SGP. In the area of "Curbing greenhouse gas emissions," Sharp was able to improve specific energy consumption rates in Japan and overseas as a result of intensive efforts applied to all equipment and systems—ranging from production equipment to utility systems.

For fiscal 2014 and beyond, Sharp will push forward with measures that enable the company to increase its GSV.

Objectives and Achievements for Fiscal 2013

*1 Self evaluation: ◎ Achieved more than targeted / ○ Achieved as targeted / △ Achieved to some extent

| Priority Themes | | Fiscal 2013 Objectives | Fiscal 2013 Achievements | Self evaluation*1 |
|--|--|---|---|-------------------|
| Environmental technologies | Environmental technologies that contribute to a sustainable, recycling-based society | <ul style="list-style-type: none"> Expand scope of plastic material recycling technology (practical application of PC+ABS*2 recycling) | <ul style="list-style-type: none"> Developed recycling technology for new material (PC+ABS) and put it to practical use | ○ |
| | | <ul style="list-style-type: none"> Develop practical application technology for synthesizing zeolite from waste LCD panel glass | <ul style="list-style-type: none"> Developed practical application technology for synthesizing zeolite from waste LCD panel glass (on a kilogram scale) | ○ |
| Environmentally conscious products and devices | Developing environmentally conscious products and devices | <ul style="list-style-type: none"> Super Green Products (Japan) <ul style="list-style-type: none"> 3 or more products certified in each product category | <ul style="list-style-type: none"> 3 or more products certified in each product category: AV (5); communications (14); home appliances (31); solar (4); information/document (13)—total of 67 models | ◎ |
| | | <ul style="list-style-type: none"> Increase Green Devices' share of net sales <ul style="list-style-type: none"> To 95% | <ul style="list-style-type: none"> 98% | ○ |
| Environmentally conscious business activities | Curbing greenhouse gas emissions | <ul style="list-style-type: none"> Japan: Specific energy consumption rate <ul style="list-style-type: none"> Improve by average 1% each year (average for fiscal 2009 to 2013) | <ul style="list-style-type: none"> Improved by average 4.7% | ◎ |
| | | <ul style="list-style-type: none"> Overseas: Specific energy consumption rate <ul style="list-style-type: none"> Improve over fiscal 2012 levels | <ul style="list-style-type: none"> Improved by 13% over fiscal 2012 levels | ◎ |
| Environmentally conscious logistics | Reducing logistics-related environmental impact | <ul style="list-style-type: none"> CO2 emissions per shipping volume (Japan) <ul style="list-style-type: none"> Reduce by average 1% each year (average for fiscal 2009 to 2013) | <ul style="list-style-type: none"> Reduced by average 4% (average for fiscal 2009 to 2013) | ◎ |

| | | | | |
|-----------|--|---|---|---|
| Recycling | Expanding the recycling of used products | <ul style="list-style-type: none"> ■ Reduce recycling costs | <ul style="list-style-type: none"> ■ Reduced recycling costs by reusing urethane insulation material as blast-furnace reducing agent and for thermal recycling | ○ |
| | | <ul style="list-style-type: none"> ■ Formulate collection scheme for used solar panels | <ul style="list-style-type: none"> ■ Studied collection patterns | △ |

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

Objectives for Fiscal 2014 and Beyond

| Priority Themes | | Fiscal 2014 Objectives | Fiscal 2016 Objectives |
|---------------------|--|---|--|
| Product development | Developing environmentally conscious products and devices | <ul style="list-style-type: none"> ■ Super Green Products (Japan): <ul style="list-style-type: none"> ○ Certify 65 or more products | <ul style="list-style-type: none"> ○ Certify 65 or more products |
| | | <ul style="list-style-type: none"> ■ Green Device Challenge Points: <ul style="list-style-type: none"> ○ Achieve an average of 45 points or more (criteria and evaluation content to be revised each year) for all devices | <ul style="list-style-type: none"> ○ Achieve an average of 55 points or more (evaluation items to be revised each year) for all devices |
| Product manufacture | Curbing greenhouse gas emissions | <ul style="list-style-type: none"> ■ Japan: Specific energy consumption rate <ul style="list-style-type: none"> ○ Improve by average 1% each year (average for fiscal 2010 to 2014) | <ul style="list-style-type: none"> ○ Improve by average 1% each year (average for fiscal 2012 to 2016) |
| | | <ul style="list-style-type: none"> ■ Overseas: Specific energy consumption rate <ul style="list-style-type: none"> ○ Improve over fiscal 2013 levels | <ul style="list-style-type: none"> ○ Improve over average of last 3 years (fiscal 2013 to 2015) |
| Logistics | Reducing logistics-related environmental impact | <ul style="list-style-type: none"> ■ CO₂ emissions per shipping volume (Japan) <ul style="list-style-type: none"> ○ Reduce by average 1% each year (average for fiscal 2010 to 2014) | <ul style="list-style-type: none"> ○ Reduce by average 1% each year (average for fiscal 2012 to 2016) |
| Disposal, recycling | Expanding the recycling of used products | <ul style="list-style-type: none"> ■ Improve recycling efficiency ■ Increase amount of recyclable waste plastic through cooperation among recycling plants and raise sorting accuracy (boost value) ■ Formulate processing technology plan for used solar panels | <ul style="list-style-type: none"> ■ Construct high-efficiency recycling line in anticipation of an increase in flat-panel TVs sent to recycling; reduce time required ■ Formulate collection/recycling scheme for used solar panels (joint project) |
| | | <ul style="list-style-type: none"> ■ Develop technology for adding extra value to recycled plastic materials | <ul style="list-style-type: none"> ■ Develop new material based on plastic material recycling technology |
| | Environmental technologies that contribute to a sustainable, recycling-based society | <ul style="list-style-type: none"> ■ Start experiment to verify water purification effects of Sharp-developed zeolite | <ul style="list-style-type: none"> ■ Assess water purification effects of Sharp-developed zeolite through verification experiments |

[Objectives and Achievements]

Objectives and Achievements in the Social Dimension of CSR

Overall Results of CSR Efforts in Fiscal 2013

Sharp always conducts manufacturing, marketing, and service with the customer in mind. In areas such as developing global personnel and conducting social action programs at the local level in Japan and abroad, Sharp carries on in the spirit of its founder in activities such as helping the disabled gain independence and become valued members of society. In this way, Sharp was active and productive.

The special themes for fiscal 2013 and the important themes and targets for fiscal 2014 are divided by stakeholder category.

Objectives and Achievements for Fiscal 2013

* Self evaluation: ◎ Results exceeded objectives / ○ Results met objectives / △ Certain results were accomplished

| Important Themes | | Objectives for Fiscal 2013 | Achievements for Fiscal 2013 | Self evaluation* |
|-----------------------|--|---|---|------------------|
| For Customers | Secure quality and safety | <ul style="list-style-type: none"> ■ Improve global quality and customer satisfaction <ul style="list-style-type: none"> ○ Expand global knowledge system at overseas bases ○ Extend global quality human resource education system to ASEAN bases | <ul style="list-style-type: none"> ■ Improved global quality and customer satisfaction <ul style="list-style-type: none"> ○ Proposed global knowledge system at overseas call centers (China, India) ○ Introduced new global quality human resource education system to 6 bases in China and 8 bases in ASEAN, conducted quality techniques training (cumulative total of 714 participants) | ○ |
| | Create products that are easier to use | <ul style="list-style-type: none"> ■ Improve quality and service from the customer's point of view <ul style="list-style-type: none"> ○ Innovate consultation system in Japan and improve response levels ○ Promote development of global quality and service personnel | <ul style="list-style-type: none"> ■ Improved quality and service from the customer's point of view <ul style="list-style-type: none"> ○ Restructured curriculum for teaching consultation and response methods ○ Held CS exchange meetings in all 7 blocks in Japan ○ Built a quality and service management training system for overseas service managers | ○ |
| | Improve customer satisfaction | <ul style="list-style-type: none"> ■ Increase customer satisfaction by enhancing service capabilities and customer response skills <ul style="list-style-type: none"> ○ Strengthen service management capabilities in ASEAN region ○ Increase service capabilities of employees dispatched overseas | <ul style="list-style-type: none"> ■ Increased customer satisfaction by enhancing service capabilities and customer response skills <ul style="list-style-type: none"> ○ Held an air conditioner technical training session in Malaysia ○ Introduced training curriculum for employees dispatched overseas | ○ |
| For Business Partners | Promote CSR across entire supply chain | <ul style="list-style-type: none"> ■ Train auditors using CSR procurement auditing tools and transfer the management of audit structure to each division | <ul style="list-style-type: none"> ■ Completed revision of tools for CSR procurement auditors | △ |

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| <p>For Shareholders and Investors</p> | <p>Improve communication with shareholders and investors</p> | <ul style="list-style-type: none"> ■ Continue improving information disclosure and strengthen information transmission for shareholders and investors | <ul style="list-style-type: none"> ■ Sharp had a large meeting headed by the President at a conference held by a securities company | <p>○</p> |
| <p>For Employees</p> | <p>Re-build human resource development program</p> | <ul style="list-style-type: none"> ■ To build a globally competitive HR development program that aligns with the business portfolio <ul style="list-style-type: none"> ○ To educate executive managers who will lead the next generation to growth ○ To nurture professional talent strategically for future business ○ To take measures to motivate junior employees | <ul style="list-style-type: none"> ■ Restructured human resource development program <ul style="list-style-type: none"> ○ Conducted following three programs for training management personnel who can support growth for the next generation (Sharp Leadership Program) <ol style="list-style-type: none"> 1. Next Leader Program for selected young employees 2. Professional Business Leader Program (new) for management candidates 3. Executive Business Leader Program (new) for executive candidates ○ New Business Creation Human Resource Development Program, to give participants knowledge and skills necessary to create new business; will start in December ○ Group training held for 3rd and 4th year employees on career formation and team-building (444 participants) | <p>○</p> |
| | <p>Develop diversity management</p> | <ul style="list-style-type: none"> ■ Improve environment for diversity inclusion (acceptance of diversity) <ul style="list-style-type: none"> ○ Increase employment of female employees; surpass previous year's percentage of female employees ○ Maintain 2.2% employment rate for the physically or mentally challenged | <ul style="list-style-type: none"> ■ Improved environment for diversity inclusion (acceptance of diversity) <ul style="list-style-type: none"> ○ Employment rate of female employees 9.6% as of April 1, 2014 (9.5% 2013) ○ Maintained 2.2% employment rate for the physically or mentally challenged in fiscal 2013 with rate of 2.29% | <p>○</p> |
| | <p>Promote safety and health and physical fitness</p> | <ul style="list-style-type: none"> ■ Create a safe and healthy workplace <ul style="list-style-type: none"> ○ Improve occupational safety and health management systems at production sites in Japan; fully implement Sharp's own occupational safety and health management system covering non-production sites and affiliates in Japan ○ Systematically introduce occupational safety and health management system at overseas production sites ○ Enhance comprehensive mental health measures for primary, secondary, and tertiary prevention of mental illness | <ul style="list-style-type: none"> ■ Created a safe and healthy workplace <ul style="list-style-type: none"> ○ Unified and improved the level of occupational safety and health at production sites in Japan through sharing of information, model case studies, and accident prevention information ○ Created and put into operation a system for surveying workplace risks inherent in work processes at non-production sites and affiliates ○ Checked progress and followed up on occupational | <p>△</p> |

| | | | | |
|-----------------------|---|---|---|---|
| | | | <p>safety and health management systems introduced at overseas production sites</p> <ul style="list-style-type: none"> ○ Promoted various types of mental health measures; for example, encouraged employees to get certification as workplace mental health advisors, and encouraged employees experiencing stress to take training/therapy to deal with it | |
| For Local Communities | Continue environmental and biodiversity protection activities | <ul style="list-style-type: none"> ■ Continue local social action programs, including efforts to protect the environment and biodiversity | <ul style="list-style-type: none"> ■ About 800 events held (up 8% over previous year); total of about 18,800 participants, including employee family members (up 3% over previous year) | ○ |
| | Continue educational support activities | <ul style="list-style-type: none"> ■ Continue educational support activities that enlighten children on global environmental issues and increase their interest in science | <ul style="list-style-type: none"> ■ Continued educational support activities <ul style="list-style-type: none"> ○ Held environmental education classes for a total of about 10,300 pupils at about 190 elementary schools in Japan and overseas ○ Held product making education classes, and career education classes conducted by a special Sharp subsidiary for students of special needs schools; total of about 4,400 participants | △ |
| | Continue activities to support persons with disabilities | <ul style="list-style-type: none"> ■ Carry on the spirit of Sharp's founder by continuing activities that help persons with disabilities achieve self-sufficiency and become valued members of society | <ul style="list-style-type: none"> ■ Provided sales opportunities to about 370 social welfare facilities (up 30% over previous year) | ◎ |

Objectives for Fiscal 2014

| Important Themes | | Objectives for Fiscal 2014 |
|--------------------------------|---|--|
| For Customers | Secure quality and safety | <ul style="list-style-type: none"> ■ Improve global quality and customer satisfaction <ul style="list-style-type: none"> ○ Japan: Restructure CS human resource development system (enhance quality and service capabilities, build a system for CS awareness training, improve CS management training) ○ Overseas: Strengthen human resource development training to fit local needs |
| | Create products that are easier to use | <ul style="list-style-type: none"> ■ Improve quality and service from the customer's point of view <ul style="list-style-type: none"> ○ Make market quality information easier to see so that it can be analyzed and fed back to the design, development, and production divisions |
| | Improve customer satisfaction | <ul style="list-style-type: none"> ■ Increase customer satisfaction by enhancing service capabilities and customer response skills <ul style="list-style-type: none"> ○ Promote measures to raise CS awareness in the ASEAN region |
| For Business Partners | Promote CSR across entire supply chain | <ul style="list-style-type: none"> ■ Introduce and develop an effective auditing structure, which includes ties with external auditing organization |
| For Shareholders and Investors | Improve communication with shareholders and investors | <ul style="list-style-type: none"> ■ Strengthen information transmission by paying more visits to overseas investors <ul style="list-style-type: none"> ○ Sharp executives normally make 3 visits a year to institutional investors in North America, Europe, and Asia, but this will be increased to 5 times in fiscal 2014 |
| For Employees | Develop human resources | <ul style="list-style-type: none"> ■ Strengthen human resource development measures with a view to Sharp's future (recovery and growth) <ul style="list-style-type: none"> ○ Nurture future executives ○ Boost the management capabilities of managerial staff ○ Strengthen the ability to create new business and new markets by tying in with business models |
| | Develop diversity management | <ul style="list-style-type: none"> ■ Strengthen efforts at diversity inclusion (acceptance of diversity) <ul style="list-style-type: none"> ○ Maintain 2.3% employment rate for the physically or mentally challenged ○ Strengthen and promote measures to raise the percentage of female managers to 5% by fiscal 2018 |
| | Promote safety and health, and physical fitness | <ul style="list-style-type: none"> ■ Create a safe, stress-free, and healthy workplace <ul style="list-style-type: none"> ○ Reduce work accidents, equipment and environmental accidents, and company car accidents ○ To reduce mental problems and illnesses, strengthen and promote measures to deal with their possible causes, such as long work hours and power harassment ○ Make "Healthy Sharp 23" (name of program with targets and measures for employee health by the end of 2023) an integral part of the workplace, build systems and promote concrete measures |

| | | |
|-----------------------|---|--|
| For Local Communities | Continue environmental and biodiversity protection activities | <ul style="list-style-type: none"> ■ Continue local social action programs, including efforts to protect the environment and biodiversity <ul style="list-style-type: none"> ○ Maintain fiscal 2013 levels of participation by employees in action programs |
| | Continue educational support activities | <ul style="list-style-type: none"> ■ Continue educational support activities that enlighten children on global environmental issues and increase their interest in science, and educational support activities that nurture their desire for a career |
| | Continue activities to support persons with disabilities | <ul style="list-style-type: none"> ■ Provide sales opportunities to the same number of social welfare facilities as in fiscal 2013 |

[Management]

Corporate Governance / Internal Control

Sharp is working to improve corporate governance functions while strengthening its director/audit and supervisory board system. These efforts have included appointing outside directors, speeding up managerial decisions by separating supervisory and decision-making functions from business execution functions based on an executive officer system, and establishing the Internal Audit Unit as an organization that works with the Audit and Supervisory Board to provide oversight and maintain a rein on management.

In fiscal 2014 (effective as of June 25), Sharp increased the number of outside directors to three in an effort to boost the transparency of management.

Corporate Governance

Basic Concept

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

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

Sharp has also introduced an executive officer system that clearly separates supervisory and important decision-making functions from business execution functions, thereby creating a structure that steadily facilitates nimble and efficient business execution. In fiscal 2013, Sharp introduced the Business Group system to match the characteristics of each business as part of an effort to transform the organization into one that consolidates development, production, and sales.

As for the Audit and Supervisory Board, Sharp appoints outside auditors with a high degree of independence to monitor and hold management in check. Through these measures, Sharp is strengthening corporate governance.

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

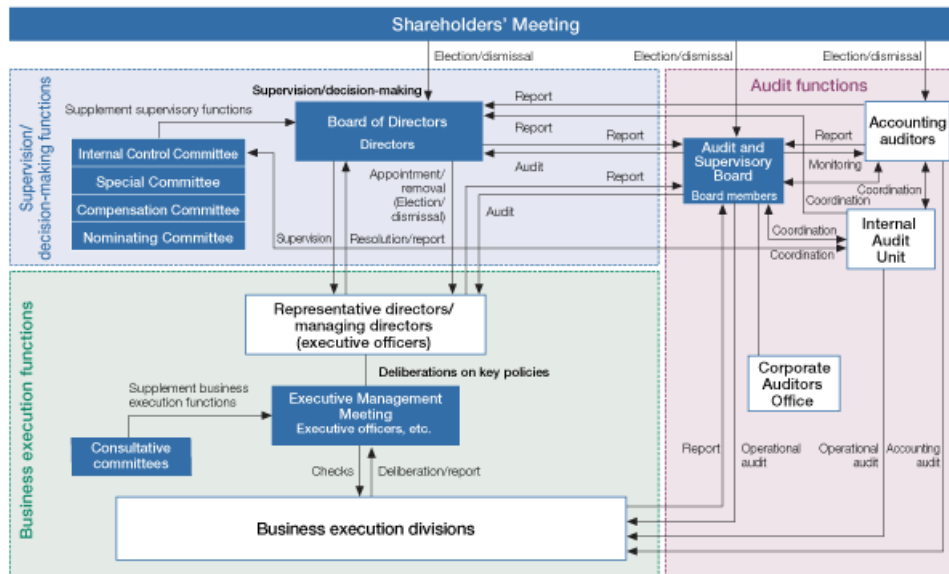
Status of Corporate Governance System

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

In addition to the Board of Directors, the company has the Executive Management Meeting, where matters of importance related to corporate management and business operation are discussed and reported.

The Audit and Supervisory Board formulates audit policies, listens to reports from accounting auditors, and receives reports on the execution of duties, in particular from the Board of Directors. Audit and Supervisory Board members also exchange information and opinions on such matters as the progress of deliberations of important meetings and auditing (on-site auditing) results, which increases the validity of audits.

Corporate Governance System*



* As of July 2014

Remuneration to and Evaluation of Directors

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

The remuneration paid to directors and Audit and Supervisory Board members in fiscal 2013 was as follows.

| | Total amount of remuneration |
|---|------------------------------|
| Directors (excluding outside directors) | 232 million yen |
| Audit and Supervisory Board members (excluding outside board members) | 22 million yen |
| Outside board members (outside directors and Audit and Supervisory Board members) | 51 million yen |

Notes:

1. The above figures include the amount of remuneration for the relevant fiscal year paid to the seven directors whose resignations took effect at the end of the 119th ordinary general shareholders' meeting. Board member bonuses were not paid in fiscal 2013.
2. No Sharp executive received more than 100 million yen in remuneration.

eS-SEM Strategic Management System

In fiscal 2004, Sharp introduced its own strategic management system (eS-SEM) using the balanced scorecard method. The goal of eS-SEM is to improve the performance of the organization and individuals by balancing the strategy of an organization from both financial and non-financial perspectives and breaking down company-wide organizational goals to the level of the individual, thereby improving the effectiveness of objectives. The system is revised every fiscal year based on the business environment to ensure that the results obtained are in line with company-wide strategies. In fiscal 2013, Sharp introduced the Challenge Goal system in an effort to create a corporate culture conducive to taking on new challenges.

Message from an Outside Director

For companies to achieve sustainable development, it is crucial that they are needed by society and that they continuously contribute to society. It is therefore important that they strengthen corporate activities in terms of not only economic dimensions but also environmental and social dimensions.

The electronics industry is one that can contribute to society. Sharp has a long history of contributing to society through new technologies and products—always developed with the customer in mind—that bring new convenience to customers. I hope to see Sharp continue to fulfill its corporate responsibility and respond to all stakeholder expectations, including those of shareholders, customers, and employees.

Last fiscal year, in spite of a tough business environment, Sharp was able to meet its objectives for the first year of its mid-term management plan, and it is seeing an upward growth in business results. My wish is for Sharp to not be nearsighted—to confidently look ahead in technology and marketing, establish a direction for the future, and pave the way for new growth. I would like to see Sharp take on new challenges—with a global perspective—not only in existing business areas but also in various new fields. And I hope that Sharp will be the kind of company society needs, a sustainable company that conducts business in a fair and honest manner.

I myself have had many experiences in business management during my time at a trading company. As an outside director, I hope to fulfill my role of overseeing Sharp's management operations from an independent standpoint, and I hope to use my experiences to contribute to Sharp's corporate activities to the greatest extent possible.



Makoto Kato
Outside Director

Career Overview

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

Newly Appointed Outside Directors



Shigeo Ohyagi
Outside Director

Career Overview

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



Mikinao Kitada
Outside Director

Career Overview

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

[Management]

Corporate Governance / Internal Control

Internal Control

Basic Policy for Internal Control and Maintaining the Internal Control System

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

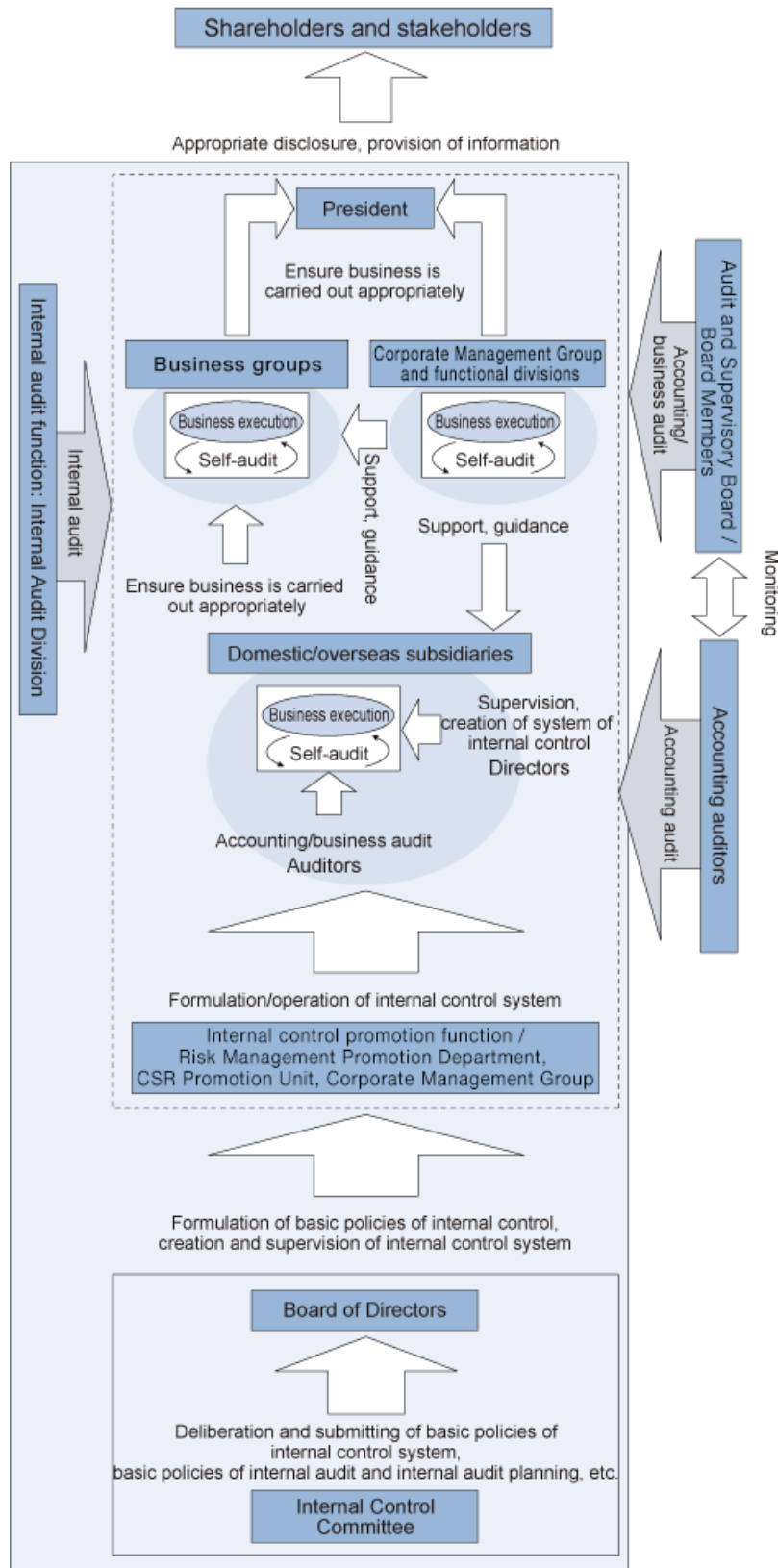
In response to the enactment of the Companies Act in 2006, the Board of Directors passed a resolution to adopt a basic policy related to the development and maintenance of systems necessary to ensure the propriety of business practices (Basic Policy for Internal Control), and the company is working to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

In fiscal 2013, Sharp continued its efforts to ensure that those policy measures firmly take root and that the internal control system was generally being successfully maintained and properly operated.

At the same time, in response to the Financial Instruments and Exchange Act, the Sharp Group has been evaluating the effectiveness of the internal control system in relation to financial reporting. It has also taken steps to reduce various business risks through the sound operation of the internal control system. In fiscal 2013, Sharp implemented various measures to boost the control functions of each internal control area as well as the efficiency with which internal control system effectiveness is evaluated. Sharp also mounted intensive efforts to resolve critically important items and submitted an Internal Control System Report in June 2014.

For fiscal 2014, Sharp will complete the various measures related to the internal control system within the scheduled time frame and will mount intensive efforts to resolve critically important items (problem areas) in each internal control area.

■ Internal Control System*



* As of July 2014

[Management]

Risk Management

Risk Management as Part of CSR

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

Functions of the CSR/Compliance Committee

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

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

Promoting BRM

Management Based on the Rules of Business Risk Management

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

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

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

Management Methods for Important Risks

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

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

For fiscal 2014, Sharp is focusing on measures aimed at strengthening risk management at its overseas subsidiaries and at enhancing information management.

Promoting BCPs

Sharp is committed to continuously reviewing and improving BCPs (business continuity plans) that assume the occurrence of major disasters, such as an earthquake or an outbreak of a new strain of influenza. This effort is intended to ensure the safety of employees and to expedite the continuation or early recovery of business when such disasters occur. In fiscal 2013, Sharp formulated guidelines—such as the BCP basic policy of Sharp group outlined below—for the appropriate planning, maintaining, and managing of BCPs by the Sharp Group. Each Sharp business site and subsidiary conducted voluntary reviews and training related to BCPs, and the progress made was monitored on a company-wide basis through a PDCA cycle.

For fiscal 2014, Sharp will continue its PCDA cycle in the group-wide monitoring of BCP reviews and training.



A BCP leaflet (sample)

BCP basic policy of Sharp group

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

Article 1: First priority to human life

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

Article 2: Proactive program and program for recovery from disasters

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

Article 3: Support for local community and business connections

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

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

[Management]

Compliance

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

System to Promote Compliance

Basic Policy Regarding Compliance

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

Strengthening the System to Promote Global Compliance

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

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

In 2009, to strengthen its compliance and legal systems overseas, Sharp appointed a top management executive from major regions overseas (such as the US, Europe, and China) to serve as a Compliance Officer (CO) and appointed a legal affairs staff member in each region. To strengthen the compliance and legal functions in the region as well as share information, the legal affairs appointees serve on the staff of their regional CO and work in cooperation with every base in the region. The appointees also hold regular meetings with Sharp's Legal Unit at the Head Office.

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

In fiscal 2014, Sharp will continue to work to improve and strengthen its system for dealing with compliance and legal affairs.

> [Sharp Group Compliance System](#) 

[Management]

Compliance


Putting Compliance into Practice

Raising Legal and Ethical Awareness to Ensure Compliance

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

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

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

 Topics

Antimonopoly Act Compliance Manual (Action Guidelines)

With the entire Sharp Group dedicated to complying with the Antimonopoly Act, Sharp established the Antimonopoly Act Compliance Manual (Action Guidelines) for all employees to abide by.

The manual outlines the regulations of the Antimonopoly Act and explains prohibited actions by type, using precautions and an FAQ format. Points that need special attention in relation to Sharp's business activities are given detailed explanations.

Based on the Antimonopoly Act Compliance Manual, Sharp has also formulated a manual specializing in preventing formation of cartels and another manual catering to specific business situations, such as OEM dealings. Sharp will make the most of these manuals in future training sessions.

Consultation Hotline for Compliance Issues

Sharp Corporation and its affiliated companies in Japan have set up a hotline to provide counseling services for problems in the workplace, such as compliance issues, and an antitrust law hotline as a contact point specifically for issues related to antitrust laws. These hotlines are accessible inside the company and externally (via an outside law firm providing legal counsel) to enable employees and temporary staff, as well as employees of business partners^{*1}, to ask questions or request a consultation in line with the spirit of Japan's Whistleblower Protection Act.

These services enable Sharp to work with employees to quickly catch violations of the law or acts likely to be violations, and take early action to resolve the problem.

In fiscal 2013, the compliance hotline received about 50 reports and requests for consultation; however, there were no material compliance violations.

The Sharp Code of Conduct clearly stipulates that the privacy of individuals who report compliance violations or seek consultation will be strictly protected and that those persons will suffer no unfavorable treatment or penalties.

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

^{*1} Only the compliance hotline is available for use by employees of business partners.

Preventing Corruption in All Forms and Dealing Properly with Donations

The Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct contain provisions that strictly prohibit any form of corrupt behavior, such as bribery or extortion of money or gifts, and require that donations be handled in a proper manner.

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

| | Fiscal 2011 | Fiscal 2012 | Fiscal 2013 |
|-------------------|-------------|-------------|-------------|
| Number of reviews | 184 | 72 | 85 |

Sharp has formulated a guidebook for preventing bribery and other corrupt practices. For overseas bases, the company is producing training materials customized to reflect the laws and regulations of each region.

Sharp will continue these measures in fiscal 2014.

Preventing Insider Trading

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

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

In fiscal 2013, Sharp continued its controls on material facts, as stipulated by the regulations restricting insider trading, and continued holding lectures on insider trading regulations at employee training sessions. Sharp also made proactive efforts to prevent insider trading in response to an amendment to the Financial Instruments and Exchange Act that came into force in Japan in April 1, 2014. Efforts include revising company regulations on insider trading and ensuring that all employees are aware of the amendment and related issues.

Compliance with Laws Related to Fair Advertising Practices and Proper Representations

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

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

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

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

Export Control

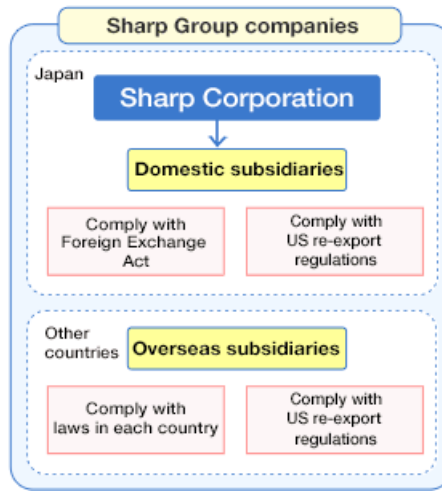
Sharp has been committed to export control ever since the days of the Cold War, when COCOM regulations were in effect. In the past, it was obvious which technologies were cutting-edge; but today, with the advance of technology, there is an increasing number of cases of consumer-use technologies and products being diverted for use in a military or weaponry context. Manufacturers are required to pay the utmost attention when exporting products and components and transferring technologies.

