

Sustainability Report 2016



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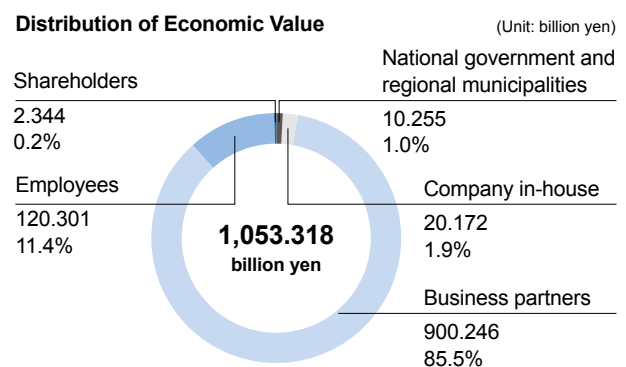
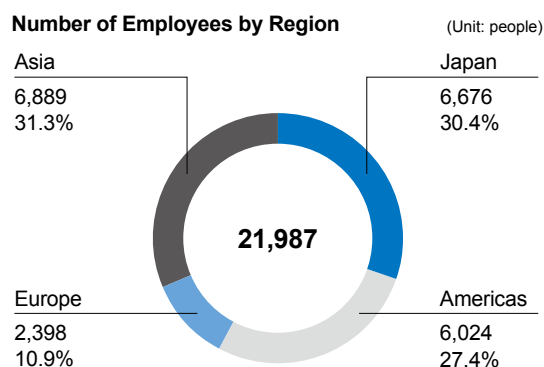
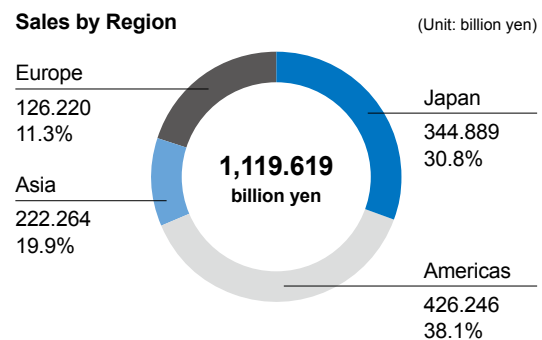
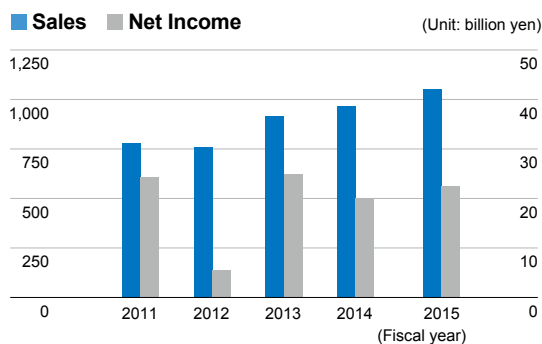
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Corporate Information

Company Overview (as of March 31, 2016)

Company Name	Calsonic Kansei Corporation
Location of Headquarters	2-1917 Nisshin-cho, Kita-ku, Saitama City, Saitama
Major Countries of Business	United States, Mexico, Brazil, United Kingdom, Spain, France, Germany, Romania, Russia, China, Malaysia, South Korea, Thailand, India
Main Products	Cockpit modules, front-end modules, exhaust systems, air conditioning units, compressors, meters, radiators
Number of Group Companies	Consolidated: 34 companies Equity method: 15 companies
Number of Employees	Consolidated: 21,987
Major Clients	AUDI AG, Daimler AG, Fuji Heavy Industries Ltd., General Motors Corporation, Hino Motors, Ltd., Honda Motor Co., Ltd., Isuzu Motors Limited, Jaguar Land Rover Limited, Mazda Motor Corporation, Mitsubishi Motors Corporation, Nissan Motor Co., Ltd., Peugeot S.A., Renault S.A.S., Suzuki Motor Corporation, UD Trucks Corporation, Volkswagen AG (Alphabetical order)
Stock Listing	First Section of the Tokyo Stock Exchange
Number of Shareholders	7,201
Total Assets	438.606 billion yen
Shareholders' Equity	217.890 billion yen
Major shareholders and shareholding ratios	Nissan Motor Co., Ltd.: 40.7%
Major Member Organizations	Japan Auto Parts Industries Association, Society of Automotive Engineers of Japan, etc.

Consolidated Financial Results



Major Business Locations

The Calsonic Kansei Group's business fields are spread across the world, comprising 78 production sites in 16 countries and regions as of the end of March 2016. Furthermore, we have R&D bases at 13 sites in eight countries to enable us to respond precisely to customer needs.

Major Offices in Japan

Calsonic Kansei Corporation

R&D Center, Headquarters

Testing Research Center

Production Engineering Center

Gunma Plant

Yoshimi Plant

Kodama Plant

Oppama Plant

CKP Corporation

Calsonic Kansei Utsunomiya Corporation

Calsonic Kansei Iwate Corporation

Calsonic Kansei Yamagata Corporation

Tokyo Radiator Mfg. Co., Ltd.

KS Engineering Co., Ltd.

CK Engineering Corporation

Calsonic Kansei Business Expert Corporation

CK Sales Co., LTD

NP Kasei Co., Ltd.

Nisshin Kogyo Co., Ltd.

Iwashiro Seiki Co., Ltd.

Group Companies in Japan

CKK Corporation

CKF Corporation

Major Overseas Offices

United Kingdom

Calsonic Kansei Europe plc.

Calsonic Kansei UK Limited

Calsonic Kansei Sunderland Limited

Spain

Calsonic Kansei Spain, S.A.

Russia

Calsonic Kansei RUS LLC

Romania

Calsonic Kansei Romania S.R.L.

France

Calsonic Kansei Europe plc. France Branch Office

Germany

Calsonic Kansei Europe plc. France German Branch Office

China

Calsonic Kansei China Holding Company

Calsonic Kansei (Wuxi) Corporation

Calsonic Kansei (Shanghai) Automotive Technology R&D Co., Limited

Calsonic Kansei (Guangzhou) Corporation

Calsonic Kansei (Xiang Yang) Corporation

Calsonic Kansei Components (Wuxi) Corporation

Calsonic Kansei Components (Guangzhou) Corporation

CK KS Engineering (Guangzhou) Tooling Center

Calsonic Kansei (Haimen) Corporation

Calsonic Kansei (Shanghai) Corporation

CK Electric Machinery Development (Shanghai) co.,Ltd.

South Korea

Daihan Calsonic Corporation

Calsonic Kansei Korea Corporation

Malaysia

Calsonic Kansei (Malaysia) Sdn. Bhd.

Thailand

Calsonic Kansei (Thailand) Co., Ltd.

Siam Calsonic Co., Limited

India

Calsonic Kansei Motherson Auto Products Limited

United States

Calsonic Kansei North America, Inc.

Mexico

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

Brazil

Calsonic Kansei do Brasil Industria e Comercio Ltda.

R&D Bases

- R&D Bases: 13 sites in 8 countries (Japan: 2 sites; United Kingdom: 2 sites; France: 1 site; United States: 2 sites; Mexico: 1 site; China: 3 sites; Thailand: 1 site; and India: 1 site)
- Number of R&D personnel: Approximately 2,700
- Centers with development engineering functions (in partnership with other companies): CK Engineering Co. (Shanghai, China), L&T IES (Chennai, India)

Main Product Groups

Cockpit Modules and Interior Products



Cockpit module

These parts are touched directly by drivers and front-seat passengers. Perceived quality, including comfort and feel, is important in these products, in addition to functionality and safety.

Main Products

- Instrument panels
- Center consoles
- Cross car beams

Electronic Products



Lithium ion battery controllers



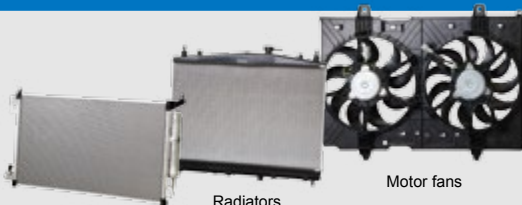
Meters

Our scope has recently expanded to include electronic control devices in electric vehicles, in addition to easy-to-see and easy-to-use control devices.

Main Products

- Inverters
- Body control modules
- Keyless entry
- Occupant detection systems

Heat Exchange Products



Condensers

Radiators

Motor fans

Automobiles include many parts that cool or heat fluids such as engine coolant, oil, and refrigerant. Our products provide reliable control of these parts.

Main Products

- Front-end modules
- AT oil coolers and warmers
- Charge air coolers
- EGR cooler

Climate Control Products



Evaporator



Heater core



Intake blower unit

Air conditioning unit

These products provide a clear field of view and a comfortable cabin space, ensuring the safety, security, and comfort of the driver and passengers.

Main Products

- Electronic climate control units
- Electrical climate control components (motor actuators, etc.)

Compressors



Variable displacement compressor



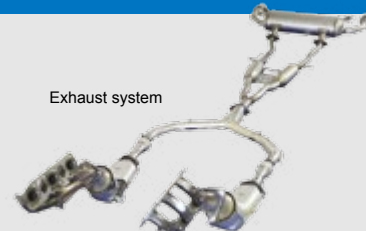
Fixed displacement compressor

As the heart of air-conditioning systems, these products help reduce environmental impact by improving operational and fuel efficiency.

Main Products

- Single-sided swash plate type variable displacement compressors
- Rotary-vane fixed displacement compressors

Exhaust Products



Exhaust system

By satisfying conflicting requirements, such as quiet operation, high engine output, and exhaust gas purification, these products promote harmony between automobiles and society.

Main Products

- Exhaust manifold converter
- Valves
- Oxidation catalytic converter systems for diesel applications
- Diesel particulate filters

Message from the President and CEO



Calsonic Kansei Corporation
President and CEO

Hiroshi Moriya

Aiming to Create a Resilient Corporate Group that Contributes to the Creation of a Sustainable Society

About This Report

This is the third Sustainability Report published by Calsonic Kansei, and it has been one full year since we made our declaration of the “First Year of CSR.” In fiscal 2015, we continued our earnest search across various business sites for answers to the questions: “In what types of CSR activities can we best make use of our unique strengths?” and “What kind of contributions can we make through our business activities toward the achievement of a sustainable society?” We were rewarded with many steady but meaningful results. I am extremely pleased to be able to report on the CSR initiatives that the Group pursued each day with cooperation from our stakeholders.

Expanding Relationship between the Calsonic Kansei Group and Society

CK GX4 T10, our six-year Mid-Term Management Plan covering the period fiscal 2011 through fiscal 2016, is about to come to its grand finale. Over this period of more than five years, the Calsonic Kansei Group has taken some great leaps. As of the end of March 2016, our Group companies were operating at 78 production sites in 16 countries and regions, and the Group’s revenue reached 1 trillion yen.

As our businesses have spread across the globe, our business relationships and contacts have also greatly expanded. Additionally, in recent years, global economic and social megatrends such as an increasingly borderless economic community, aging populations in developed nations, and climate change has become more pronounced. As a result, sustainable management, which increases positive effects on society and reduces negative risk factors, is becoming a more and more important management theme. In response to these factors, we have taken steps such as positioning “Green” as one of the four G’s in our Mid-Term Management Plan in our search for the most suitable forms of CSR activities to engage in as a global manufacturing company.

Steady Progress in CSR in Fiscal 2015

The Calsonic Kansei Group has identified key CSR materiality in accordance with the seven core subjects defined in ISO 26000, the international guidance on social responsibility. Based on these, we made significant progress in many areas in fiscal 2015.

In the “environment” category, we successfully commercialized a total of nine eco-friendly products at the highest standard in the industry, putting us very close to reaching our goal of commercializing 10 such products. In the “labor practices” category, we enhanced our systems such as childcare support in order to build a foundation for promoting the active participation of women. Recognizing the fact that our business is globalizing, we began our planned initiatives to strengthen support for “human rights” and due diligence activities in our supply chain. It is also essential not to neglect the importance of legal compliance. Therefore, we promoted the use of our internal whistleblowing system in order to further enhance our “fair operating practices.” Lastly, “community involvement and development” is an area in which we have been very active for many years, through corporate citizen activities centered on support for raising the next-generation and on participation in motorsports. In fiscal 2015, in addition to sponsoring racing events, we actively carried out social contribution activities for which we are uniquely qualified, such as helping develop younger generations and conducting on-site classes.

Formulation of a New CSR Mid-Term Plan

The Calsonic Kansei Group’s CSR initiatives are facing a major turning point toward further acceleration. In May 2016, we completed formulation of a CSR Mid-Term Plan and identification of new key CSR materiality, created through Group-wide participation and advice from outside experts. We expect the new key CSR issues and KPIs, which more accurately reflect the expectations of our stakeholders, to greatly strengthen and reform our CSR initiatives in fiscal 2016 and beyond.

Expanding and spreading our CSR initiatives to every corner of our global business is another important point of the new key CSR materiality. We are expanding the targets of the PDCA cycle to Group companies in Japan and overseas while also establishing regional umbrella organizations throughout the world.

A Key Phrase for the Future is “Resilient Management”

Integrating our financial and non-financial strengths to continue growing sustainably ourselves while contributing to the creation of a sustainable society is the type of sustainable management the Calsonic Kansei Group is aiming for. The CSR Mid-Term Plan represents the expression of our intent toward achieving such sustainable management. Along with the Post-Mid-Term Management Plan we intend to release by the end of fiscal 2016, we plan to further accelerate financial/non-financial integrated management, with the key phrase being “resilient management.” The Calsonic Kansei Group plans to make the most of its management resources while flexibly responding to the constantly changing global economy and social trends.

I would like to ask all of our stakeholders for their continued understanding and support as we work to meet the unrelenting and continuous challenges ahead.