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

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

In addition to observing the Foreign Exchange Act, companies must comply with the Export Administration Regulations of the United States on re-exporting US-origin products, and Sharp is working to comply with these regulations.*²

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



Sharp is also pursuing education on export control. It provides training for each business division as well as training for employees being transferred overseas and employees being assigned new positions. To raise awareness about export control among its employees around the world, Sharp provides training on export control via e-learning sessions. These sessions are available for all employees whose work is related to export control, including those at overseas subsidiaries.

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

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

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

[Management]



Compliance

Information Security / Protecting Personal Information

Management of Confidential and Personal Information

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

Related information:

- > [Global Basic Policy on Information Security](#) 
- > [Basic Policy on Protecting Personal Information](#) 

In Japan, e-learning sessions are provided to all employees each year on topics such as information security and protection of personal information. In addition, regular audits are conducted (as a general rule, once a year) on management of confidential and personal information at each business group and affiliated company.

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

Sharp will continue to review and improve relevant regulations and will also continue to ensure that all employees are well informed of them.

Global Information Security Management System

In fiscal 2013, Sharp continued information security audits for each of the four major overseas regions (Inter America, Europe, Greater China, and Asia Pacific/Middle East/Africa) and strengthened information security measures. Sharp is also continuing website penetration tests to check for vulnerabilities in publicly accessible websites operated by its overseas subsidiaries.

Responding to New Threats to Information Security

In fiscal 2013, as a measure against targeted website attacks, which have recently become a major issue, Sharp worked to resolve vulnerabilities in the PC software it uses and prohibited the use of software that could cause data breaches.

To protect against breaches of internal computer networks by attackers, Sharp is strengthening its surveillance system and introducing a network monitoring tool that cuts off communications with intruders before such contact can trigger transmission of confidential information to the outside, downloading of malicious software, and other such acts.

Going forward, Sharp is planning to train its employees on how to deal with advanced persistent threats so that they will be well prepared should such targeted attacks occur.

[Management]

Compliance

Intellectual Property

Intellectual Property Strategy and Management System

Sharp regards its strategy on intellectual property as one of its most important management measures and is promoting it together with its business strategy and R&D strategy. Sharp is aggressively pursuing the acquisition of patents to ensure the superiority of its business, thereby working to strengthen its management foundations.

Regarding patent acquisition, Sharp is clarifying the business areas that form the core of each of its businesses and is staffing these core business fields with engineers well versed in patent-related matters. Sharp is thus able to file strategic patent applications tightly focused on the actual situation. In addition, Sharp is also acquiring useful patents invented in cooperation with other companies or derived from the activities of alliances, such as industry-university cooperation.

As of the end of March 2014, Sharp's patent holdings consisted of 18,925 Japanese patents and 24,033 foreign patents. Sharp is using this patent portfolio to reinforce its strategic businesses. In addition, Sharp is filing applications and registering rights for designs and trademarks globally under its brand strategy.

| Date | End of March 2012 | End of March 2013 | End of March 2014 |
|------------------|-------------------|-------------------|-------------------|
| Japanese patents | 20,644 | 20,764 | 18,925 |
| Foreign patents | 24,232 | 25,093 | 24,033 |

Protecting Intellectual Property

Sharp's business and R&D strategies are interlinked with its intellectual property assets, which are used to the fullest possible advantage. At the same time, Sharp is firmly committed to protecting its own intellectual property rights while also respecting the intellectual property rights of others. Even though Sharp regards discussion as the basis for resolving cases of infringement, it is the company's policy to seek judgment from a third party, such as the courts, when its intellectual property rights are not respected.

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

Further, counterfeit Sharp-brand products have had a growing impact in overseas markets in recent years, and Sharp is taking measures to counter these imitations through cooperation with industry groups and with regulatory authorities taking enforcement actions.

Incentives for Employee Inventions

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

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

Combating Counterfeit Goods

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

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

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

Topics

Sharp Has Ranked among the Top 10 in Number of PCT International Patent Applications for 5 Consecutive Years

Sharp is reinforcing patent applications overseas in an effort to construct a global patent portfolio in line with the company's business strategy. As a result of these efforts, in fiscal 2013, Sharp ranked number six in the world for the number of PCT (Patent Cooperation Treaty) applications. This means that Sharp has ranked among the top 10 for five years in a row, starting from 2009.

Number of PCT Applications in Fiscal 2013

| Rank | Applicant | Number of Applications |
|------|--|------------------------|
| 1 | Panasonic Corporation (Japan) | 2,881 |
| 2 | ZTE Corporation (China) | 2,309 |
| 3 | Huawei Technologies Co., Ltd. (China) | 2,094 |
| 4 | Qualcomm Incorporated (United States) | 2,036 |
| 5 | Intel Corporation (United States) | 1,852 |
| 6 | Sharp Corporation (Japan) | 1,840 |
| 7 | Robert Bosch GmbH (Germany) | 1,786 |
| 8 | Toyota Motor Corporation (Japan) | 1,696 |
| 9 | Telefonaktiebolaget LM Ericsson (Sweden) | 1,467 |
| 10 | Koninklijke Philips Electronics N.V. (The Netherlands) | 1,323 |

Source: WIPO (World Intellectual Property Organization)

Sharp's results for the previous four years:

3rd place in 2012; 4th place in 2011; 8th place in 2010; 10th place in 2009

[Environmental Sustainability Management]

Putting Environmental Sustainability Management into Practice

In accordance with internal environmental conservation guidelines established in line with Sharp's Basic Environmental Philosophy, the Sharp Group Charter of Corporate Behavior, and the Sharp Code of Conduct, Sharp is pursuing environmental consciousness across all of its business activities.



System for Promoting Environmental Sustainability Management

Sharp Corporation has set up the CS and Environmental Promotion Division as an organization to plan and promote overall company strategy for protecting the global environment, and it is deploying environmental sustainability management on a global basis.

Critical policies, strategies, and measures relating to environmental sustainability management are referred to the Executive Management Meeting. With the approval of corporate executives, these initiatives are thoroughly implemented across the entire Sharp Group. Twice a year the company holds a basic environmental policy meeting, at which the managers responsible for environmental affairs at each manufacturing-related department and base worldwide are thoroughly briefed on priority measures and strategies. This information is then shared with relevant parties at the sites where Sharp's manufacturing takes place (for example, the product design and manufacturing departments).

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

■ Sharp Group's Environmental Sustainability Management



Promoting an Environmental Management System

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

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

Related information:

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

Environmental Performance Data Management System

To support environmental sustainability management, Sharp has established a system for managing data on Sharp's environmental performance. This system compiles key environmental performance data with high levels of precision and speed, and it is in operation at Sharp bases worldwide, from plants to offices.

The system accumulates data on the environmental burden caused by Sharp's business activities; for example, in terms of energy consumption, waste generation, and water usage. It is effectively used to grasp the current state of Sharp's environmental sustainability management, identify problems, and formulate measures.

Promoting Environmental Education

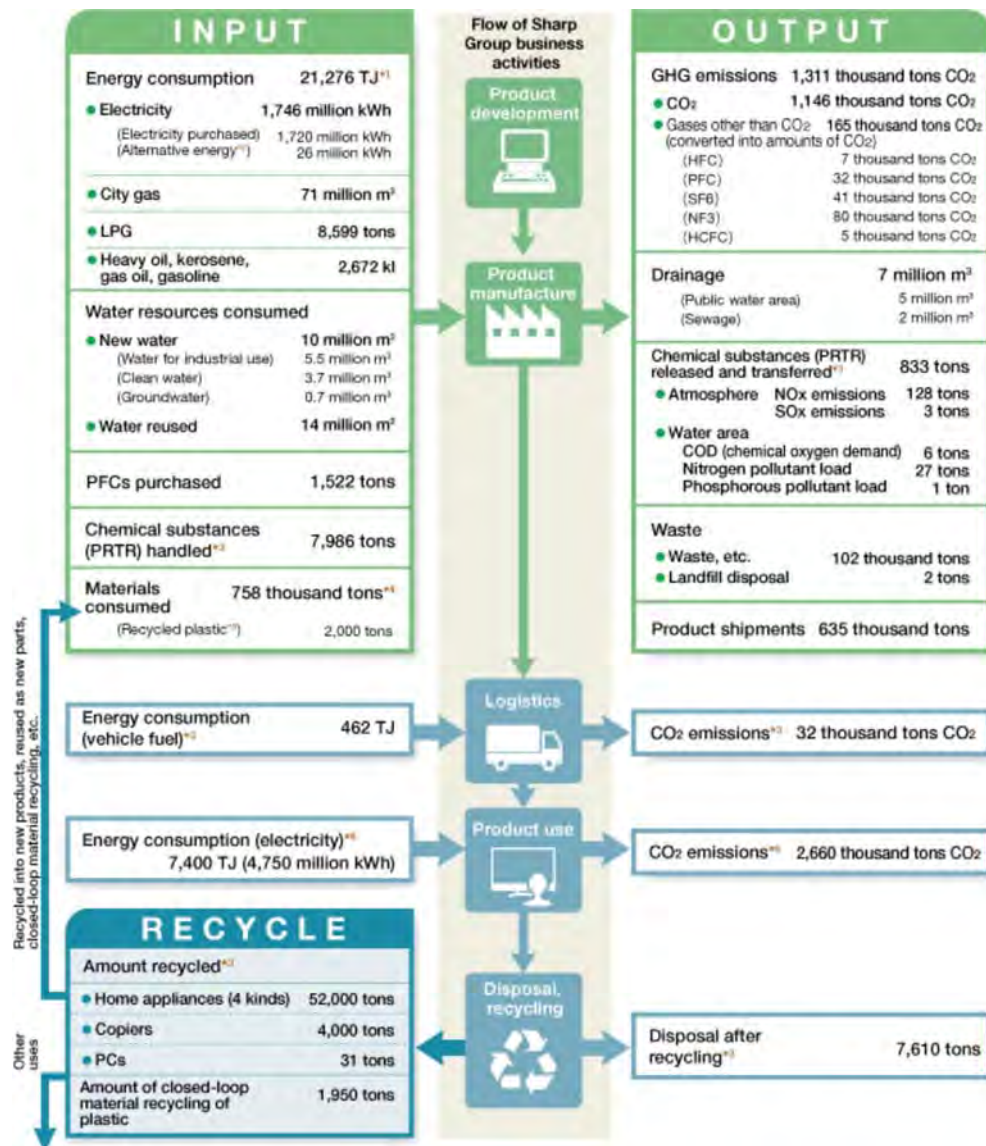
Sharp conducts company-wide environmental education in order to foster leaders who can guide others in operating the company's environmental management system. Education programs include internal auditor training and environmental compliance training related to products for environmental promotion leaders and persons in charge of environmental affairs in each department. Sharp also has an education program at every plant and office, and each program includes specialized training for persons in charge of environmental matters and basic environmental training for other employees.

[Environmental Sustainability Management]

Material Balance

Sharp uses numerical values to gain an overview of the burden its business activities place on the environment and uses these values to promote environmental sustainability management.

By making use of these current values at all stages of business activities to create proposals for policy measures and to analyze and evaluate the results, Sharp is aiming to effectively reduce the impact it has on the environment.



*1 TJ (terajoule) = 10¹² Joules

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

*3 In Japan.

*4 Total weight of products in the 13 major categories sold in fiscal 2013 (estimate) and packaging materials used, plus waste, etc. generated.

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

*6 Estimate of annual energy used and amount of CO₂ emitted by products in the 13 major categories sold in fiscal 2013.

Related information:

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

Greenhouse Gas Emissions Based on the GHG Protocol Initiative

Sharp calculates greenhouse gas emissions based on the GHG Protocol^{*7} and then works to limit those emissions resulting from customer use of Sharp products and Sharp's business activities including the supply chain. The results for fiscal 2013 are as follows.

^{*7} The GHG Protocol is an international standard for calculating greenhouse gas (GHG) emissions. It was jointly established by the World Business Council for Sustainable Development (WBCSD), a coalition of the world's leading companies, and the World Resources Institute (WRI), a United States-based think tank.

Greenhouse Gas Emissions by Scope 1/2/3 Categories Based on the GHG Protocol Initiative (Fiscal 2013)

| Scope | Emissions (thousand tons CO ₂) | Notes |
|--|---|---|
| Scope 1 (direct GHG emissions from business activities) | 361 | Emissions from combustion of gas, heavy oil, etc. |
| Scope 2 (indirect GHG emissions from energy usage in business activities) | 950 | Emissions from the use of electricity |
| Scope 3 (indirect GHG emissions from areas outside the scope of business activities) | 31,252 | Calculated for 10 categories such as Procurement, Shipping & Distribution, Product Usage, and Employee Commuting & Business Trips |

Greenhouse Gas Emissions by Scope 3 Category (Fiscal 2013)

| Classification | Category | Emissions (thousand tons CO ₂) | Notes |
|----------------|--|---|---|
| Upstream | Purchased goods and services | 4,090 | CO ₂ emissions from the manufacture of materials procured for main products ^{*8} that the Sharp Group sold in the relevant year |
| | Fuel- and energy-related activities not included in scope 1 or 2 | 110 | CO ₂ emissions from transmission losses of electricity purchased by the Sharp Group |
| | Upstream transportation and distribution | 50 | CO ₂ emissions from transportation and distribution of materials procured by the Sharp Group |
| Sharp | Business travel | 20 | CO ₂ emissions from business travel by all employees of Sharp Corporation |
| | Employee commuting | 20 | CO ₂ emissions from commuting by all employees of Sharp Corporation |
| | Leased assets | — | Included in scope 1 and 2 CO ₂ emissions |
| Downstream | Processing of sold products | 410 | CO ₂ emissions from processing at destination of Sharp Group products |
| | Downstream transportation and distribution | 250 | CO ₂ emissions from transportation and distribution of products manufactured by the Sharp Group |
| | Use of sold products | 26,300 | CO ₂ emissions ^{*9} in the relevant year from the use of main products ^{*8} that the Sharp Group sold in the relevant year |
| | End-of-life treatment of sold products | 2 | CO ₂ emissions from recycling 4 types of appliances ^{*10} that Sharp Corporation sold in Japan |
| Total | | 31,252 | (Indirect GHG emissions from areas outside the scope of business activities) |

^{*8} LCD TVs, air conditioners, refrigerators, washing machines, air purifiers, microwave ovens, LED lights, Blu-ray Disc recorders, facsimiles, mobile phones, LCD monitors, MFPs, solar cells (13 product types)

^{*9} The amount of CO₂ emissions from the use of sold products does not include avoided emissions from the use of solar cells.

^{*10} LCD TVs, air conditioners, refrigerators, washing machines

[Environmental Sustainability Management]

Environmental Accounting

Sharp introduced environmental accounting in fiscal 1999 to provide a quantitative assessment of the costs and benefits of its environmental conservation activities and is applying the results to environmental sustainability management.

Environmental Conservation Costs

In fiscal 2013, Sharp's environmental conservation investment was approximately 2.4 billion yen, and environmental conservation expenditures were approximately 32.0 billion yen. Costs associated with R&D made up a large percentage of these figures.

Economic Benefits

The actual benefit was approximately 2.5 billion yen, resulting from an increase in the use of recycled water and the expanded recycling of waste into valuable resources.

From fiscal 2013, Sharp ceased calculating the estimated benefits related to the economic benefits and environmental conservation effects and reviewed the process so as to calculate only the actual benefits, which provide a more accurate reflection of the actual situation. Also, from fiscal 2012, the effects coming from the "reduce greenhouse gas emissions" category are calculated based only on the effects achieved through the use of equipment that is depreciating.

| Classification of Environmental Conservation Activities <small>(Category based on Environmental Accounting Guidelines, Ministry of the Environment)</small> | Description of Major Activities | Environmental Conservation Costs <small>(Unit: ¥ million)</small> | | Economic Benefits <small>(Unit: ¥ million)</small> | Environmental Conservation Effects |
|--|---|--|----------|---|--|
| | | Investment | Expenses | | |
| Environmental Sustainability Management (management activities/social responsibility) | <ul style="list-style-type: none"> Operation of environmental management system Promote environmental sustainability management Environmental education Expand social contribution activities Information disclosure | 11 | 1,831 | — | Promote environmental sustainability management |
| | | | | | Number of employees with environmental education |
| Planning and Design (R&D) | <ul style="list-style-type: none"> R&D on solar power systems Promote closed-loop recycling of plastic materials R&D on bio-resin paint R&D on basic environmental technologies | 2,350 | 19,300 | — | Environmental social contributions |
| | | | | | Number of employees who attended SGC activities |
| Manufacturing | <ul style="list-style-type: none"> Reduce GHG emissions (global environmental conservation) Minimize and recycle waste (recycle resources) Prevent pollution (prevent pollution) | 34 | 2,229 | 962 ^{**} | Number of schools where environmental/craftsmanship education was provided |
| | | | | | Number of new Super Green products |
| Recycling/Logistics (upstream/downstream) | <ul style="list-style-type: none"> Introduce PFCs[†] abatement systems Install solar power systems Introduce energy-saving equipment Reduce waste discharge and recycle waste into valuable resources Recycle water Install scrubbers Introduce exhaust gas treatment systems Collect used products Promote proper recycling of used products | 0 | 5,353 | 1,552 | Supply environmentally conscious products |
| | | | | | CO ₂ emissions reduced by solar power systems |
| Total | | 2,427 | 31,950 | 2,514 | CO ₂ emissions reduced by energy-saving products |
| | | | | | CO ₂ emissions reduced |
| | | | | | PFCs emissions reduced |
| | | | | | 463 thousand GWPt-CO ₂ ^{**} |
| | | | | | Waste recycled or sent for appropriate disposal |
| | | | | | Waste recycled |
| | | | | | 70 thousand tons |
| | | | | | Recycled and reused water |
| | | | | | 13,370 thousand m ³ |
| | | | | | Observe environmental laws and regulations |
| | | | | | Prevent air/water pollution and noise/vibration |
| | | | | | Promote risk management |
| | | | | | Chemical substances properly managed and their discharge reduced |
| | | | | | Reduce risk of soil contamination |
| | | | | | Collection, recycling, and proper disposal of used products |
| | | | | | Used PCs recycled |
| | | | | | 31 tons |
| | | | | | Used copiers recycled |
| | | | | | 4 thousand tons |
| | | | | | Used home appliances (4 categories) recycled |
| | | | | | 52 thousand tons |
| | | | | | Environmental burden during distribution reduced |
| | | | | | Railway/ship cargo transport (container transport) |
| | | | | | 17,925 containers ^{††} |
| | | | | | Percentage of low-pollution vehicles |
| | | | | | 99.7% |

*1 HFCs, PFCs, sulfur hexafluoride, nitrogen trifluoride, HCFCs

*2 Total of the effects limited to those resulting from the use of equipment that is depreciating.

*3 Amount reduced by solar power systems sold in fiscal 2013, assuming that they will be in operation for the next 20 years.

*4 Amount reduced by products in the four major categories (LCD TVs, air conditioners, refrigerators, MFPs) sold in fiscal 2013, assuming that they will be used for the next 10 years.

*5 GWP (global warming potential) is a measure of how much a given amount of greenhouse gas will contribute to global warming, expressed relative to an equivalent mass of CO₂.

*6 5-ton containers

Explanation of Terminology

Environmental Conservation Costs

Overhead costs, personnel expenses, and investment associated with environmental conservation activities, in addition to attendant depreciation.

Economic Benefits

Contributions to society and to the company that result from environmental conservation activities, expressed in monetary units (economic effects that can be assessed directly in monetary terms, such as cost savings from energy-saving efforts and use of recycled water, as well as profits from the sale of valuable resources).

Sites Covered

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

Period Covered

April 1, 2013 to March 31, 2014

Referenced Guidelines

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

[Product Development]

Developing Environmentally Conscious Products and Devices

Along with establishing guidelines for environmentally conscious design, Sharp sets assessment standards for the certification of environmentally conscious products and devices. Every year, the company revises these guidelines and standards, thus constantly improving the environmental performance of its products and devices.

Developing Green Products

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

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

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

Green Product Concepts

Energy Saving / Energy Creating

Products with superb energy-saving / energy-creating performance
Improve the energy efficiency and reduce the energy consumption of products; other measures

Resource Conservation

Products designed to conserve resources
Reduce the amount of materials used; design products that conserve resources during use; extend the life span of products; other measures

Recyclability

Products designed for recycling
Design products that are easy to disassemble; use easy-to-recycle materials; other measures

Safe Use and Disposal

Products that can be used and disposed of safely
Do not use substances that negatively affect people's health or the environment; other measures

Use of Green Materials and Devices

Products that use green materials and devices
Use recycled materials / plant-based plastics; other measures

Environmental Consciousness Pertaining to Batteries, etc.

Products that use batteries, manuals, and packaging with enhanced environmental consciousness
Reduce product packaging; design products that allow easy removal of batteries; other measures

Showing Eco Information of Products

Products that show their environmental performance and information
Acquire environmental labels (eco labels); implement LCA; other measures

Developing Super Green Products

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

In fiscal 2013, 67 product models were certified as SGP under the new criteria. Sales of those products reached 331.4 billion yen, with SGP sales accounting for 46.7% of all GP sales.

Developing Green Devices

Sharp calls its environmentally conscious devices Green Devices (GD). To define guidelines for development and design based on seven concepts, Sharp established the GD Guidelines, which it began applying at all device design departments in fiscal 2004.

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

In fiscal 2013, Sharp revamped the GD assessment system by adding new criteria concerning the implementation of forward-looking initiatives that take customer and business partner demands into consideration. The degree to which this criteria are satisfied is represented in points called GD Challenge Points. With the new grading system having come into effect from April 2014, Sharp is encouraging voluntary efforts by its development and design departments with the aim of creating devices with an even higher level of environmental performance.

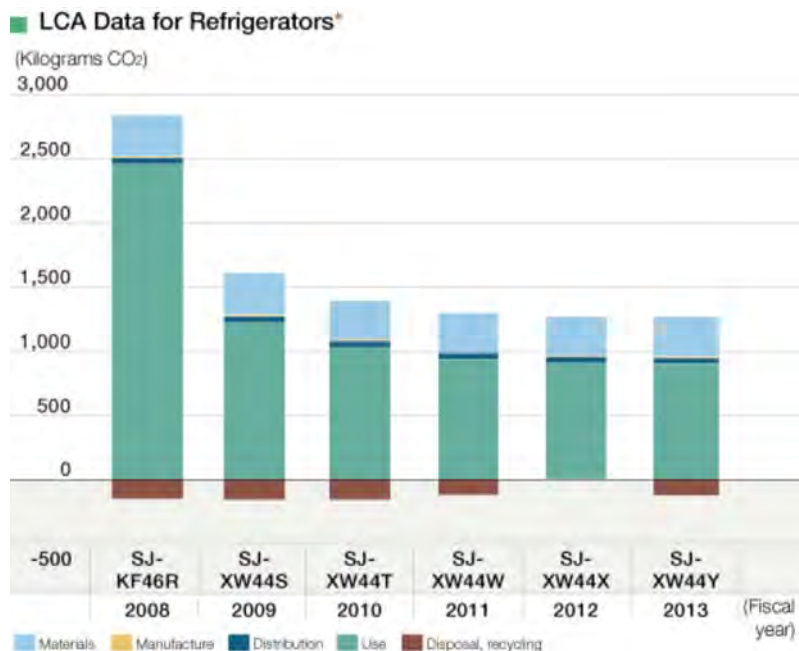
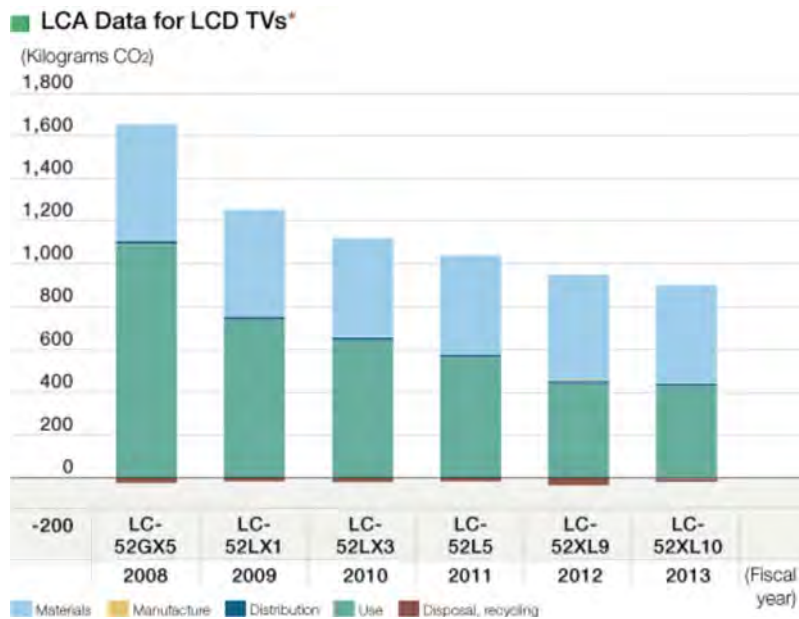
Green Device Concepts

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

Identifying and Reducing Environmental Impacts throughout the Life of Products

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

Sharp will continue to use LCA as a tool that contributes to the development of products with smaller environmental impacts.



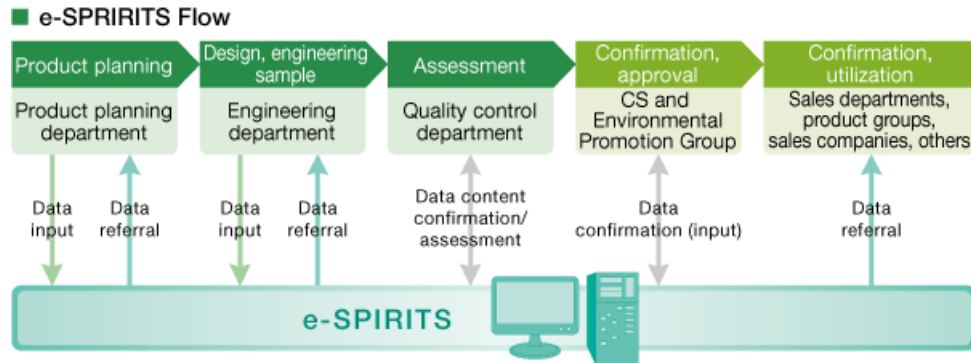
Note: CO₂ emissions during use are calculated using a CO₂ emission coefficient of 0.487 kilograms CO₂/kWh (announced by the Federation of Electric Power Companies of Japan for fiscal 2013).

* CO₂ emissions during use are calculated from annual power consumption based on fiscal 2010 measurement methods for LCD TVs and fiscal 2006 measurement methods for refrigerators under targets set for Top Runner criteria based on the Law Concerning the Rational Use of Energy (Energy Conservation Law).

Product Environmental Assessment System

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

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



[Product Development]

Developing Environmentally Conscious Products

Close-Up **Sharp's Solution Proposal on Creating Hygienic Spaces and Saving Energy through Plasmacluster Technology Wins Award at Energy Conservation Grand Prize**

Sharp's Plasmacluster ion generators are at work in food processing factories across Japan.

In fiscal 2013, Sharp was recognized for its new solution proposal on creating hygienic spaces and saving energy through Plasmacluster technology. This case study involved installing Plasmacluster-equipped units in a seafood-processing plant to maintain a hygienic environment and reduce the power consumption of the air conditioning system. Sharp won the Director-General's Prize of the Agency for Natural Resources and Energy in the Product and Business Model category, an award in the 2013 Energy Conservation Grand Prize program in Japan.

Generally, seafood-processing plants are kept at low temperatures by use of air conditioning. If energy-saving initiatives were to cause the room temperature to rise, bacteria would proliferate and cause problems. Sharp, in collaboration with a seafood-processing plant in Kagoshima Prefecture, conducted a joint experiment in which Plasmacluster ion generators were installed in a working factory. The results showed that even if the temperature inside the factory rose by 2°C, the growth of airborne bacteria was suppressed. It was confirmed that the same level of hygienic control could be maintained*1. Raising the temperature setting of the air conditioning system allowed the factory to reduce power consumption by approximately 20%*2. The Plasmacluster units also contributed to a better work environment, for example by suppressing odors and reducing the impact of cold temperatures on employees.

*1 Test method: Forty-four ceiling-embedded IG-1B10A Plasmacluster ion generators were installed in a seafood-processing plant with a floor area of approximately 360 m². The amount of airborne bacteria was measured using an air sampler with the factory temperature set at 15°C and 17°C, with Plasmacluster ions and without Plasmacluster ions.

Test results: The amount of airborne bacteria in a 17°C environment with Plasmacluster ions was equivalent to that in a 15°C environment without Plasmacluster ions.

*2 Sharp estimate based on an index of the Japan Refrigeration and Air Conditioning Industry Association stating, "Raising the cooling temperature setting by 1°C in a home-use air conditioner is estimated to reduce power consumption by approximately 10%."



With the award certificate and trophy



The seafood-processing plant that cooperated in the experiment

Voice

Words from a Sales Representative



Tadayoshi Kitagawa
 Manager, PCI Systems Sales and Marketing Department
 Domestic Sales and Marketing Unit
 Health and Environment Systems Division

As a result of pursuing expanded applications for Sharp's unique Plasmacluster technology under a new concept of putting air purification to work while saving energy, we were able to simultaneously achieve hygienic control, reduce the physical burden on employees caused by low temperatures, and save energy at a seafood-processing plant.

I would like to come up with new proposals for creating a hygienic environment while saving energy in various fields, including measures to deal with food loss, not only in Japan but overseas as well.

[Product Development]

Examples of Super Green Products for Fiscal 2013

Note 1: Indications of "No. 1" and "one of the industry's highest" are given to products that fulfill, at the time of sale, the criterion of "leading the industry in energy-saving or energy-creating performance in their respective product categories", which is one of the Super Green Product certification criteria. These indications do not guarantee that the products are "No. 1" or "one of the best" at subsequent dates in the future.

Note 2: The following models are for the Japanese market.

**LG-60XL10
LCD TV**
(released November 2013)



No. 1 in energy savings*
(Annual power consumption:
123 kWh/year)

*For 60-inch home-use digital HDTVs (with terrestrial/BS/110° CS tuners) in Japan

**ES-Z110
Washing Machine**
(released November 2013)



One of the industry's highest levels of energy savings*
(Power consumption for 6 kg wash/dry load: 0.59 kWh)

*For washer/dryers with 9 kg wash load and 6 kg dry load (figures based on voluntary standards of Japan Electrical Manufacturers' Association)


**AX-CA1
Microwave Oven**
(released August 2013)



No. 1 in energy savings*
(Annual power consumption:
68.8 kWh/year)

*For home-use microwave ovens in Japan with capacity of less than 30 liters, excluding those with exposed heaters (D category under Energy Conservation Law)

**SJ-XW47Y
Refrigerator**
(released December 2013)



One of the industry's highest levels of energy savings*
(Annual power consumption:
170 kWh/year)

*For 451-500-liter, CFC-free home-use refrigerator/freezers in Japan

**KI-DX70
Humidifying Air Purifier**
(released September 2013)



Low power consumption thanks to high-efficiency humidifier rotor mechanism and sensors that monitor room conditions for waste-free auto eco operation


**WG-S20
Electronic Notebook**
(released December 2013)



Optimizing the display system design allows 30 days of long-term use with one battery charge*

*When using for two hours a day (40 minutes of writing, and 80 minutes of displaying)

**MX-M565FN/M465FN/M365FN
MFP**
(released December 2013)



Micro-fine toner technology allows fusing at low temperature, resulting in low power consumption

Number of Environmental Label Products

| | | | | | | |
|--------------------------------------|-------------|-----------------|------------------------------|-------------------------------|-----------------|------------|
| International ENERGY STAR® Program** | LCD TV | | Audio | | MFP | |
| | 30 | | 3 | | 220 | |
| | Printer | LCD monitor | | Facsimile | Air conditioner | |
| | 7 | 6 | | 20 | 9 | |
| Eco Mark** | LCD TV | | Blu-ray Disc recorder | MFP | | Calculator |
| | 30 | | 4 | 13 | | 73 |
| Blue Angel** | MFP | | Nordic Ecolabel** | | MFP | |
| | 15 | | | | 22 | |
| Thai Green Label | MFP | Air conditioner | | Hong Kong Energy-Saving Label | | MFP |
| | 2 | 23 | | | | 5 |
| Taiwan Green Mark | MFP | | China Environmental Labeling | | MFP | |
| | 2 | | | | 4 | |
| Energy Conservation Certification** | LCD TV | Projector | | Taiwan Energy-Saving Label | | MFP |
| | 3 | 18 | | | | 4 |
| | MFP | | Canada EcoLogo | | MFP | |
| | 11 | | | | 5 | |
| | LCD monitor | | | | | |
| | 6 | | | | | |

(As of March 31, 2014)

Target countries:

*1 Japan, United States, EU nations, etc.