June 2016

Calsonic Kansei Corporation
President and CEO

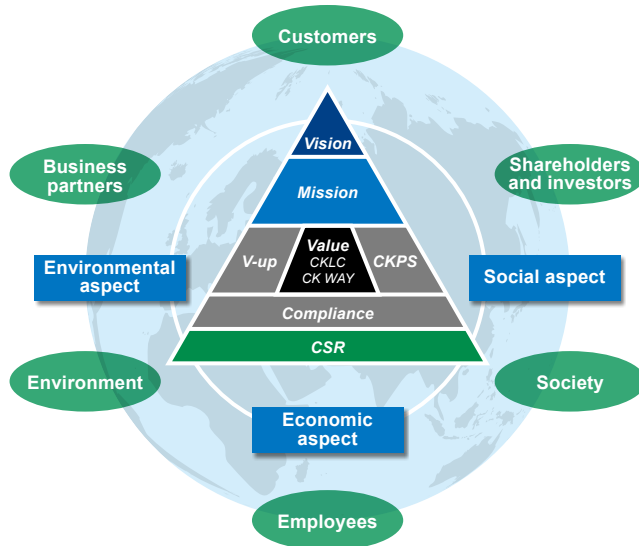


Hiroshi Moriya

Sustainability Management Policy

Vision, Mission, and Values

Philosophy of the Calsonic Kansei Group



As a member of the global society, the Calsonic Kansei Group believes it must fulfill the trust and expectations of all of our stakeholders, including our customers and business partners, and must move forward and develop together with them.

Under the awareness of this requirement, the Calsonic Kansei Group has set a “Corporate Vision” that describes the ideal state we aspire to, a “Mission Statement,” and “Values: the CK WAY” (action guidelines), which our employees must possess in order to achieve the Corporate Vision, and is engaged in business management based on social ethics.

Corporate Vision

—The long-term direction for the company;
Calsonic Kansei’s raison d’etre—

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

Mission Statement

— The Mission describes specific roles that Calsonic Kansei is committed to undertake in order to reach the Vision—

Global

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

Inspired

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

World Leading Innovation

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

Sustainable Society

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

Values: the CK WAY (Action Guidelines)

Individual

1. Challenge
2. Independence
3. Learning

Task

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

Team

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

An Approach Offering Multifaceted Support

To ensure that all group employees reliably implement the Vision, Mission, and Values, we have defined guidelines and methods that we ensure are shared and thoroughly understood on a workplace-by-workplace basis.

CKLC: Calsonic Kansei Leadership Competency

This defines the state of leadership required by the Calsonic Kansei Group.

V-up

A management improvement technique using knowledge and strengths from worksites in terms of “process viewpoints” and “customer viewpoints.”

At Calsonic Kansei Group, V-up is not merely a tool for resolving issues, but our goal is for it to be instilled and entrenched within our company as the everyday process of working, or “The Way We Work.”

CKPS: Calsonic Kansei Production System

Founded on the basic concept of *monozukuri* summarized into the two ideas of “unending synchronization with customers” and “unending actualization and reform of issues.” Its goals are as follows:

- Enhancing the profitability and competitiveness of the company.
- To accomplish this, strict attention must be paid to synchronization with customers, and the best production system overall must be constructed.

Mid-Term Management Plan (FY2011–FY2016)

The Mid-Term Management Plan started in June 2011 is called “CK GX4 T10.” This name signifies that by fiscal 2016 the Calsonic Kansei Group aims to become one of the top 10 automotive parts companies in the world in terms of both revenue and operating profit by executing growth strategies focused on four G’s; namely, “Green,” “Growth,” “Global,” and “Great Company.”

We believe that the most significant contribution to social issues that can be made through the Calsonic Kansei Group’s business activities is the development of eco-friendly products, and this is being carried out as an important activity in the Mid-Term Management Plan.

The Four G’s for our Growth Strategies

Growth

Embracing the growing demand for small cars and low cost cars through market strategies and products that support growth, technological strategies, and regional strategies, and carrying out business expansion in emerging countries.

Green

Creating environmental technologies and products that can lead the world.
Using the technological synergy centered on our total energy management technologies to lead the industry in next-generation environmental products.

Global

Achieving true globalization by developing human resources that will make us a global business leader, and nurturing an organization and culture rich in diversity through the standardization of global management and operational processes, as well as enhancement of manufacturing capabilities.

Establishing the Corporate Foundation for a Great Company

We will comprehensively advance efforts for “Green,” “Growth,” and “Global,” and establish a corporate foundation appropriate for a “Great Company,” aiming toward the three “T10” goals.

T10 Goals

1. Create ten new eco-friendly products leading the global competition
2. Become a global top 10 automotive parts company in revenue (over 1 trillion yen)
3. Become a global top 10 automotive parts company in operating profit (about 7%*)

* Ratio over value-added sales

CSR Policy

Responsibilities to Stakeholders and Society

Calsonic Kansei's CSR Policy outlines the responsibilities and policies Calsonic Kansei promises to fulfil for its stakeholders, with a view to achieving its "Corporate Vision."

Based on this policy, each employee contributes to the achievement of a sustainable society by conducting their daily operations with an awareness of social responsibilities and with well-balanced business management based on environmental, social, and economic aspects.

Responsibilities to Customers

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

Major dialogue opportunities

Regular sales and business proposal activities, customer satisfaction surveys, exhibits, and information exchange meetings

Responsibilities to Business Partners

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

Major dialogue opportunities

Regular procurement activities, supplier meetings (to explain our policies and communicate other information), and supplier audits

Responsibilities to Employees

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

Responsibilities to Employees' Health and Safety

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

Major dialogue opportunities

Personnel evaluations, employee satisfaction surveys, employee reward system, labor/management council, consultation counter, and various types of counseling services

Responsibilities to Shareholders and Investors

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

Major dialogue opportunities

Shareholder meetings, investor relations webpage, financial briefings, facility tours, study groups, individual meetings, and business reports

Responsibilities to Society

Monozukuri

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

Environment: Technologies for developing environmentally-friendly vehicles

Safety: Technologies for creating automotive society without car accidents

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

Environment

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

Participation in Social Activities / Social Contributions

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

Major dialogue opportunities

Kids Engineer activities and on-site lessons at elementary schools, clean-up activities, and environmental communication activities

Stakeholder Engagement

The Calsonic Kansei Group believes in the importance of maintaining management that is transparent to both insiders and outsiders, and strives to actively disclose information to our stakeholders. With the goal of promoting fair and constructive dialogues with our stakeholders, we established a group dedicated to CSR/Public Relations and IR in April 2015, charged with enhancing stakeholder engagement activities in collaboration with other related divisions and departments. This newly created group is directly overseen by the director responsible for corporate planning and finance, enabling quick decision making and execution.

Engagement Policy and Initiatives

Society

With the hope of being recognized as a trusted partner by people in the local communities, the Calsonic Kansei Group is engaged in various community activities.

As part of these efforts, we held a discussion session called “Environmental Communication” in November 2015 at Calsonic Kansei’s R&D Center and Headquarters with people from residents’ associations and companies in the local community to discuss the Calsonic Kansei Group’s environmental activities. Our other offices throughout Japan have likewise set up platforms for communicating and maintaining collaboration with local residents’ associations and communities.

Customers

Every year, the Calsonic Kansei Group, along with the automotive manufacturers we have as customers, hires an outside specialist company to carry out a quantitative evaluation of each product area from six viewpoints, including quality. This initiative has been going on since fiscal 2010 and the evaluation results have been improving year after year. Opinions about the areas requiring improvement are summarized. In fiscal 2015 some control-related issues were pointed out.

Business Partners

We hold a supplier meeting with our business partners once a year to communicate our fiscal year policy related to procurement, formally recognize excellent suppliers, conduct a questionnaire-based survey, and also provide a liaison meeting for each procurement type to ensure bidirectional communication.

Employees

Every year, we carry out a survey targeting all Calsonic Kansei Group employees to determine how well the ten action guidelines of the CK WAY are being implemented. We also collect anonymous responses regarding problematic actions and repeat the PDCA cycle to make improvements.

Shareholders and Investors

We hold financial briefings, as well as facility tours (five times per year) and a study meeting (once per year) for institutional investors, in which our company president and executives make presentations in person. At the same time, through individual meetings (200 per year), we regularly continue bidirectional dialogue to ensure that shareholder questions and opinions about mid-term growth strategies and desired levels of return are communicated to our company management.

Engagement Issues in Fiscal 2015

In fiscal 2015, we collected opinions from approximately 400 general visitors to the Calsonic Kansei CSR website. Approximately 75% of the respondents gave a positive answer to the question of whether they considered Calsonic Kansei to be “a company that makes you want to work together with it,” which is key to achieving the goal of becoming a “Great Company,” one element of our Mid-Term Management Plan. As for the issues that Calsonic Kansei should tackle, an overwhelming majority of respondents indicated that initiatives for preventing global warming and providing safe and reliable products were important.

On the other hand, many respondents indicated that while the content of the sustainability report felt reliable, it was difficult to understand because of the complicated layout and wordiness.

We are striving to make improvements so that the disclosed information is easier to understand for our various stakeholders.

Participation in Outside Organizations and Other Initiatives

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

Public Institutions where Calsonic Kansei is a Director

Japan Auto Parts Industries Association (JAPIA), Society of Automotive Engineers of Japan (JSAE), Keidanren, and Japan Association of Corporate Executives

Public Institutions where Calsonic Kansei is a Member

Japan Institute of Industrial Engineering (JIIE), Japan Electronics and Information Technology Industries Association (JEITA), and International Association for Universal Design (IAUD)

Industry-Government-Academia Projects

In fiscal 2015, Calsonic Kansei participated in one industry-government-academia project and 31 industry-government-academia collaborative research initiatives.

Evaluations by Outside Organizations

The Calsonic Kansei Group's business strategy toward the achievement of a sustainable society has been positively received by CSR survey organizations and investors both inside and outside Japan. An increasing number of socially responsible investing (SRI) fund indexes have also been including Calsonic Kansei in recent years.

JPX-NIKKEI 400

The JPX-Nikkei Index 400 (JPX-NIKKEI 400) is a new stock index composed of companies with high appeal for investors, which meet the requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives. The stocks to be included in the index are selected by Japan Exchange Group, Tokyo Stock Exchange, and Nikkei.

Calsonic Kansei was included in the index in fiscal 2014 and again in fiscal 2015.

MS-SRI | Morningstar Socially Responsible Investment Index

Morningstar Socially Responsible Investment Index is the first SRI index in Japan, comprised of 150 companies praised for being socially conscious and selected by Morningstar, Inc. from among all listed companies in Japan. These companies' stock prices are used to form an index.

Calsonic Kansei was added to this index on January 4, 2016.

Fiscal 2015 Results

The Calsonic Kansei Group has identified key CSR materiality according to the seven core subjects defined in ISO 26000. The Group has set up key performance indicators (KPIs) for each issue, and practices the PDCA cycle on each. In fiscal 2015, we were able to achieve significant results in categories such as human rights, labor practices, and the environment.

Category	CSR materiality	KPIs	Target	FY2013 results	FY2014 results	FY2015 results
Organizational governance	Strengthen governance	Number of independent outside directors	—	0 persons	0 persons	1 person
		Number of outside corporate auditors	—	2 persons	2 persons	2 persons
	Improvement of profits	Revenue	1 trillion yen by FY2016	918.7 billion yen	965.6 billion yen	1053.3 billion yen
		Value added operating income margin	Approximately 7% by FY2016	5.0%	5.4%	6.0%
Human rights	Respecting diversity	Rate of disabled person employment	More than 2%	1.89%	1.85%	1.93%
		Rate of female managers	—	1.74%	2.2%	1.90%
		Number of non-Japanese employees	—	53 persons	53 persons	61 persons
	Supporting issues in developing countries	Supply chain due diligence	(Implementation scheduled from FY2015)	—	—	Preparation
Labor practices (Calsonic Kansei only)	Work environment	Rate of female employees	—	7.74%	7.62%	7.90%
		Average length of continuous employment	—	20.3 years	19.6 years	19.4 years
		Number of labor union members	—	3,127 persons	2,977 persons	2,959 persons
		Number of new graduate employees	—	53 persons	37 persons	98 persons
	Improvement of working styles	Number of re-employed retirees	—	65 persons	58 persons	167 persons
		Usage rate of paid leave	—	55.1%	64.3%	73.0%
		Number of employees taking time off from work for child care	—	9 persons	10 persons	6 persons
		Number of employees obtaining child care leave	—	14 persons	15 persons	13 persons
	Occupational health and safety	Number of employees taking leave from work for nursing care	—	1 person	2 persons	0 persons
		Frequency rate of accidents requiring leave from work	0	0.05	0.06	0.11
The environment	Response to climate change	Number of eco-friendly products created (FY2011–FY2016)	10 products (cumulative) from FY2011 to FY2016	2 products (cumulative)	7 products (cumulative)	9 products (cumulative)
		Rate of reduction of CO ₂ emissions from production	Japan: 18.5% decrease from FY2005 to FY2016	30.0% decrease	28.3% decrease	29.6% decrease
			Overseas: 13.6% decrease from FY2005 to FY2016	17.2% decrease	20.6% decrease	26.1% decrease
		Rate of reduction of CO ₂ emissions from logistics	Japan: 22.0% decrease from FY2010 to FY2016	23.4% decrease	18.7% decrease	32.0% decrease
	Rate of reduction of CO ₂ emissions from offices	Japan: 6.0% decrease from FY2010 to FY2016	3.5% decrease	6.5% decrease	6.1% decrease	
	Prevention of environmental disruption	Rate of waste reduction	Japan: 18.1% decrease from FY2005 to FY2016	29.9% decrease	26.5% decrease	27.0% decrease
			Overseas: 6.0% decrease from FY2010 to FY2016	6.1% decrease	11.1% decrease	17.9% decrease
		Rate of water consumption reduction	Japan: 22.4% decrease from FY2009 to FY2016	15.5% decrease	4.6% decrease	7.0% decrease
			Overseas: 4.0% decrease from FY2014 to FY2016	—	—	15.1% decrease
	Rate of VOC (volatile organic compound) reduction	Japan: 30.0% decrease from FY2000 to FY2016	83.4% decrease	84.7% decrease	85.1% decrease	
Rate of landfill disposal	Overseas: 0.2% or lower in FY2015	15%	2.90%	0.17%		
Purchase management	Green procurement	100% acquisition of agreement form at the time of new account opening	100% collection	100% collection	100% collection	
Fair operating practices	Ensuring full compliance	Number of serious violations	0 cases	0 cases	0 cases	0 cases
		Number of compliance awards	—	127 cases	265 cases	350 cases
		Number of internal whistleblowing reports	—	48 cases	234 cases	309 cases
		Information security training attendance rate	—	100% (Japan)	84% (Group)	99% (Group)
Consumer issues	Customer issues	Level of customer satisfaction	—	3.26	3.31	3.35
Community involvement and development	Social contribution activities	Total amount for social contribution activities	—	33,874,000 yen	20,935,000 yen	9,615,000 yen
		Activities to support children who will lead the future	—	On-site lessons at 13 schools	On-site lessons at 14 schools	On-site lessons at 16 schools

Formulation of CSR Mid-Term Plan

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

Calsonic Kansei Group CSR Mid-Term Plan

CSR Vision

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

Goals

1. Improving Employee Awareness

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

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

2. Coexisting with Society

As a group company whose business field has expanded to include 16 countries and regions and 78 production locations comprised of many multinational members, we are building a system that complies with global rules.

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

3. Improving Corporate Value

While strengthening our environmental, social, and governance (ESG) initiatives in both financial and non-financial operations, we are particularly focused on developing eco-friendly products in the Mid-Term Management Plan so that we can continue to grow sustainably and at the same time contribute to the achievement of a sustainable society.

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

Key CSR Materiality and the KPI Identification Process

The Calsonic Kansei Group has identified key CSR materiality and KPIs (quantitative and qualitative indexes that become the activity targets) and is striving to reliably practice the PDCA cycle as a concrete action plan for the CSR Mid-Term Plan. In order to identify the key CSR materiality, we conducted a materiality analysis from both global and Group viewpoints to precisely identify society’s expectations.

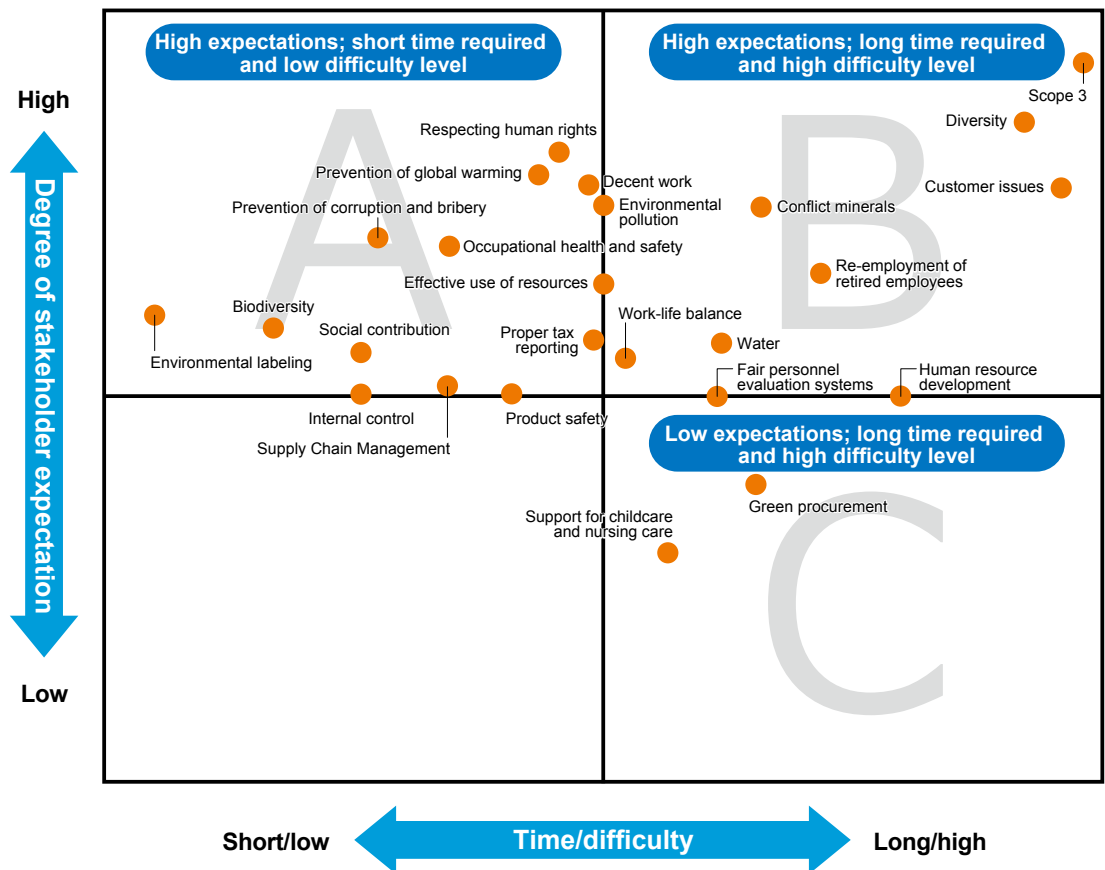
Calsonic Kansei Group’s Materiality

With regard to materiality facing the Calsonic Kansei Group, we have classified our various initiatives according to the seven core subjects defined in ISO 26000, which offers guidelines for CSR activities, using the following two parameters: (1) degree of stakeholder expectation, and (2) period of time required and difficulty of achievement. In this way, we have adopted a process that identifies key CSR materiality based on priority.

Based on the results of the materiality analysis, the Calsonic Kansei Group identified 25 key CSR issues and 43 initiatives, and is starting PDCA cycles according to their priority.

The progress of initiatives for each key issue will be reviewed by senior management and released in future sustainability reports.

Materiality Map and the 25 Key CSR Issues



The Materiality Analysis Process

The materiality analysis process was carried out from both global and Group viewpoints, led by the Calsonic Kansei Headquarters. We adopted the viewpoints described below as the evaluation parameters in our methodology for incorporating demands from a wide variety of stakeholders.

Viewpoints Included in the Materiality Analysis

1 Feedback Obtained through Daily Dialogues

Customer opinions, employee questionnaires, market questionnaires, etc.

2 Global Economic and Social Megatrends and Initiatives

World Economic Forum's Global Risk 2015, the UN Global Compact, Sustainable Development Goals (SDGs), etc.

3 International Guidance and Guidelines related to CSR

ISO 26000, GRI Sustainability Reporting Guidelines, etc.

4 Evaluations by ESG Investment Rating Institutions

FTSE4Good Index, CDP, Toyo Keizai's CSR Ranking, etc.

Identifying Issues through Discussions between our President and Experts

Calsonic Kansei has been regularly inviting Mr. Masahiko Kawamura, Senior Research Fellow and ESG Research Office Manager at the NLI Research Institute, for discussions with our company president and CEO. Mr. Kawamura has been offering suggestions and proposals related to CSR initiatives. The CSR Mid-Term Plan has been one of the main topics, particularly in the 2015 and 2016 interviews, resulting in meaningful opinion exchanges.

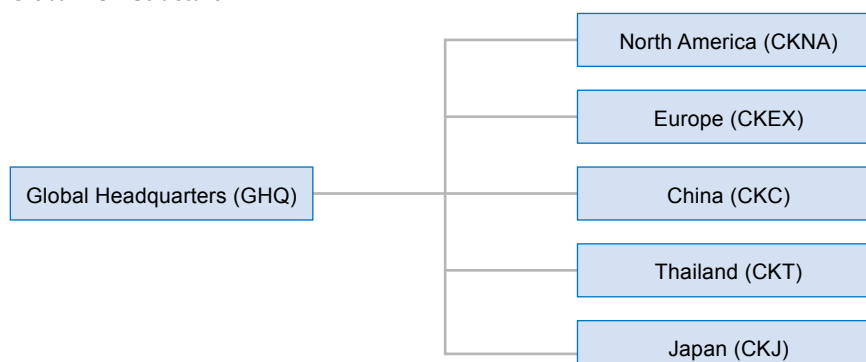
For details about the 2016 interview with the President and CEO, please see the Sustainability Report 2016 Highlight Edition.

Approach to Addressing Key CSR Materiality

The Calsonic Kansei Group has assigned departments responsible for each of the 25 key CSR issues. Starting in fiscal 2016, each department responsible will take a leadership role in driving complete achievement of the KPIs.

Furthermore, given that business is becoming increasingly borderless, we are actively expanding the target for the PDCA cycle beyond Japan into overseas areas. In the future, we plan to promote detailed CSR initiatives that match regional characteristics by establishing management groups in each region while the Calsonic Kansei Headquarters maintains oversight of the entire organization.

Global CSR Structure



Key CSR Issues and KPIs (FY2016–FY2018)

As for new key CSR issues and KPIs, our goal is to ensure management led by each responsible department and carry out reliable execution, while keeping in mind the priority determined by the materiality analysis.

ISO 26000 core subjects	Priority	Key issue	Initiative details	KPIs	FY2018 targets	Group responsible	Related G4 category and aspect	Boundary				
								Outside the organization	Inside the organization Japan	Overseas		
Organizational governance	A	Internal control	Strengthening compliance and expanding education/training	Serious violations	Zero	Compliance Group	Society: Compliance		●	●		
				Training attendance rate	100%				●	●		
			Strengthening information security and expanding education/training	Number of internal reports	—			●	●			
				Training attendance rate	100%	Corporate IT Group			●	●		
External audit of information security	—	Conducted in FY2015 (conducted on an irregular basis)		●	●							
			CSR audit by third-party institutions	—	Conducted in FY2016	CSR / Public Relations & IR Group		●	●			
Human rights	A	Respecting human rights	Formulation of a basic human rights policy and a mid-term activity plan vision	—	To be disclosed in FY2016	CSR / Public Relations & IR Group	Human rights: Investment	●	●	●		
			Human rights education and training	Training attendance rate of new college graduates and procurement contact persons	100%				●	●		
	B	Conflict minerals	Policy formulation	Revision of CSR Guidelines for Suppliers	Formulated in FY2016	Purchasing Strategy & Planning Group	Human rights: Human rights assessments of suppliers	●	●	●		
			Continuation of supply chain survey	Number or percentage of companies surveyed	At least 250 main suppliers				●	●		
		Supply chain audits and enhanced education/training	Staff training attendance rate	100%		●	●	●				
Labor practices	A	Decent work (a rewarding workplace)	Formulation of labor-related policy (declare compliance with international labor standards)	(Declared in the Human Rights Policy)	To be disclosed in FY2016	CSR / Public Relations & IR Group	Labor practices and decent work: Employment		●			
			Improvement in workforce stability	Workforce stability after three years	95% or more				●	●		
		Occupational health and safety	Prevention of occupational injuries	Number of workplace accidents requiring time off from work	Zero	General Support Group		Labor practices and decent work: Occupational health and safety		●	●	
			Formulation of a policy to handle AIDS, malaria, and tuberculosis	—	To be disclosed in FY2017					●	●	
	B	Diversity	Promotion of diversity	Formulation of a basic principle on diversity and a mid-term activity vision	—	To be disclosed in FY2017	HR Group	Labor practices and decent work: Occupational health and safety		●	●	
				Number of female directors (by FY2020)	— ^{*1}				●	●		
				Hiring rate for new college graduates holding foreign citizenship	At least 1% (direct departments) and at least 20% (indirect departments)				●	●		
				Hiring rate for new female college graduates	25% (direct departments and technical positions) and 40% (clerical positions)				●			
			Rate of disabled person employment	2.50%		●						
		Promotion of active participation of women	Rate of female managers (by 2020)	To be doubled from FY2015 to FY2020		●						
		Work-life balance	Encouraging employees to take paid leave	Paid leave usage rate	85%		HR Group		Labor practices and decent work: Diversity and equal opportunities		●	●
				Introduction of a telecommuting program	Telecommuting program	To be introduced in FY2017					●	●
			Fair personnel evaluation systems	Reassessment of the evaluation system	—	—					Economy: Sense of presence in the local community Labor practices and decent work: Equal compensation for men and women	
		Human resource development	Reassessment of the education system	—	—		Labor practices and decent work: Training and education			●		
	Re-employment of retired employees	Promoting re-employment of retired employees	—	—	Retirement system to be reassessed in FY2017		Labor practices and decent work: Employment, diversity and equal opportunities		●			
	C	Support for childcare and nursing care	Improvements to holiday and leave-of-absence systems (salary, duration, shortened work hours, etc.)	Number of employees taking time off from work for child care	(Monitoring)		HR Group	Labor practices and decent work: Employment		●		
				Return-to-work rate after childbirth and childcare leave	Return-to-work program to be introduced in FY2016				●			
				Number of employees taking time off from work for nursing care	Program to be expanded				●			
			Expansion of the programs for childcare and nursing care support	—	Re-employment program to be introduced in FY2016				●			

*1 Outside the HR Group's responsibility

ISO 26000 core subjects	Priority	Key issue	Initiative details	KPIs	FY2018 targets	Group responsible	Related G4 category and aspect	Boundary		
								Outside the organization	Inside the organization	Overseas
Environment	A	Climate change	Creation of eco-friendly products	Number of products	10 products between FY2011 and FY2016	Technology Planning Group	Environment: Energy, atmospheric emissions, transportation and transfer	●	●	
			Formulation of CO ₂ emissions reduction goal in the next mid-term management plan	—	To be formulated in FY2017	Environmental & Energy Control Group			●	●
			Introduction of external audits	—	To be introduced in FY2018				●	
		Effective resource utilization	Waste reduction	Reduction in waste per unit	18.1% reduction in FY2017 (compared to FY2005)	Environmental & Energy Control Group	Environment: Wastewater and waste disposed		●	●
			Complete elimination of landfill disposal	Rate of landfill disposal	Continue initiatives toward zero landfill				●	●
		Environmental labeling	Calculation and disclosure of environmental effects of old and new products (CO ₂ emissions reduction rate, etc.)	—	To be implemented in FY2016	Technology Planning Group	Environment: Products and services Product liability: Labeling of products and services	●	●	
	Biodiversity	Collaboration with environmental NPOs/NGOs	—	To be implemented in FY2017	Environmental & Energy Control Group	Environment: Biodiversity	●	●	●	
	Environmental pollution	Soil testing and result disclosure, formulation of clean-up plans	—	FY2016 control status to be disclosed		Environment: Wastewater and waste disposed		●		
	Scope 3	Creation and execution of a phased implementation plan	Expansion in the number of categories covered	To be implemented in FY2017		Environment: Atmospheric emissions	●	●		
	B	Water	Reduction of water use	Reduction of consumption	22.4% reduction in FY2017 (compared to FY2009)	Purchasing Strategy & Planning Group	Environment: Water		●	●
	C	Green procurement	Improved green procurement	Horizontal deployment of green procurement to facilities Application to new suppliers	100% 100%		Environment: Environmental evaluation of suppliers	● ●	● ●	● ●
	Fair operating practices	A	Prevention of corruption and bribery	Education and training on preventing bribery	Training attendance rate among executives and targeted departments	100%	Compliance Group			●
Proper tax reporting			Support of the OECD Transfer Pricing Guidelines, etc.	—	To be introduced in FY2018	Consolidation Accounting Group			●	●
Supply chain management			Practice of supply chain due diligence	Number of companies practicing due diligence	At least 250 main suppliers	Purchasing Strategy & Planning Group	Economics: Procurement practices Environment: Environmental evaluation of suppliers Labor practices and decent work: Evaluation of the labor practices of suppliers Human rights: Human rights assessments, human rights assessment of suppliers Society: Assessments of impact of suppliers on society	●	●	●
Consumer issues	A	Product safety	Development and expansion of independent Quality System Evaluation System (QSES) auditors	Number of auditors	At least 270 auditors	Quality Planning Group	Product liability: Customer health and safety		●	●
	B	Customer issues	Incorporation of customer opinions and evaluations	Score from an independent customer satisfaction survey	3.38	Sales Strategy & Planning Group	Product liability: Labeling of products and services	●	●	
Community involvement and development	A	Social contribution activities	Investment in social contribution	Activity expenditure	Maintenance of at least the FY2015 level	General Support Group	Society: Local community		●	●
			Introduction of volunteer systems	Implementation score from an independent employee questionnaire	Average score of at least 70%	CSR/Public Relations & IR Group			●	●
			Selection of and collaboration with NPOs/NGOs	—	To be implemented in FY2017	Environmental & Energy Control Group CSR/Public Relations & IR Group		●	●	