*2 Japan

*3 Germany

*4 China

*5 Norway, Denmark, Finland, Iceland, Sweden

[Product Development]

Promoting the Total Energy Solutions Business

Ever since it started development of solar cells in 1959, Sharp has created and promoted the use of a range of solar power generation systems. As of fiscal 2013, Sharp's total solar cell production volume had reached 8.4 GW. Sharp is a total energy solutions provider, involved in every part of the value chain including cell and module development and manufacture, system design, construction of solar power plants, repair and maintenance, and management as an IPP (independent power producer).

Spreading the Use of Solar Power Generation Systems in Japan

In Japan, the Feed-In Tariff Scheme for Renewable Energy (a system for the purchase of excess electricity) is increasing demand for solar power, leading to a boost in the spread of solar power generation systems for both residential and industrial use.

As of March 31, 2014, approximately 1.55 million households in Japan had solar power generation systems, with roughly 640,000 (41%) of those being Sharp systems. In anticipation of an era in which people use electricity smartly, Sharp is working to offer zero-GHG-emission house solutions, where residents create electricity through solar power systems, store that electricity in storage batteries, and consume that electricity wisely through HEMS (home energy management systems) and energy-saving appliances. In November 2013, Sharp released the Multi Energy Monitor, an industry-first product that enables control of a solar power generation system, a storage battery, and a heat-pump water heater from a single unit.

In the industrial sector, Sharp is expanding its business to encompass EPC*, which involves designing and constructing solar power plants and procuring equipment for them; repairs and maintenance; and management as an IPP. As of the end of fiscal 2013, Sharp's IPP business is operating in 12 locations across the country, generating a total of 26 MW.

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



JH-RWL6 Multi Energy Monitor installation (image)



Sharp Miyoshino Solar Power Plant
(Yoshino District, Nara Prefecture)

Promoting Solar Power Business around the World

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

In Thailand in January 2014, Sharp received an EPC order for a 52 MW mega solar power plant from SSP, a Thai solar power producer. This project in Lop Buri Province in central Thailand involves installing approximately 400,000 thin-film solar modules. Plans are for construction on the plant to be completed—and for it to go online—this year.

In Phnom Penh, Cambodia, Sharp provided solar modules for a shopping mall that opened in June 2014. The mall's open-air café zone has 290 see-through solar modules (approx. 27.5 kW), while the bicycle parking area has 809 crystalline solar modules (approx. 198.2 kW). The electricity generated by these modules is used for lighting and air conditioning within the mall.



Open-air café zone



[Product Development]

Promoting the Total Energy Solutions Business

Close-Up

Sharp Constructs 42.9 MW Mega Solar Power Plant, the Largest in the Honshu Region of Japan (Yonago, Tottori Prefecture, Japan)





In February 2014, a mega solar power plant called SoftBank Tottori-Yonago Solar Park* started operations. Sharp was involved in its construction as an EPC contractor. With an output of approximately 42.9 MW—and with an estimated annual power generation capacity of 45 million kWh/year—this plant can provide enough electricity to match the consumption of about 11,000 average households a year. It is the largest of its type in Honshu, Japan's main island.

The construction of Solar Park was on a massive scale, requiring the installation of 178,776 crystalline solar modules on a vast reclaimed land area of roughly 532,000 m² and involving up to 300 workers at any one time. Thanks to Sharp's experience in building mega solar power plants in Japan and elsewhere—including a 73 MW plant in Thailand—Solar Park was able to go online within a year of construction commencing.


* A large-scale solar power plant in Sakitsu, Yonago operated by Tottori-Yonago Solar Park Corporation, a specific-purpose company jointly established by SB Energy Corporation (a SoftBank Group company) and Mitsui & Co., Ltd.




Sharp solar modules and construction workers



Bird's-eye view of Tottori-Yonago Solar Park

 **Voice**

Words from a Project Leader



Takashige Hamabe
 Manager
 Engineering Center
 Energy System Solutions Division

As the prime contractor for this project, Sharp was in charge of coordinating a total of 29,424 construction workers on a vast area of roughly 532,000 m², over which ran 6 km of power lines. We installed 178,776 solar modules, performed power line construction work on open roads, and widened and reinforced roads to enable the installation of extra-high-voltage substation equipment. All this work was finished in about a year.

I am proud to say this is proof of Sharp's confidence and achievements backed by technical expertise in solar power generation accumulated over the course of more than 50 years. We will make the most of our technical strengths to construct solar power plants in Japan and other parts of the world, with the aim of spreading the use of renewable energy worldwide.

[Product Development]

Green Procurement / Managing Chemical Substances in Products

Green Procurement—Reducing Environmental Impact in the Supply Chain

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

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

Case Study

Eco Improvement Contest Involving Suppliers (SSI, Indonesia)

In June 2013, SSI, Sharp's manufacturing subsidiary in Karawang, Indonesia, held an Environmental Kaizen Competition in which 48 persons from 28 supplier companies participated. Eight teams of suppliers shared ideas for environmental improvement, such as ways to reduce waste and CO₂ emissions and use water effectively.

SSI has been holding this event since fiscal 2012, and participating suppliers have expressed satisfaction that they can learn about and adopt measures for reducing environmental impact at their own companies.



The winner (right) of this year's eco contest

Managing Chemical Substances in Products

Appliances such as refrigerators and TVs are composed of hundreds or thousands of parts, each of which contains a variety of chemicals. To properly manage these chemicals, countries around the world uphold laws and regulations that bring these chemicals under control. In the EU, for example, the RoHS directive^{*1} restricts the use of specified chemicals in products, while REACH regulations^{*2} require companies to convey and disclose information on chemicals used throughout the supply chain. Countries such as Japan and China also have laws requiring companies to disclose information on certain chemicals contained in products.

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

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

*1 An EU directive on the "Restriction on the use of certain Hazardous Substances," RoHS restricts the use of lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (PBB), and polybrominated diphenyl ether (PBDE) in electrical and electronic equipment entering the EU market after July 1, 2006.

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

[Product Manufacture]

Raising the Level of Environmental Performance in Factories

Sharp is working to raise the level of environmental performance at its factories through the use of its own assessment and certification system. So far, almost all of its factories have achieved Super Green Factory (SGF) status, meaning they boast an extremely high level of environmental performance.

Pursuing the Green Factory Concept

In order for its factories to win the confidence of local communities, Sharp defines factories that meet a certain level of environmental performance as "Green Factories" (GF). Sharp's GF Guidelines, which are based on 10 concepts, indicate basic policy and know-how required for achieving GF status. These guidelines were introduced at all factories in Japan in fiscal 1999 and at all factories overseas in fiscal 2001.

Green Factory Concepts

| | | | |
|----------------------------|--|------------------------------------|--|
| Greenhouse gases | Minimize emission of greenhouse gases | Atmosphere, water, soil | Minimize environmental burden on the atmosphere, water, and soil |
| Energy | Minimize energy consumption | Harmony with nature | Endeavor to preserve and restore nature both on and off site |
| Waste | Minimize discharge of waste | Harmony with the community | Encourage harmony with the local community |
| Resources | Minimize resource consumption | Environmental consciousness | Foster high environmental awareness among employees |
| Chemical substances | Minimize risk of environmental pollution and accidents caused by chemical substances | Information disclosure | Disclose information on the environment |

Applying SGF and SGF II to All Factories

Sharp has been implementing systems for assessing and certifying the environmental friendliness of factories based on its own criteria. The SGF system was introduced in fiscal 2003 and the SGF II system in fiscal 2008 at all factories in Japan and overseas.

SGF assesses the "hard" aspects of measures, such as introducing high-efficiency equipment and abatement systems. SGF II, an initiative for factories that have attained SGF certification, assesses overall performance to enable factories to achieve an even higher level of environmental performance. It incorporates "soft" aspects in evaluation points—for example, the know-how to maintain and manage environmental equipment to ensure optimal operational performance—along with results in areas such as emissions reduction. Also included in the SGF II system are assessments of risk preparedness, including operational safety and emergency response measures.

By fiscal 2013, almost all Sharp factories in Japan had achieved Grade S, the highest rank in the SGF system, and all overseas Sharp factories had achieved Grade A or higher. Going forward, Sharp will focus on implementing measures that match the specific conditions of each region of the world, mainly China and other Asian countries.

SGF/SGF II System



- Under SGF criteria, when a production base achieves a score of 90 points or more, it is certified as an SGF and transitions to SGF II evaluation criteria
- Under SGF II, plants are certified as Grades S through C depending on the number of points scored

 Case Study

Obtaining External Environmental Certification (NSEC, China)

NSEC, Sharp's manufacturing subsidiary in Nanjing, is actively engaged in saving energy and reducing waste, while also making efforts to receive environmental certification.

To have its Cleaner Production Certificate* renewed in fiscal 2013, NSEC underwent a seven-month screening process performed by the Nanjing municipal government and other authorities. NSEC was highly rated for its efforts to reduce annual electricity consumption by 760,000 kWh, which was largely achieved by boosting the cooling efficiency of its central air conditioning system and introducing energy-saving equipment. It was also commended for its efforts to reduce drainage volume by 8,400 m³, through improvements to the pure-water circulation system. As a result, NSEC once again received the Cleaner Production Certificate.

NSEC also received acclamation for its various environmental efforts from the Nanjing Economic and Technical Development Zone, where the company is located. It became the first company in the zone to be certified as an Environmental Friendly Enterprise.

* A certification system based on China's Cleaner Production Promotion Law, which was enacted in 2003. It enables local governments to recognize companies in the manufacturing industry that have achieved results in alleviating the environmental burden of the industry through efforts such as saving energy in factories and reducing waste.



On-site inspection to renew Cleaner Production certification



The "Environmental Friendly Enterprise" certificate

[Product Manufacture]

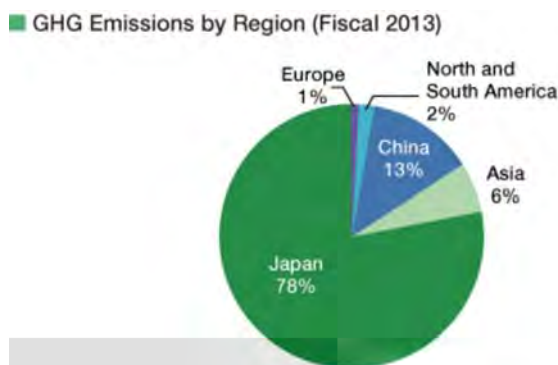
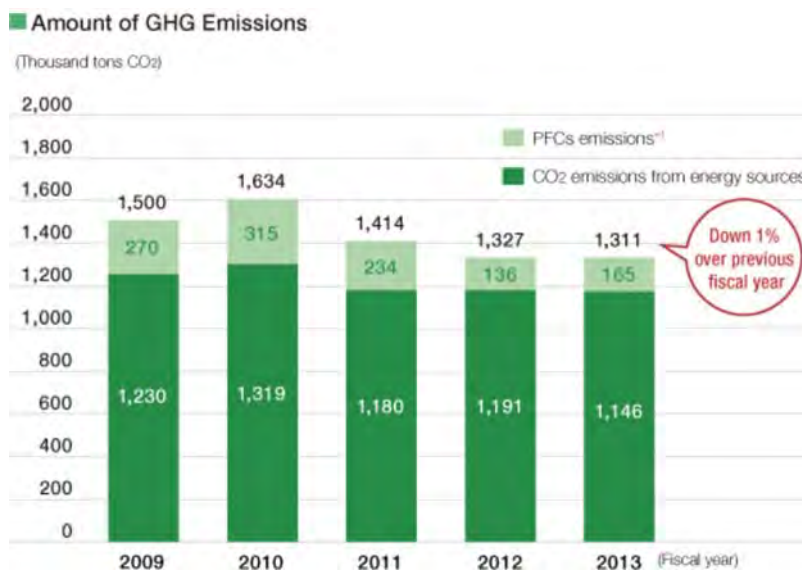
Curbing Greenhouse Gas Emissions

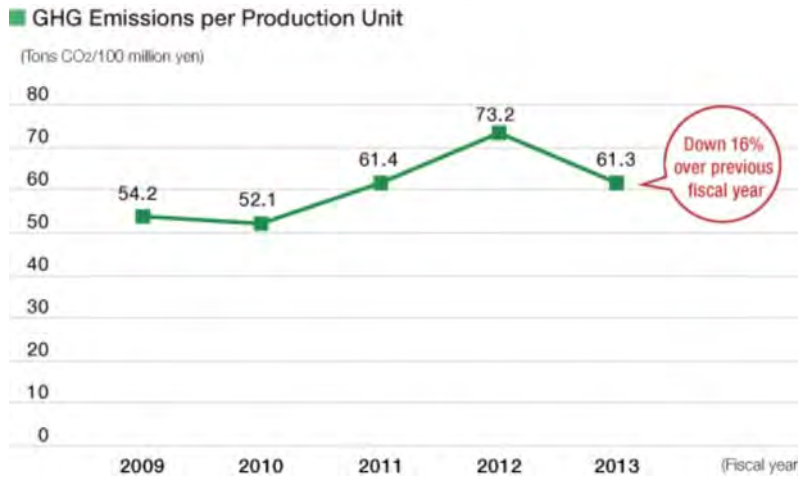
Sharp Group Activities to Control Greenhouse Gas Emissions

Sharp is taking active measures to curb greenhouse gas (GHG) emissions resulting from its business activities in an effort to contribute to the prevention of global warming. As a result of strengthening efforts involving all equipment and systems—ranging from production lines to utility systems for supplying electricity, gas, and water—the Sharp Group's GHG emissions in fiscal 2013 decreased by 1% compared to the previous fiscal year, despite an increase in production. Sharp has also been keeping up efforts to improve production efficiency, and as a result, it was able to decrease GHG emissions per production unit by 16% compared to the previous fiscal year.

In addition to implementing energy-saving measures, Sharp will continue its efforts to curb GHG emissions by studying the adoption of gases with lower global warming potential as a replacement for PFCs (perfluorocarbons)^{*1}, which have a high global warming potential.

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





Case Study

Installing More LED Lights in Factories (China)

Sharp's manufacturing bases in China are steadily making the switch from conventional fluorescent lighting to LED lights. Compared to fluorescent lights, LED lights have benefits such as better energy efficiency and a longer service life necessitating fewer replacements.

SOCC in Changshu, which manufactures mainly MFPs, used LED lights to replace the approximately 2,000 fluorescent lights installed in places that require long hours of illumination, such as the production lines, product warehouses, and hallways. As a result, the company was able to reduce 217 tons of CO₂ per year. SOCC is planning further energy savings for fiscal 2014 by replacing the halogen lamps installed in the warehouses with LED lights.

At SSEC in Shanghai (which manufactures consumer electronics) and WSEC in Wuxi (which manufactures electronic components), LED lights are mainly being installed in the production lines. At present, more than 80% of the lighting consists of LEDs. And at NSEC in Nanjing (which manufactures LCD TVs), the switch to LEDs is being made in the warehouses.



SOCC in Changshu



SSEC in Shanghai

[Product Manufacture]

Minimizing and Recycling Waste

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

Sharp has been working to reduce waste and to recycle as much of it as possible in an effort to contribute to building a resource-recycling society. In fiscal 2013, the amount of waste, etc.^{*1} generated by the Sharp Group decreased by 11% compared to the previous fiscal year, and waste, etc. generated per production unit^{*2} was down 24% compared to the previous fiscal year.

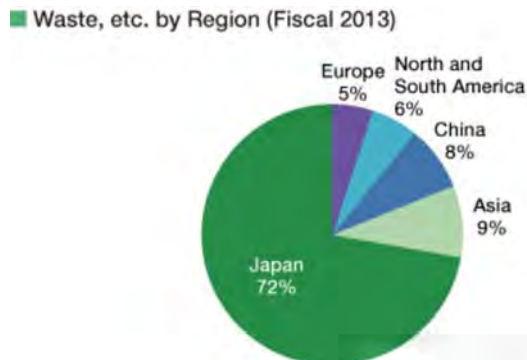
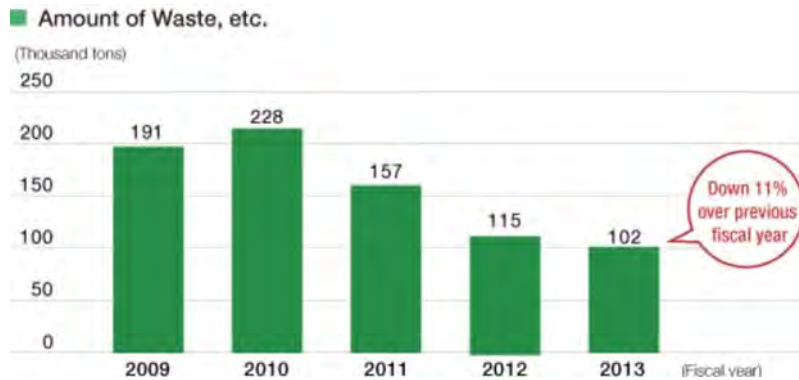
As a result of ongoing efforts to recycle solid and liquid waste and to recover valuable resources, in fiscal 2013 Sharp production plants in Japan achieved zero discharge to landfill^{*3} for the 13th consecutive year. The Sharp Group will continue to strive for the effective utilization of resources.

*1 Amount of waste, etc. generated = waste discharged + valuable resources recovered

*2 Per production unit (tons/100 million yen) = Amount of waste, etc. generated (tons) ÷ production output (100 million yen)

*3 Sharp defines "zero discharge to landfill" as a final landfill disposal rate of less than 0.5%.

Final landfill disposal rate (%) = Amount of landfill disposal ÷ amount of waste, etc. generated × 100.



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



Appropriate Storage and Treatment of PCB Wastes in Japan

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

Topics

Mie Plant and Mihara Plant Win 3Rs Promotion Merit Awards^{*4}

The Mie Plant (Taki District, Mie Prefecture) and the Mihara Plant (Mihara, Hiroshima Prefecture) were awarded a 3Rs Promotion Council President's Prize in the 2013 3Rs (Reduce, Reuse, and Recycle) Promotion Merit Awards.

The Mie Plant was highly rated for achieving its waste reduction goal for five consecutive years and for collecting items no longer needed in employees' homes and offering them for reuse. This is the fourth time—and third year in a row—that the Mie Plant has received this honor.

The Mihara Plant won the same award for the second time since last winning it in 2008. It was praised for reducing effluent sludge^{*5}, which makes up more than 60% of all waste generated, and for reusing waste solvents.

^{*4} An award system sponsored by the 3Rs Promotion Council in Japan to recognize organizations whose ongoing efforts have brought outstanding results in the 3Rs.

^{*5} Solid waste resulting from the condensation of impurities generated from the factory effluent treatment process.

Award-Winning Sharp Initiatives

| | |
|--------------|--|
| Mie Plant | Reducing waste in the Mie Plant and making effective use of items no longer needed in its employees' homes |
| Mihara Plant | Reducing waste and making effective use of water resources in the Mihara Plant |



2013 3Rs Promotion Merit Award certificates

Initiatives at the Mie Plant

At the Mie Plant, where LCD panels are manufactured, the production and facility management departments cooperate in reducing waste through measures such as condensing liquid waste discharged from the production process. As a result, the Mie Plant was able to achieve its goal of reducing waste emissions by 6% year-on-year for five consecutive years.

The plant also collects items that are no longer needed from employees' homes and offers them for reuse. The earnings gained from selling collected books and CDs were donated to an NPO that supports children in need in developing countries. Home appliances and bicycles were given maintenance and offered to local university students. The plant is also expanding its social contribution activities by, for example, visiting local elementary, junior high, and high schools to give lessons on recycling.



Donating used appliances and bicycles to a local university



Teaching elementary school children about the environment

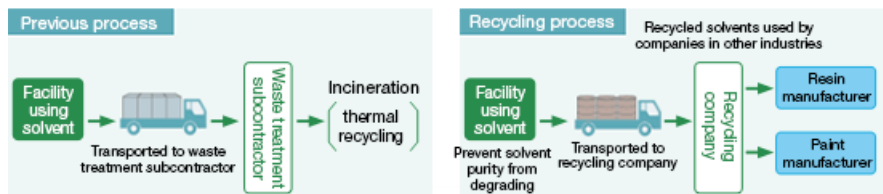
Initiatives at the Mihara Plant

The Mihara Plant, where electronic devices are manufactured, worked to reduce effluent sludge^{*5}, which makes up more than 60% of all waste generated. The amount of sludge generated grows in proportion to the volume of chemicals used in the effluent treatment process. The plant therefore controlled the volume of chemicals input into the effluent treatment process by analyzing the substances—and their concentration—contained in the effluent from the production process. As a result, the plant was able to reduce sludge by 7.5 tons (down 6% compared to the previous fiscal year).

The waste solvents used at the plant were previously all disposed of (through mainly thermal recycling), with the exception of acetone, which was sold as a valuable resource. By preventing decrease in purity of the solvents during their use, the Mihara Plant was able to make two other types of waste solvent recyclable. The recycled solvents are used by resin manufacturers and paint manufacturers.

*5 Solid waste resulting from the condensation of organic end-products generated from the factory effluent treatment process.

Recycling Waste Solvent



Case Study**Reducing Hazardous Waste (SSEC, China)**

SSEC, a manufacturing subsidiary in Shanghai, switched from drums to tanks for the procurement of isocyanate*6. Used in insulator material for refrigerators and elsewhere, isocyanate is highly chemically reactive and must be handled as a hazardous material. Previously, the drums used for procuring isocyanate were disposed of as hazardous waste. By switching to tanks in fiscal 2013, SSEC was able to reduce hazardous waste by 5.3 tons per year. As well as making for a safer workplace with less of a burden placed on employees, this measure also serves to reduce costs.

*6 A chemical compound used as material for polyurethane.



(Before) Transporting isocyanate using drums



(After) Transporting isocyanate using tanks

[Product Manufacture]

Effectively Using Water Resources

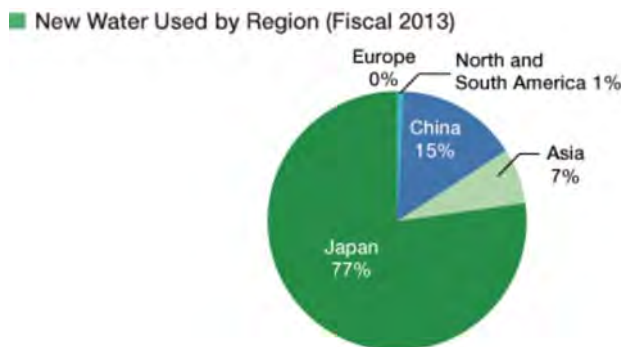
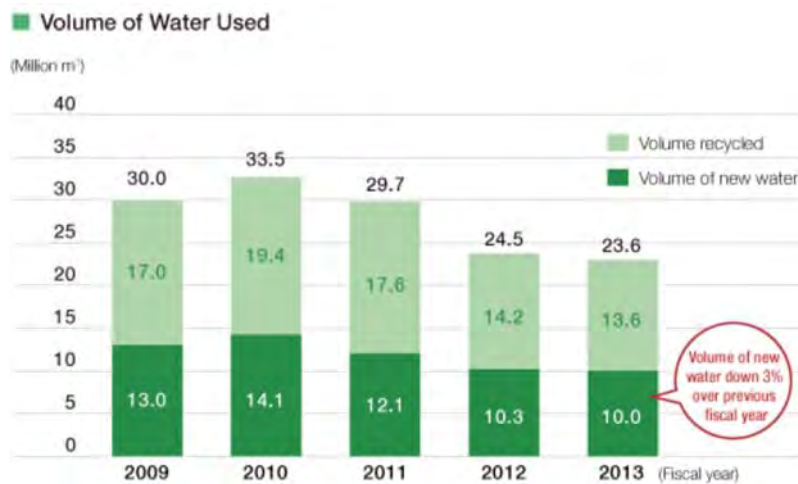
Sharp Group Reduces the Amount of New Water Used and Uses More Recycled Water

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

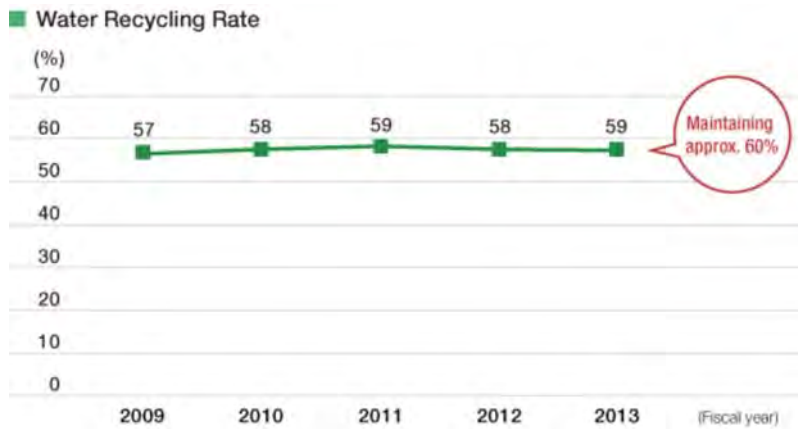
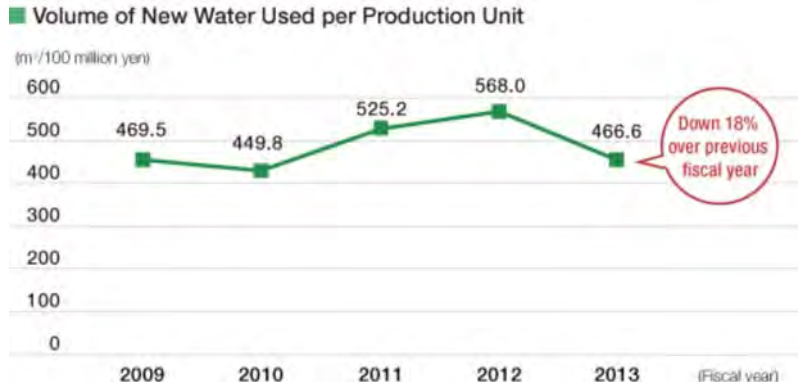
The volume of new water used by the Sharp Group in fiscal 2013 decreased by 3% compared to the previous fiscal year; the volume of new water used per production unit also decreased by 18%.

The Kameyama Plant (Kameyama, Mie Prefecture, Japan) and the Mie Plant (Taki District, Mie Prefecture, Japan) require a large amount of water in the production process for LCD panels. At both plants, Sharp has adopted a closed-loop water recycling system that recovers and reuses nearly 100% of the water discharged from the production process. Through measures such as this, the Sharp Group is maintaining a recycling rate^{*1} of approximately 60%.

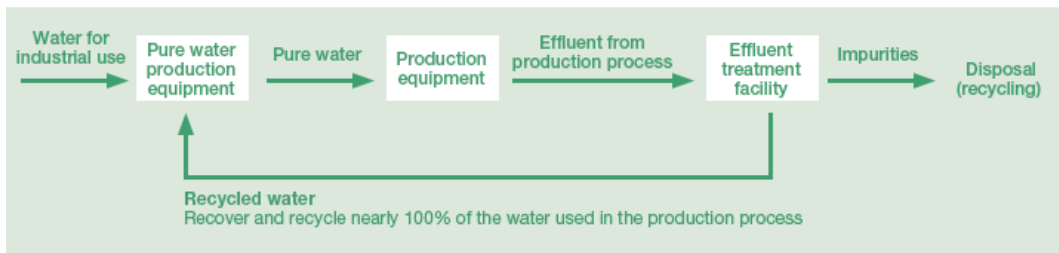
*1 Recycling rate = Amount recycled ÷ (amount of new water + amount recycled)



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



■ Closed-Loop Water Recycling Flow



Case Study

Recycling Effluent (Mihara Plant, Japan)

The Mihara Plant (Mihara, Hiroshima Prefecture), where semiconductors and LED devices are made, recycles concentrated water^{*2} (brine).

The plant makes pure water, which is indispensable to the manufacture of semiconductors, from water supplied for industrial purposes. This process results in concentrated water. In an effort to recycle this water, which was previously treated and disposed of as waste, the Mihara Plant analyzed the water quality and searched for applications for the recycled water. It was found that the water could be used in scrubbers^{*3}, which conventionally used industrial water. The plant then proceeded to install collection tanks for the concentrated water and water-supply piping, and it made the switch from using industrial water to concentrated water for the scrubbers.

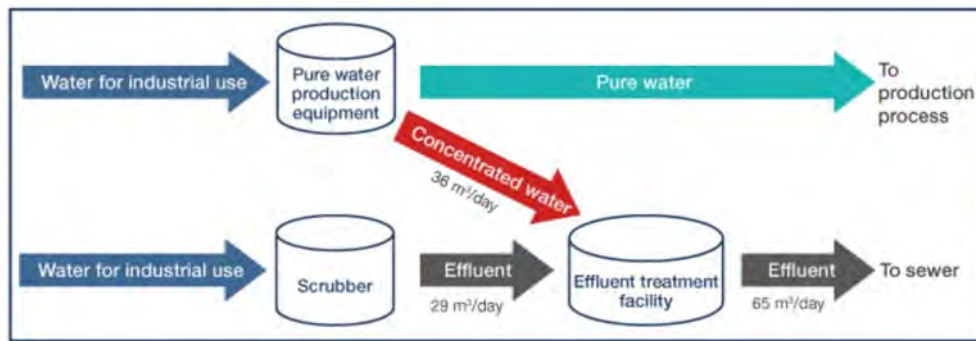
This effort has resulted in reducing the volume of new water used by 15,000 m³ a year, as well as reducing the volume of effluent and the amount of waste generated during the effluent treatment process (effluent sludge^{*4}).

^{*2} Water containing a high concentration of impurities resulting from the pure water production process.

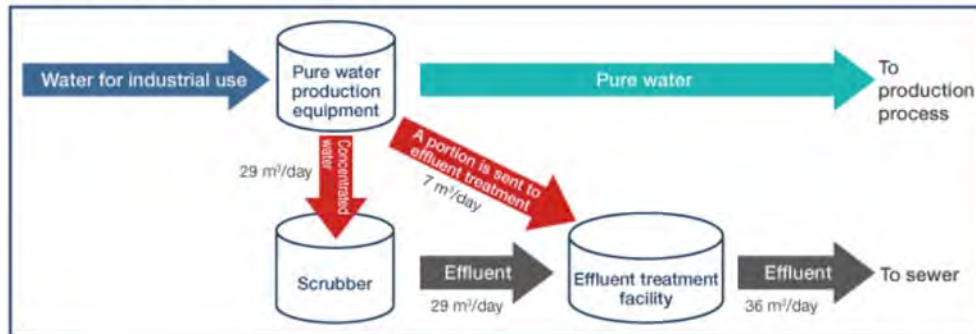
^{*3} An apparatus that uses an acidic or alkaline solution for removing harmful substances from exhaust gas.

^{*4} Solid waste resulting from the condensation of impurities generated from the factory effluent treatment process.

■ Previous Process



■ Recycling Process



Case Study

Using Rainwater to Reduce the Volume of New Water Used (SMM, Malaysia)

In 2011, SMM, a manufacturing subsidiary in Johor, Malaysia, installed on its premises a rainwater tank, and it has since been using the collected water for two of its 12 cooling towers^{*5}. In fiscal 2013, the company installed four new rainwater tanks so that it could use rainwater for all its cooling towers, realizing that it is beneficial in terms of reducing costs and making effective use of water resources.