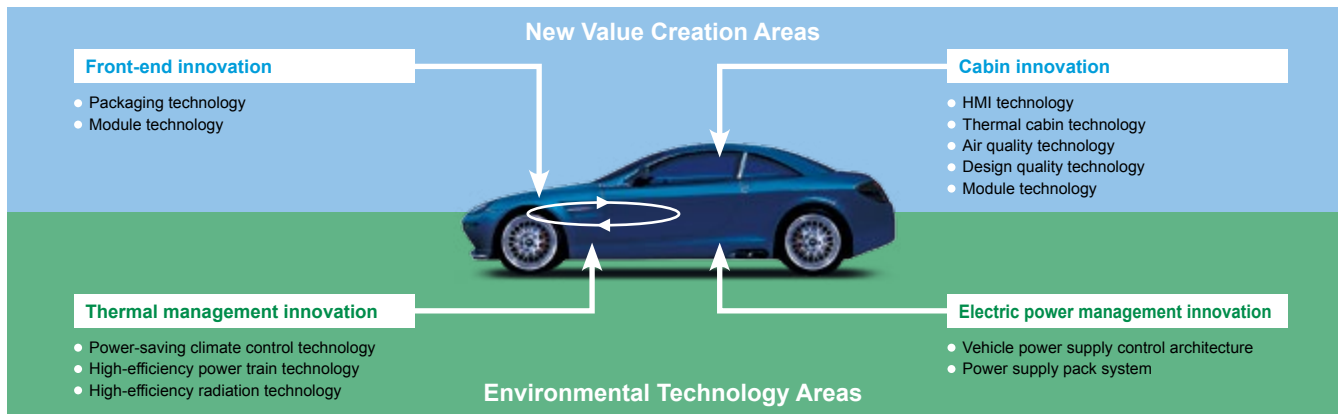
Creating Shared Value through Business —Development of Eco-Friendly Products—

We aim to help create a better tomorrow for the automobile society by capitalizing on the advanced technologies and know-how we have accumulated over many years. The Calsonic Kansei Group strives to solve social issues on a global scale through its business activities and is constantly creating new value.

Strategic *Monozukuri* in Pursuit of a Sustainable Automobile Society

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

Four New Value Creation Areas and 12 Environmental Technology Areas



Mid-Term Management Plan for Leading the Industry under a “Green” Strategy

CK GX4 T10, our six-year Mid-Term Management Plan covering fiscal 2011 through fiscal 2016, lists “Green” as one of our growth strategies. We have been working to develop at least 10 types of innovative next-generation environmental technologies and products that will lead the world. For example, we have already commercialized nine different eco-friendly products as of the end of fiscal 2015, and are continuing to lead the industry in this area.

Progress in “Green” Mid-Term Management Plan



Creation of Eco-Friendly Products

In fiscal 2015, we introduced the two products described below into the market. Furthermore, to effectively communicate the CO₂ emissions reduction effects of our eco-friendly products both internally and externally, we took steps to visualize our environmental performance. Through these steps, we aim to develop and popularize even better eco-friendly products.

Eco-Friendly Products Highlights

Highly Efficient Low Profile Built-In Oil Cooler/Warmer



The built-in oil cooler/warmer is a product that not only cools transmission oil, but also contributes to improving fuel efficiency and reducing CO₂ emissions through reducing friction loss by quickly warming transmission oil to the appropriate temperature during engine start-up. Furthermore, in recent years, we have added a product lineup that maintains the same level of performance at half the height of previous models in order to further improve engine room layout. This has also resulted in reduced use of resources.

KEY PERFORMANCE

Performance

Equivalent to
previous models

Height reduction

-35 mm
(Compared to previous models)

Injection Skin Instrument Panel



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

This new skin was developed jointly with Nissan Motor Co., Ltd. By significantly modifying the skin manufacturing method (i.e., improving thermal efficiency), we successfully reduced the cycle time by 82% and CO₂ emissions by 47% compared to the previous method.

KEY PERFORMANCE

Cycle time reduction

-82 %

CO₂ emissions

-47 %

(Compared to previous models)

Eco-Friendly Products Widely Used in the Market

Examples of Existing Eco-Friendly Products

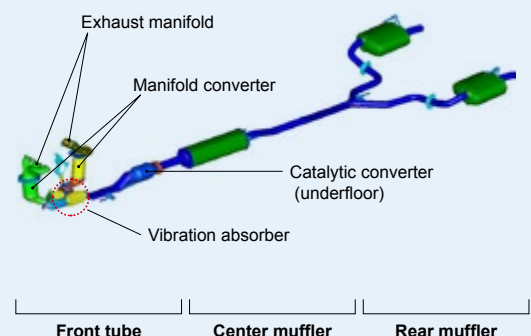
With the increasing interest in environmental issues and continued tightening of exhaust regulations in countries and regions around the world, the functions required of exhaust systems are becoming more advanced, calling for high-level development technologies.

Calsonic Kansei develops and manufactures optimal products in order to live up to the high level of functions required as an exhaust system supplier.

Main Features of Our Exhaust System

- **Exhaust manifold:**
Lightweight, compact, and low heat capacity achieved using SUS materials, contributing to prompt catalyst activation.
- **Manifold converter:**
Available either integrated with the exhaust manifold or as a separate device. The integrated unit particularly contributes to weight reduction and low heat capacity due to the exclusion of the flange for tightening.
- **Catalytic converter (underfloor)**
Set in an optimal position while ensuring the required catalytic capacity. The manufacturing time has been significantly reduced through the elimination of the heat shield for the spinning converter and a reduction in the number of parts.
- **Vibration absorber**
The vibration performance and exhaust system durability have been improved through the isolation of the exhaust system. Two types of vibration absorbing equipment (flexible tube and spherical joint) are available depending on the optimal part for the vehicle layout.

Example of an Exhaust System



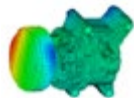
Foundation of *Monozukuri* that Supports Eco-Friendly Products

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

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

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

Examples of CAE Usage



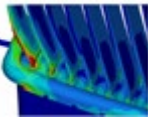
Compressor vibration analysis



Cockpit module lower limb failure value analysis



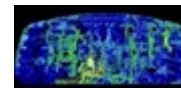
Instrument panel resin cooling analysis



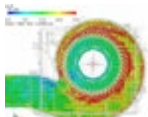
Heat exchanger thermal stress analysis



Power module solder thermal fatigue analysis



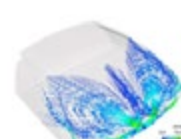
Meter electronic substrate Electro-Magnetic Compatibility (EMC) analysis



Sirocco fan airflow noise analysis



Air-conditioning system cooling performance analysis



Vehicle interior demisting performance analysis

Ensuring High Product Reliability

In the fields of safety, environment, and comfort technology, we have reproduced market environments through state-of-the-art equipment and experimental technologies in order to ensure a high level of reliability from the customer's perspective in the three levels of vehicles, systems, and components. We ensure that our reliability assurance process is carried out without fail, in pursuit of developing products that are safe, durable, and that satisfy our customers.

Reliability Assurance on Three Levels



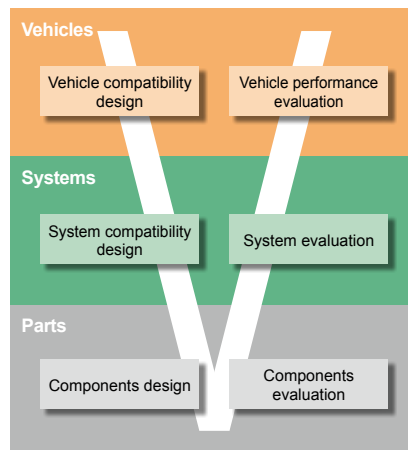
Actual vehicle anechoic chamber



Inverter test bench



Compressor performance evaluation



Real car environment wind tunnel



Lower limb failure evaluation test facilities



Thermal fatigue assessment exhaust simulator

Strengthening R&D Structure to Achieve Further Technical Innovations

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

Key Points for a Stronger R&D Structure

Enhancement of Global Development Functions

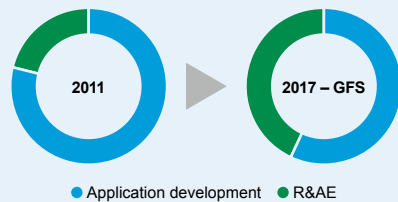
- Promoting R&D work transfer from Japan by nurturing existing development centers in the United States, Mexico, the United Kingdom, France, and China

Utilization of Offshore Development Centers; Development of Global Information Platforms

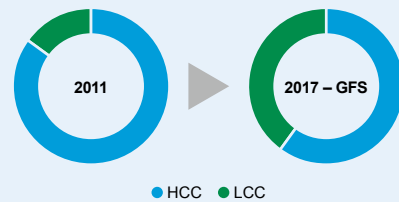
- Improvements to the added value of development functions in Japan

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

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



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

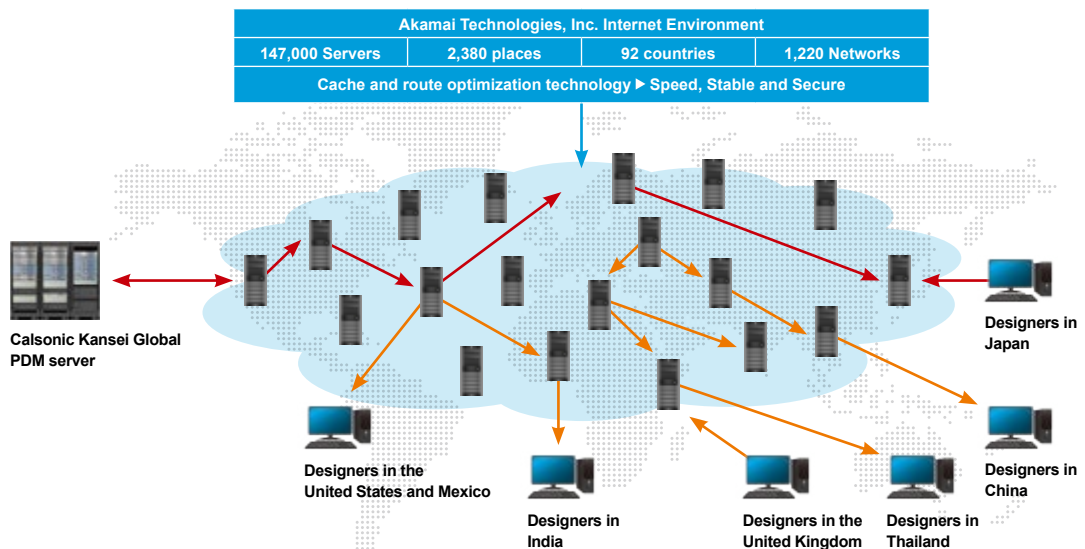


Constructing a Global Technical Development Structure

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

In fiscal 2015, we connected the system to our sites in the United States, the United Kingdom, France, and China, and are planning to introduce the system in India and Thailand in fiscal 2016.

PDM that Supports Global R&D



FISCAL 2015 ONGOING CSR ACTIVITIES



About Notations for Boundary (Indicating Scope of Activity)

-  Calsonic Kansei only
-  Calsonic Kansei and Group companies in Japan
-  Overseas Group Companies

Organizational Governance

Internal Control and Governance

Policy



Stance toward Corporate Governance

Basic Stance

The Calsonic Kansei Group aims to improve corporate value and achieve stable long-term growth. To accomplish these goals, we believe it is vital to contribute to creating a prosperous society through our business activities and to have excellent relationships with all of our stakeholders. Based on this viewpoint, we are striving to enhance our corporate governance.

Basic Policies

- (1) Strive to secure the rights and fair treatment of shareholders, and create an environment in which those rights can be exercised appropriately.
- (2) Strive to cooperate with non-shareholding stakeholders in an appropriate manner.
- (3) Disclose information in compliance with laws and regulations and shall strive to ensure transparent management through proactive communication and supply of information.
- (4) Ensure that the roles and responsibilities of the Board of Directors are performed in an appropriate manner to secure transparent, sound, and responsive decision-making.
- (5) Strive to have constructive mutual dialogues with shareholders by supplying information in a timely and appropriate manner.

System



Corporate Governance System

Calsonic Kansei has built a corporate governance system led by its Board of Directors, auditors, and Board of Auditors.