With these additions, SMM expects to reduce the volume of new water it uses by 4,900 m³ a year.

*5 An apparatus that cools the refrigerant used in air conditioning equipment.



Before (April 2011)



More rainwater tanks (February 2014)

[Product Manufacture]

Effectively Managing Chemicals Used in Factories

Effective Management of Chemical Substances

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

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

Of the chemical substances covered by the PRTR^{*3} Law, 18 were handled in Japan and 9 overseas in quantities of 500 kg or more by one or more plants during fiscal 2013.

*1 An in-house system for conducting preliminary safety assessments of chemical substance handling equipment.

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

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

■ Fiscal 2013 PRTR Data (Japan)

(Unit: kg)

| PRTR No. | Chemical | Amount handled | Amount discharged | | Amount transferred | | Amount consumed | | Amount removed |
|----------|--|----------------|-------------------|------------------------|--------------------|------------------|-----------------------|-----------|----------------|
| | | | Into atmosphere | Into public water area | Into sewage | Into waste, etc. | Contained in products | Recycled | |
| 20 | 2-Aminoethanol | 6,455,812 | 1,389 | 90 | 0 | 362,275 | 0 | 4,951,892 | 1,140,165 |
| 31 | Antimony and its compounds | 910 | 0 | 0 | 0 | 18 | 892 | 0 | 0 |
| 44 | Indium and its compounds | 24,974 | 0 | 0 | 0 | 6,743 | 750 | 17,481 | 0 |
| 71 | Ferric chloride | 120,208 | 0 | 0 | 0 | 0 | 0 | 80,874 | 39,333 |
| 82 | Silver and its water-soluble compounds | 1,348 | 0 | 0 | 0 | 0 | 713 | 635 | 0 |
| 232 | N, N-dimethylformamide (DMF) | 5,244 | 0 | 0 | 0 | 0 | 0 | 0 | 5,244 |
| 272 | Copper salts (water-soluble, except complex salts) | 10,374 | 0 | 0 | 0 | 10,237 | 0 | 0 | 137 |
| 332 | Arsenic and its inorganic compounds | 2,090 | 0 | 0 | 0 | 2,040 | 12 | 37 | 0 |
| 343 | Pyrocatechol (also known as catechol) | 2,563 | 0 | 0 | 0 | 2,563 | 0 | 0 | 0 |
| 355 | Bis (2-ethylhexyl) phthalate | 504 | 0 | 0 | 0 | 504 | 0 | 0 | 0 |
| 368 | 4-Tertiary butylphenol | 2,244 | 39 | 0 | 0 | 2,205 | 0 | 0 | 0 |
| 374 | Hydrogen fluoride and its water-soluble salts | 678,891 | 1,380 | 0 | 0 | 434,860 | 0 | 135,984 | 106,669 |

| | | | | | | | | | |
|--------------|---|------------------|--------------|-----------|----------|----------------|----------------|------------------|------------------|
| 405 | Boron compounds | 2,465 | 82 | 0 | 0 | 1,639 | 553 | 191 | 0 |
| 407 | Polyoxyethylene alkyl ether | 1,460 | 0 | 9 | 0 | 1,152 | 0 | 0 | 299 |
| 412 | Manganese and its compounds | 23,033 | 0 | 0 | 0 | 0 | 22,809 | 223 | 0 |
| 438 | Methylnaphthalene | 14,139 | 71 | 0 | 0 | 0 | 0 | 0 | 14,068 |
| 448 | Methylenebis (4,1-phenylene) diisocyanate | 617,758 | 0 | 0 | 0 | 0 | 617,758 | 0 | 0 |
| 453 | Molybdenum and its compounds | 22,188 | 0 | 0 | 0 | 5,418 | 666 | 16,104 | 0 |
| Total | | 7,986,205 | 2,961 | 99 | 0 | 829,654 | 644,153 | 5,203,421 | 1,305,915 |

■ Fiscal 2013 PRTR Data (Overseas)

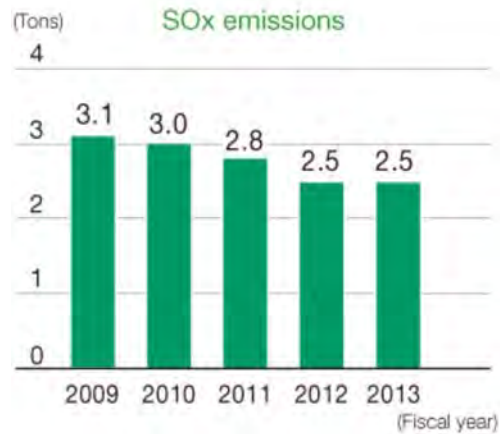
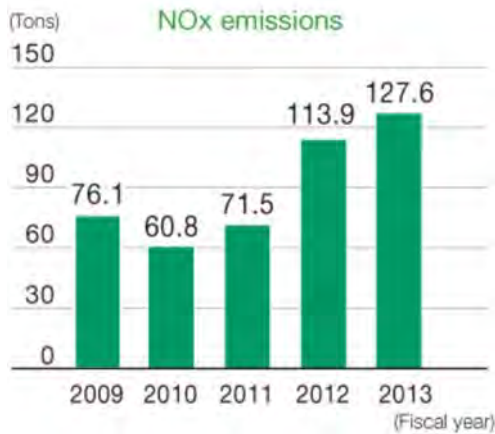
(Unit: kg)

| PRTR No. | Chemical | Amount handled | Amount discharged | | Amount transferred | | Amount consumed | | Amount removed |
|--------------|---|----------------|-------------------|------------------------|--------------------|------------------|-----------------------|---------------|----------------|
| | | | Into atmosphere | Into public water area | Into sewage | Into waste, etc. | Contained in products | Recycled | |
| 31 | Antimony and its compounds | 5,144 | 0 | 0 | 0 | 51 | 1,766 | 3,327 | 0 |
| 71 | Ferric chloride | 9,510 | 0 | 0 | 0 | 0 | 0 | 0 | 9,510 |
| 104 | Chlorodifluoromethane (HCFC- 22) | 325,190 | 1,115 | 0 | 0 | 0 | 324,075 | 0 | 0 |
| 291 | 1,3,5-tris (2,3-epoxypropyl)-1,3,5-triazine-2,4,6 (1H,3H,5H)-trione | 3,452 | 0 | 0 | 0 | 35 | 1,185 | 2,232 | 0 |
| 300 | Toluene | 425 | 425 | 0 | 0 | 0 | 0 | 0 | 0 |
| 304 | Lead | 2,120 | 0 | 0 | 0 | 0 | 2,120 | 0 | 0 |
| 355 | Bis (2-ethylhexyl) phthalate | 19,200 | 0 | 0 | 0 | 16,500 | 0 | 2,700 | 0 |
| 384 | 1-bromopropane | 2,511 | 0 | 0 | 0 | 25 | 862 | 1,624 | 0 |
| 413 | Phthalic anhydride | 2,986 | 0 | 0 | 0 | 30 | 1,025 | 1,931 | 0 |
| Total | | 370,538 | 1,540 | 0 | 0 | 16,641 | 331,033 | 11,814 | 9,510 |

Managing Air and Water Pollutants

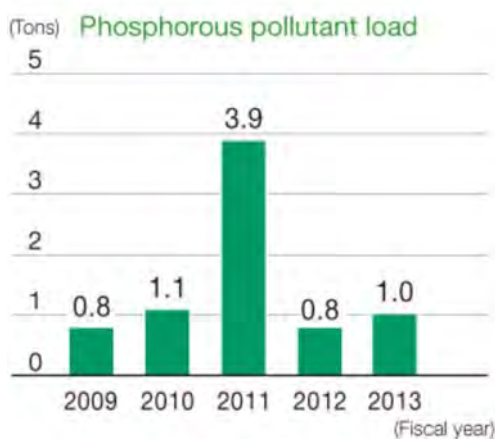
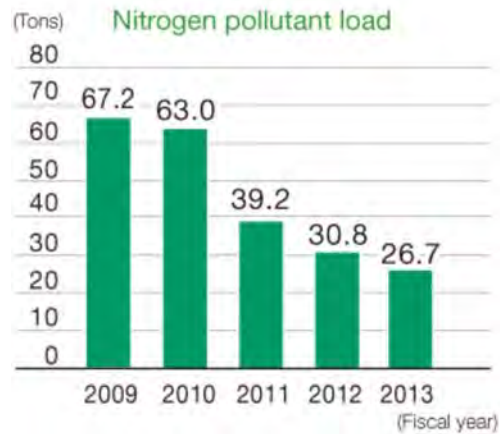
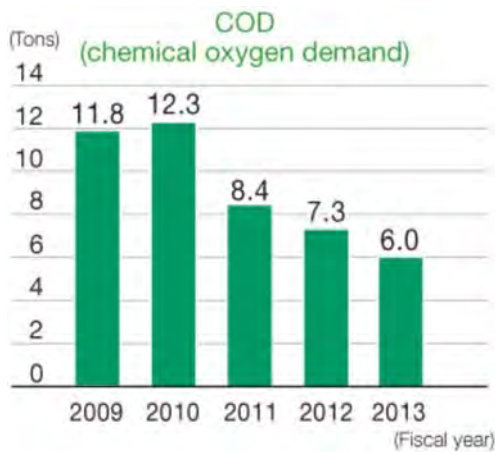
Sharp properly manages pollutants that affect air and water quality by determining their concentration and discharge amount. Each Sharp plant ensures proper management by establishing voluntary standards that are stricter than those set forth in laws and regulations and than those agreed upon with local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

Atmospheric Emissions in Japan



Note: Results for fiscal 2012 and 2013 show an increase in NOx emissions. This is due to measures to make up for electricity shortages such as raising the operating rate of cogeneration systems.

Emissions into Water Areas in Japan



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

[Logistics]

Reducing Logistics-Related Environmental Impact

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

Reducing the Environmental Impact of Logistics in Japan

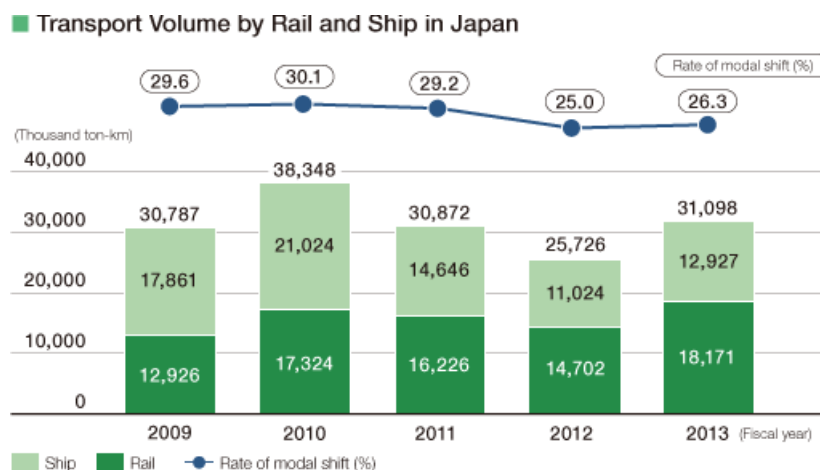
Sharp observes a rule set forth in the Japanese Law Concerning the Rational Use of Energy (Energy Conservation Law) that requires specified shippers to reduce CO₂ emissions per shipping volume by 1% or greater per year. All Sharp Group companies in Japan are working to steadily reduce the environmental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

In fiscal 2013, Sharp Group CO₂ emissions from shipping activities in Japan were 32 thousand tons CO₂ (up 8% from the previous fiscal year). Emissions per shipping volume were 0.2 tons CO₂/thousand ton-km, an average annual reduction of 4% for the most recent five years.

Since fiscal 2013, Sharp has consolidated its distribution centers located throughout the Tokyo metropolitan area and the Kinki region into two major distribution centers: one in eastern Japan and one in western Japan. This has enabled Sharp to reduce the amount of transport between warehouses and, as a result, reduce CO₂ emissions. Sharp is also steadily shifting from conventional trucking to more environmentally friendly modes of transport, such as rail and shipping (modal shift).

In fiscal 2013, the volume of transport increased compared to the previous fiscal year. But as a result of making use of railways and reducing the amount of truck transport by choosing optimally located harbors for landing imported goods, Sharp's rate of modal shift rose to 26.3%. Thanks to such efforts, Sharp was again certified with an Eco Rail Mark^{*1} by the Ministry of Land, Infrastructure, Transport and Tourism and the Railway Freight Association.

^{*1} Products or companies that use a certain amount of rail transport for freight are given Eco Rail Mark certification. Products or companies use the mark to provide consumers a criterion for choosing products.



 Case Study

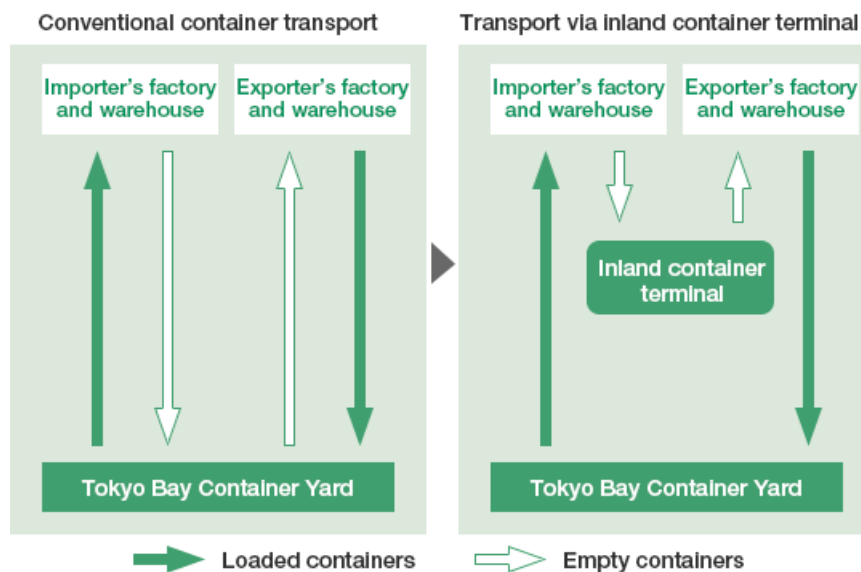
Outstanding Company under Green Logistics Partnership Program

Sharp Trading Corporation^{*2} and 21 of its logistics partner companies have been commended at the fiscal 2013 Green Logistics Partnership Conference^{*3}, in recognition of using containers on a round-trip basis via an inland container terminal. At this event, awards were given under the Excellent Green Logistics Commendation Program, and Sharp Trading and its partners received the METI Minister Award.

When exporting goods, a company conventionally had to bring back empty containers that were used to transport goods to a harbor; and when importing goods, a company had to return to the harbor empty containers that had been used to transport received goods. By sharing an inland container terminal, Sharp Trading and 21 other companies were able always to have containers loaded with cargo both to and from the harbor. This effective use of container transportation serves to reduce CO₂ emissions.

^{*2} A consolidated Sharp subsidiary handling import and sales of consumer electronics, office equipment, and electronic components.

^{*3} Green Logistics Partnership Conference: Organized by the Japan Institute of Logistics Systems, the Ministry of Economy, Trade and Industry (METI), the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and other organizations, the conference strives to encourage shippers and logistics operators to cooperate on reducing CO₂ emissions from distribution.



Reducing the Environmental Impact of International Logistics

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

In fiscal 2013, the CO₂ emissions from international and intraregional transport of products and devices produced by Sharp Group companies and shipped to Sharp Group companies came to approximately 215 thousand tons.

Case Study**Choosing Optimally Located Harbors for Landing (SER, Russia)**

SER, a sales subsidiary in Moscow, Russia, used to have products made in Thailand delivered first to Germany and then transported by truck to Moscow. One of the reasons for this was that the passage of cargo ships during winter was hindered by the freezing of sections of the Baltic Sea.

Starting in October 2012, SER began using alternative shipping means that include taking advantage of icebreaker ships. Now, products go from Thailand to St. Petersburg, from where the trip by truck to Moscow is much shorter—two-thirds shorter, in fact. In fiscal 2013, SER was able to cut annual CO₂ emissions by approximately 1,420 tons.



Cargo ship in the Baltic Sea in winter

[Disposal, Recycling]

Expanding the Recycling of Used Products

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

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

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

In fiscal 2013, Sharp collected about 1.6 million units of the four types of appliances covered by the Home Appliance Recycling Law. This figure represents a 13% increase over the previous fiscal year, reflecting the impact of last-minute demand at the end of the fiscal year ahead of the consumption tax hike in April 2014. For all four appliance types, the B Group's rate of recycling greatly exceeded the legally stipulated levels.

■ Home Appliance Recycling B Group's Results in Fiscal 2013

| | Unit | Air conditioners | CRT TVs | Flat-panel TVs | Refrigerators/freezers | Washing machines/dryers | Total |
|--|----------------|------------------|---------|----------------|------------------------|-------------------------|--------|
| Units collected from designated collection sites | Thousand units | 244 | 272 | 242 | 427 | 383 | 1,568 |
| Processed and recycled units | Thousand units | 228 | 263 | 232 | 401 | 363 | 1,487 |
| Processed and recycled weight | Tons | 9,382 | 6,904 | 4,533 | 25,639 | 12,987 | 59,445 |
| Recycled weight | Tons | 8,913 | 5,513 | 4,119 | 21,060 | 12,245 | 51,850 |
| Recycling rate | % | 95 | 79 | 90 | 82 | 94 | — |
| Legally required recycling rate | % | 70 | 55 | 50 | 60 | 65 | — |

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

Effectively Using Resources and Improving Recycling Efficiency at the Recycling Plant

Sharp and Kansai Recycling Systems Co., Ltd.^{*2} are joining forces to make effective use of resources and to improve recycling efficiency.

In fiscal 2013, Kansai Recycling Systems introduced a urethane suction device into the recycling line in order to collect urethane contained in mixed plastic. This urethane was previously disposed of as waste, but it is now reused as a blast-furnace reducing agent^{*3} and for thermal recycling, thus reducing overall recycling costs. Separating urethane from mixed plastic also enables the recycling of mixed plastic, and the amount recycled expanded from 1,900 tons in fiscal 2012 to 3,000 tons in fiscal 2013.

Also, a shredder/sorter system for non-ferrous material is boosting the efficiency of the dismantling/sorting process for flat-panel TV substrates. The time it takes to dismantle a flat-panel TV has been reduced by 15% compared to fiscal 2012 levels.

^{*2} A consumer electronics recycling company established in Japan with joint investment from Sharp, Mitsubishi Materials Corporation, and four other companies.

^{*3} A reducing agent to remove oxygen from ferric oxide in the iron-making process.

 Case Study

Recycling Training

Sharp is committed to developing and designing products with consideration for their easy collection and recycling. Since fiscal 2001, to promote easy-to-recycle product design, Sharp has been conducting design-for-recycling training, aimed mainly at personnel responsible for product planning and design. In fiscal 2013, 22 people took part.

This training program incorporated seminars, factory tours, and exchanges with employees involved in dismantling operations. Participants received hands-on experience in dismantling actual products collected at the recycling plant. The knowledge and experience gained during this training are reflected in the planning and design of new products.



Hands-on training in dismantling a front-loading washing machine



Trainees observe a washing machine recycling line

 Voice: Words from a Trainee


Daisuke Shibuya
Supervisor
Engineering Department 1
Laundry Systems Division
Health and Environment Systems
Group

My job involves designing washing machines. The tour of the recycling plant gave me a better understanding of how much work is required in dismantling products and what issues need to be solved.

My desire is to develop even better products that boast good design, durability, and recyclability so that they can offer users higher quality, reliability, and ease of recycling.

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

In September 2007, SEC—Sharp's manufacturing and sales subsidiary in New Jersey—established the Electronic Manufacturers Recycling Management Company, LLC (MRM) in cooperation with Panasonic Corporation of North America and Toshiba America Consumer Products, LLC. Tasked with recycling audio-visual products, especially TVs, the MRM program has since expanded nationwide to offer recycling opportunities at approximately 1,800 collection points. Working in compliance with the laws and regulations of each state, MRM recycled approximately 4,785 tons of used consumer electronics in fiscal 2013.

Reusing and Recycling Copiers in Japan

Sharp is reusing and recycling copiers and MFPs collected both through Sharp distribution channels and through common industry channels. In fiscal 2013, approximately 30,000 used copiers and MFPs were collected for either reuse or recycling. The company is also collecting used toner cartridges and remanufacturing them to the same quality standard of new products, thus assuring that customers will always get the same high quality. Sharp designs its toner cartridges for easy reuse and recycling; this ensures durability and reduces the amount of time needed to reprocess used cartridges.

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

[Disposal, Recycling]

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

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

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

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

In recent years, Sharp developed technology to recycle scrap glass discarded during the LCD panel production process into highly functional paint and into zeolite, a material that can purify water. With the number of discarded flat-panel TVs expected to rise greatly in the future, Sharp is focusing its efforts on the recycling of LCD panels, a key component in such TVs.

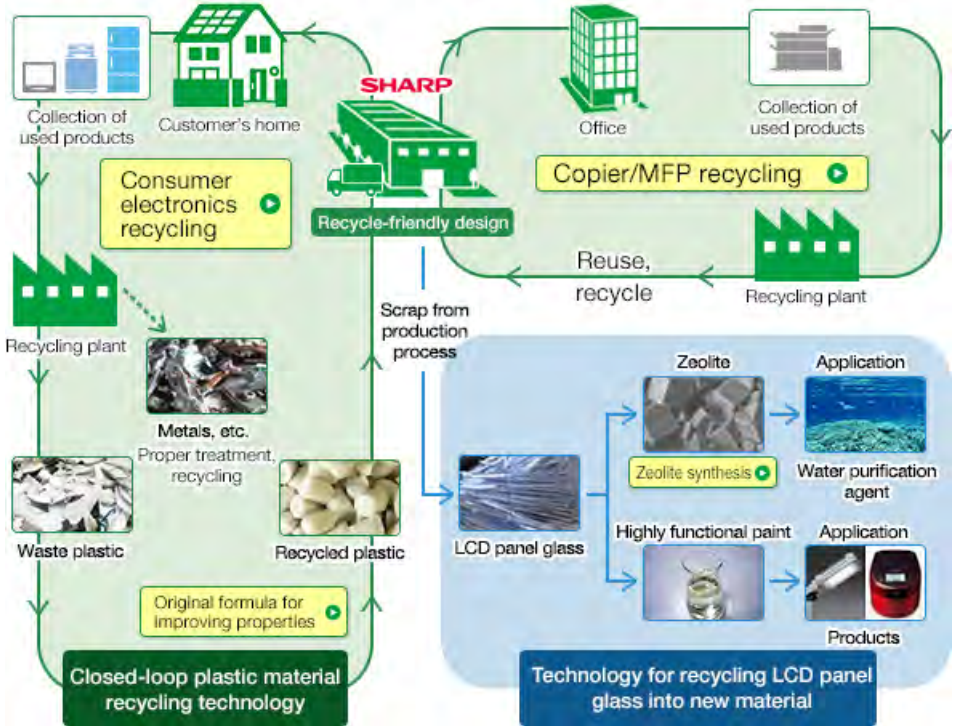
| Developments in plastic CMR technology | | Developments in LCD panel glass recycling (into new material) | |
|--|--|--|--|
| FY2001 | Development of CMR technology and practical application into PP ^{*1} washing machine tubs | FY2009 | Development and practical application of highly functional paint |
| FY2003 | Development of CMR technology and practical application into PS ^{*2} refrigerator shelves | | |
| FY2012 | Development of technology to recover PP from mixed plastic and CMR technology for recovered PP and practical application | FY2012 | Development of basic technology to form zeolite on surface of LCD panel glass |
| FY2013 | Development of technology for improving properties of PC+ABS ^{*3} and practical application (recycling rear cabinets of flat-panel TVs) | FY2013 | Development of technology to synthesize zeolite from waste LCD panel glass and to put it into practical use (succeeded in mass production on a kilogram scale) |

*1 Polypropylene

*2 Polystyrene

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

■ Sharp's Efforts towards a Recycling-Based Society



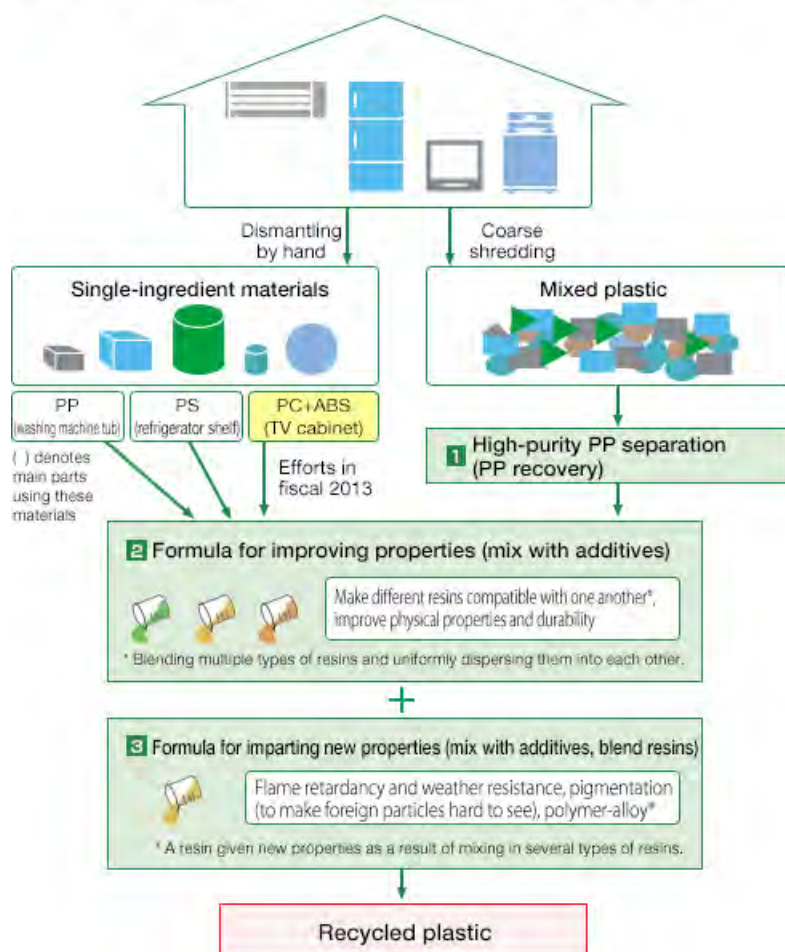
Expanding Closed-Loop Plastic Material Recycling Technology for the Repeated Reuse of Plastic

Sharp and Kansai Recycling Systems Co., Ltd.^{*4} jointly developed closed-loop plastic material recycling technology for the repeated recovery of plastic from used consumer electronics products and its reuse in parts of new consumer electronics products for the Japanese market. This technology has been in practical use since fiscal 2001.

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

Sharp is currently developing **3** technology to give materials added value by imparting properties such as flame retardancy and weather resistance, with the aim of expanding applications for recycled plastic.

■ Recycling Plastic Recovered from the 4 Types of Home Appliances



In fiscal 2013, Sharp developed a formula for improving the properties of waste PC+ABS plastic recovered from flat-panel TVs of varying age and manufacturing provenance. The formula involves mixing in additives to the waste PC+ABS material in order to raise its properties to a level of quality that matches that of new material. Though the properties of PC+ABS are subject to deterioration over long-term usage, Sharp was able to greatly improve its properties by mixing in several types of additives in an optimal blend and thereby achieve parts made of 100% recycled PC+ABS. This recycled PC+ABS was used for internal parts in Sharp's in-vehicle Plasmacluster Ion generators in fiscal 2013.

This recycled material has also been certified for UL94 V-0, a flammability safety standard released by Underwriters Laboratories, Inc., a global safety certification company.



Sharp in-vehicle Plasmacluster Ion generators

Internal parts

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

Developing Technology to Recycle LCD Panel Glass into New Material

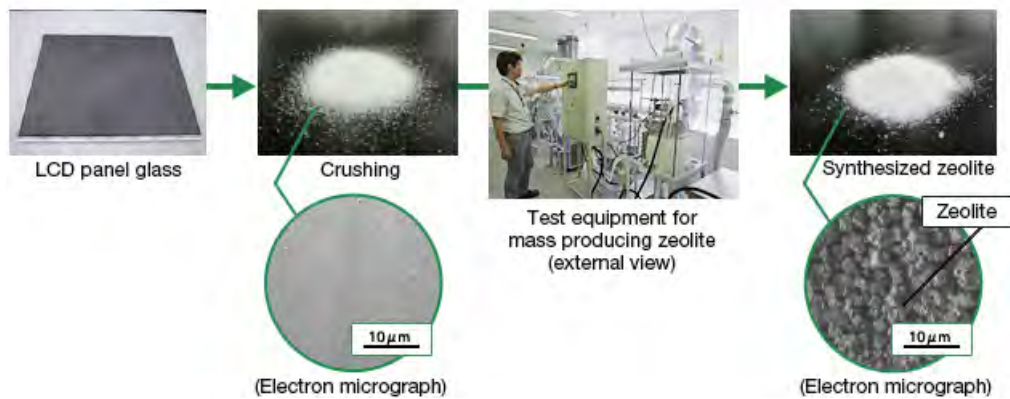
Noticing that a portion of LCD panel glass constituents is similar to zeolite*5, Sharp has been conducting joint research with Osaka Prefecture University on a technology to synthesize zeolite from LCD panel glass. As well as being used as a catalyst, zeolite has many other functions, including those involving ion exchange and adsorption. Recently, zeolite has been attracting attention as an environmental purification material that can help purify water and improve soil quality.

In fiscal 2012, the joint research team succeeded in developing basic technology for forming zeolite on the surface of LCD panel glass. This involves using crushed scrap glass discarded during the LCD panel production process. In fiscal 2013, Sharp successfully mass-produced this material on a kilogram scale.

In fiscal 2014, Sharp will start an experiment to verify the water purification effect of zeolite. Sharp will move forward on the practical application of this technology and study its application in the recycling of LCD panel glass in flat-panel TVs.

*5 The generic term for a crystalline, microporous aluminosilicate mineral composed mainly of silicon, aluminum, and oxygen.

■ Process of Synthesizing Zeolite from Waste LCD Panel Glass



[Biodiversity Protection]

Protecting Biodiversity

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

Biodiversity Protection through Business and Social Action Programs

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

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

Based on the Sharp Group Policy on the Sustainable Support of Biodiversity, Sharp formulated the Sharp Biodiversity Initiative in November 2009, which details concrete measures for business activities and social action programs that take biodiversity into account. In fiscal 2013, Sharp continued to implement various measures based on the Sharp Biodiversity Initiative, while each Sharp base conducted various activities geared to its own situation.

Sharp Group Policy on the Sustainable Support of Biodiversity

1. Basic Concept

Based on the company-wide policy, conduct business activities and social action programs while protecting biodiversity and using it in a sustainable manner.

2. Objective: Understand the Link with Biodiversity

Understand the link between business activities and biodiversity (how Sharp business activities affect and benefit from biodiversity).

3. Objective: Reduce Impact on Biodiversity

Try to reduce the negative impact of business activities on biodiversity so as to protect biodiversity and use it in a sustainable manner.

4. Promotion Structure

Sharp divisions in charge of environmental protection and social contribution are responsible for company-wide activities pertaining to biodiversity.

■ Sharp's Efforts for Protecting Biodiversity



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



Related information:

> [\[For Local Communities \] Environmental Activities](#)

Case Study

Biotope Preserves Indigenous Species (SMF, France)

Since 2010, SMF, a manufacturing subsidiary in Soultz, France, has been collaborating with a local environmental association in creating on its grounds a biotope* with a man-made pond. The pond has been landscaped so as to recreate nature as much as possible: it has a gently sloping bank, curving shorelines, and varying water levels. SMF carries out periodic maintenance to prevent non-native species from propagating and has also created a list of the flora and fauna that live in and around the pond to facilitate ecosystem observations. In just three years, the pond, which was created on an idle plot of land, has turned into a nature-rich environment where various local species thrive, including amphibians and dragonflies.

In fiscal 2013, SMF installed on its grounds a beehive in an effort to provide a safe place for honeybees, whose diminishing numbers have become a worldwide problem. It also installed shelters for insects such as ladybugs and bumblebees. SMF is expanding its eco activities to include tree planting.