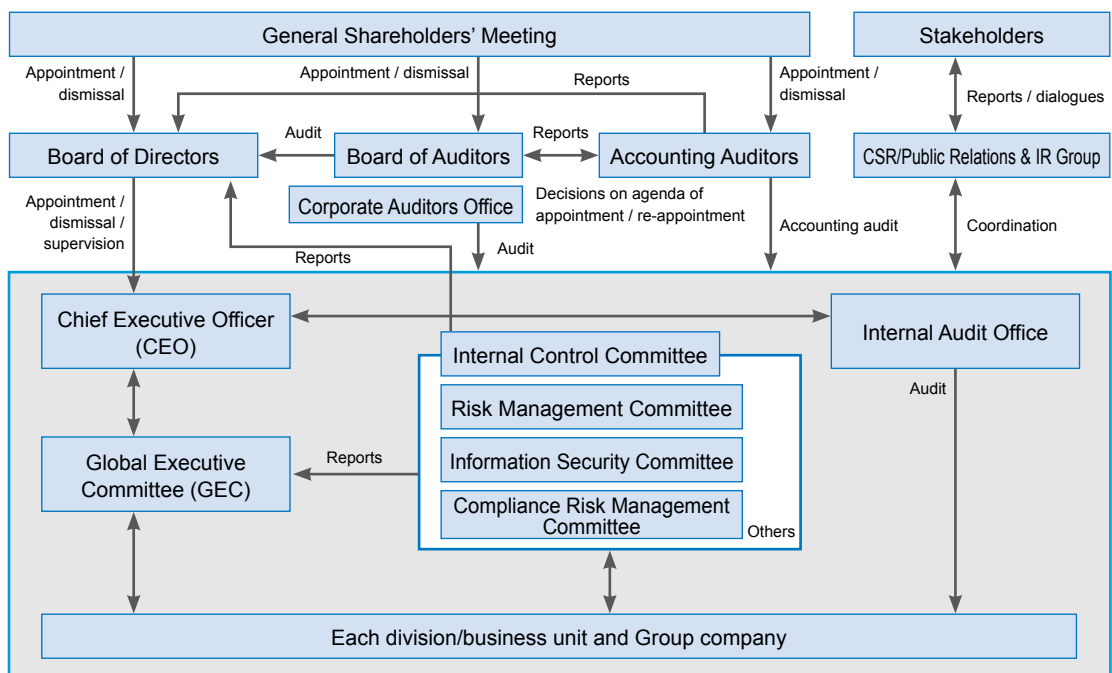
Board of Directors meetings are called and chaired by the Chairman of the Board of Directors or the President.

There are five directors, and one of these is an outside director. This ensures that a variety of viewpoints are incorporated into management decisions and strengthens the mutual-monitoring function among the directors.

The auditors conduct a thorough audit of the directors' performance from a professional perspective. Furthermore, two of the four auditors are outside auditors, ensuring audits are conducted from a more independent standpoint and strengthening the auditing function.

We have selected the current system because we believe these measures will ensure the effectiveness of our corporate governance.

Corporate Governance System



Policy

CK

Compliance with Japan's Corporate Governance Code

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

As for Principle 4.8 Effective Use of Independent Directors (at least two), Calsonic Kansei appointed its first independent outside director at the June 2015 General Meeting of Shareholders. We strive to ensure diversity among the members of the Board of Directors, including appointment of at least two outside directors, in order to further improve our corporate governance.

We will continue to actively adopt the management practices required by the Corporate Governance Code, working toward creating a sustainable society while holding dialogues with our stakeholders.

System

Japan

Overseas

Construction of Internal Control System

We have built an internal control system with a structure for ensuring appropriate business operation. We have also established the Calsonic Kansei Basic Policy on Internal Control, along with relevant company rules and regulations such as Calsonic Kansei Code of Conduct (Japanese version), Regulations for Meetings of the Board of Directors, Regulations on Safety and Health Management, and Regulations for Management of Insider Trading Prevention. We ensure that our board members and employees are thoroughly familiar with these rules and regulations and that their performance of duty fulfills our company's social responsibilities.

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

System

Japan

Overseas

CSR-Related Governance System

The Calsonic Kansei Group has established various types of committees chaired by company executives based on both environmental and social aspects.

Each committee regularly submits reports to the GEC. Following deliberation, these reports are summarized by the Internal Control Committee and submitted for discussion to the Board of Directors, the highest decision-making body.

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

In fiscal 2015, there were no legal violations with respect to the environment, labor, bribery, anti-competitive activities, information security, product safety, or exports. As such, Calsonic Kansei was not subject to any sanctions such as fines.

Furthermore, in the same fiscal year, we received no complaints about any issues affecting society.

Committee	Report to the Board of Directors	GEC	Responsible executive's title and division
Risk Management Committee	3 times/year (jointly reported)	3 times/year	Senior Vice President, Global Corporate Development Division
Information Security Committee		2 times/year	Executive Vice President and Chief Information Officer, Global IS & Process Innovation Division
Compliance Risk Management Committee		1 time/year	Senior Vice President, Global Corporate Development Division
Health and Safety Management		4 times/year	Senior Vice President, Global Corporate Development Division
Environment Management Meeting		2 times/year	Executive Vice President, Global Production Division
Export Control Committee		2 times/year	Senior Vice President, Global Corporate Development Division
Internal Audit (Office)		2 times/year	2 times/year

Organizational Governance

Risk Management

Policy

Japan

Overseas

Basic Stance

At Calsonic Kansei, we have established a Risk Management Committee in order to support global business expansion and further diversify risk. This committee is composed of GEC* members and the executive in charge of the Global Corporate Development Division serves as the Chairman. The PDCA cycle for risk management activities, which includes the identification of major risks and the development of response plans, is then implemented by the executives responsible for each business unit, functional division, and region.

* GEC: Meeting for which the CEO serves as Chairman

System

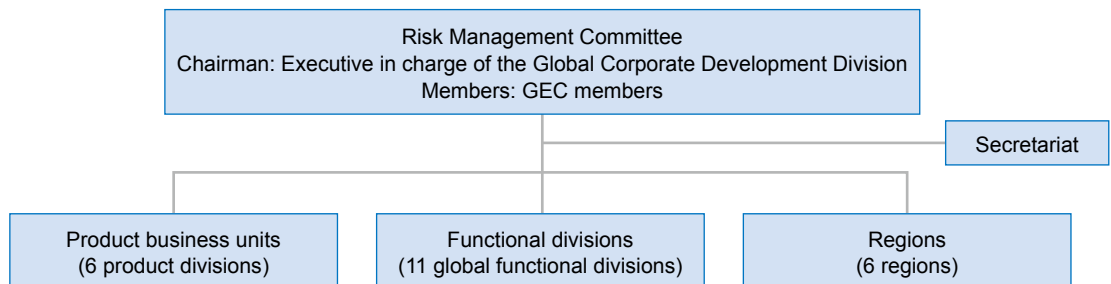
Japan

Overseas

Risk Management Promotion System

The Risk Management Committee globally oversees six product business units, 11 functional divisions, and six regions, and strives to conduct proper risk management by engaging in activities that reduce or eliminate risks.

Risk Management Promotion System



Activities of the Risk Management Committee

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

In fiscal 2015, the Risk Management Committee identified a total of four issues as major risks for the entire Group, such as large-scale disasters, production continuity (supply risk), quality, and China Compulsory Certification (CCC). The Committee then formulated measures based on an execution plan, and evaluated the execution status and results of these measures.

The Committee identified risks unique to each region, formulated an activity plan, and evaluated the results of the measures taken, in addition to implementing steps to address major risks common to the entire Group worldwide.

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

System

Japan

Overseas

BCP Preparation

At the Calsonic Kansei Group, we have established the Disaster Management Regulations as part of business continuity planning (BCP) in preparation for disasters such as earthquakes and typhoons. The Company-Wide Disaster Prevention Manual has also been developed as the action guide that employees should follow based on these regulations.

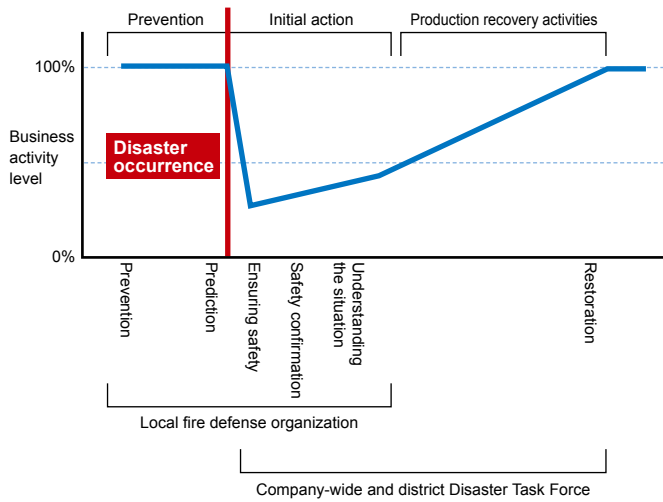
The Central Disaster Task Force has been established within the Group Headquarters in the event of a disaster that could interfere with production continuity in the Group. In preparation for interruption of power transmission to the Central Disaster Task Force, emergency power generators are installed along with multiple means of communication including satellite phones.

Up until now the Central Disaster Task Force has come into action on two occasions—the Great East Japan Earthquake and the major flooding in Thailand—and in these cases it managed to secure the safety of employees and achieve rapid recovery of production.

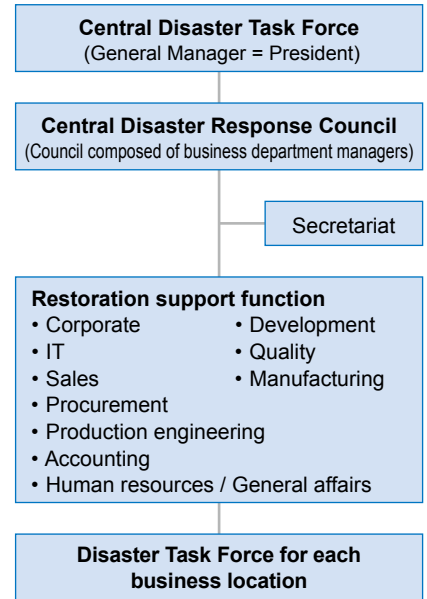
Furthermore, in preparation for large-scale major earthquakes, we have installed emergency earthquake warning systems in the Group's business locations in Japan, as well as emergency power generators in manufacturing locations where there is the possibility of fire so that fire-fighting measures can be conducted at any time.

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

Basic Response in the Event of a Major Earthquake



Disaster Prevention System



Initial fire extinguishing training



Basic first aid training

Activities

Japan

Disaster Response Activities in Fiscal 2015

At Calsonic Kansei, we introduced a safety confirmation system in fiscal 2014. We conduct safety trainings based on annual safety training plans, and these measures have been gradually introduced at Group business locations in Japan since fiscal 2015.

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



Groundwater membrane filtration system

Human Rights

Respect for Human Rights across Our Supply Chain

Policy

Japan

Overseas

Stance towards Respect for Human Rights

In the Calsonic Kansei Global Code of Conduct, the Calsonic Kansei Group clearly states that it respects diversity and human rights. Furthermore, we established the Basic Policy for Human Rights and the key Policy on Human Rights, and are taking initiatives to ensure that our employees as well as people in our supply chain respect human rights and labor standards.

Calsonic Kansei Code of Conduct (excerpt)

- 1 We will accept and respect the diversity (race, nationality, gender, religion, disability, age, place of birth) of employees, business partners, customers, and the local community. In addition, we will work effectively to utilize the mutual diversity of executives and employees in all means possible in an effort to maximize the strength of the organization.
- 2 We will not discriminate against or harass other officers and employees or allow discrimination or harassment to occur due to race, nationality, gender, religion, disability, age, place of birth, or any other reasons.

Policy

Japan

Overseas

Human Rights Policy

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

Basic Policy for Human Rights (published on April 1, 2016)

The Calsonic Kansei Group ("CK") is committed to the "CSR Policy" on social responsibility, and strives to develop a corporate culture and workplace environment that respects the basic human rights of employees.

This policy is intended to indicate the direction of all of future activities by CK. CK will make efforts to identify actual and/or potential risks for all of its stakeholders, to avoid, reduce, and prevent such risks, and will commit to strive toward making the necessary improvements.

1. Respect for International Norms

CK respects and supports international norms, such as the International Bill of Human Rights (Universal Declaration of Human Rights, the International Covenants on Human Rights), the Guiding Principles on Business and Human Rights, the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work, and ISO 26000. CK observes the law and rule in each relating country, and strives to protect fundamental human rights.

2. Range of Application

This policy is applied to the executives and employees of the Calsonic Kansei Group and the subsidiary companies. Moreover, CK appeals to its business partners and other associates by distributing the CSR Guidelines for Suppliers, and seeks the cooperation from all parties it does business with.

3. Identification of Risks to Human Rights

CK takes various steps to and reduce and avoid potential issues through the activities of the Risk Management Committee. In particular, we work to identify and manage regional human rights risks as part of our global activities.

4. Human Rights Due Diligence in our Supply Chain

CK continuously develops its Sustainability Due Diligence framework and acts in accordance with this principle. Business partners' human rights obligations are also confirmed in this process. CK acts affirmatively if it is determined that improvements are necessary, and seeks to make the necessary changes. We provide specialized education to divisions involved in human rights due diligence, in order for them to develop abilities that will contribute to the identification of human rights risks in our supply chain.

5. Training and Education

Through regular e-mail, the company intranet, and seminars, CK strives to nurture a positive corporate culture by continuously educating all employees within the Calsonic Kansei Group about human rights.

6. Policy on Human Rights

CK emphasizes the following items as part of its key Policy on Human Rights. Under this key policy, CK strives to create a positive workplace environment, and avoid or eliminate differences between the ideal and the actual workplace environment.

We also incorporate this policy into the CSR Guidelines for Suppliers, which we distribute to our business partners, and seek their cooperation and compliance.

Key Policy on Human Rights (established on April 1, 2016)

1. Discrimination

Do not discriminate in any aspect of employment (recruitment, employment, promotion, wages, dismissal, retirement, assignment of duties, disciplinary measures, etc.) on the basis of race, nationality, gender, sexual orientation, religion, disability, age, ethnicity, veteran's status, heredity, or any other legally protected status.

2. Respect for Human Rights

Do not tolerate any form of harassment in the workplace on the basis of race, nationality, gender, sexual orientation, religion, disability, age, ethnicity, veteran's status, genetics, heredity, or any other legally protected status.

3. Prohibition of Child Labor

Do not permit the employment of minors who do not meet the legal minimum working age of each country and region.

4. Prohibition of Forced Labor

Do not practice forced labor. Guarantee that all labor is voluntary and that employees are free to leave their jobs.

Note: Regarding conflict minerals, we will continuously exercise due diligence and comply with laws related to responsible mineral procurement.

(Also described in the CSR Guidelines for Suppliers)

5. Remuneration

Comply with the laws of each country and region regarding minimum wage, overtime, equal pay for equal work, wage deductions, performance-based pay, and other remuneration.

6. Working Hours

Comply with the laws of each country regarding the setting of employees' working hours (including overtime) and the granting of scheduled days off, paid annual vacation time and others.

7. Dialogue and Discussion with Employees

Recognize collective bargaining rights, and engage in good faith dialogue and discussions with employees or their representatives. Recognize employees' right to associate freely or not associate based on the laws of each country and region where business operations are executed.