* A space for recreating rich ecosystems



Plot of land in 2010



Man-made pond in 2013

Voice: Words from an Employee



Etienne Fuchs
Human Resources Department
SMF

In our desire to preserve the environment at SMF, we have been collaborating with a local association for environmental education in Alsace. Over the years, the ideas suggested by the association have been carried out, such as the establishment of country hedges and beehives. The most interesting idea for SMF was the establishment of a pond, because it contributes to a real development of fauna and flora. Nowadays, it is very critical to create ponds, since wetlands are starting to disappear. The pond is a remarkable and effective way to raise awareness among SMF staff.

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

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

The Environmental Performance Data (actual) found in the pages of the Environmental Activities are calculated based on the following boundary and calculation standards.

Period Covered

April 1, 2013 to March 31, 2014

Boundary of Environmental Performance Data

Sharp Corporation and consolidated subsidiaries

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

Offices: 38 offices/31 companies (14 offices/7 companies in Japan^{*1}, 24 offices/24 companies overseas)

Japan

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

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

North America

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

^{*2} Manufacturing division of SEC

Europe

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

^{*3} Manufacturing division of SUK

Asia, Middle East, Oceania

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

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

Calculation Standards for Environmental Performance Indicators

| Environmental performance indicators | | Unit | Calculation method |
|--|---------------------|--|--|
| INPUT | Product manufacture | Energy consumption | TJ Amount of heat from purchased electricity and consumed fuel, calculated based on the Japanese Ministry of the Environment's Greenhouse Gas Emission Calculation and Reporting Manual (ver. 2.4) |
| | | Water resources consumed | Million m ³ Consumption and recycled use of industrial-use water, tap water, and groundwater |
| | | PFCs purchased | Tons HFCs, PFCs, sulfur hexafluoride (SF ₆), nitrogen trifluoride (NF ₃), and HCFCs purchased annually |
| | | Chemical substances (PRTR) handled | Tons Among the substances covered under the PRTR Law ^{*1} , the total amount of substances handled annually at each plant in quantities of 500 kg or more ^{*1} Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management |
| | | Materials consumed | Tons Total weight of products in the 13 major categories ^{*2} sold in fiscal 2013 (estimate), plus waste, etc. generated ^{*2} TVs, air conditioners, refrigerators, washing machines, air purifiers, microwave ovens, LED lights, Blu-ray Disc recorders, facsimiles, mobile phones, LCD monitors, MFPs, solar cells |
| | Logistics | Energy consumption | TJ Revised ton-km method |
| | Product use | Energy consumption | TJ (million kWh) Estimate of annual energy used by products in the 13 major categories ^{*2} sold in 2013. Calculation based on each product's annual energy consumption rate (using a heat input per unit of 9.97 MJ/kWh). |
| | Disposal, recycling | Home appliances (4 kinds) | Thousand tons Amount of used home appliances (4 kinds) recycled into new home appliances |
| | | Copiers | Thousand tons Amount of recycled copiers |
| | | PCs | Tons Amount of recycled PCs |
| Amount of closed-loop plastic material recycling | | Tons Amount of closed-loop plastic material recycling | |

| Environmental performance indicators | | Unit | Calculation method | |
|--------------------------------------|---------------------|---|--|---|
| OUTPUT | Product manufacture | Greenhouse gas emissions | Thousand tons CO ₂ <ul style="list-style-type: none"> ■ CO₂ emissions from purchased electricity Japan: Using CO₂ emissions intensity (kg-CO₂) published in the Electric Power Industry's Environmental Action Plan, announced by the Federation of Electric Power Companies of Japan (FY2009: 0.351, FY2010: 0.351, FY2011: 0.350, FY2012: 0.476, FY2013: 0.487) Overseas: Using GHG Protocol Calculation Tools (GHG emissions from purchased electricity ver. 4.4) ■ CO₂ emissions from consumed fuel Using emission coefficient published in the Ministry of the Environment's Greenhouse Gas Emission Calculation and Reporting Manual (ver. 2.4) ■ Greenhouse gases other than CO₂ Using global warming potential published in the IPCC's Third Assessment Report | |
| | | Drainage | Million m ³ | Annual drainage into public body of water and sewer system |
| | | Chemical substances (PRTR) released and transferred | Tons | Among the substances covered under the PRTR Law ^{*1} , the total amount of substances (handled annually at one or more plant in quantities of 500 kg or more) that were released and transferred ^{*1} Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management |
| | | NOx emissions | Tons | Annual drainage |
| | | SOx emissions | Tons | Annual drainage |
| | | COD (chemical oxygen demand) | Tons | Drainage into a public body of water |
| | | Nitrogen pollutant load | Tons | Drainage into a public body of water |
| | | Phosphorous pollutant load | Tons | Drainage into a public body of water |
| | | Waste, etc. | Thousand tons | Industrial waste + general office waste + valuable resources recovered |
| | | Final landfill disposal | Tons | Final landfill disposal of industrial waste + final landfill disposal of general office waste |
| | | Product shipments | Thousand tons | Total weight of products in the 13 major categories ^{*2} sold in fiscal 2013 (estimate) ^{*2} TVs, air conditioners, refrigerators, washing machines, air purifiers, microwave ovens, LED lights, Blu-ray Disc recorders, facsimiles, mobile phones, LCD monitors, MFPs, solar cells |
| | Logistics | CO ₂ emissions | Thousand tons CO ₂ | Revised ton-km method |
| | Product use | CO ₂ emissions | Thousand tons CO ₂ | Estimate of annual energy used and amount of CO ₂ emitted by products in the 13 major categories ^{*2} sold in 2013. Calculation based on each product's annual energy consumption rate. |
| | Disposal, recycling | Disposal after recycling | Tons | [Weight of 4 kinds of home appliances, PCs, and copiers collected] – [Weight recycled into new products or materials, or reused] |

[For Customers]

Offering Products and Services That Deliver Peace of Mind and Satisfaction

Constantly thinking from the customer's point of view in order to develop and provide products and services that customers find useful is one of Sharp's fundamental values. Sharp is also applying customer feedback toward making better products that customers can rely on for years and is striving to improve sales and after-sales service. Sharp seeks to satisfy customers so that they choose Sharp now, next time, and every time.

Message from a Manager

Striving to Build a Relationship of Trust through Quality and Service so that Customers Choose Sharp Now, Next Time, and Every Time



Junko Nakagawa
 Division Deputy General Manager
 CS and Environmental Promotion
 Division

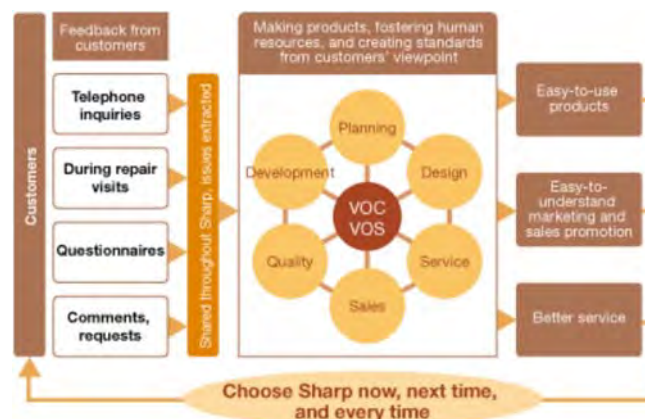
Sharp strives to satisfy its customers from production to after-sales services by providing products and services quickly and reliably in a manner that provides peace of mind. These efforts are made so that customers choose Sharp next time and every time.

For this reason and to constantly improve product safety, Sharp has established its own technical safety standards to adhere to in addition to the safety standards stipulated by law.

Based on a user-centered design concept, Sharp carries out usability tests, starting from the planning/design stage. All the while, Sharp works to reflect customer feedback, received through its Customer Assistance Center, in the development of products that are instinctively easy to use.

As for service, Sharp certifies service staff having the highest repair skills and quality as CS Meisters, a designation that increases customers' trust in Sharp. To resolve problems as quickly as possible, descriptions of actual repairs and of support activities conducted online and via phone are updated daily, according to customer status, by a project team representing several divisions.

In order to globally develop the Sharp CS mindset, Sharp will spread the measures conducted by its bases in Japan to its bases overseas, especially those in emerging markets such as China and ASEAN countries, and will actively promote quality and CS training there.



[For Customers]

Offering Products and Services That Deliver Peace of Mind and Satisfaction

Ensuring Quality and Safety

Basic Stance and Vision on Service and Quality

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



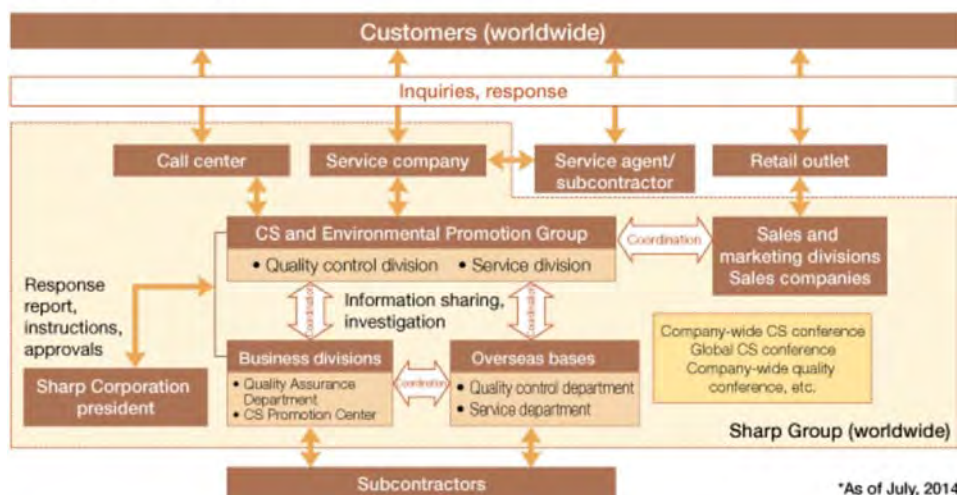
Quality and Service Promotion System

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

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

In fiscal 2013, a new global quality education program was established to promote quality and service personnel training overseas. This was introduced at six bases in China and at eight bases in other parts of Asia. Quality and technology training sessions were provided to a total of 714 participants. Furthermore, in order to strengthen personnel training based on local needs, a quality and service management training program was implemented for local service managers.

Quality and CS System*



Quality Assurance System

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

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



Related information:

- > [ISO 9001-certified sites](#)

Efforts to Ensure Product Safety

At Sharp, product safety is based on adherence to the safety standards, laws, and regulations of every country. In addition, Sharp has its own technical safety standards, which are applied to all products. Through these standards, Sharp aims to ensure product safety even when rare and unexpected problems arise, especially concerning issues such as incombustible material usage and abnormal motion detection. To ensure an even higher level of safety, Sharp revises the standards whenever the need arises. Also, Sharp has built a system for ensuring product safety, so that unexpected product problems can be dealt with more swiftly and precisely.

Along with responding in a timely manner to changes in the social situation and revisions to laws pertaining to product safety, Sharp will continue to increase its efforts at offering products that customers can use with peace of mind.

Educational Activities in Japan for the Safe Use of Products

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

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



Web page showing advice for safe usage

Disclosure of Information When Quality Problems Arise

In the event that a Sharp product is found to be responsible for injury to customers or for damage to property, Sharp will disclose relevant information immediately in newspapers and via its website, or through other methods. Sharp also has contact points to directly receive inquiries from customers and is striving to keep quality problems to an absolute minimum.

During fiscal 2013, Sharp notified customers as below, providing free-of-charge inspection, repair, and product recovery.

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

Free-of-Charge Inspection and Repair

■ Automatic washing machine for Japan (July 2013)

In response to the risk of ignition in some washing machines due to the binding condition of wires in internal electrical components and to vibrations and other installation-related factors, Sharp conducted free inspections and parts replacement.

[For Customers]

Offering Products and Services That Deliver Peace of Mind and Satisfaction

ISO 9001-Certified Sites

Business Divisions and Subsidiaries in Japan

As of July 2014

| Certified Sites (Companies) | Locations (City, Prefecture) |
|---|--|
| Digital Information Appliance Division | Yaita, Tochigi Kameyama, Mie Yamato-Koriyama, Nara |
| Communication Systems Business Communication Systems Division | Higashi-Hiroshima, Hiroshima Kobe, Hyogo |
| Health and Environment Systems Division | Yao, Osaka |
| Energy System Solutions Division | Katsuragi, Nara Sakai, Osaka |
| Business Solutions Business Solutions Development Division Document Solutions Division Business Solutions Promotion Division | Yamato-Koriyama, Nara |
| Electronic Components and Devices Division | Osaka, Osaka Katsuragi, Nara Tenri, Nara Mihara, Hiroshima Fukuyama, Hiroshima |
| Display Device Development Division Display Device Business Division | Kameyama, Mie Taki, Mie Tenri, Nara Minato Ward, Tokyo |
| Sharp Manufacturing Systems Corporation | Yao, Osaka |
| Sharp Engineering Corporation | Osaka, Osaka Yaita, Tochigi |
| Sharp Niigata Electronics Corporation | Niigata, Niigata Kashiwazaki, Niigata |
| Sharp Yonago Corporation | Yonago, Tottori |
| Sharp Mie Corporation | Tsu, Mie |
| Sharp Tokusen Industry Corporation | Osaka, Osaka |
| Sharp Business Solutions Corporation | Minato Ward, Tokyo Osaka, Osaka Chiba, Chiba |

The above list of certified sites shows the site names in use as of July 2014.

 Overseas Production Sites

As of July 2014

| Certified Sites (Companies) | | Country/Region |
|-----------------------------|---|----------------|
| SMCA | Sharp Manufacturing Company of America | USA |
| SEMEX | Sharp Electrónica Mexico S.A. de C.V. | Mexico |
| SUKM | Sharp Manufacturing Company of U.K. | UK |
| SMF | Sharp Manufacturing France S.A. | France |
| SMPL | Sharp Manufacturing Poland Sp. z o.o. | Poland |
| SSEC | Shanghai Sharp Electronics Co., Ltd. | China |
| NSEC | Nanjing Sharp Electronics Co., Ltd. | China |
| SOCC | Sharp Office Equipments (Changshu) Co., Ltd. | China |
| WSEC | Wuxi Sharp Electronic Components Co., Ltd. | China |
| SSMC | Shanghai Sharp Mold and Manufacturing Systems Co., Ltd. | China |
| SKC | Sharp Korea Corporation Ltd. | Korea |
| SPC | Sharp (Phils.) Corporation | Philippines |
| SMM | Sharp Manufacturing Corporation (M) Sdn. Bhd. | Malaysia |
| SOEM | S & O Electronics (Malaysia) Sdn. Bhd. | Malaysia |
| SATL | Sharp Appliances (Thailand) Ltd. | Thailand |
| SMTL | Sharp Manufacturing (Thailand) Co., Ltd. | Thailand |
| SEID | P.T. Sharp Electronics Indonesia | Indonesia |
| SSI | P.T. Sharp Semiconductor Indonesia | Indonesia |
| SIL | Sharp India Limited | India |

[For Customers]

Offering Products and Services That Deliver Peace of Mind and Satisfaction

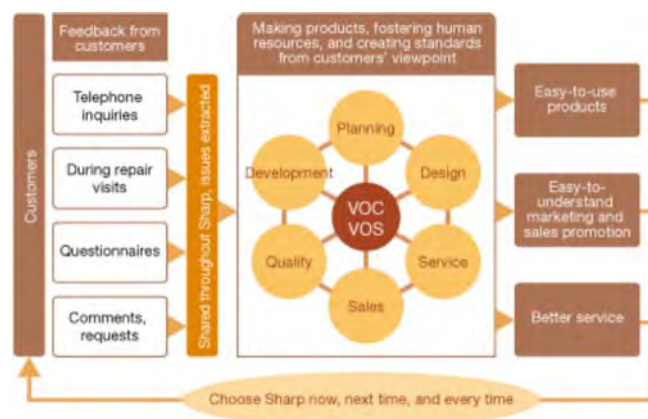
Making Easier-to-Use Products

Applying Customer Feedback to the Making of Products

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

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

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




Topics

Customer Questionnaires

In Japan, Sharp customers who receive repair visits are administered questionnaires that ask for feedback on all steps of the assistance from reception to repair completion. In one year, Sharp receives approximately 350,000 invaluable responses from customers. The opinions and requests received are passed on as feedback to the staff members involved in the repair and are also subjected to detailed analysis for use in manufacturing and service policies.

■ Percentage of "Good" Ratings for Service Personnel (based on replies to customer questionnaire)





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

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

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

Sharp also promotes the manufacture of products that take into consideration universal design, so many more customers can comfortably use its products. As of March 2014, 159 models of 19 Sharp products had been recognized as universal design home appliances by the Association for Electric Home Appliances in Japan. Through activities such as these, Sharp is raising the appeal of its products.

[For Customers]

Offering Products and Services That Deliver Peace of Mind and Satisfaction

Product Improvement Case Studies

Humidifying Air Purifier (KI-DX85/70/50)

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



COCORO Engine is volume-adjustable and can be turned on or off

- Models feature wheels with stoppers to enable easy movement and set-up.



- Easy-to-fill, easy-to-clean water tank



(KI-DX70 image)

Electronic Dictionaries (PW-SB1/SA1/SH1/SJ1)

■ Start from here! Use the search button.



Using the touchscreen, you can easily input a new search term or change the search method so you can quickly find what you are looking for. One touch to select from five search methods; another touch to change the search language or input method.



Language
文字切替
Language can be changed with the language switch key also.

■ Each touch menu



IID Award: Customer satisfaction survey

Overall satisfaction with electronic dictionaries

- High school students: Grand prize for three years in a row
- Middle school students: Grand prize



PN-L703A BIGPAD Touch Display



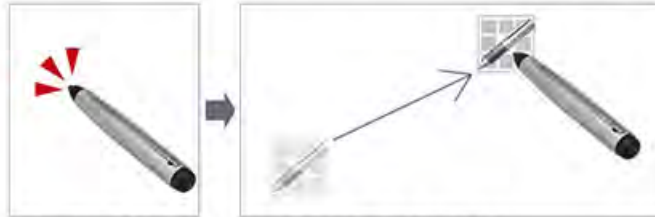
■ Features a new user interface that is displayed only when the unit is in use.



When the menu icon is touched...

a menu is displayed around the pen.

With one touch, users can switch between a total of 16 menus.



By pressing the screen for a long time...

menus can be displayed based on the user's preference.

■ Easy to write fluently



Function button
(Button to go to the next page or back a page)

Function button
(Right click for pen software link)

Related Information:

> [BIGPAD Touch Display Product Information](#)

[For Customers]

Offering Products and Services That Deliver Peace of Mind and Satisfaction

Boosting Customer Satisfaction

Customer Service That Exceeds Expectations

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

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

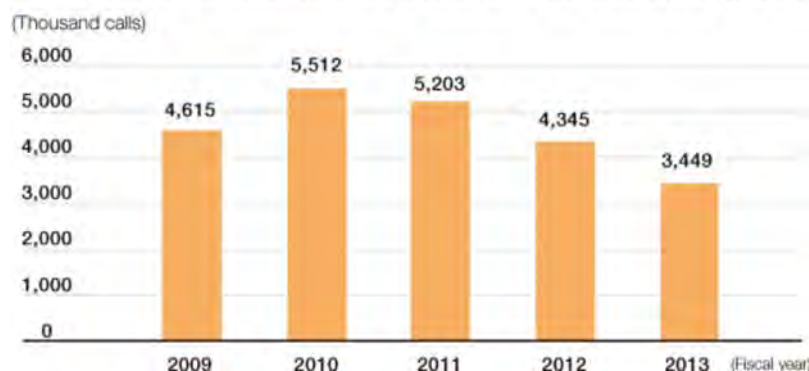
In fiscal 2013, Sharp enhanced the support section of its website so that customers can solve problems without calling the Customer Assistance Center. The website provides enhanced customer-oriented services that include Fault Diagnosis Navigation, where customers themselves diagnose the symptoms and solve problems by following instructions on the screen. In fiscal 2013, the number of product categories covered (such as LCD TVs, Blu-ray Disc recorders, washing machines, air conditioners, refrigerators, fax machines, and phones) was increased. There's also the Visual Guide, which employs video images to explain how to maintain products—something that can be difficult to explain with just words and illustrations. In addition, customers can use either a PC or a smartphone to access the customer support section of the website and request a repair visit.

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

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

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

■ Number of Calls Received at the Customer Assistance Center (Japan)



Visual Guide (in Japanese)



Visual guide (movie capture)

For inquiries that are difficult to answer with just words, an explanation is provided via serial photographs (or via a simple video). The contents of the guide will be expanded to further assist customers in solving problems.

Improving the Web-Based Repair Request Function in Japan

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

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



 Topics

Technical Training for Air Conditioners in Malaysia

From December 17 to 19, 2013, the CS Division in Malaysia held technical training sessions focused on after-sales service for air conditioners. Attending the training were 16 service instructors and technicians from sales companies in the ASEAN nations of Malaysia, Singapore, and Vietnam. A technical support instructor from Sharp Engineering Corporation—an after-sales service company in Japan—discussed adopting a service mindset based on the uniquely Japanese style of *omotenashi* hospitality.

To address the issue of complaints regarding the poor installation of air conditioners in ASEAN countries, the curriculum was focused on installation techniques. By the last day, all participants were able to smoothly and correctly install air conditioners.

Along with training on installation techniques, participants were given practical training on the basic functions of air conditioners and how to handle problems that arise in customers' homes. Attendees appreciated the combination of practical know-how and background theory they received.

Going forward, Sharp will further improve customer satisfaction and the quality of its customer service in Japan, in order that it may serve as a role model of high-quality after-sales service for the ASEAN region and the world.



Technical training session

 **Voice: Words from a Technical Training Instructor**


Yoshinori Sugihara
Assistant Supervisor
Field Support Center Sapporo
Sharp Engineering Corporation

This training helped to remind the overseas participants of the importance of providing product explanations to customers so that they may use Sharp products with peace of mind, regardless of differences in the users' environments.

These training sessions were also very instructive for me, and I would like to put the experience to use in our ongoing efforts to improve after-sales service in Japan.

High Customer Satisfaction Leads to Service Excellence Award in Indonesia

In 2013, P.T. Sharp Electronics Indonesia (SEID), Sharp's Indonesian sales and manufacturing base, received its first ever Call Center Service Excellence Award. The award system was developed through a collaboration between Carre-CCSL, a customer satisfaction consultant, and *Service Excellence* a leading economic publication managed by the Marketing Magazine Group. The performance of call centers was assessed through mystery calls* conducted over a period of six months, with callers using service-ranking indices to assess the quality of services provided.

Four companies received the Excellence award in the field of household appliances: LG, Sony, Samsung, and Sharp. Ranked second only to LG, SEID attributed Sharp's award success to initiatives carried out from last year, including telephone skills training and the introduction of a knowledge system. Aiming to win the top ranking in the future, SEID will continue to further improve its services.

* Mystery call: a survey conducted by undercover investigators posing as customers to ascertain the quality of service at contact centers.



Call Center Service Excellence Award



SEID call center manager

Analysis and Evaluation Technology Center to Support Product Development and Production in China

In China, Sharp manufactures and exports household appliances such as white goods and LCD TVs; office and commercial products such as multi-function copiers, information displays, and LCD projectors; and electronic devices such as camera modules and small LCD modules used in smartphones and cars. In recent years, activities in China have expanded from simple production to encompass an increasing number of product development projects. In light of this trend, Sharp established an Analysis and Evaluation Technology Center in Wuxi City, Jiangsu Province in January 2012 to provide technical support to Sharp's bases in China.

As well as providing feedback to development, technical, and manufacturing departments, the center conducts stringent inspections to ensure that components and materials used in products meet the quality standards of the Sharp brand. Specifically, the following inspections are carried out for components and materials procured within China:

- Scientific analysis (non-defective product analysis, specification verification, failure analysis)
- Component reliability evaluation (evaluation of reliability under stress, considering factors such as length of use, temperature, and humidity changes)
- Environmental regulation compliance assessment (RoHS, REACH compliance)



This high-precision analyzer verifies that plastic components do not contain restricted chemicals.

Creating Services and Products that Brighten Up and Invigorate the Lives of Customers

Sharp has been running a 'LOVE.LIFE'-themed campaign targeting families in Malaysia, Indonesia, Thailand, Vietnam, Philippines, and Singapore—countries where Sharp's Southeast Asian sales companies are located. The ongoing campaign aims to brighten up and invigorate the lives of customers by providing value-added products and services.



Sales promotion campaign in Vietnam

[For Business Partners]

Mutual Prosperity with Suppliers and Dealers

Through close communication with all business partners and through activities that deepen mutual understanding, Sharp is promoting CSR activities across the supply chain.

Message from a Manager

Enhancing Global Procurement through CSR

Sharp develops its business around the world. Based on Sharp's Basic Purchasing Principles, which clearly stipulate that Sharp will achieve prosperity together with its suppliers, the Procurement department procures necessary components and materials from the global market, while securing good quality, optimal cost, and steady delivery time, thereby contributing to the provision of the value-added products that customers seek.

In addition to such material procurement activities, Sharp executes CSR across its entire supply chain, pursuing sustainable and ethical procurement activities while cooperating with its business partners. Sharp's focus on procurement-related CSR includes the conflict minerals issue pertaining to human rights and labor protection, control of hazardous chemicals as an initiative to protect the environment, fair trade, and elimination of trade with subversive companies.

Last year, Sharp revised the Sharp Supply-Chain CSR Deployment Guidebook, created and published in 2007, to add an article on the "Coordinated Response to the Conflict Minerals Issue"—an issue that has received much attention in recent years. In addition, Sharp plans to introduce a CSR procurement audit from this fiscal year in collaboration with external audit organizations.

Going forward, Sharp plans to expand such activities to the entire supply chain to further enhance global procurement through CSR.

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



Fumihito Yamazoe
General Manager
Corporate Procurement Unit
Corporate Management Group

[For Business Partners]

Mutual Prosperity with Suppliers and Dealers

Fair and Impartial Procurement Activities

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

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

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

Close Communication and Mutual Understanding

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

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

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

■ Basic Purchasing Principles Requests to Suppliers

1. Compliance with laws and social standards
2. Promotion of sound business operations
3. Consideration for the environment
4. Securing optimal quality and cost
5. Stable supply of parts and materials
6. Leading technology
7. No disclosing of confidential information

- Compliance with laws related to manufacture and distribution of material
- Compliance with laws related to labor
- Compliance with laws related to health and safety and arrangement of proper labor environment
- Prohibition of child and forced labor
- Prohibition of discrimination based on race and sex and respect for the dignity of each employee
- Compliance with environmental laws
- Prohibition of bribery and unfair acts

Related information:

> [Basic Purchasing Principles](#) 

Audits and Education to Ensure Full Compliance with the Subcontract Act

To comply with the Subcontract Act (Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors) in Japan, Sharp Corporation and its affiliated companies implement compliance checks and in-house education on an ongoing basis.

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

In fiscal 2013, in order to deepen employee understanding of the Subcontract Act and ensure compliance, seven newsletters (Volumes 1 to 7) on the Subcontract Act were uploaded on the company intranet. The newsletters describe the type of prohibitions and transactions that are subject to the Subcontract Act in an easy to understand context to ensure thorough compliance.

At Sharp's affiliated companies in Japan, training on the Subcontract Act was held at each company, with the persons in charge of Subcontract Act compliance acting as lecturers and using teaching materials customized to match each company's business transactions and operations.

[For Business Partners]

Mutual Prosperity with Suppliers and Dealers

Promoting CSR across the Supply Chain

Promoting CSR Measures

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

This guidebook is based on the Supply-Chain CSR Deployment Guidebook produced and distributed by the Japan Electronics and Information Technology Industries Association (JEITA). Through this initiative, Sharp is advancing CSR efforts throughout the supply chain by requesting that suppliers around the world step up their efforts in areas related to CSR.

Since fiscal 2007, Sharp has been increasing common understanding about CSR in the supply chain by having its suppliers fill out CSR procurement surveys based on this guidebook. Furthermore, in 2011, Sharp amended the Basic Parts Purchase Agreement signed with partners in Japan to add an article on CSR initiatives that requests adherence to the policies stipulated in the guidebook. The company worked steadily to reenter these agreements with domestic suppliers in fiscal 2013. In the future, Sharp plans to deploy these activities for its overseas suppliers.

Contents of the Sharp Supply-Chain CSR Deployment Guidebook

I. Human Rights and Labor

- Prohibit forced labor • Prohibit inhumane treatment and infringements of human rights • Prohibit child labor • Prohibit discrimination • Pay appropriate wages • Regulate working hours • Respect the right to freedom of association

II. Occupational Health and Safety

- Apply safety measures for equipment and instruments • Promote safe activities in the workplace • Promote hygiene in the workplace • Apply appropriate measures for occupational injuries and illnesses • Properly manage disasters and accidents • Be careful about physically demanding work • Promote safety and hygiene in all company facilities • Promote health maintenance programs for employees

III. Environment

- Establish and apply an environmental management system • Control hazardous chemicals in products • Control hazardous chemicals in manufacturing • Minimize environmental pollution (water, soil, air) • Obtain environmental permits • Promote resource and energy saving by reusing, reducing, and recycling (3R) • Promote greenhouse gas reduction • Promote waste reduction • Disclose environmental preservation activities

IV. Fair Trading

- Prohibit corruption and bribery • Prohibit abuse of a superior position • Prohibit the offering and receiving of inappropriate profit and advantage • Prohibit impediments to free competition • Provide accurate information on products and services • Respect intellectual property • Use appropriate export procedures • Disclose appropriate company information • Detect injustice promptly • Coordinated response to the Conflict Minerals Issue. (Addition as of September 1, 2013)

V. Product Quality and Safety


- Establish and apply a quality management system
- Ensure product safety

VI. Information Security

- Secure computer networks against threats
- Prevent the leakage of personal information
- Prevent the leakage of customer and third-party confidential information

VII. Contribution to Society

- Contribute to society and community



Sharp Supply-Chain CSR Deployment Guidebook
(Japanese, English, and Chinese editions)

Related information:

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

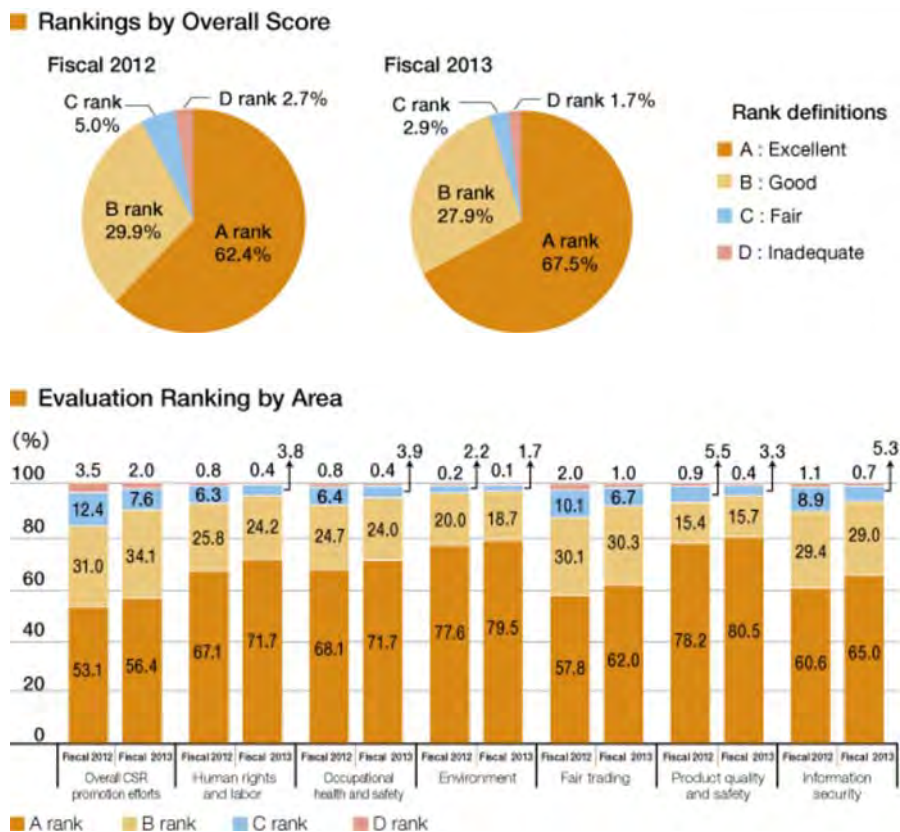
CSR Procurement Survey Status

Since fiscal 2007, Sharp has been implementing globally a CSR procurement survey using an online response system to enable suppliers to use the Internet to enter answers to self-checks based on the Sharp Supply-Chain CSR Deployment Guidebook. Sharp requests improvement of CSR initiatives from suppliers who have ranked D in their results for a particular survey area—or who have ranked C or below for two years in a row—by having them prepare and submit a corrective action plan.

In fiscal 2013, Sharp conducted a sixth survey of suppliers in Japan, a fifth survey of suppliers in China and Malaysia, and a fourth survey of suppliers throughout the Asian region, as well as in Europe and North America. To date, the surveys have been completed by approximately 2,300 suppliers (at approximately 4,200 sites) worldwide.

In fiscal 2012, to further promote suppliers' voluntary CSR activities, Sharp began providing feedback on evaluation results to both respondent and supplier managers. Such activities have taken root in Japan in fiscal 2013 and will be deployed for overseas suppliers in fiscal 2014.

As a result of surveys carried out to date and requests for improved initiatives, the number of A-ranked suppliers is increasing each year. Moving forward, Sharp will continue administering surveys once a year in principle. By requesting improvements as needed and providing supportive measures, Sharp will use these surveys as an opportunity to improve communication with suppliers, thereby continuously raising the level of CSR initiatives throughout the supply chain.



CSR Audit Status

Sharp promotes a CSR audit structure in which the CSR procurement survey results submitted by suppliers during self-checks are verified on-site by auditors.

In fiscal 2013, auditing tools such as audit manuals and check sheets were revised and optimized in preparation for a redevelopment of the audit structure.

In fiscal 2014, efforts such as collaborations with specialized external audit organizations will be promoted in order to introduce and develop a more effective CSR auditing structure that adapts to changes in external and internal environments.

To further contribute to the global society of the future, Sharp will continue to enhance supplier-related CSR activities throughout the entire supply chain, through systems such as continuous CSR procurement surveys and audits.

[For Business Partners]

Mutual Prosperity with Suppliers and Dealers

Dealing with the Conflict Minerals Issue

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

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

Tin, tantalum, tungsten, and gold are also used in Sharp products; tin, for example, is a component of solder. Recognizing that resolving the conflict minerals issue is one of the key elements of supply chain CSR, Sharp—as a member of the global community—has instituted a basic policy and is working to ensure that its activities are carried out appropriately. That policy reads: "For the purpose of not being complicit in the human rights abuses and environmental disruptions, etc. associated with conflicts in the Democratic Republic of the Congo, any raw materials, parts, products, etc. which include any conflict minerals mined illegally in the Democratic Republic of the Congo or an adjoining country shall neither be procured nor used. In addition, appropriate measures, etc. to that effect shall be taken."

For some time, Sharp has been requesting that its suppliers put initiatives into practice to fulfill their social responsibility in areas such as human rights, labor, and the environment, based on Sharp's Basic Purchasing Principles and the Sharp Supply-Chain CSR Deployment Guidebook.

From fiscal 2012, by participating in the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA), Sharp began adapting its survey activities to EICC/GeSI*, the Japanese automotive industry, and related industries. Sharp then started using the industrial-standard EICC/GeSI reporting template to monitor usage of conflict minerals and smelters, beginning with suppliers related to the device business. In fiscal 2013, Sharp revised the Sharp Supply-Chain CSR Deployment Guidebook to add an article on the "Coordinated Response to the Conflict Minerals Issue" and requested that suppliers familiarize themselves with that article and cooperate in the activities outlined there.

In fiscal 2014, Sharp is encouraging its suppliers to actively participate in the Conflict Minerals Inquiry Briefings organized by JEITA.

Sharp continues to promote awareness of the importance of efforts to resolve the conflict minerals issue. Additionally, Sharp is promoting responsible mineral procurement through such measures as systematic investigations for more precise identification of materials-related information, such as country of origin and the smelters used. Sharp carries out all of these efforts with an eye to achieving an acceptable supply chain.

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

[For Business Partners]

Mutual Prosperity with Suppliers and Dealers

Joint Efforts with Dealers

Working Together with Dealers to Promote Appealing, Environmentally Friendly Products in Japan

Sharp's sales and marketing divisions in Japan are helping with the CSR activities of dealers. Through workshops and study sessions, and as part of routine sales activities, individual sales representatives are communicating information to employees of dealers on topics ranging from environmental issues on the global level to actions they can take in everyday life to protect the environment.

In turn, dealers are offering customers proposals for environmentally friendly products and ways of using them. And the dealers themselves are aiming to build environmentally friendly stores by making the most of efforts to conserve energy and save electricity in their own business.

In Sharp's solutions business, in which Sharp works with corporate customers to create solutions for businesses, the company is fusing its solar panels, LED lighting, PCI technology, and more with the products of its corporate customers in an effort to develop environmentally friendly products.

In proposing these initiatives, Sharp sales representatives are taking full advantage of knowledge gained through taking the Eco Test, which is promoted as a way of helping employees acquire knowledge about environmental issues.

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

Overseas: Activities to Strengthen Bonds with Dealers

Sharp's Unique KOTEN Activities

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

Myanmar Nov. 2013

Bangladesh Jan. 2013

Vietnam Jan. 2013

Thailand Jan. 2012

Philippines Nov. 2013

Malaysia Nov. 2012

Singapore Oct. 2013

Indonesia June 2012

Voice
I am very grateful for the activities held by Sharp. During the sluggish economy, KOTEN events contributed greatly to attracting customers and boosting sales. By holding various events, such as games, we were able to see a lot of smiles on customers' faces. I would like to ask for Sharp's continued support.
Sales manager of Pico, a mass retailer

Voice
The Dhaka International Trade Fair was a huge success. Compared to other booths, the Sharp booth offered more beautiful product displays. It also featured a large consultation area, comfortable air conditioning, and excellent hospitality from our employees, thanks to the training Sharp gave them prior to the event. The giant maneki neko, a traditional Japanese "fortune cat", caught the eyes of customers, and many took pictures of it. The Sharp exhibit was very well planned, and I appreciate the support provided by Sharp.
Bangladesh Dhaka International Trade Fair agent
Esquire sales manager

Voice
Holding a KOTEN event based on a Japanese festival and featuring a giant maneki neko was an excellent proposal. I am grateful to Sharp and look forward to the next proposal.
Store manager of ESH, SRSSC's dealer
***Sales base in Malaysia**

Training and Human Resource Development for Our Dealers

To enable the staff of our dealers to conduct promotional activities suitable for their respective countries, Sharp supports practical ATOM* training for improving product knowledge and providing better customer hospitality.

* ATOM (Attack Team of Market) training is a unique, practical training program conducted by Sharp. Participants acquire basic skills for serving customers, basic knowledge required for sales promotion activities, and enhanced sales techniques through a system for improving product knowledge.



ATOM training in Myanmar

[For Shareholders and Investors]

Enhancing Information Disclosure to Shareholders and Investors and Responding to Diversifying Investor needs

Through general shareholders' meetings and IR (investor relations) activities that respond to diversifying needs, Sharp is promoting communication with shareholders and investors and is applying valuable feedback from these stakeholders to improve management.

Message from a Manager

Contributing to Sustainable Corporate Growth by Engaging Proactively with Investors



Hirokazu Miyabe
Unit General Manager
Administrative Control Unit
Corporate Management Group

Conventional equity investment used to be centered on investors analyzing information disclosed by companies and making investment decisions based on it. However, in recent years it has become increasingly common for investors to work proactively to achieve higher returns by improving corporate value and stimulating sustainable growth through constructive discussions with companies.

Sharp has made efforts to actively hold communications with shareholders and investors by encouraging closer interactions between the divisions for which information disclosure is relevant, such as IR, public relations, and CSR. In April 2014, the IR department was integrated under the Administrative Control Unit, since it is becoming ever more important to reflect the voices of shareholders and investors in corporate management.

Through this reorganization, the administrative control division and divisions for which information disclosure is relevant will work in concert, maintain an effective dialogue with capital markets, and contribute to sustainable corporate growth.

[For Shareholders and Investors]

Enhancing Information Disclosure to Shareholders and Investors and Responding to Diversifying Investor Needs

Communicating with Shareholders and Investors

IR Disclosure Policy

Sharp discloses information to shareholders and investors in a fair and timely manner, in order to increase trust in its IR activities and to ensure a proper assessment of Sharp's corporate value in capital markets.

Sharp discloses information designated under the laws and regulations of Japan, and it also adequately discloses other information, such as business overview, management policy, and strategy.

Related information:

> [IR disclosure policy](#)

Holding Open General Shareholders' Meetings

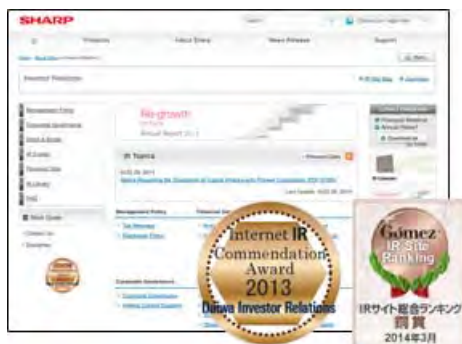
Sharp holds ordinary general shareholders' meetings earlier than many other Japanese companies and sends out early notices of the meetings. It also strives to create an environment that enables shareholders to easily exercise their voting rights. Efforts include allowing shareholders to exercise voting rights by computers and mobile phones, participating in an electronic voting platform for institutional investors, and posting English notices about the meetings on its website. In addition, Sharp is working to further enhance information disclosure, such as by posting video of the shareholders' meeting on the website the day after the meeting for a certain period of time.

IR Activities Designed to Meet the Diversifying Needs of Investors

Sharp is striving to disclose a wide range of information in a timely and accurate manner, while proactively engaging in communication with shareholders and investors through domestic and overseas IR activities. It also provides investors with easy-to-understand information on company performance, such as not only consolidated financial releases but also presentation materials.

In addition to updating and expanding information on the IR website, Sharp has improved the site's search capability and viewability. Sharp also strives to provide information needed by investors in a timely manner, including financial materials and reports given at briefings. There is also a site for individual investors, where they can easily access relevant information presented in an easy-to-understand format that employs layman's language, charts, graphs, and figures.

Sharp is continuing to go beyond its legal obligations to supply certain designated information by actively disclosing additional information about its businesses, as well as its management policies and strategies.



Investor relations website



2014 Annual Report

Related information:

> [Investor relations](#)

> [Annual report](#)

SRI (Socially Responsible Investment)*

As of June 2014, the following SRI ratings agencies had given Sharp a favorable CSR rating or included Sharp in their SRI indices.

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



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

[For Employees]

Creating a Vibrant, Productive Workplace Where Employees Feel Their Jobs Are Worthwhile

Sharp is committed to developing its human resources and creating a workplace where employees are motivated, work together enthusiastically and proactively, and maximize their potential without fearing failure. In addition, Sharp supports a work-home balance and strives to create an ideal workplace where employees can work safely in good health, both physically and mentally.

Message from a Manager

Developing Human Resources and Creating a Workplace That Truly Rewards the Motivation and Hard Work of Employees



Shingo Takai
General Manager
Human Resources
Development Unit
Corporate Management
Group

The following passage is included in the business philosophy of Sharp: "It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living." Having defined this as its basic HR principle, Sharp has implemented various measures.

Enhancing employees' capabilities, increasing their job satisfaction, and boosting their motivation through HR policies will not only make employees happy, but will also result in improved product manufacturing. Sharp recognizes that these efforts will eventually lead to the recovery and growth of the company by bringing new value and joy to people around the world.

Specifically, Sharp positioned fiscal 2013 as the first year for the Restructuring Stage of its Medium-Term Management Plan. In addition to reviewing initiatives carried out in the past, Sharp conducted a fundamental overhaul of its measures, including those for HR management, for the first time in over a decade.

Along with revising functions and rules that no longer meet the needs of the times, Sharp is promoting movements to change the company and measures to invigorate internal communication—all with an eye to creating a company and corporate climate that continue to make Sharp the kind of company that society needs.

Sharp will continue to stringently carry out reform through fiscal 2014, the Re-Growth Stage. The company will execute further efforts to develop its human resources and create a workplace that can truly reward the hard work and motivation of its employees. Of all the management resources, human resources are the biggest driving force for revitalizing a company.

By maximizing the potential of its employees, Sharp aims to improve their capabilities and standard of living and to realize recovery and growth for the company.

[For Employees]

Creating a Vibrant, Productive Workplace Where Employees Feel Their Jobs Are Worthwhile

Fostering a Vibrant Corporate Culture

Deploying Company-Wide Corporate Culture Reform to Create a Workplace Where Employees Are Motivated and Work Enthusiastically

Sharp positioned fiscal 2013 as the Restructuring Stage of its Medium-Term Management Plan and conducted a fundamental overhaul of its measures, including those for HR management.

In addition to revising functions and rules that no longer meet the needs of the times, Sharp is promoting movements to change the company and measures to invigorate internal communication, with an eye to reforming its corporate climate.

Revision of Functions and Rules

Mini Close-up

Formulation of Sharp's Declaration for Action Reform

Sharp has formulated an action-reform declaration stipulating specific actions for everyone at Sharp to take in order to become more familiar with Sharp's business philosophy and business creed and to link those principles to their work.

As one measure for driving widespread change, Sharp has distributed an action-reform declaration card to every executive and employee, asking each of them to write a declaration on their card and then carry it with them at all times. Top executives have shared their declarations on Sharp's internal website. Other awareness-raising activities are continuously conducted, including introducing the declarations of individual employees and sharing episodes related to those declarations during workplace gatherings.

By aligning the vectors of all employees and putting the declaration for action reform into practice, Sharp aims to create a corporate culture it can be proud of.



Declaration by the president:
Shift from just changing the corporate culture to creating a good corporate culture

SHARP

Declaration to Reform Actions

Towards Recovery and Growth

Under Sharp's Medium-Term Management Plan and in accordance with the Business Philosophy and Business Creed, I declare my commitment to reform my actions in leading Sharp to recovery and growth. Under this declaration, I will do my job with pride and responsibility and with firm, indomitable resolve.

Now, more than ever, is the time for me to...

| | |
|---------------------|--|
| Sincerity | <ul style="list-style-type: none"> • Do my utmost to see things from the other person's point of view • Always conduct myself in a proper manner • Be passionate, dauntless, and persistent in everything I do |
| Harmony | <ul style="list-style-type: none"> • Gain strength from the diverse values of people around me • Communicate without reserve or inhibitions • Cooperate with others by removing job boundaries |
| Politeness | <ul style="list-style-type: none"> • Show exemplary manners, dignity, and character • Respect others and be modest • Be appreciative, courteous, and respectful |
| Creativity | <ul style="list-style-type: none"> • Be the first to provide customers with products that go beyond their expectations and capture their hearts • Continue to innovate and improve, and raise the value of my work • Improve myself and grow by studying/training |
| Courage | <ul style="list-style-type: none"> • Take on every challenge without fear of failure • Support people who are facing difficulties • Have the resolve to proceed and the courage to quit |
| For Recovery | <ul style="list-style-type: none"> • Choose the best solution for everyone and push ahead with all necessary reforms • Take the initiative to complete what I can do here and now • Declare my commitment to action |

Full text of Sharp's Declaration for Action Reform

Management Reform Initiative

As part of the management reform initiative, a "360-degree advice system" was introduced in FY2013. It helps managers reinforce awareness of their management behavior by providing feedback from their bosses, colleagues, and subordinates, in addition to their self-evaluation.

The feedback was followed by the training session, in which managers discussed their results with each other. More than 60 sessions have been held since March 2014 domestically, covering some 3,600 managers. It is critically important to maintain good management practice, to nurture proper workplace culture. So successive training sessions will be planned regularly to enhance managers' skill.



A scene from the management reform training session at the Tenri production site

Improving the Evaluation System

To create a culture in which every employee undertakes challenges in constant pursuit of new values without fear of failure, even when tackling difficult goals, Sharp introduced a point-addition evaluation system for managers in April 2014. Going forward, this system will also be introduced to general employees to change the mindset and actions of all employees and to make such changes the driving force for Sharp's re-growth.

Activities to Cultivate Sharp's Corporate Culture

Company-Wide Movement for Change

In May 2013, Sharp started a movement to transform the company.

Activities being promoted include: a campaign in Japan encouraging the use of the Japanese honorific suffix "san" when addressing employees in order to bring people in different positions and generations closer and create an atmosphere in which frank and unrestricted communication can take place; a movement to revitalize work by improving workflow for enhanced efficiency; applying five principles for improving meetings; and following 10 articles for improving email manners.

Although initiatives such as these used to come from the head office, now many divisions, departments, and affiliated companies are voluntarily establishing goals for change and are promoting their own unique measures.

Sharp carries out other awareness-raising activities to boost the momentum of its movement for change. For example, the company maintains a bulletin on its internal website, where handwritten messages of encouragement from the president are posted together with other information, such as model initiatives from the frontlines. And Sharp has created a frog-like character named *Kaerun*[®] to both represent the movement and encourage participation.



In May 2013, Sharp began making monthly, company-wide broadcasts as another way to clearly communicate the contents of its movement for change. Featuring new contents each time, the broadcasts are made by employees and executives working to enhance awareness and participation.



Employees record broadcasts

Measures to Invigorate Internal Communication

Sharp is conducting measures to invigorate in-house communication among all employees regardless of their age, qualifications, work duties, and organization. These activities include the sharing of management information, site visits by the president, introduction of an internal SNS, proactive use of the company intranet, and events to promote exchanges.

By creating an environment in which everyone can speak frankly and without restriction, Sharp encourages employees to voluntarily and proactively strive to reach goals, to actively work with others, and to take on new challenges—thus transforming the mindset of each employee.

[For Employees]

Creating a Vibrant, Productive Workplace Where Employees Feel Their Jobs Are Worthwhile

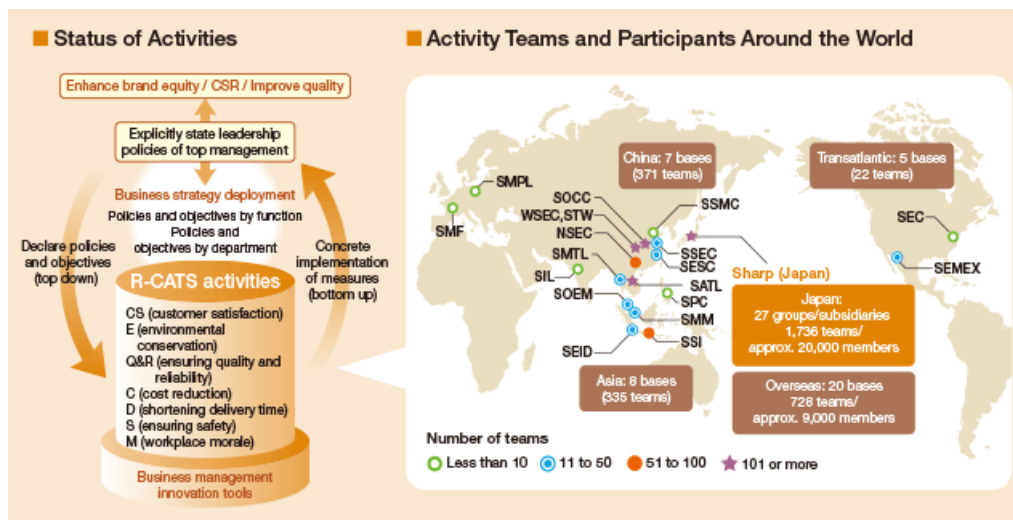
Company-Wide Small-Group Activities

R-CATS Small-Group Activities with a CSR Perspective

To deliver satisfaction and peace of mind to stakeholders, all Sharp employees in Japan and overseas belong to small groups called R-CATS*. Through group activities, these teams confront the challenges of improving the quality of their work, and they build new systems and methods for carrying out job-related tasks from the perspective of stakeholders. Sharp views R-CATS activities as an important way to foster employees with excellent problem-solving capabilities, as well as the ability to adapt to change.

In fiscal 2013, approximately 29,000 employees worldwide participated in R-CATS activities and carried out activities to solve job-related problems and achieve goals. In fiscal 2014, R-CATS activities will be revitalized as an effective system for bringing about change that can lead to the recovery and growth of Sharp.

* R-CATS: Revolution-Creative Action Teams



Achievements are presented by selected teams from Japan and overseas during the All-Sharp R-CATS Convention, and case studies on successful improvements are shared throughout the company.

To create an environment in which excellent examples can be studied at any time, the case studies are posted on Sharp's intranet.



Commemorative photo of presentation teams (Sales and Service Block) and managers

An R-CATS catch copy competition has been held as an awareness-raising event for employees. The most popular catch copy, selected through employee voting, has been used in convention documents and posters, on Sharp's intranet, and in other media to give broad exposure to R-CATS activities.

Excellent R-CATS Catch Copy for the First Competition

**“Changing now will change the future
R-CATS activities bring about changes!”**

[For Employees]

Creating a Vibrant and Productive Workplace Where Employees Feel Their Jobs Are Worthwhile

Respect for Human Rights

Human Rights Concept

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

Guiding Principles

The Sharp Group Charter of Corporate Behavior (excerpt)

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

The Sharp Code of Conduct (excerpt)

- 1) We respect the fundamental human rights and the dignity of individuals in all business activities and will not engage in abusive behavior, expression of contempt, verbal abuse, harassment that takes advantage of one's company rank, or defamatory acts.
- 2) We neither take part in nor sanction child labor or forced labor.
- 3) We do not take any action that constitutes discrimination based on nationality, race, ethnic group, color, sex, age, religion, creed, social status, birth, property, bodily feature, physical or mental disability, political opinion, and the like.
- 4) We do not engage in acts that constitute sexual harassment, such as non-consensual sexual remarks or behavior toward another person, in our offices and other work places.

Efforts Related to Human Rights

Activities Related to Respect for Basic Human Rights and Personal Dignity

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

In Japan, Sharp continuously carries out human rights education activities, one example being human rights training conducted annually at each site. (A total of approximately 30 sessions were held in fiscal 2013). Sharp also gives newly appointed heads of overseas bases booklets covering such topics as respect for human rights.

Overseas, Sharp promotes human rights protection at each site in line with local laws.

Good Labor-Management Relationship through Dialogue

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

In Japan, Sharp holds monthly meetings of labor-management heads: these include the Central Labor-Management Council, which involves top executives from both sides, and local labor-management meetings at each site and affiliate, where opinions are exchanged on business conditions and on labor-management issues pertaining to the work environment.

In Europe, Sharp holds European Works Council meetings every year to review managerial issues throughout Europe. In China, companies are obligated to hold meetings with employee representative assemblies to decide on issues like employee working conditions. In line with this law, Sharp strives to build a cooperative labor-management relationship as an even better partner.

[For Employees]

Creating a Vibrant, Productive Workplace Where Employees Feel Their Jobs Are Worthwhile

Human Resource Development

Personnel, Education, and Training Systems That Respect Employee Initiative and Diversity

Based on the belief that human resources are the most important asset for a corporation, Sharp has implemented a variety of personnel, education, and training systems that respect initiative and diversity and that are designed to develop the character, motivation, and creativity of each employee. While Sharp strives to expand its business in rapidly emerging markets, it is focusing efforts on developing personnel that can play an active role in the global field.

Next-Generation Human Resource Development Systems

Next-Generation Executive Management Personnel and Expert Training; Job-Level-Specific Personnel Training

The Sharp Leadership Program targets younger employees in semi-managerial or supervisory positions, with the objective of systematically nurturing executive management personnel. The Challenge Course, for younger employees in semi-managerial positions, is intended to enable early promotion of younger personnel.

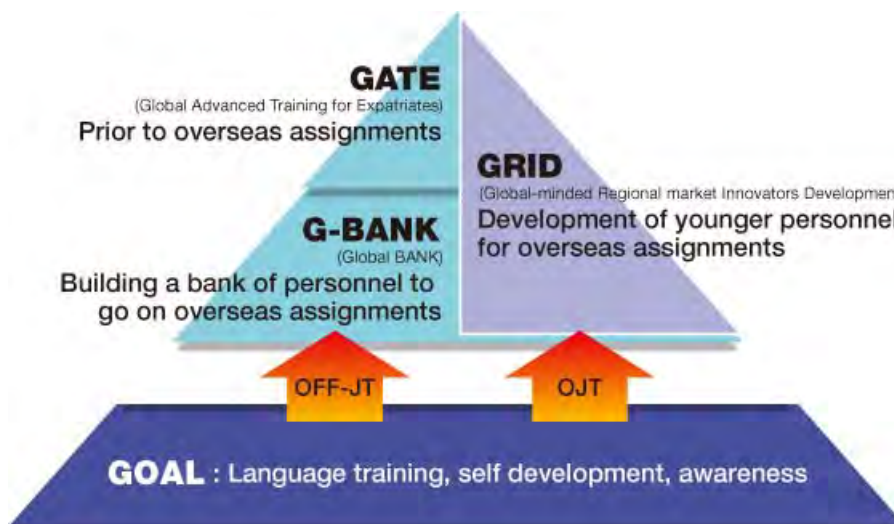
In addition to Global Manufacturing Leader Training, which aims to develop manufacturing personnel throughout the globe, Sharp provides Expert Training to develop technical and sales experts and Job-Level-Specific Personnel Training to give systematic training in the knowledge, skills, and management techniques required at each stage after joining the company.



Global Human Resource Development

Fostering Global Personnel Based on the 4Gs

As management becomes more globalized, it becomes increasingly necessary to foster personnel that can actively communicate with people of different cultures and values as well as make use of those differences. In an effort to develop personnel that can work actively in the global field while making the most of diversity, Sharp has established a human resource and education system based on the 4Gs (Global formation)—GATE, G-BANK, GRID, and GOAL.



| Name of System | Details of Activities |
|----------------|--|
| GATE | Enables employees scheduled for immediate overseas assignment to systematically acquire the knowledge and practical communication skills required to carry out duties smoothly overseas. <ul style="list-style-type: none"> ■ The total number of employees involved since fiscal 2008 is approximately 800. |
| G-BANK | Enables employees scheduled for overseas assignments within three years to acquire the basic knowledge and language proficiency required for working in a global setting; also fosters personnel for future overseas assignments. <ul style="list-style-type: none"> ■ The total number of employees involved since fiscal 2008 is approximately 650. |
| GRID | Designed for young employees who will be involved in developing Sharp's future overseas business, this program fosters personnel that can be strategically dispatched to newly emerging economies and work actively in those countries and regions. <ul style="list-style-type: none"> ■ Approximately 50 participants have been dispatched since the program started in fiscal 2011. |
| GOAL | A program open to all employees to help them improve their foreign-language competency, a basic skill required for pursuing global business. |

 Topics

Sharp-Wide Convention to Present Training Achievements of Third-Year Employees
Young Employees Propose New Products, New Businesses, and Corporate Climate Reform

At the Human Resources Development Unit Center in Tenri City, Nara Prefecture, a company-wide convention was held at which third-year Sharp employees presented proposals based on their training achievements. The judging panel comprised the President, the Division General Manager of the Corporate Research and Development Division, the Chief Officer of the Human Resources Development Unit, and the Chief Communication Officer. Taking part were ten teams made up of 66 employees selected from divisions and affiliated companies. The teams presented proposals for new genres of products, new businesses, and corporate climate reform, based on the theme of Sharp's recovery. Many participants commented that conducting joint proposals and competing with their fellow cohort of employees was a valuable and motivating experience.



Teams awarded the grand prize and award of excellence

 Topics

Global Sales Training in China and the ASEAN Region

In order to increase commercial sales in China and the ASEAN region, Sharp held so-called G-S³ (GS Cubic^{*}) training focused on B-to-B sales. In November 2013, 27 employees received training in Thailand, and in April 2014, a further 113 employees underwent training in China.

*1 G-S³ stands for Global Sales, Strategy, and Solutions



Employees who underwent training

Talent Development and Motivation-Boosting Programs

Open Recruitment System

Once every financial quarter, Sharp implements the Open Recruitment System in Japan, which entails inviting employees throughout the company to apply for newly available positions in critically important areas. Positions relate to areas such as expanding business in newly emerging economies, pioneering new business, and developing new technologies and products. In fiscal 2013, jobs were offered in approximately 60 topic areas, and about 100 employees were assigned a new position.

Personnel Declaration/Career Development System, Career Development Rotation

Once a year, under Sharp's Personnel Declaration/Career Development System, all employees in Japan submit a career development plan along with a self-assessment of their job aptitude. Sharp then uses the information to develop skills and organize job rotations. Sharp also implements a Career Development Rotation to give mainly young employees in Japan the opportunity to experience multiple types of jobs. The aim is to systematically foster personnel who balance a high degree of expertise and a wide intellectual horizon.

Step-Up Campaign (Qualification Acquisition Encouragement Plan)

To support employee self-development, Sharp offers monetary rewards to employees who have acquired qualifications, with the amount depending on the difficulty of acquiring the qualification. This plan covers 249 qualifications, including some for field-specific techniques and skills, some directly related to daily duties, and some for language skills—essential in the development of globally minded employees.

Award System

Sharp annually honors domestic and overseas employees and divisions/departments that have achieved outstanding performance. In fiscal 2013, approximately 100 awards were presented to about 3,200 employees (excluding unique awards by divisions and affiliated companies).

[For Employees]

Creating a Vibrant, Productive Workplace Where Employees Feel Their Jobs Are Worthwhile

Sharp's approach to diversity is based on its business philosophy, which states, "It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living." By respecting each other's differences, Sharp aims to generate new value, develop products that can create future new lifestyles for customers, and propose new services.

Developing Company-Wide Diversity Management

Efforts Towards Diversity

In 2004, Sharp established a Corporate Equal Partnership Project Team. From the very start, Sharp saw this special department as a business strategy for maximizing the abilities of each employee, not simply as a way to give preferential treatment to women and minorities. In 2009, the team was expanded to become the Diversity Development Group, responsible for promoting total diversity management,^{*1} including training and utilization of non-Japanese employees working in Japan, recruitment of people with disabilities, and re-employment of the elderly (retirees).

Concepts Underlying the Diversity Program

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



^{*1} Diversity management (strategy for utilizing diverse employees) accepts the ideas and values of employees with diverse backgrounds (with regard to gender, age, or nationality) without being influenced by previous corporate or social standards. It is a strategy for promoting company growth and the personal satisfaction of employees by responding rapidly and flexibly to changes in the business environment. (Taken from the report by the Diversity Work Rule Study Group of the Japan Federation of Employers' Associations.)

Promoting Activities of Female Employees

Since fiscal 2005, based on its Corporate Affirmative Action for Women Strategy Program, Sharp has been promoting such measures as a female leader candidate-development program and has been stepping up its training of female managers. Sharp's first-ever female executive officer was appointed in fiscal 2011, and its first female director and non-Japanese female manager were appointed in fiscal 2013. Going forward, Sharp will continue to actively promote the increase of female managers in line with its goal of raising the percentage of its female managers to 5%^{*2} by fiscal 2018.