8. Ensuring a Healthy and Safe Working Environment

Make the health and safety of employees in their operation the top priority and make every effort to prevent occupational accidents.

Policy



Handling of Conflict Minerals

As the world becomes progressively more borderless economically, companies are increasingly being asked to establish a structure that respects human rights across their entire supply chain. To respond to such a societal demand, Calsonic Kansei and its Group companies in Japan have developed the Response Policy for Conflict Minerals from the viewpoint of preventing human rights abuses in conflict zones. In 2012, we began taking initiatives such as surveying our business partners according to these Guidelines.

Human Rights

Respecting the Human Rights of Employees

Policy

Japan

Overseas

Zero-Tolerance for Discrimination and Respect for Diversity

With a sincere respect for global trends in human rights and labor standards, the Calsonic Kansei Group clearly states that the diversity and human rights of our executives and employees must be respected and that discrimination or harassment in any form or degree will not be tolerated. In addition, sexual harassment or any other form of harassment will not be tolerated in the workplace and we will make every effort to prevent harassment to ensure that none of our employees, whether male or female, experience it.

System

Japan

Overseas

Use of Internal Whistleblowing System

Should an act suspected of violating human rights occur in the workplace, the company must quickly assess the situation and take appropriate action. The Calsonic Kansei Group positions “respect for human rights and preventing human rights violations” as two of the most important issues we want to identify through our employee whistleblowing system. In application, this system ensures complete confidentiality so that the whistleblower will not be subjected to unfair treatment.

System

Japan

Human Rights Education and Training

In fiscal 2015, Calsonic Kansei and its Group companies in Japan began preparations for our Human Rights Education and Training program, such as formulating our human rights policy. In the first session, videos and booklets issued by the Center for Human Rights Education and Training were used in a human rights education program (one hour long) given to approximately 120 new graduates joining the company in 2016.

Thirteen out of 57 issues of the CSR News published for all employees each week covered topics related to human rights in order to increase human rights awareness among our employees.

In conjunction with the establishment of the Basic Policy for Human Rights and the Policy on Human Rights in April 2016, we actively plan to provide human rights education and training to all of our employees, including those of overseas Group companies.



A seminar for new employees

Labor Practices

Decent Work

Policy

Japan

Overseas

Stance on Labor Practices

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

Policy

Japan

Overseas

Basic Personnel Philosophy

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

The development of top human resources is essential in order to contribute to society as a top company that supports sustainable growth.

People	Motivated and Innovative People
Organization	Global and Diverse Organization
Culture	Challenging and “Care for you” Culture
Corporate citizen	Transparent and Ethical Behavior

Policy

Japan

Overseas

Sharing a Sense of Values

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

System

Japan

Fair Treatment and Evaluation

The Calsonic Kansei Group and its Group companies in Japan carry out a competency evaluation that uses the CK WAY and CKLC as evaluation axes. The evaluation is linked to annual salary and base pay, as well as to individual performance evaluation, which is linked to incentive pay. There is no difference in base pay or total compensation between male and female employees in the same labor rank.

Competency evaluation is held once a year, while the individual performance evaluation is held twice a year as an interview between an employee and their supervisor. During these meetings, evaluation feedback is provided and individual career development is also discussed.

System



Human resource Development

The Calsonic Kansei Group believes that human resources are vital above all else for achieving sustainable growth, and is committed to human resource development. We are deploying a variety of human resource development programs, particularly focused on *monozukuri* human resources and global human resources, and implemented them for 2,606 employees for a total of 61,394 hours in fiscal 2015 (23.6 hours per employee).

Monozukuri Human Resource Development

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

Introduction of the Skills Meister System

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

Global Human Resource Development

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



GBLT (Global Business Leader Training)

System



Dialogue toward Building a Better Working Environment

Employee Satisfaction Survey

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

In fiscal 2015, we achieved a 100% response rate at all of our global sites. In the past, the scores attained in the “Fact-Driven” and “Diversity” categories used to be low. However, they have been steadily improving year after year, confirming that these aspects of the CK WAY have been increasingly permeating the minds of our employees in the same way as other aspects. The results also showed that while the Calsonic Kansei Group excels in the “Challenge” and “Commit & Target” categories, there is room for improvement in the “Independence” and “People-Oriented” categories.

Taking these results to heart, each workplace, each business location, and the entire Calsonic Kansei Group will work to make improvements that will allow us to achieve a company that employees find rewarding to work for.

Japan

Labor-Management Relations

Based on the stance that healthy labor-management relations are essential for corporate growth, Calsonic Kansei and its Group companies in Japan have built stable labor-management relations with the Calsonic Kansei Group Union Confederation (CKGU). We strive to improve the working conditions of our employees and revise relevant systems through regular opinion exchanges at labor-management councils and the Working Style Improvement Committee. As of the end of March 2016, 100% of our employees (excluding those in managerial positions, re-hires, and non-regular workers) belonged to the CKGU.

Job reassignments are made from a long-term, human resource development viewpoint, after considering the individual employee’s career path desire identified through interviews with the HR Group and supervisor. At least three-month notice is given before a job transfer to ensure a fair transfer process.

Labor Practices

Diversity and Work-Life Balance

Policy

Japan Overseas

Stance on Diversity

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

System

Japan

Diversity Management

Since 2011, Calsonic Kansei and its Group companies in Japan have been carrying out diversity promotion activities, led by the Diversity Promotion Team “shine.net” composed of members appointed by individual divisions.

In addition to carrying out promotion activities based on workplace study groups and lectures, shine.net suggests measures and systems that support diverse working styles through opinion exchange meetings, advanced company benchmarking, etc.



An opinion exchange meeting

Activities

CK

Active Participation of Women

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

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

Activities

Japan Overseas

Active Participation of Foreign Employees

The Calsonic Kansei Group hires talented people regardless of their gender or nationality. Of the new graduates being hired in 2016, 10 have foreign citizenship. As of April 1, 2016, the overall number of employees with foreign citizenship was 75 (including contracted employees and loaned employee from overseas locations). We are also actively promoting employment of local employees in each region, with 34.9% of the officers at our local subsidiaries hired locally.

Activities

CK

Active Participation of People with Disabilities

As well as actively hiring people with disabilities, Calsonic Kansei is taking steps to promote better understanding through human rights seminars in order to create a workplace that is friendly to employees with disabilities. Besides promoting employment of women and people with foreign citizenship, we are currently actively expanding both the employment of and jobs open to people with disabilities. As of the end of March 2016, employees with disabilities accounted for 1.93% of our workforce.

Policy

Stance on Work-Life Balance

Japan

We understand the changes in the social structure taking place year after year, and the increasingly diverse lifestyle of our employees. In order to provide support for these changes, Calsonic Kansei and its Group companies in Japan have developed and implemented various systems and measures based on the Act on Advancement of Measures to Support Raising Next-Generation Children that go above and beyond the levels stipulated by law.

We have made some systemic reforms designed to improve work-life balance for our employees. For example, starting in fiscal 2016, we increased the length of vacation allowed for honeymoons, as well as the number of paid holidays for employees who have been with the company less than one year. Additionally, we are continuing to take various other steps, such as an initiative to introduce telecommuting in order to support diverse working modes.

System

Supporting Childbirth, Childcare, and Nursing Care

Japan

Calsonic Kansei and its Group companies in Japan are striving to enhance their personnel and employee benefit and welfare systems in order to enable all employees to securely and energetically work in accordance with their current life stage, individual situations, and sense of values. In recent years, we have been putting particular effort into enhancing the system that supports childbirth, childcare, and nursing care, in order to help create a society in which women's abilities are valued and fully utilized.

Year after year, we have been enhancing systems that help employees continue their working careers or smoothly return to work. For example, in fiscal 2015, we expanded employee eligibility to work shorter hours for childcare up until the year of their child's elementary school graduation. Then starting in fiscal 2016, we expanded eligibility for assistance for family dependents, extended the length of childcare leave (until the end of April following the child's second birthday), and instituted a regular interview system to check in with employees who are on leave of absence. In fiscal 2015, 100% of employees who had taken leave returned to work.

Activities

Kurumin Mark Certification

CK

In May 2015, Calsonic Kansei was certified by the Saitama Labor Bureau of the Ministry of Health, Labour and Welfare as a "Corporation Actively Involved in Supporting Parenting," conforming to the standards specified in the Act on Advancement of Measures to Support Raising Next-Generation Children, and acquired the Kurumin mark certificated by the Minister of Health, Labour and Welfare of Japan. We are continuing to implement our General Employer Action Plan, which covers the period up to March 31, 2017.



System

Re-employment of Retirees

Japan

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

CK

Employee Data

	Units	FY2012	FY2013	FY2014	FY2015
Number of regular employees	People	3,615	3,577	3,622	3,643
Breakdown	Male	3,344	3,300	3,346	3,352
	Female	271	277	276	291
Average age	Years	44.0	44.6	44.2	44.4
Length of continuous employment	Years	19.8	20.3	19.6	19.4
Turnover rate (personal circumstances)	%	1.2	1.3	1.2	1.0
Average yearly salary	Yen	5,939,869	5,877,960	6,055,373	6,237,718
Rate of employment of people with disabilities	%	1.87	1.89	1.85	1.93
Number of employees taking child care leave	People	14	14	15	13
Number of employees taking nursing care leave	People	0	1	2	0

Labor Practices

Occupational Health and Safety

Policy

Japan Overseas

Global Basic Policy on Health and Safety

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

System

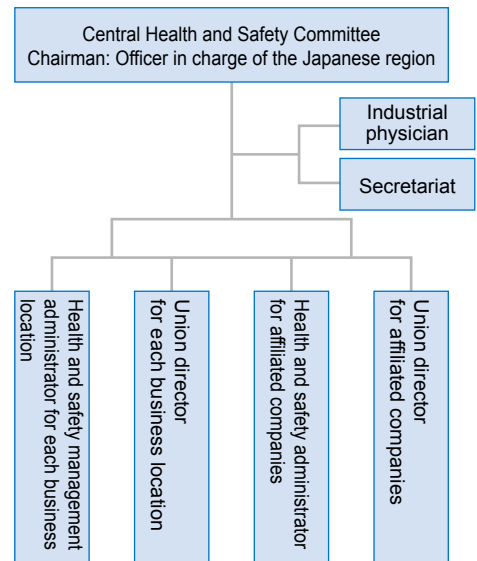
Japan

System for Occupational Health and Safety Activities

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

In fiscal 2015, based on the results of discussions in the Central Health and Safety Committee, we chose to focus our efforts on the issues of (1) Safe operations, (2) Fire prevention, and (3) Maintenance of mental and physical health. In addition, we promoted wide implementation of safety and disaster prevention systems, such as the Safety Evaluation System (SES) and the Fire-Prevention Evaluation System (F-PES), in addition to mental health measures. We promoted activities to maintain or improve health and safety.

Occupational Health and Safety System



System

Japan

Risk Assessments

Calsonic Kansei and its Group companies in Japan set forth challenges every year and try to improve their level of performance. In fiscal 2012, risk assessments were carried out for training, and one risk assessment was submitted for business location. In fiscal 2013, one risk assessment was conducted for each team, and in fiscal 2014 at least one risk assessment was conducted by each group leader, in efforts to reach even higher levels.

In fiscal 2013, risk assessment was conducted on processes and equipment that had been involved in an accident over the past five years, and preparation tasks, processes, and equipment involved in a short-period stop at plants with no accidents. In fiscal 2015, we also began conducting risk assessment on chemical substances in addition to workplace accidents.

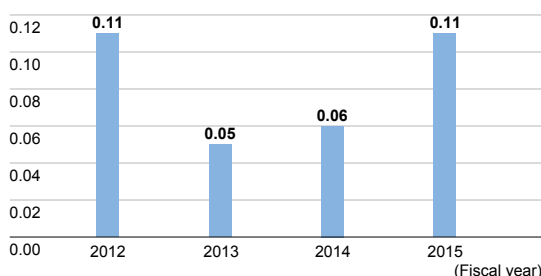
Activities

Japan

Fiscal 2015 Results

There were no serious accidents or fatalities at Calsonic Kansei or its Group companies in Japan in fiscal 2015. However, the number of accidents requiring time off from work increased from one in fiscal 2014 to two in fiscal 2015.

Frequency Rate of Accidents Requiring Time Off from Work



Frequency rate = number of accidents per million hours of labor
 = (number of accidents) ÷ (total working hours) × (1,000,000 hours)

Note: In the 2014 Sustainability Report, the shown frequency rate covers only Calsonic Kansei. Beginning with the fiscal 2015 report, the rate covers Calsonic Kansei and its Group companies in Japan.

System

SES (Safety Evaluation System)

Japan

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

Evaluators qualified through a certification system conduct inspections based on a common SES checklist used for every business location within the Group. The level of improvement is also confirmed in these checks.

Evaluation results are issued separately for each business location. We aim to improve safety levels for the entire Group by identifying differences in safety levels among Group companies through evaluations conducted using the same SES standards. Inspections are also conducted based on an SES checklist when supervisors make their rounds at plants in an effort to maintain or improve safety levels.



An inspection

System

Fire-Prevention Evaluation System (F-PES)

Japan

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

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

System

Mental Health

Japan

At Calsonic Kansei and its Group companies in Japan, an external expert has conducted stress checks on employees every year since fiscal 2008. The participation rate was 96% in fiscal 2015. Employees with high levels of stress received advice from a specialist doctor. This program also satisfies the requirements of the stress check system legally required since December 2015.

Diagnosis results are not submitted to the company in consideration of personal information protection. However, managers are able to confirm the level of stress by workplace unit. By looking at data of their workplace that has been analyzed from various perspectives, they can improve the work environment.

External counseling experts are invited to divisions with particularly high levels of stress. These experts listen to opinions from employees and their supervisors in order to clarify any gaps and devise improvement plans.

In the past, mental health care seminars were offered for all newly appointed management personnel. However, it was determined from an analysis of stress levels by position, gender, age, and division that stress was high among young employees and mid-career employees. As a result, from fiscal 2013 mental health care seminars were established for general employees advancing to a higher position. The intranet also provides information on websites for medical institutions and counselors as part of efforts to encourage care at an early stage.

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

Stress check

Response provided over the Internet to employees with an email address and by a letter to employees without an email address

Feedback on the diagnosis results to the respondent

Consultations with employee assistance program provider

(Internet, letters, telephone, interviews, etc.)

Introduction of medical institutions

Follow-up by doctors (follow-up letter)
Stress level report to the department

Environment

Environmental Management

Policy



Basic Stance

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

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

Policy



Environmental Policy

Environmental Philosophy

With the aim of creating a pleasant natural environment and contributing to enriching society, Calsonic Kansei strives to protect the global environment by promoting intellectual innovation through technology integration, while at the same time encouraging its employees to always be aware of the basic principle of harmonious coexistence with nature.

Basic Environmental Policy

To contribute to building a more prosperous society, we strive to protect the environment at every stage of our business activities.

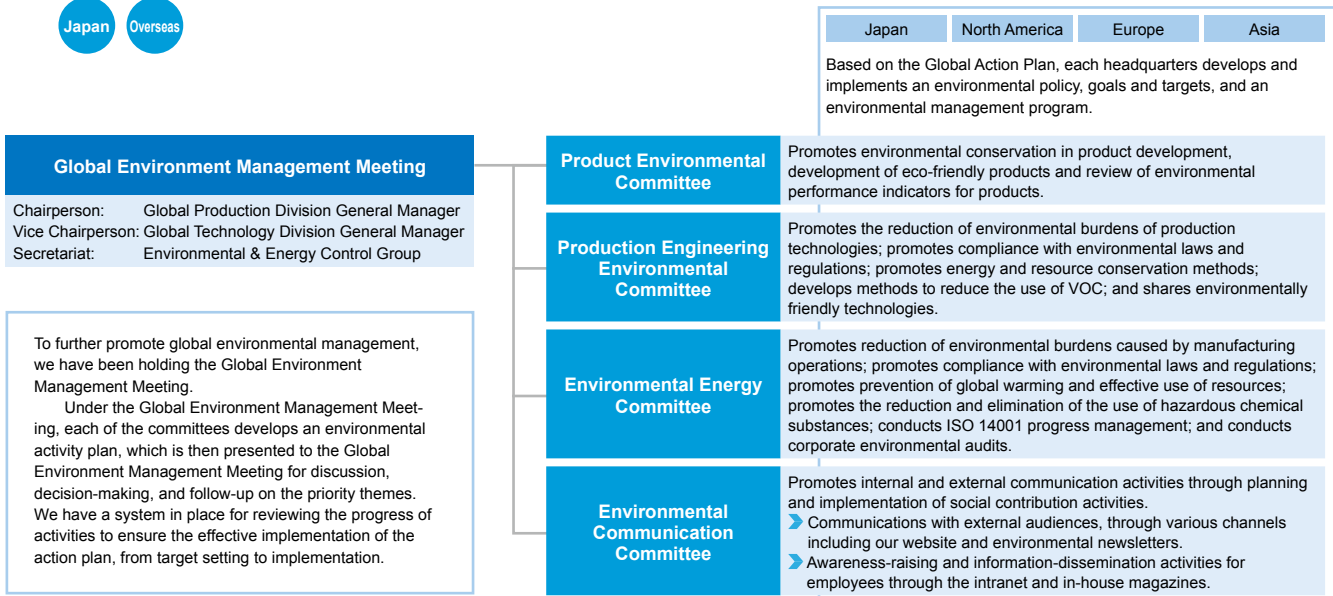
Environmental Policy

- 1 Establish an organization that promotes environmental protection activities.
- 2 Continuously improve and upgrade the environmental management system.
- 3 Comply with applicable environmental laws and regulations.
- 4 Conduct environmental audits.
- 5 Promote resource- and energy-saving, waste reduction, recycling, and streamlined logistics.
- 6 Reduce and eliminate the use of VOC (volatile organic compounds).
- 7 Develop eco-friendly products.
- 8 Conserve water, air, soil, and biodiversity.
- 9 Implement the same level of environmental activities at each Group site as implemented in Japan.
- 10 Actively disclose environmental information.

System



Calsonic Kansei Group Environmental Management Promotion System



Policy



Mid-Term Environmental Plan: Calsonic Kansei Green Program 2016

The Calsonic Kansei Group defines goals and conducts activities based on the Calsonic Kansei Green Program 2016 mid-term environmental plan implemented between fiscal 2011 and fiscal 2016.

Item	Target					
	Category	Region	Yearly	FY2015 target	FY2015 results	FY2016 target
Reduction of CO₂ emissions (Reduction of energy usage) ● Reduction of production CO ₂ emissions per unit (Emissions/sales) ● Office CO ₂ reduction per unit (Emissions/floor space)	Production CO ₂	Japan	Yearly	2.5% reduction compared to FY2014	1.8% reduction compared to FY2014	18.5% reduction compared to FY2005
			2016 midterm	16.4% reduction compared to FY2005	29.6% reduction compared to FY2005	
		North America, Europe, and Asia	Yearly	2.5% reduction compared to FY2014	7.0% reduction compared to FY2014	13.6% reduction compared to FY2005
			2016 midterm	11.4% reduction compared to FY2005	26.1% reduction compared to FY2005	
	CO ₂ from logistics Transport ton-kilometer	Japan	Yearly	1.0% reduction compared to FY2014	16.0% reduction compared to FY2014	22.0% reduction compared to FY2010
			2016 midterm	21.0% reduction compared to FY2010	35.0% reduction compared to FY2010	
	CO ₂ from office	Japan	Yearly	1.0% reduction compared to FY2014	1.7% reduction compared to FY2014	6.0% reduction compared to FY2010
			2016 midterm	5.0% reduction compared to FY2010	6.1% reduction compared to FY2010	
Resource recycling ● Reduction of waste per unit (waste/sales)	Waste (Waste for disposal + reusable resources)	Japan	Yearly	2.0% reduction compared to FY2014	0.7% reduction compared to FY2014	18.1% reduction compared to FY2005
			2016 midterm	16.4% reduction compared to FY2005	27.0% reduction compared to FY2005	
		North America, Europe, and Asia	Yearly	1.0% reduction compared to FY2014	7.1% reduction compared to FY2014	6.0% reduction compared to FY2010
			2016 midterm	5.0% reduction compared to FY2010	17.9% reduction compared to FY2010	
Conservation of water, air, soil and biodiversity ● Usage per unit (usage/sales)	Water consumption	Japan	Yearly	2.0% reduction compared to FY2014	2.5% reduction compared to FY2014	22.4% reduction compared to FY2009
			2016 midterm	20.8% reduction compared to FY2009	7.0% reduction compared to FY2009	
		North America, Europe, and Asia	Yearly	2.0% reduction compared to FY2014	15.1% reduction compared to FY2014	4.0% reduction compared to FY2014
			2016 midterm	2.0% reduction compared to FY2014	15.1% reduction compared to FY2014	
	VOC	Japan	Yearly	2.0% reduction compared to FY2014	2.6% reduction compared to FY2014	30.0% reduction compared to FY2000
			2016 midterm	30.0% reduction compared to FY2000	85.1% reduction compared to FY2000	
Zero Landfill (reduce landfill waste to zero) ● Landfill rate (Landfill waste/waste amount)	Landfill waste	North America, Europe, and Asia	2016 midterm	0.2% or less	0.17%	Maintaining zero landfill

Policy



Establishing ISO 14001 Environmental Management System

Since 1998 the Calsonic Kansei Group has been promoting the acquisition of ISO 14001, an international standard for environmental management systems. All 13 sites in Japan and 18 sites overseas have been certified, comprising all Calsonic Kansei plants, the Testing Research Center, and the Research and Development Center and Headquarters, which represents a 100% acquisition rate for the Calsonic Kansei Group.

Aiming to improve the level of our environmental management system, we will also expand the number of internal audit personnel at each business location while conducting internal audits led by the Headquarters Environmental & Energy Control Group and external audits by inspection agencies on a regular basis.

ISO 14001 Certification Status

Certification status of Calsonic Kansei	
Plant/office name	
Japan	Gunma Plant
	Kodama Plant
	Oppama Plant
	Yoshimi Plant
	Testing Research Center
	R&D Center, Headquarters

Certification status of major Group companies in Japan	
Company name	
Japan	Calsonic Kansei Iwate Corporation
	CKK Corporation
	Calsonic Kansei Utsunomiya Corporation
	CKF Corporation
	Tokyo Radiator Mfg. Co., Ltd.
	CKP Corporation
	Calsonic Kansei Yamagata Corporation

Certification status of major Group companies overseas	
Company name	
North America	Calsonic Kansei North America, Inc., Shelbyville Plant
	Calsonic Kansei North America, Inc., Lewisburg Plant
	Calsonic Kansei Mexicana, S.A. de C.V., Aguascalientes Plant
	Calsonic Kansei Mexicana, S.A. de C.V., San Francisco Plant
Europe	Calsonic Kansei Sunderland Limited
	Calsonic Kansei UK Limited, Washington Plant
	Calsonic Kansei UK Limited, Llanelli Plant
	Calsonic Kansei Spain, S.A.
	Calsonic Kansei Romania S.R.L.
Asia	Daihan Calsonic Corporation
	Calsonic Kansei Korea Corporation
	Calsonic Kansei Malaysia Sdn. Bhd.
	Calsonic Kansei (Wuxi) Corporation
	Calsonic Kansei (Wuxi) Components Corporation
	Calsonic Kansei (Guangzhou) Components Corporation
	Calsonic Kansei Thailand Co., Ltd.
	Calsonic Kansei Components (Xiang Yang) Corporation
	Calsonic Kansei (Haimen) Corporation
	Calsonic Kansei Motherson Auto Products Limited

Activities



Conducting Environmental Audits at Overseas Sites

During fiscal 2015, we conducted environmental audits at overseas sites where we identified and managed risks. These audits will continue through fiscal 2016.



Checking a cafeteria grease trap

Activities



Response to Scope 3 Emissions

Aiming to reduce CO₂ emissions from the value chain, from fiscal 2016, the Calsonic Kansei Group began an initiative to calculate emissions under the Scope 3 Greenhouse Gas Protocol, and these have been calculated in two categories. Moving forward, we will further expand the scope of these calculations and plan to announce the results from Sustainability Report 2017.

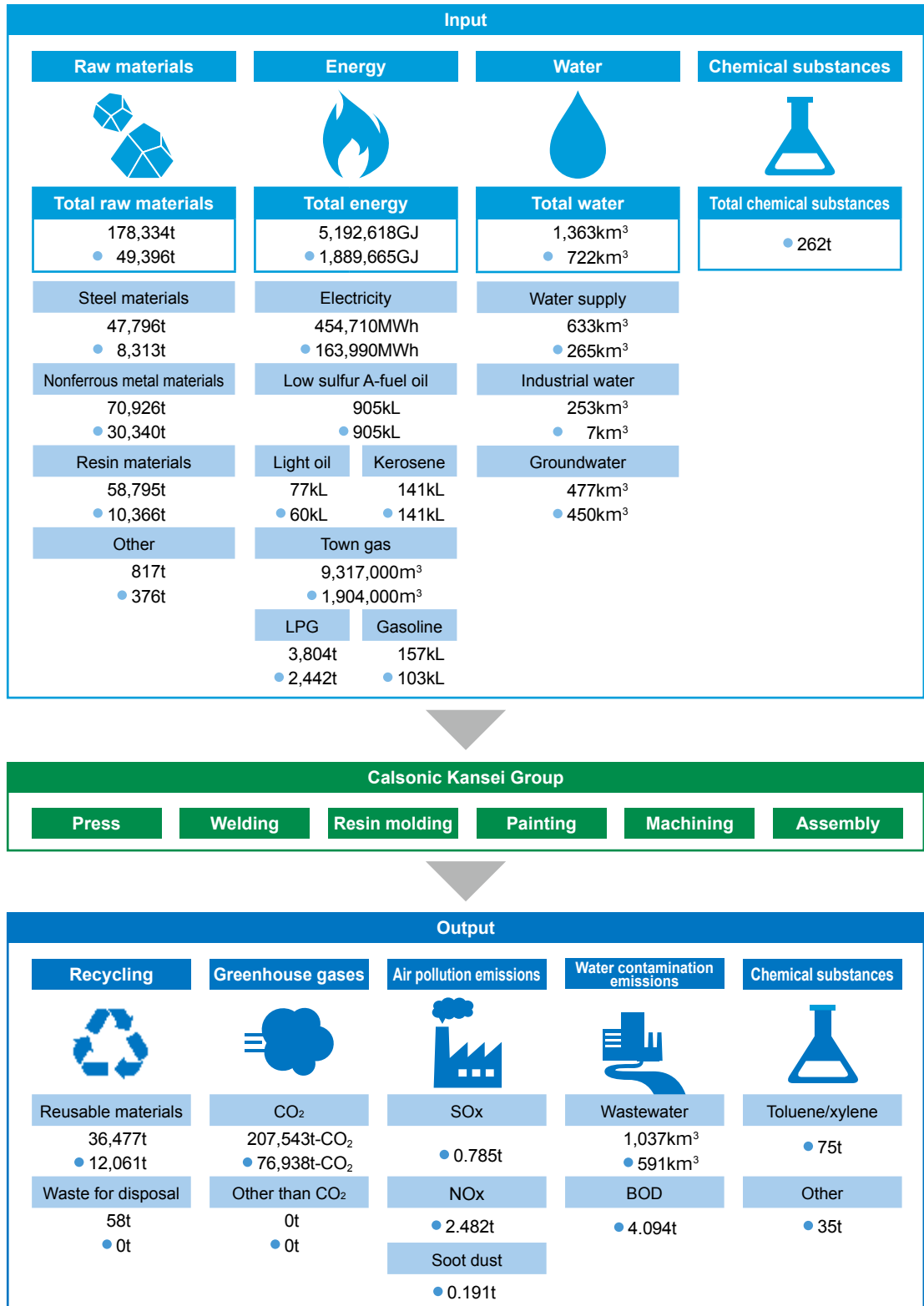
Activities



Fiscal 2015 Environmental Burden

No mark: Calsonic Kansei Group (Calsonic Kansei and Group companies in Japan and overseas)

●: Calsonic Kansei and Group companies in Japan



Activities



Environmental Accounting

The Calsonic Kansei Group has established a system of quantitative accounting and evaluation of the economic effects of environmental conservation measures, and the costs of environmental conservation and effects of related activities, which it uses to achieve sustainable business operations.

Environment Conservation Costs

Environmental conservation costs are the investment and expenditures related to our environmental activities measured in monetary units.