^{*2} Percentage of Sharp Corporation female managers, including employees temporarily transferred to affiliated companies within Japan and overseas as of April 1, 2014: 2.2%



^{*3} Sharp Corporation only

^{*4} Corporate Affirmative Action for Women Strategy Program started in 2005

Sharp Corporation Personnel Composition

(persons)

| | | Male | Female | Total |
|---------------------|--|---------------|--------------|---------------|
| Directors, auditors | | 11 | 1 | 12 |
| Employees | Executive officers | 16 | 0 | 16 |
| | Managers | 2,713 | 83 | 2,796 |
| | Sub-managers | 6,895 | 592 | 7,487 |
| | General staff (fiscal 2014 new employees) | 6,388 (70) | 1,021 (24) | 7,409 (94) |
| | Subtotal | 16,012 | 1,696 | 17,708 |
| Total | | 16,023 | 1,697 | 17,720 |
| Ratio (%) | | 90.4% | 9.6% | 100.0% |

(As of April 1, 2014)

Personnel by Gender at Major Overseas Subsidiaries

(%)

| Base | | Directors/managers | | Non-supervisory employees (permanent employees) | | Total | |
|------------------|---------------------|--------------------|------------|---|------------|----------|------------|
| | | Male (%) | Female (%) | Male (%) | Female (%) | Male (%) | Female (%) |
| SEC (US) | Sales | 78.1 | 21.9 | 66.1 | 33.9 | 69.4 | 30.6 |
| SMCA (US) | Manufacturing | 82.4 | 17.6 | 58.5 | 41.5 | 63.4 | 36.6 |
| SEMEX (Mexico) | Manufacturing | 83.3 | 16.7 | 54.5 | 45.5 | 55.5 | 44.5 |
| SEG (Germany) | Sales | 75.0 | 25.0 | 73.5 | 26.5 | 73.7 | 26.3 |
| SUK (UK) | Sales | 88.1 | 11.9 | 36.6 | 63.4 | 67.0 | 33.0 |
| SUKM (UK) | Manufacturing | 92.3 | 7.7 | 55.8 | 44.2 | 59.5 | 40.5 |
| SMPL (Poland) | Manufacturing | 88.2 | 11.8 | 32.0 | 68.0 | 33.3 | 66.7 |
| SEID (Indonesia) | Manufacturing/sales | 84.2 | 15.8 | 65.0 | 35.0 | 66.2 | 33.8 |
| SATL (Thailand) | Manufacturing | 80.0 | 20.0 | 27.2 | 72.8 | 29.6 | 70.4 |
| SMM (Malaysia) | Manufacturing | 70.1 | 29.9 | 38.3 | 61.7 | 43.8 | 56.2 |
| SESC (China) | Sales | 76.5 | 23.5 | 58.4 | 41.6 | 60.6 | 39.4 |
| SOCC (China) | Manufacturing | 90.4 | 9.6 | 30.3 | 69.7 | 33.1 | 66.9 |
| NSEC (China) | Manufacturing | 64.7 | 35.3 | 62.8 | 37.2 | 62.9 | 37.1 |
| WSEC (China) | Manufacturing | 62.1 | 37.9 | 38.5 | 61.5 | 40.2 | 59.8 |

(As of the end of March, 2014)

Activities Outside the Company

Women's Networking Forum

This annual forum was launched in fiscal 2004 for women working in various industries in the Kansai region of Japan. Approximately 700 participants from 60 companies and organizations usually take part. Sharp participates as one of the companies in charge, and our female employees attend as role models and participants as well.

Diversity Western Japan Study Group

Since 2004, Sharp has participated in a study group for staff members in charge of diversity promotion at companies in the Kansai region of Japan. Approximately 60 participants from 30 companies and organizations are involved. We take part in activities such as sharing research-topic information among companies, providing internal feedback, and working with external organizations.

Efforts to Attract University Students

Sharp invited female students from the "IRIS" team of Osaka Prefecture University's Graduate School of Science to learn about Sharp's history and original technologies. They also learned about Sharp's diversity initiatives and held a round-table conference with female employees who are graduates of their university—where they especially support female researchers and their performances.



Photo of the "IRIS" team members from the Osaka Prefecture University Graduate School of Science on their visit to Sharp

Promoting Childcare Leave for Male Employees

To create a more employee-friendly workplace, Sharp has made efforts to establish a support system and environment in which both male and female employees can participate in child rearing. In light of Japan's low birth rate, diversifying work and life styles, and increase in double-income households, Sharp has revised its childcare leave system to promote child rearing by male employees. As a result, for the past few years, approximately 200 male employees have taken childcare leave to take part in child rearing each year. Sharp will continue to support its employees' active participation in childcare and in family life with their children.

Voice

Words from a Male Manager who Experienced Childcare Leave

I have been in charge of business projects in collaboration with foreign companies since May 2012.

My eldest son was born at the end of December 2013. It was a late birth requiring a cesarean section. Since my wife and I did not have any relatives in the Kansai area to provide support, I decided to take childcare leave.

My mother-in-law, who lives in Tokyo, came to Osaka for 10 days after my wife had been discharged from the hospital, so I took childcare leave for 10 days after my mother-in-law returned home.

My first experience with child rearing was much more difficult than I had expected. During my leave, I had to feed my baby son and change his diapers every three hours. It was a physically challenging situation for my wife and me, and I didn't have any time to worry about my job or workplace during childcare leave.

Since there were no relatives nearby to ask for help, I had no choice but to take childcare leave, but I say it was a good experience for me. And my wife was very grateful that I had been able to support her at home.

My boss and colleagues were very cooperative, and our team worked together closely to follow-up during my absence. That's why I was able to return to work with no problems.

I had expected that becoming a parent would be tough. However, the joy and sense of fulfillment that I have received from my baby son outweigh the hardships.

I cherish my family and am grateful for the support they give me; it energizes me to focus on my work. Since childcare leave allows us to give back and support our families when they need help, I suggest we take full advantage of this system.



Yoshiro Miyazawa

Manager
New Business Development Projects Unit
Products Business Group
Took childcare leave in January 2014

Expanding Opportunities for Non-Japanese Employees in Japan

With the globalization of business, Sharp is working globally to secure and systematically train human resources who can meet the needs of each workplace. In recent years, Sharp has promoted greater employment of international students and people of other nationalities residing in Japan. As of April 2014, there are approximately 100 non-Japanese employees from 20 countries working in various departments.

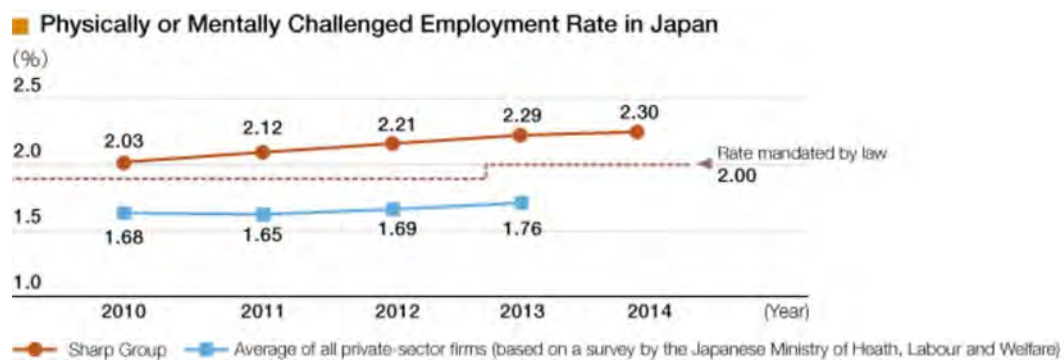
Promoting Employment of the Physically or Mentally Challenged

Ever since Sharp founder Tokuji Hayakawa established the "accumulation of community service" as one of "Five Accumulations of Competency" in Sharp's business principle, Sharp has been actively involved in social service and welfare. The entire Sharp Group makes efforts to promote the employment of the physically or mentally challenged and to create a better work environment for these employees.

Specifically, Sharp launched a website addressing the employment of physically or mentally challenged people; the website contains information on initiatives to hire such individuals into the Sharp Group. Sharp is also striving to make the company an easier place to work through the use of support measures such as PC note-taking, a method for conveying audio information by entering it into the keyboard of a PC, during training sessions attended by hearing-impaired participants.

What's more, in order to facilitate efforts on the operations side, grasp the current level of support, and solicit requests to the company, Sharp has conducted questionnaires directed at its employees with physical or mental disabilities.

In fiscal 2013, Sharp Group (including affiliated companies) met its goal for the percentage of physically or mentally challenged employees by maintaining the 2.2% level. As of May 2014, that percentage was 2.3%, exceeding the 2.0% rate mandated by law (as stated in the Act for Employment Promotion etc., of Persons with Disabilities).



 Case Study

Efforts of Sharp Tokusen Industry Co.

The precursor of Sharp Tokusen Industry Co. was the Hayakawa Branch Factory, a pressing factory that employed blind WWII veterans. That factory sprang from the determination of Sharp founder Tokuji Hayakawa to repay persons with disabilities for opening up his life path. In 1977, Sharp Tokusen Industry was the first company in Japan to be certified as a special subsidiary for employing the physically or mentally challenged. Later, it changed its operations to fit the development of Sharp Corporation's electronics business and contributed to the expansion of business as a member of the Sharp Group.



Sharp Tokusen Industry's current office building

Going forward, Sharp will further promote social contribution through its activities for the employment of the physically or mentally challenged and through its educational support activities.

 Voice: Words from a Disabled Employee Working at Sharp Tokusen Industry


Yumi Tanaka
Supervisor
Sharp Tokusen Industry Co.
Joined the company in May 27, 1995
(hearing-impaired)

Nineteen years have passed since I joined the company. I first worked in the Production Department, and in my 40s, after my children had grown up, I enrolled in a computer school. There, I obtained qualifications for PCs and quality management.

I am currently in charge of storing documents as electronic data, providing career education classes as a dispatched lecturer, and editing in-house magazines. In addition, I give voluntary lessons on sign language once a week for my colleagues.

In this way, I am engaged in a wide range of duties that I never imagined possible when I was a student and this has really allowed me to grow. I feel that the dispatched classes on

career education are especially rewarding, since I have the opportunity to convey my thoughts to hearing-impaired students based on my past experiences.

I am especially careful when communicating with others, since this is one of the weak areas for the hearing-impaired. I always keep the following four points in mind: 1. Ask questions when I don't understand, 2. Consult others, 3. Keep the listeners in mind when talking to them, 4. Respect the other person's ideas. Furthermore, to avoid misunderstandings when communicating with a person without disabilities, I try to use handwritten messages. I would like to tackle new challenges and duties, keeping my smile, utilizing my reading and writing skills that I fostered by reading for an hour every day, writing diaries, and reading newspapers when I was a student.

 Reemployment of Retirees

In response to the fact that public pension in Japan is not paid until a retiree is 65 years of age, Sharp basically reemploys interested employees who have reached the mandatory retirement age of 60 until they are 65. This is not only in response to a legal requirement but also stems from the company's stance on promoting the utilization of senior employees who have a strong work ethic. It also takes into consideration employees who wish to give back to society via their skills and knowledge accumulated over many years.

[For Employees]

Creating a Vibrant, Productive Workplace Where Employees Feel Their Jobs Are Worthwhile

Activities to Support Work-Life Balance

Promoting Work-Life Balance

In line with its promotion of diversity, Sharp supports its employees by creating a rewarding, safe, and healthy workplace. Sharp gives employees a choice of work styles—allowing them to select the style that best suits them at various stages in their lives—thereby helping them achieve a work-life balance that will enable them to lead rich lives both at work and at home.

Specifically, Sharp is expanding support programs focusing on childcare and nursing care and distributing guidebooks and providing other information to promote use of the programs. In addition, to help employees realize an efficient working style that offers satisfaction both at the company and at home, Sharp labor and management continuously work together to change the way people work, through initiatives like No Overtime Day and by encouraging employees to plan for and take their annual paid vacation days.

In fiscal 2013, a movement to revitalize work by improving workflow for enhanced efficiency was conducted as a measure for corporate culture reform. Under this movement, every employee disclosed their goals and followed a do-and-check cycle to eradicate unnecessary work.

These efforts have earned high appraisal from outside the company, with Sharp receiving certification from the Japanese Ministry of Health, Labour and Welfare based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



Nursing Care Guidebook and Work-Life Balance Guidebook



The Next-Generation Certification mark (nicknamed Kurumin) shows that the company is certified by the Ministry of Health, Labour and Welfare

Work-Life Balance Support Programs (Main Programs and Participation at Sharp Corporation)

| Program Name | Description | Participation (year and no. of persons) | | |
|---|--|--|-------------------|-------------------|
| | | Fiscal 2011 | Fiscal 2012 | Fiscal 2013 |
| Childcare Leave * | Allows a leave of any length until the last day of March following the child's first birthday or until the child is 18 months old. (In 2011–2012, 98.0% of those who took childcare leave returned to work.) Childcare assistance grants: 1) The 10-day period beginning at the start of the childcare leave period is treated as a period with pay. 2) An allowance of 60,000 yen a month is provided during the leave period (excluding the 10-day period when salary is paid). | 334 (Men: 273) | 262 (Men: 205) | 223 (Men: 161) |
| Reduced-Hours Employment During Childbearing/ Childcare | A system by which an employee can reduce work time for a maximum of three hours per day in units of 30 minutes during pregnancy. Also allows a female/male employee the same reduced-hours employment system until the last day of March after her/his child has reached the sixth year of elementary school. | 58 | 38 | 33 |
| Childcare Support Work Program | Allows flexible work schedules (work day start and end times) until the last day of March after the child has reached the sixth year of elementary school. Allows an employee to shorten working hours up to an average of three hours per day in one-hour units. | 449 | 443 | 454 |
| Nursing Care Leave * | Allows an employee to take leave to care for a family member requiring nursing care for a total of two years (can be divided up). | 12 | 7 | 7 |
| Nursing Care Support Work Program | Allows flexible work schedules (work day start and end times) for nursing care, as needed. Employee can shorten working hours in one-hour units up to an average of three hours per day. | 6 | 3 | 4 |

* Personnel evaluations conducted while an employee is on childcare leave or nursing care leave will never work against the employee in terms of receiving a raise or promotion.

| | |
|----------------|--|
| Other Programs | Reduced-Hours Employment for Career Development Support, Volunteer Leave, Multipurpose Leave, Multipurpose Leave Taken in One-Hour Units (or half-day units), Staggered Commuting Hours during Pregnancy, Guaranteed Reemployment after Childbearing/Childcare, Paternity Leave, Daycare Adaptation Leave, Reemployment after Nursing Care, Reduced-Hours Employment for Nursing Care, Reduced Weekly Working Days for Nursing Care, Subsidies for Families of Single Employees Conducting Nursing Care, Travel Expense Subsidies for Single Employees Returning Home for Nursing Care, Nursing Care Leave, Home Helper Expense Subsidies, Leave of Absence/Increasing Half-Day Use of Annual Paid Holidays for Fertility Treatment, Fertility Treatment Financing System. |
|----------------|--|

[For Employees]

Creating a Vibrant, Productive Workplace Where Employees Feel Their Jobs Are Worthwhile

Promoting Occupational Safety and Health

Basic Policies on Safety and Health

Sharp Group Basic Policies on Safety and Health

Basic Philosophy

The Sharp Group regards protecting the safety, security, and health of employees all over the world as indispensable to its business activities, and is dedicating appropriate management resources in a spirit of Sincerity and Creativity, in order to achieve a safe and pleasant working environment.

Basic Policy

1. Legislative Compliance

In addition to strict compliance with legislation related to safety and health in each country and region, all Group companies must comply with in-house standards established in line with the standard Group policy, with the aim of improving levels of safety and health.

2. Establishment of Management Organization

The Sharp Group has established a management organization to deal with safety and health, with clearly delineated roles, authority, and responsibilities, and is promoting activities at the structural level.

3. Establishment and Operation of Management System

The Sharp Group has established an occupational safety and health management system, and is engaged in continuous evaluation and improvement of its activities, with a view to eliminating potential hazards and risks to safety and health in the workplace.

4. Implementation of Education and Training

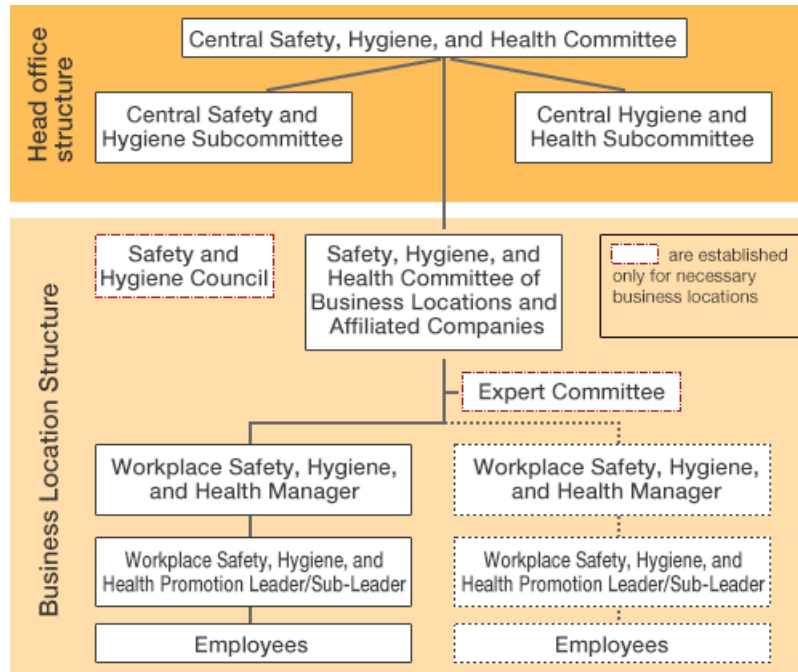
The Sharp Group is endeavoring to raise awareness of safety and health and to promote voluntary activities by implementing for all employees the education and training required to improve safety and health.

5. Setting Targets and Full Employee Participation in Practical Activities

The Sharp Group sets targets for preventing accidents and improving employees' health, and is striving to meet these targets by means of practical activities in which all employees participate.

Organization Promoting Safety and Health

Although the Sharp health insurance association was primarily responsible for maintaining and promoting the health of its employees and their families, from April 2014 Sharp decided to fully implement health measures in addition to its framework on safety and health activities. In order to show Sharp's resolve, the Central Safety and Health Committee was renamed the Central Safety, Hygiene, and Health Committee. Sharp Group's Safety and Health Management organization structure is shown in the chart below.



Aiming for a Secure, Safe, and Healthy Workplace

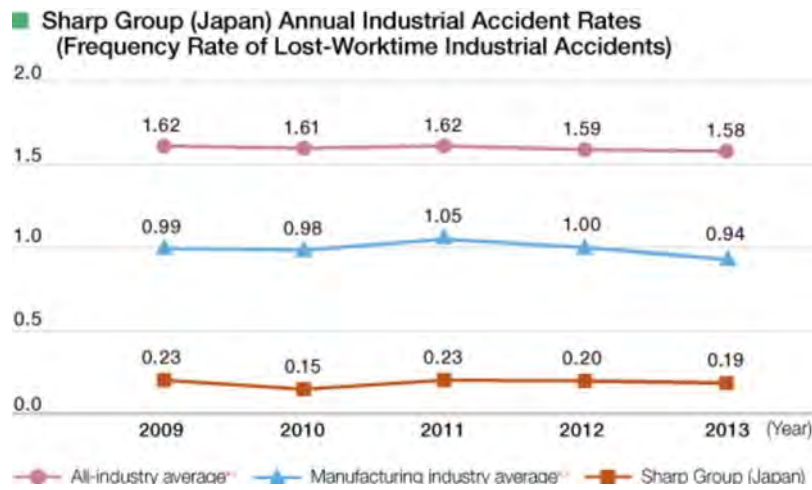
In order to ensure that activities for the maintenance and improvement of safety, hygiene, and health go smoothly at each business location, Sharp holds Central Safety, Hygiene, and Health Committee Meetings that bring the company and the labor union together to decide basic measures for safety, hygiene, and health from a company-wide perspective. The Committee formulates annual company-wide policies and basic measures, and promotes the implementation of these measures at business locations. It has also organized a team consisting of Central Safety, Hygiene and Health Committee members to conduct safety and health inspections at each site.

Moreover, a Safety, Hygiene, and Health Committee consisting of labor and management representatives at each business location holds a monthly meeting to report and discuss safety, hygiene, and health activities and decide on improvement measures. A Safety and Hygiene Council at each business location holds meetings in which subcontractors who are permanently stationed within Sharp sites also take part. Participants discuss liaison and coordination among related operations and share information in an attempt to improve the safety and hygiene management system for the entire business location.

The result of these continuing measures is that the Sharp Group's^{*1} industrial accident rate (frequency rate of lost-worktime industrial accidents^{*2}) in Japan in 2013 was 0.19. This rate is consistently below the national average for the manufacturing industry.

*1 Sharp Group in Japan: Sharp Corporation, SEMC, SEO, SESJ, SBS, SEK, SMS, STC, iDeep Solutions (SDP, SFC, OSS, and SOR are not included in 2012)

*2 Indicator that represents the incidence of industrial accidents per million work hours (one day or more of suspended operations)



*3 Averages for all industries and the manufacturing industry are based on a survey by the Japanese Ministry of Health, Labour and Welfare.

Promoting the Introduction of the Occupational Safety and Health Management System

Sharp is promoting the introduction of an occupational safety and health management system in an effort to further address the potential risk of accidents in the workplace and to firmly set in motion proactive safety activities that prevent or reduce risks. As of the end of fiscal 2013, 10 of Sharp Corporation's domestic production sites had acquired OHSAS 18001 certification^{*4}.

In order to implement preventative safety measures, Sharp's non-production sites and affiliates are conducting their own original occupational safety and health management efforts, which include surveying workplace risks and using the findings to improve occupational safety and health.

As part of its efforts to raise the standard of its occupational safety and health management, Sharp is working to have its overseas manufacturing bases in each country^{*5} acquire OHSAS 18001 or other certification for occupational safety and health management systems.

*4 One of the occupational safety and health management system certification standards; it is the most widely used standard around the world today.

*5 For example, Sharp Appliances (Thailand) Ltd. (SATL) acquired TIS 18001 Thai occupational safety and health certification in August 2007.

OHSAS 18001-Certified Sites, Affiliated Companies and Overseas Bases

| | |
|----------|---|
| Japan | Tochigi, Kameyama, Mie, Yao, Sakai, Nara, Katsuragi, Mihara, Fukuyama, Hiroshima, Sharp Mie Corporation |
| Overseas | SMPL (Poland), SSI (Indonesia), WSEC (China), SUKM (UK) |

Enhancing Mental Health Care and Expanding the Support System for Employees Taking or Returning from Medical Leave

In order to help employees prevent mental illnesses or deal with them at an early stage and to support employees on medical leave in making a smooth return to work, Sharp in Japan has a counseling system in which medical specialists or industrial counselors are stationed at main offices and plants. The company also conducts various training and educational activities to deepen employees' knowledge of mental health care and to have them acquire methods for dealing with mental health.

Also, as part of periodic health checkups, Sharp carries out mental stress checkups on all employees by self-diagnosis (98.3% participation rate in fiscal 2013). For employees who are diagnosed with high stress levels, Sharp gives one-on-one counseling through industrial physicians or counselors.

By enhancing mental health measures for primary, secondary, and tertiary prevention of mental illness, we will boost the execution of systems and strengthen measures to deal with the causes of mental problems and illnesses—such as long work hours and power harassment—and in doing so create a workplace where employees enjoy rewarding jobs and where there are fewer cases of mental problems and illnesses.

Programs for Mental Health Care

<Primary prevention>

- Sharing knowledge and awareness through job-level-specific mental health group work training
- Distributing a Workplace Mental Health Handbook to all employees
- Holding certification tests for mental health management at the company

<Secondary prevention>

- Providing mental stress checkups simultaneously with regular physical checkups for all employees
- Providing face-to-face counseling at main sites by company counselors or medical specialists
- Giving advice by e-mail, phone, or in-person counseling through specialized outside organizations
- Counseling for those employees who have experienced major changes in their environment, such as transfer, transfer not accompanied by family, and job promotion

<Tertiary prevention>

- A support system that provides ongoing communication with employees on medical leave from work
- A support program to help employees who were on medical leave make a smooth return to work, in cooperation with an industrial physician, one's assigned department, and the General Affairs Department
- Providing a trial period for employees who were on medical leave to support their return-to-work training

Activities to Promote and Maintain the Health of Employees and Their Families

Sharp has in place a number of measures aimed at supporting the health of employees and their families. These measures include guidance for people whose health checkups show they need help, health consultations by public health nurses who travel to Sharp sites around Japan, lifestyle improvement campaigns using self-assessment sheets, information provision and workplace education sessions that utilize Sharp's health mascot, the banning of smoking and cigarette sales during the company's no-smoking campaign, and events promoting exercise habits. To promote specific health guidance^{*6}, in fiscal 2014 Sharp outsourced a health-guidance company to begin providing individually tailored guidance to employees at Sharp sales companies in Japan, as well as to their family members.

^{*6} Following employee health checkups, those with problems such as obesity and blood pressure issues are selected to receive specific health advice from professionals.

Sharp's New Health Initiative: "Healthy Sharp 23"

Sharp's Business Philosophy says that it will "...contribute to the culture, benefits and welfare of people throughout the world." To this end, Sharp and the Sharp health insurance association and the Sharp labor union teamed up in fiscal 2014 to begin comprehensive support for the health of Sharp employees and their family members. Sharp has named its initiative "Healthy Sharp 23." This program incorporates numerous activities aimed at achieving certain health targets by the end of March 2023. It is inspired by Healthy Japan 21 (second stage)^{*7}, a health promotion campaign by Japan's Ministry of Health, Labor, and Welfare. The first aim of "Healthy Sharp 23" is to raise awareness among employees and their family members of the importance of health. The program will grow to include an increasing number of activities.

^{*7} Stipulates the basic direction and goals for the promotion of health based on the Health Promotion Act. (July 10, 2011 Ministry of Health, Labor, and Welfare Notification No. 430)

"Healthy Sharp 23" Goals

Items and Targeted Values by the End of March 2023

- (1) **Reduce the percentage of employees who have a BMI of 25 or higher to 20% or less (fiscal 2013: 25.6%).**
Reduce the percentage of obesity to one in five people, from the present one in four people, for the prevention of lifestyle-related diseases, etc.
- (2) **Lower the smoking rate to 12% or less (fiscal 2013: 26.8%) of employees.**
For the prevention of cancer, cardiovascular disease, diabetes, etc. and also to reduce passive smoking, the smoking rate will be reduced to the same level as in Healthy Japan 21 (second stage).
- (3) **Regular exercising for 35.6% or more (fiscal 2013: 23.1%) of employees.**
Regular exercise will be promoted for the prevention of lifestyle-related diseases and to prolong life expectancy.
- (4) **Reduce the total amount of sick leave associated with mental health disorders and illnesses by 25% compared to fiscal 2013.**
Since mental illnesses are a major setback for both the company and employees, and as they often involve long recovery times, such disorders will be reduced by creating a workplace where employees can work enthusiastically. (In cases where employees take sick leave, the entire workplace will provide support by permitting ample time for recovery and by supporting a smooth return to work.)
- (5) **Eliminating constant excessive work hours.**
Long and consistent overtime work will be prohibited for both employees and managers to increase the number of employees who have a favorable work-life balance and who can work enthusiastically.

けんこう
シャープ23



Company-wide "Healthy Sharp 23" campaign mascot

[For Local Communities]

Social Contribution Activities for Harmony and Coexistence with Society

Working from a global perspective, Sharp undertakes social contribution activities that meet local needs, aiming to harmonize and coexist with society and maintain the trust of society through these efforts.

Message from a Manager

Promoting Activities that Foster Employees' Social Awareness

I believe it is extremely important that Sharp continues its social contribution activities in order to become a company that is needed by society. By seriously reviewing how to resolve social issues and what approaches the company can take, Sharp can ensure that it is contributing to the sustainable development of society through its activities.

To encourage every Sharp Group employee to be interested in everyday environmental issues and enhance their own eco-consciousness, Sharp has created the Sharp Green Club (SGC), a joint labor-management organization that plans and manages mainly environment-related social activities.

SGC operation bases have been established at factories and major sales bases throughout Japan. Activities include cleanup campaigns at each Sharp site, Sharp Forest activities, and Ramsar Convention wetland protection activities. In fiscal 2013, approximately 17,000 Sharp employees, accounting for 70% of domestic employees (24,118 as of the end of March 2014), participated in approximately 800 campaigns and activities.

Twelve years have passed since SGC was established. Sharp will continue promoting activities that foster social awareness and provide employees with opportunities to contribute to society in some way.



Akinori Shibuya
Unit General Manager
CSR Promotion Unit
Corporate Management
Group

[For Local Communities]

Social Contribution Activities for Harmony and Coexistence with Society

Promoting Social Contribution Activities

Priority Fields

Sharp recognizes the environment, education, and social welfare as priority fields for its social contribution activities and continuously creates structures and systems for these activities.

Three Important Fields of Social Contribution Activities



Structures and Systems

Sharp Corporation's Head Office has a unit that specializes in the planning and promotion of all domestic and overseas social contribution activities. This unit plans social action measures and builds structures and systems for implementing social contribution activities.

For its educational support programs in Japan, Sharp continues to develop human resources, including training employees to serve as instructors in regions throughout Japan and registering those employees as in-house-qualified personnel. Sharp also encourages employees to acquire a skill—like sign language—that would be useful for them when conducting social contribution activities.

Sharp also provides the systems and the type of environment that make it easier for its employees in Japan to participate in social contribution activities. Sharp gives its employees opportunities to volunteer and has a volunteer leave system, whereby employees can take up to a one-year leave from work to engage in volunteer activities, and a multipurpose leave system, whereby employees can receive eight days of extra paid leave per year to engage in socially valuable activities.

[For Local Communities]

Social Contribution Activities for Harmony and Coexistence with Society

Environmental Activities

As a corporate citizen, Sharp undertakes activities to protect biodiversity, as well as other environmental conservation activities, while it contributes to the global environment through its business activities. All of these efforts are based on Sharp's Basic Environmental Philosophy for "Creating an Environmentally Conscious Company with Sincerity and Creativity." In Japan, Sharp also carries out activities led by the joint labor-management organization Sharp Green Club (SGC), which was established in 2003. These activities include Sharp Forest activities, Ramsar Convention wetland protection activities, cleanup campaigns, and greening activities at all production sites and sales and service bases. The planting and nurturing of trees, biodiversity protection campaigns, and other environmental conservation activities are also conducted continuously at bases outside Japan, in a manner rooted in local lifestyles and social climates.

Related information:

> [Protecting Biodiversity](#)

Activities in Japan

To protect biodiversity and regenerate *satoyama* (areas that lie between the foot of a mountain and arable land), Sharp is developing 12 Sharp Forests. In addition, the company is planning and/or carrying out conservation activities in a total of 10 Ramsar Convention^{*1} wetlands.

In July 2013, these environmental protection activities, specifically the company's contributions to restoring healthy water cycles, earned Sharp the Economy, Trade and Industry Minister's Prize; 15th Japan Water Prize (sponsored by Japan Water Prize Committee, Honorary President: Prince Akishino).

Sharp's environmental conservation activities include a unique initiative, launched by the company in fiscal 2011 under the Sharp Forests banner, to enrich Sharp Forests so that owls can live there. The aim of the initiative is to promote forests with even richer ecosystems.

In areas and communities near its production sites and offices throughout Japan, Sharp is actively promoting cleanup campaigns, greening activities, and other environmental protection efforts.

In what has become a major initiative, Wakakusayama greening activities are protecting the biodiversity of Wakakusayama (Nara Prefecture) and preserving the traditional culture of mountain burning. This joint effort between Sharp sites in Nara and Osaka prefectures was started in 2003.

Sharp will continue to expand its community-based environmental activities and contribute to local communities.

^{*1} A convention to protect internationally important wetlands as a habitat for waterfowl and to protect the wildlife inhabiting those wetlands.

Related information:

> [CLOSE-UP <Economy, Trade and Industry Minister's Prize; 15th Japan Water Prize>](#)

Enriching Sharp Forests So That Owls Can Live There



The initiative to enrich Sharp Forests so that owls can live there began in fiscal 2011 with Sharp Forests in Kishiwada and Shijonawate, both in Osaka Prefecture. In fiscal 2012, the initiative was extended to one more Sharp Forest in Marugame in Kagawa Prefecture, for a total of three locations.

In March 2014, confirmation of the first owl-nest building in both Konoyama Sharp Forest (photo, left: Kishiwada City, Osaka Prefecture) and I&I LAND Sharp Forest (Shijonawate City, Osaka Prefecture) was made.

To enrich Sharp Forests so that owls—a symbol of rich biodiversity—can build nests there every year, Sharp employees and their family members will continue carrying out such preservation activities as periodically thinning out trees and installing nesting boxes.


Conservation Activities at Ramsar Convention Wetlands



In November 2013, Sharp employees and their family members participated in a cleanup campaign in Yatsu Tidal Flat (photo, left: Narashino City, Chiba Prefecture), one of Japan's famous stopovers for migratory birds.

Because the tidal flat is located in the innermost part of Tokyo Bay, garbage that has washed ashore tends to accumulate. Cleanup activities are required on a regular basis to create an environment that is suitable for birds to make it through the winter. To preserve this tidal flat and ensure that many migratory birds continue to stop by, Sharp employees take part in periodic cleanup campaigns there.

V **Voice**
Words from a Civil Servant



Michihito Kimura
 Director of the Nara Park
 Administration Office,
 Urban Development Bureau
 Infrastructure Management
 Department
 Nara Prefecture

I would like to sincerely thank all the participants in the May 24, 2014 Wakakusayama greening activities organized by the Sharp Green Club. Blessed with good weather, more than 300 people took part in the planting of Japanese pampas grass in Wakakusayama.

Wakakusayama greening activities began in fiscal 2003 after Sharp Corporation, which has three production sites in Nara Prefecture, approached us about carrying out environmental and landscape conservation activities. Under this initiative, Japanese pampas grass is planted and invasive species, such as Chinese tallow tree and fern, are removed. This year marked the 11th time such greening activities have been conducted.

In 2007, Sharp received the 2007 Nara Prefecture Environmental Merit Award. That award recognized Sharp as a private organization that has made significant achievements in environmental conservation activities in Nara Prefecture and that has contributed greatly to social activities in the region.

The local government of Nara Prefecture sincerely hopes that Sharp will continue its efforts to preserve the environment. Doing so will help us maintain the beautiful attractions of Nara Park—including Kasugayama Primeval Forest, a special national treasure, and Wakakusayama—which are recognized under the UNESCO World Heritage designation "Historic Monuments of Ancient Nara."

Activities Overseas

As a corporate citizen, Sharp is proactively undertaking environmental conservation activities—including planting and nurturing trees and releasing juvenile fish into water areas—that lead to biodiversity protection. Through efforts such as these, targeting various environmental social issues at local bases around the world, Sharp aims to develop environmental awareness among its employees while also contributing to the global environment.

Sharp will continue developing community-based environmental conservation activities through further cooperation with local organizations.



Tree Planting in China

During a May 2013 tree-planting activity held in a China-Japan Friendship Forest located in the Hohhot area of Inner Mongolia, employees of Sharp China Group planted 5,500 tree seedlings.



Beach Cleanup in Mexico

In July 2013, over 200 employees from SEMEX (a Sharp production site in Mexico) and their families joined people from the local community in a beach cleanup. Afterwards, drum cans sporting original designs painted by the employees were presented and installed on the beach as trash cans to keep the area clean.

[For Local Communities]

Social Contribution Activities for Harmony and Coexistence with Society

Close-Up

Activities to Protect Biodiversity Earn Sharp the Economy, Trade and Industry Minister's Prize; 15th Japan Water Prize^{*1}

In July 2013, Sharp's environmental conservation activities, specifically the company's contributions to restoring healthy water cycles, earned Sharp the Economy, Trade and Industry Minister's Prize; 15th Japan Water Prize (sponsored by Japan Water Prize Committee^{*2}).

Sharp's eco-friendly business activities and its awareness-raising activities, such as environmental education and environmental/biodiversity protection activities conducted in close cooperation with local communities, have been recognized as activities that contribute to healthy water cycles.

Many of those activities are carried out by Sharp Green Club (SGC)^{*3}, an environmental volunteer organization made up of Sharp employees. SGC members plant trees, cultivate forests, conduct cleanup campaigns, and raise and release small fish. Over approximately the past 10 years, a total of 300,000 volunteers have participated in about 9,000 SGC activities in Japan.



Releasing indigenous small fish that were raised in a biotope (regulating pond) on the premises of the Kameyama Plant

By creating rich soil environments, Sharp is helping to prevent the depletion of water resources and to improve the supply and circulation of high-quality, nutrient-rich water.



Award ceremony



Presentation on Sharp's environmental activities

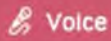
^{*1} Established in 1999 to commend schools, companies, organizations, and local governments for activities that contribute to the creation of healthy water cycles. It aims to realize a nation that has abundant nature and beautiful water and that is resilient to water disasters.

^{*2} With its secretariat office in "Japan River Association," a public interest incorporated association (Honorary President: Prince Akishino, Chairman: Mr. Mamoru Mohri). Committee members who participate in the selection of award winners include the WWF Japan Chairman, heads of various industrial organizations, and university professors.

^{*3} Sharp volunteer organization launched in 2003 and jointly operated by labor and management.

Related information:

> [Educational Activities](#)

**Words from the Sharp Green Club (SGC) Vice Chairman**

I believe that Sharp Green Club's earnest and joint efforts between labor and management have earned Sharp the Economy, Trade and Industry Minister's Prize; 15th Japan Water Prize.

The aim of SGC is to foster awareness of environmental protection among employees and give back to local communities through each and every employee's participation in community-based social action programs.

In fiscal 2014, SGC set a yearly action policy "To conduct environmental and biodiversity protection activities aimed at self-growth and coexistence with local communities." We will continue to further our collaboration with local governments and NPOs to undertake community-based activities, such as community cleanup campaigns, tree planting, forest cultivation, and efforts to protect rare flora and fauna.



Shuichi Tsuda
Sharp Workers Union
Chairman
(SGC Vice Chairman)

[For Local Communities]

Social Contribution Activities for Harmony and Coexistence with Society

Educational Activities

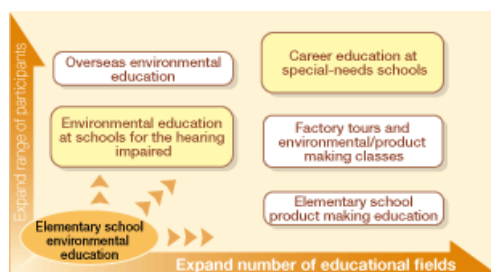
Sharp is undertaking educational support activities directed at children, on whose shoulders the future will rest, to increase their awareness of global environmental issues and their interest in science and to get them thinking about future careers. Sharp has been gradually increasing its programs in Japan to include: environmental education activities at elementary schools from fiscal 2006, elementary school product making education from fiscal 2009, and factory tours and environmental/product making classes from fiscal 2010. From fiscal 2012, Sharp started offering career education activities for special-needs schools^{*1} and similar organizations. Sharp also conducts overseas educational support activities that help solve the environmental issues of each region.

^{*1} Schools designed to provide elementary, junior high, and high school education to the visually impaired, hearing impaired, and mentally challenged. These schools help learners with special needs to overcome difficulties in learning and in daily life, and to obtain necessary knowledge and skills to achieve a higher level of personal self-sufficiency.

Activities in Japan

Since October 2006, Sharp has been conducting environmental education activities at elementary schools. The aim of the classes is to foster concern for the global environment in children by explaining the global warming problem to them in easy-to-understand lessons that encourage them to save power, practice the 3Rs^{*2}, and carry out other specific eco-friendly actions. Another aim is to increase children's interest in science through experiments and other methods.

As of March 2014, more than 3,300 schools (approximately 190,000 pupils) had participated in these activities. Based on advice and requests received from teachers at the schools while implementing these programs, the fields and range of participants are being expanded to include environmental education for hearing-impaired children and for children overseas. In addition, Sharp has been developing activities— product making education, factory tours and environmental/product making classes, and career education activities for special-needs schools and similar organizations—that can lead to solving various social issues.



Development of Sharp's educational support activities



Elementary school environmental education

^{*2} 3Rs: Reduce (reduce garbage), Reuse (use again), Recycle (recycle resources)

Related information:

➤ [Social Welfare Activities: Efforts at a Special Subsidiary](#)

Activities Overseas

Sharp's overseas environmental education program began in fiscal 2008 and classes are held in countries including China and ASEAN nations. In fiscal 2013, approximately 2,600 pupils in 30 schools overseas learned about regional environmental issues, such as global warming and protection of the ecosystem.

As of May 2013, the number of pupils in China who had received environmental education exceeded 10,000.



Classes at China-based manufacturing subsidiary WSEC



Classes at Indonesia-based manufacturing subsidiary SSI



Classes at Malaysia-based manufacturing subsidiary SOEM



Classes at Philippines-based manufacturing and sales subsidiary SPC

[For Local Communities]

Social Contribution Activities for Harmony and Coexistence with Society

Close-Up

Model Case
Promotion of Career Education Activities for Special-Needs Schools and Similar Organizations



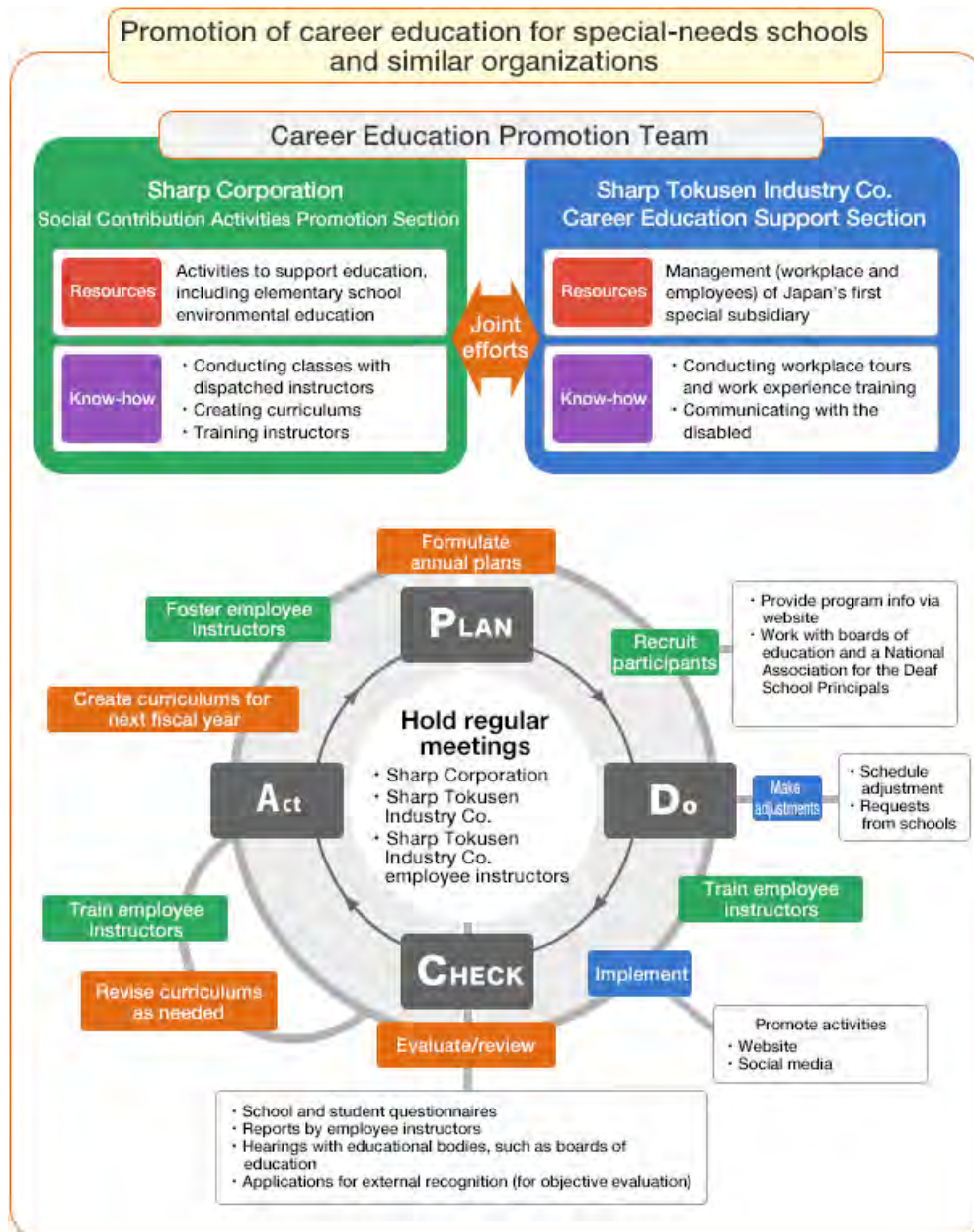
Since fiscal 2012, Sharp Corporation and Sharp Tokusen Industry Co., Japan's first special subsidiary, have been working together and combining their resources and know-how to offer career education activities to special-needs schools* and similar organizations for physically or mentally challenged students.

In order to meet school needs, which can vary according to student proficiency and the amount of class preparation required, the following courses are offered: (1) dispatch of employees to special-needs schools to conduct classes, (2) workplace tours, and (3) work experience training.

For the management of these career education activities, the PDCA cycle is followed in consideration of class needs as well as relevant matters at the all steps in the cycle. Specifically, the opinions of the Board of Education, schools, students, and Sharp employees serving as lecturers are collected in a timely manner. Curriculums and management methods are reviewed at regular in-house meetings, and improvements are made as needed, based on the opinions collected. In addition, review meetings are held at the end of each fiscal year regarding the action plans, curriculums, and instructor training plans for further improvements toward the next fiscal year.

* A subsidiary that has made special efforts supporting the employment of challenged people, as defined in the Act on Employment Promotion, etc. of Persons with Disabilities (e.g. improvement of the facilities where the physically or mentally challenged work) in Japan.





[For Local Communities]

Social Contribution Activities for Harmony and Coexistence with Society

Social Welfare Activities

In the field of social welfare, Sharp focuses on providing support for the physically or mentally challenged. Activities include employment of disabled persons at a special Sharp subsidiary; job assistance for the physically or mentally challenged in the form of sales opportunities provided to vocational training centers for the disabled; and career education support for children with disabilities in Japan. Sharp also undertakes support activities overseas, such as donating to welfare facilities and charities, to combat various social issues and thereby improve the social welfare of local communities.

Activities in Japan

Activities at a Special Subsidiary

Sharp Tokusen Industry Co., which was established as the first special subsidiary in Japan, is not only promoting the employment of the physically or mentally challenged but is also carrying out activities to support the social participation of the disabled.

Specifically, as one of its activities to support career education at special-needs schools and similar organizations, Sharp Tokusen Industry Co. has been dispatching disabled employees to special-needs schools as instructors to conduct classes and has been actively providing workplace tours and work experience training to the physically or mentally challenged. Through these activities, the physically or mentally challenged participants have cultivated a view of career and work that has helped them to achieve a higher level of personal self-sufficiency.



A disabled employee of Sharp Tokusen Industry conducts a career education support activity

Providing Sales Opportunities for Vocational Training Center Products

In a joint labor/management effort, Sharp works with local governments and non-profit organizations to provide opportunities on its premises for the sale of products, such as bread and cookies, made at vocational training centers for the disabled located in communities near Sharp facilities. In fiscal 2013, such sales took place at 17 locations throughout Japan. In March, at 16 locations across the country, Sharp provided opportunities to sell products from training centers in the Great East Japan Earthquake-devastated Tohoku region of Japan, lending support to the disabled and to reconstruction efforts there. Sharp will continue to support the physically or mentally challenged by providing opportunities to sell products made or produced at vocational training centers.



A sale of products from a vocational training center for the disabled in Tohoku



Words from a Staff Member of a Vocational Training Center for the Disabled

SELP Minato has been selling handmade cookies, scones, and chiffon cakes in the cafeteria of Sharp's Tochigi Factory since September 2012. We are grateful for this sales opportunity.

Every time we visit the factory to sell our products—which we market under the name Hikari no Café—Sharp employees tell us that our chiffon cakes are very tasty. The disabled participants from our facility are immensely encouraged by this and are always looking forward to their next sales opportunity.

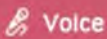
We will continue to work hard to provide handmade products and ask for your continued support.

Tomio Yokoshima
Care worker
Social welfare corporation Elm SELP* Minato

* SELP: Support of Employment, Living and Participation. A coined term for 'Self-help,' which means 'self-sufficiency and self-support'
(Excerpt from the National Social Work Center website)



Participants making confectionaries



Words from a Cooperating Support Group Manager



Tamotsu Koguchi
Director
Tochigi SELP Center
(Utsunomiya City, Tochigi Prefecture)

At vocational training centers for the disabled, various physically or mentally challenged persons are trying hard to find their own ways of working to contribute to society and achieve self-sufficiency.

Sales activities at companies provide valuable opportunities for participants to meet many people. Such activities also boost participants' motivation and help them achieve a higher level of self-sufficiency by providing salaries from the sales revenue generated by products produced at their centers.

To increase public awareness of their work and products, Tochigi SELP Center supports activities of such vocational training centers from various aspects, such as promoting their products, developing new products, and creating new sales channels.

Activities Overseas

As a corporate citizen, Sharp is targeting priority issues in social welfare even at local bases around the world. The company focuses on making donations and undertaking charitable activities for schools and facilities for the physically or mentally challenged and the elderly. These activities lead to greater social awareness in Sharp employees while also contributing to local society. Sharp will continue actively developing community-based social welfare action programs.



Donating to a welfare facility in China

In May 2013, the China-based manufacturing subsidiary SOCC donated powdered milk to a local orphanage.



Donating to a welfare facility in Malaysia

In July 2013, SEM, a technology development and components supply base in Malaysia, donated products such as LCD TVs to local homeless support facilities.

[For Local Communities]

Social Contribution Activities for Harmony and Coexistence with Society

Employee Volunteer Activities

In an effort to pass on the gratitude of its founder, Sharp actively encourages its employees to take part in volunteer activities that give back to local communities.

Based on the three points listed below, Sharp works to create an environment where each and every employee can actively participate in community-based social action programs and volunteer activities:

1. Establishing volunteer leave and other company systems
2. Establishing the volunteer organization Sharp Green Club (SGC) as a joint effort between labor and management
3. Providing employees opportunities to participate in volunteer activities in coordination with NPOs and other third-party organizations

By providing opportunities to participate in community-based volunteer activities and in reconstruction efforts to help areas devastated by the Great East Japan Earthquake that still require support, Sharp is fostering a volunteer spirit at the company and enhancing social awareness among its employees.



As one of its community service activities, Sharp volunteers at marathon events held near its business sites




Employees increase their understanding of persons with disabilities by taking part in volunteer activities that support the physically or mentally challenged

Related information:

> [Environmental Activities](#)

Stakeholder Communications

Sharp's business philosophy includes the statement, "Our future prosperity is directly linked to the prosperity of our customers, dealers, and shareholders...indeed, the entire Sharp family." In order to put this business philosophy into practice, Sharp uses various opportunities to proactively communicate with its stakeholders.

Please click  in the diagram below to see more detailed information for customers, business partners, shareholders and investors, employees, and local communities.



Stakeholder Communications

Communicating with Customers

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

In fiscal 2013, Sharp further strengthened customer support on the company website to enable customers to solve problems themselves, based on feedback received at its Customer Assistance Center.

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

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

Usability testing



Inviting users to operate products



Observation of users by staff involved in product development

Communicating with Business Partners

Meetings with Business Partners

Last year, Sharp introduced its Business Group System. In concert with this new organizational approach, both the Display Device Business Division and the Electronic Components and Devices Division have been jointly holding meetings with suppliers and vendors every six months. These gatherings offer the opportunity to explain Sharp's commitment to CSR, discuss current business conditions and business policies, and request the understanding and cooperation of our business partners.

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



Meeting with business partners

Communicating with Shareholders and Investors

Communicating with Institutional Investors

At both the Osaka and Tokyo Offices, major activities during fiscal 2013 included facilitating occasional one-on-one meetings with institutional investors and analysts, arranging business strategy briefings, and organizing visits to institutional investors in North America, Europe, and Asia.

In addition, Sharp also participated in conferences sponsored by securities companies aimed at domestic and foreign investors. The company also conducted briefings and Q&A sessions concerning financial results and measures to improve business foundations, such as strengthening the company's financial position.

In the future, Sharp will strive, through its investor relations activities, to give a broad range of investors an accurate understanding of Sharp's business strategy and business conditions.



Meeting with an analyst

Communicating with Employees

Promoting Activities that Enhance Internal Communications

Sharp regards internal communications—whether personal, workplace, or corporate—as vital both to the fostering of an enthusiastic, "can-do" spirit among employees and to the future vigorous growth of the company. Accordingly, the company has organized an Internal Communications working group that includes members from across the organization, including the following departments: business planning, public relations, human resources, brand management, investor relations, and IT. A variety of collaborative measures have been deployed on a company-wide basis.

Field Visits to Sharp Bases by President Takahashi

Sharp President Koza Takahashi has been personally visiting each base in Japan and abroad, and in addition to seeing what's going on at each factory or business office, he is exchanging views with employees who work at the location. These on-site visits represent a valuable opportunity to enhance the cohesion and morale of all employees by enabling them to voice their opinions as they go about their job tasks each day, as well as for the President to give considerate advice based on his own thoughts and experiences.



President Takahashi hears about the efforts of each department
(Yaita City, Tochigi Prefecture)



Asking questions about products
(SESL sales offices, Singapore)



Encouraging employees
(Yamatokoriyama City, Nara Prefecture)



Holding discussions with young employees
(Katsuragi City, Nara Prefecture)

■ Introduction of In-house Social Networking Service; Constructive Use of the Corporate Intranet

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

In addition, Sharp is working proactively to disseminate information via its in-house website. Included on the website is coverage of President Takahashi's field visits to bases, personal profiles of corporate executives, and information on Sharp's business situation and various policies and measures.

■ Appointment of Internal Communications Promotion Committee

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

■ Communication through Events and Social Gatherings

Sharp also actively arranges opportunities for communication outside of work through regular social gatherings at each workplace (shoku.com) and through exchanges based on project activities that cut across departmental boundaries, as well as at events such as sports meets, hiking trips, and cultural festivals.

Communicating with Local Communities

Promoting Community Service Activities in Collaboration with Stakeholders

Collaboration with various stakeholders is important in planning and promoting community service activities, especially when one considers that such activities can lead to solutions to challenges facing communities. Accordingly, Sharp strives always to undertake highly effective activities by consulting with relevant governmental and non-profit organizations and by exchanging information and opinions to gain an understanding of the needs and trends in the community. In addition, based on close communication with people in the local community, school officials, and employees who work in the field, Sharp conducts occasional reviews of such activities.

Specifically, in educational support activities, Sharp seeks the opinions and cooperation of school boards, principals' associations, and other relevant groups such as the Ministry of Education. The company then makes improvements in the activities based on responses to questionnaires submitted by schools and based on reports from employee-instructors and instructors from cooperating non-profit organizations. Also, Sharp has been able to provide a deeper understanding of company activities through the participation of educators in these events.

In addition, Sharp promotes its activities in the environmental and social service fields by engaging in regular and timely communications with all relevant ministries and local governmental agencies, as well as with local councils and non-profit organizations.

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



A regional educational promotion project:
Introducing environmental education at the 3rd Annual Exchange Get-Together (Nara City)

Toward Factories with Roots in the Local Community

Mie Plant

Holding Meetings to Exchange Views with Local Residents

At the Mie Plant in Mie Prefecture's Taki township, Sharp has been undertaking elementary school environmental education and social service activities on an ongoing basis. Various activities—for example, mowing fallow rice fields—have been conducted with a view to providing solutions to community problems such as the aging society and depopulation.

During October and November 2013, informal meetings to exchange views and discuss issues were held on five occasions. Attending these meetings were a total of 37 local residents of Taki township, the site of the Mie Plant. These meetings are also intended to bring about a deeper understanding of the plant's environmental conservation and regional service activities, as well as to reflect opinions and requests from the residents in future activities.

Participants have expressed their gratitude to Sharp for coming to the area and conducting such activities. They look forward to exploring activities in which they can collaborate. They also expressed the idea that when a company comes to an area, it is important that employees and residents interact with one another. Sharp has also received a number of suggestions for specific events.



Meeting for informal discussions held in the Tokida area of Mie Prefecture

Kameyama Plant

Environmental Communication Awards 2013

CSR REPORT 2013 Wins Encouragement Prize in the 17th Environmental Communication Awards*

Each Sharp production base publishes an annual environment site report that summarizes the environmental activities of the plant with the goal of communicating these efforts to the local community.

In fiscal 2013, the *CSR REPORT 2013* produced by Sharp's Kameyama Plant (located in Kameyama City, Mie Prefecture) was the recipient of an "Encouragement Prize" in the 17th Environmental Communication Awards 2013. The Kameyama Plant distributes copies of this report to customers who visit the plant. It also works to disseminate information targeted at local residents—for example, by making copies of its report available at the municipal government offices of Kameyama City.

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



Recipient (left) of an Encouragement Prize under The Environmental Communication Awards



Kameyama Plant *CSR REPORT 2013*

Related information:

> [Environmental site reports for Sharp production facilities](#) 

Third-Party Opinion and Response

Sharp Sustainability Report 2014 Third-Party Opinion

Comprehensive Report Covering All Sustainability Efforts

Sharp's Sustainability Report is characterized by comprehensive explanations that emphasize how the company's sustainability activities relate to its business. This thoroughness can be seen by looking at the ISO 26000 content index. From its sustainability activity strategy to various individual sustainability efforts, Sharp provides details that include comments from the people in charge, explanatory articles, and data. These days, when many companies' CSR reports are little more than glorified company brochures, Sharp should be lauded for this kind of sincere disclosure of information. The report also meticulously explains how Sharp's sustainability efforts relate to its business activities. I am interested in seeing how Sharp will carry out its policy of recovery and growth through its sustainability strategy. To this end, the company will need to identify and take action in the business areas that will contribute in the long term to creating value for as many stakeholders as possible.

Making 'Green Shared Value' a KPI

Sharp has recently been advocating what it calls 'Green Shared Value' (GSV), a concept that has taken on even greater importance in this year's Sustainability Report as Sharp positions it as a KPI (key performance indicator). Making environmental indicators into KPIs is extremely important in furthering sustainability strategies, and in this respect Sharp's efforts have garnered widespread attention. Professor David Stark of Columbia University says that a key determinant to innovation within an organization is having a diversity of performance evaluative principles. I look forward to seeing Sharp create environmental innovation through GSV.

Activities Focused on the Supply Chain

A close reading of this Sharp report shows that supply chain activities contribute on both the environmental and social sides. Important Sharp efforts include compliance with the GHG Protocol Corporate Value Chain (Scope 3) Standard, pursuit of CSR throughout the entire supply chain, and green procurement. To continuously raise corporate value, global society demands that a company create shared value throughout its supply chain. That's why I'd like to see Sharp step up its supply chain efforts and thus boost its corporate value. Behind the supply chain lie the communities where Sharp does business. I hope that Sharp expands its contributions to these communities to create a virtuous circle in which these contributions positively affect the company's business activities.



Katsuhiko Kokubu
Professor
Graduate School of Business Administration
Kobe University

Career Overview

Took up current position in 2001.
Appointed dean, Graduate School of Business Administration, Kobe University in 2014.
Specialized fields: Social and environmental accounting, environmental management, CSR management
Books authored: *Material Flow Cost Accounting*, Nikkei Publishing Inc.
Environmental Management and Accounting, Yuhikaku Publishing Co., Ltd.

Sharp's Response

We sincerely thank Professor Kokubu for his valuable advice once again this year.

In his third-party opinion column, Professor Kokubu lauded Sharp for tying its CSR activities to its business and for making the important concept of 'Green Shared Value' a KPI. Sharp will continue efforts in these areas, in particular expanding activities based on Green Shared Value, as it strives to achieve the targets of its key initiatives.

Sharp will strive to create even higher value throughout the supply chain and continue to hold dialog with all its stakeholders so that it can connect society's hopes and expectations to its business management and in doing so contribute to the realization of a sustainable society.



Akinori Shibuya
Unit General Manager
CSR Promotion Unit
Corporate Management
Group

August 2014

[Guideline Content Index]

ISO 26000 Content Index

Sharp is pushing forward with CSR measures, acting in accordance with ISO 26000, an international standard providing guidance on social responsibility.

| Core Subjects | Issues | Relevant Sections |
|---------------------------|--|--|
| Organizational governance | Organizational governance | <ul style="list-style-type: none"> > Policy on CSR Activities > Management Strategy and CSR > Corporate Governance > Internal Control > Risk Management |
| Human rights | <ol style="list-style-type: none"> 1. Due diligence 2. Human rights risk situations 3. Avoidance of complicity 4. Resolving grievances 5. Discrimination and vulnerable groups 6. Civil and political rights 7. Economic, social, and cultural rights 8. Fundamental principles and rights at work | <ul style="list-style-type: none"> > Top Message > Respect for Human Rights > Fair and Impartial Procurement Activities > Promoting CSR across the Supply Chain > Dealing with the Conflict Minerals Issue > Developing Company-Wide Diversity Management > Activities to Support Work-Life Balance > Promoting Occupational Safety and Health |
| Labor practices | <ol style="list-style-type: none"> 1. Employment and employment relationships 2. Conditions of work and social protection 3. Social dialog 4. Health and safety at work 5. Human development and training in the workplace | <ul style="list-style-type: none"> > Top Message > Fostering a Vibrant Corporate Culture > Respect for Human Rights > Human Resource Development > Developing Company-Wide Diversity Management > Activities to Support Work-Life Balance > Promoting Occupational Safety and Health |
| The environment | <ol style="list-style-type: none"> 1. Prevention of pollution 2. Sustainable resource use 3. Climate change mitigation and adaptation 4. Protection of the environment, biodiversity, and restoration of natural habitats | <ul style="list-style-type: none"> > Top Message > Management Strategy and CSR > Environmental Activities (Environmental Sustainability Management / Product Development / Product Manufacture / Logistics / Disposal, Recycling / Biodiversity Protection) |
| Fair operating practices | <ol style="list-style-type: none"> 1. Anti-corruption 2. Responsible political involvement 3. Fair competition 4. Promoting social responsibility in the value chain 5. Respect for property rights | <ul style="list-style-type: none"> > System to Promote Compliance > Putting Compliance into Practice > Fair and Impartial Procurement Activities > Promoting CSR across the Supply Chain > Dealing with the Conflict Minerals Issue > Intellectual Property |

| | | |
|--|---|--|
| <p>Consumer issues</p> | <ol style="list-style-type: none"> 1. Fair marketing, factual and unbiased information, and fair contractual practices 2. Protecting consumers' health and safety 3. Sustainable consumption 4. Consumer service, support, and complaint and dispute resolution 5. Consumer data protection and privacy 6. Access to essential services 7. Education and awareness | <ul style="list-style-type: none"> > Ensuring Quality and Safety > Making Easier-to-Use Products > Boosting Customer Satisfaction > Promoting CSR across the Supply Chain > Information Security / Protecting Personal Information |
| <p>Community involvement and development</p> | <ol style="list-style-type: none"> 1. Community involvement 2. Education and culture 3. Employment creation and skills development 4. Technology development and access 5. Wealth and income creation 6. Health 7. Social investment | <ul style="list-style-type: none"> > For Local Communities (Promoting Social Contribution Activities / Environmental Activities / Educational Activities / Social Welfare Activities / Employee Volunteer Activities) |

[Guideline Content Index]

United Nations Global Compact 10 Content Index

Sharp joined the United Nations Global Compact in June 2009 and is pushing forward with CSR activities in line with the Global Compact's 10 principles.

| The Global Compact's 10 Principles | Relevant Pages |
|--|---|
| <p>[Human Rights]</p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p> | <ul style="list-style-type: none"> > Top Message > Objectives and Achievements in the Social Dimension of CSR > Fair and Impartial Procurement Activities > Promoting CSR across the Supply Chain > Respect for Human Rights > Developing Company-Wide Diversity Management > Activities to Support Work-Life Balance > Promoting Occupational Safety and Health |
| <p>[Labour]</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p> | <ul style="list-style-type: none"> > Top Message > Objectives and Achievements in the Social Dimension of CSR > Fair and Impartial Procurement Activities > Promoting CSR across the Supply Chain > Respect for Human Rights > Human Resource Development > Developing Company-Wide Diversity Management > Activities to Support Work-Life Balance > Promoting Occupational Safety and Health |
| <p>[Environment]</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p> | <ul style="list-style-type: none"> > Top Message > Management Strategy and CSR > Environmental Policy > Environmental Activities (Environmental Sustainability Management / Product Development / Product Manufacture / Logistics / Disposal, Recycling / Biodiversity Protection) |
| <p>[Anti-Corruption]</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p> | <ul style="list-style-type: none"> > Top Message > Objectives and Achievements in the Area of Management > System to Promote Compliance > Putting Compliance into Practice |

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