(Unit: million yen)

Classification		Investments			Expenditures		
		FY2014	FY2015	Changes	FY2014	FY2015	Changes
1. Costs within each business area for reduction of environmental burden		163	534	371	502	497	(5)
Pollution prevention costs	Costs of prevention of air, water, soil, and noise pollution	50	74	24	189	209	20
Environmental conservation costs	Cost of energy saving, resource saving, and phasing out environmentally hazardous substances	112	451	339	59	55	(4)
Resource recycling costs	Costs of reduction, recycling, and disposal of industrial waste	1	9	8	254	233	(21)
2. Upstream/downstream costs		0	0	0	20	35	15
3. Management activity costs		11	23	12	161	163	2
4. Environmental research and development costs		449	423	(26)	4,212	4,518	306
5. Social activities costs		0	0	0	8	8	0
6. Environmental damage treatment costs		0	0	0	3	31	28
Total		623	980	357	4,906	5,252	346

* Brackets indicate a decrease from the previous fiscal year.

Environmental Conservation Effects

Environmental conservation effects are assessed both from the quantitative effect, which is evaluated based on the reduction in substances causing environmental burdens, and the economic aspect, which is evaluated based on the amount of money.

The economic effect is calculated as the total costs saved due to environmental activities (concrete effects of energy-saving activities, etc.) and total revenue from environmentally friendly activities (income from selling valuable resources, etc.).

Classification		FY2014	FY2015	Effects
Quantitative effects	1. Environmental conservation effects related to resources used in business operations (quantity)			
	Total energy use after conversion to CO ₂ (t)	203,354	207,543	4,189
	Water consumption (km ³)	1,379	1,363	(16)
	2. Environmental conservation effects related to waste for disposal produced in business operations (quantity)			
	Total amount of waste (t)	35,854	36,535	681
Amount recycled (t)	35,706	36,477	771	
Amount disposed (landfill) (t)	148	58	(90)	
PRTR* substances (release/transfer) (t)	115	110	(5)	
Economic effects	3. Economic effects of environmental conservation policies (million yen)	9,632	10,729	1,097
	Reduced costs through energy saving	180	177	(3)
	Reduced costs related to water use	1	1	0
	Revenue from sales of eco-friendly products	8,293	9,326	1,033
	Income from selling valuable resources	1,158	1,225	67

* Brackets indicate a decrease from the previous fiscal year.

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

Basic Items

1. Target period: Fiscal 2014 (April 2014 to March 2015)
Fiscal 2015 (April 2015 to March 2016)

2. Scope of statistics:

Calsonic Kansei Corporation

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

Group companies in Japan

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

Overseas Group companies

North America	Calsonic Kansei North America, Inc. Calsonic Kansei Mexicana, S.A. de C.V.
Europe	Calsonic Kansei UK Limited Calsonic Kansei Sunderland Limited Calsonic Kansei Spain, S.A. Calsonic Kansei Romania S.R.L.
Asia	Daihan Calsonic Corporation Calsonic Kansei Korea Corporation Calsonic Kansei affiliates in China Calsonic Kansei (Thailand) Co., Ltd. Calsonic Kansei (Malaysia) Sdn. Bhd. Calsonic Kansei Motherson Auto Products Limited

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

Activities



Environmental Action Plan (Fiscal 2015 Plan and Results)

As a result of the Calsonic Kansei Green Program 2016 (CKGP 2016) mid-term environmental plan implemented between fiscal 2011 and fiscal 2016, the Calsonic Kansei Group implements the PDCA cycle and conducts activities based on the Environmental Action Plan, which defines concrete actions for the following fiscal year. To strengthen group-wide environmental efforts, it also holds the Global Environment Management Meeting and Environmental Energy Committee Meeting twice a year to exchange information on the implementation status of the Action Plan and achievements.

Key issue	Mid-Term Action Plan	FY2015 plan	FY2015 results	
Environmental management promotion	Promote acquisition and maintenance of ISO 14001 certification for all Group plants	Improve quality of ISO 14001 activities	Conducted cross-auditing between plants at each site in Japan Conducted environmental audits at overseas sites	
	Strengthen group-wide environmental management promotion system	Enhance the Calsonic Kansei Group Environmental Management Promotion System	Enhancement and promotion of Calsonic Kansei Group Environmental Management Meetings Improved emergency contact network in case of environmental incidents within Calsonic Kansei Group (horizontal deployment rate:100%)	
	Enhance environmental risk management	Purification and prevention of contamination of soil and groundwater	Maintain and expand soil and groundwater conservation efforts	Thoroughly implemented countermeasures at plants with contamination in the past and preventive measures
		Strict control of wastewater quality	Manage wastewater quality and exhaust gas emitted from our plants by setting voluntary targets at 80% of regulation values	Achieved our voluntary target values
	Community partnership activities	Disseminate information on environmental activities undertaken by a production department to earn local communities' trust (maintain fulfillment rate at 100%)	Fulfillment rate of community partnership activities (actual assessment points/standard assessment points): 100%	Fulfillment rate of community partnership activities: 100% Conducted environmental risk communication with community residents, company members, and government Conducted cleaning of areas around business sites Accepted visitors for plant tours and internship of students from local elementary, junior and senior high schools
Green partnership activities	Promote three Environmental Clean Chain Activities (CO ₂ emissions reduction, effective use of resources, and reduction of environmentally hazardous substances) and prevent occurrence of environmental incidents at a production department (maintain fulfillment rate at 100%)	Fulfillment rate of green partnership activities (actual assessment point/standard assessment points): 100%	Green partnership fulfillment rate: 100% Conducted emergency response training for partner companies Implemented training sessions on prevention of environmental incidents	
Reduction of environmental burdens of manufacturing operations	Reduction of CO ₂ emissions	<p>•Reduction of CO₂ emissions (CKGP 2016) Reduce CO₂ emissions per unit (total emissions/sales) by the percentages listed below by FY2016 Japan: 18.5% reduction compared to FY2005 North America, Europe, and Asia: 13.6% reduction compared to FY2005</p>	<p>Reduction of CO₂ emissions per unit Japan: 2.5% reduction compared to FY2014 (16.4% reduction compared to FY2005) North America, Europe, and Asia: 2.5% reduction compared to FY2014 (11.4% reduction compared to FY2005)</p>	<p>Japan: 1.8% reduction compared to FY2014 (29.6% reduction compared to FY2005) North America, Europe, and Asia: 7.0% reduction compared to FY2014 (26.1% reduction compared to FY2005)</p>
	Resource recycling	<p>•Reduction of waste (waste for disposal + reusable resources) (CKGP 2016) Reduce waste per unit (total waste/sales) by the percentages listed below by FY2016 Japan: 18.1% reduction compared to FY2005 North America, Europe, and Asia: 6.0% reduction compared to FY2010</p>	<p>Reduction of waste emission per unit Japan: 2.0% reduction compared to FY2014 (16.4% reduction compared to FY2005) North America, Europe, and Asia: 1.0% reduction compared to FY2014 (5.0% reduction compared to FY2010)</p>	<p>Japan: 0.7% reduction compared to FY2014 (27.0% reduction compared to FY2005) North America, Europe, and Asia: 7.1% reduction compared to FY2014 (17.9% reduction compared to FY2010)</p>
		<p>•Zero Landfill: Zero landfilled waste (CKGP 2016) Have the landfill ratio of waste (landfilled amount/waste amount) for overseas be 0.2% by FY2015</p>	Overseas landfill ratio of 0.2% or less	Overseas landfill ratio of 0.17%
	Conservation of water, air, soil, and biodiversity	<p>•Reduction of use of environmentally hazardous substances (CKGP 2016) Reduce environmentally hazardous substance and VOC usage per unit by FY2015 Japan: 30.0% reduction compared to FY2000</p>	<p>Reduction of VOC use per unit Japan: 2.0% reduction compared to FY2014 (30.0% reduction compared to FY2000)</p>	<p>Reduction of VOC use per unit Japan: 2.6% reduction compared to FY2014 (85.1% reduction compared to FY2000)</p>
<p>•Reduction of water use (CKGP 2016) Reduce water use per unit (total amount of water used/sales) by the percentages listed below by FY2016 Japan: 22.4% reduction compared to FY2009 North America, Europe, and Asia: 4.0% reduction compared to FY2014</p>		<p>Japan: 2.0% reduction of water use per unit compared to FY2014 (20.8% reduction compared to FY2009) North America, Europe, and Asia: 2.0% reduction compared to FY2014 (2.0% reduction compared to FY2014)</p>	<p>Japan: 2.5% reduction compared to FY2014 (7.0% reduction compared to FY2009) North America, Europe, and Asia: 15.1% reduction compared to FY2014</p>	

Key issue	Mid-Term Action Plan	FY2015 plan	FY2015 results	
Development of eco-friendly products	Enhancement of efforts to develop products that address environmental issues	Compliance with laws and regulations, as well as customer requirements, and reduction and elimination of use of regulated chemical substances in products (Compliance with European ELV Directive) (Compliance with European REACH regulations) (Compliance with Tennessee's air pollution regulations in North America)	Reduce the use of VOCs in vehicle cabins Promote the use of lead-free solder Ensure compliance with European REACH regulations North American organic solvent use regulations Disclose materials data to customers promptly	Continued efforts to reduce VOCs in vehicle cabins Finalized response to laws and regulations (January 2016 for new model vehicles) Implemented activities to comply with European REACH regulations. Water soluble materials adopted for instrument panel pad skin primer and paint; adoption being expanded Implemented responses to customer requirements (via IMDS)
		Reduction of waste (development of easily recyclable products)	Promote the development of easily recyclable products	Adopted for cockpit front-end modules, seamless hard instrument panels, and paintless instrument panels
		Prevention of global warming (fuel efficiency/energy efficiency)	Promote lightweight, fuel-efficient, energy-efficient products	Adopted for cockpit front-end modules, high performance air-conditioning systems, steering members, circuit board harnesses, variable capacity compressors for air-conditioners, small and lightweight rotary compressors for air-conditioners, heat pump air-conditioning systems, hot water heaters, meters, built-in oil coolers, EV inverters, EV battery controllers, lightweight radiators, charge air coolers, brushless motors, and EGR coolers
		Prevention of air pollution (purification of exhaust gas)	Promote development of products that ensure effective purification of exhaust gas	Adopted for exhaust manifolds, manifold converters, and catalytic converters (underfloor)
		Noise prevention (reduction of noise emissions)	Promote development of products with low noise emissions	Adopted for low noise exhaust systems
	Evaluation of eco-friendly products	Promote the development of eco-friendly products Promote the creation of a database for relevant indicators	Disseminated information on indicators for eco-friendly products to employees Promoted LCA calculations for eco-friendly products	
	Introducing eco-friendly products into market (CK GX 4 T10)	Introduce three products into the marketplace over fiscal 2015 and 2016	Introduced two products into the marketplace in fiscal 2015	
Green procurement	Expansion of green procurement	Enhance the Green Purchasing Guideline	Promoted activities to encourage business partners to agree to and follow our Green Purchasing Guideline	
Environmental communication	Active disclosure of information on environmental activities	Enhance disclosure of information on environmental activities •Top 25 in the automobile industry in Toyo Keizai's CSR Ranking •Provide information to CDP	Enhanced disclosure of information on environmental activities •Top 19 in the automobile industry in Toyo Keizai's CSR Ranking • Provided information to CDP	

Environment

Efforts towards Environmentally Conscious Factories

System



Basic Stance

The Calsonic Kansei Group is quantitatively evaluating the environmental burden output resulting from its manufacturing operations, and striving to reduce this burden by gaining a comprehensive understanding of the impact of all operations.

We promote reduced carbon emissions (CO₂) and reduced emissions per unit from the perspective of global warming, and also promote 100% recycling of resources in order to create zero waste from the perspective of the effective use of resources, so that our factories can operate in balance with the environment.

We are also continuing to promote energy management activities through our group-wide “Energy Saving Special Activities” initiative begun in fiscal 2014.

Initiative Pillar (1) Prevention of global warming	Initiative Pillar (2) Saving resources	Initiative Pillar (3) Reduction of water use
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Policy



Initiative Pillar (1): Prevention of Global Warming

The Calsonic Kansei Group promotes Group-wide energy-saving activities to help prevent global warming.

Meetings of the promotion committee, established to organize companywide energy-saving activities across each Group site, are held periodically to set reduction targets for each business location, confirm progress and share the latest energy-savings information. Members of the NESCO-CK (Nissan Energy Saving Collaboration-Calsonic Kansei) team are working to achieve goals for energy-saving areas identified through such activities as energy saving diagnostic checks in the workplace.

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

Activities

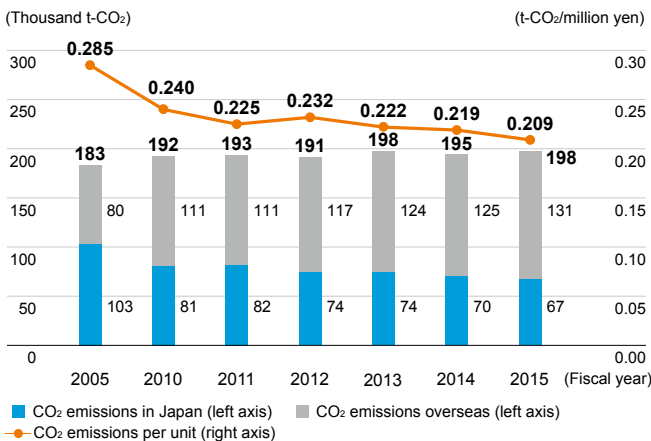


Results of Calsonic Kansei Group CO₂ Emissions Reduction

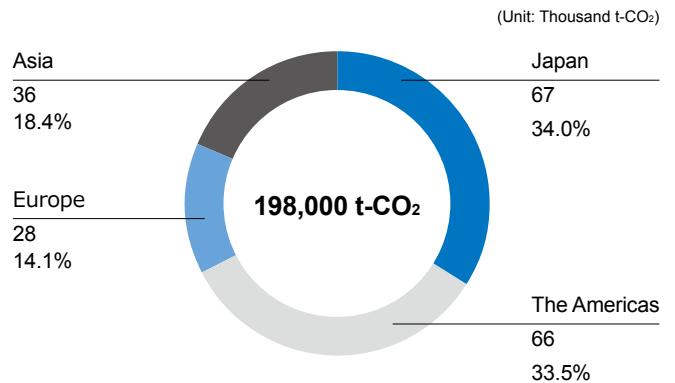
Compared to fiscal 2005, CO₂ emissions were reduced by 34.9% in Japan and increased 64.3% overseas due to an increase in overseas production sites. Emissions per unit (total CO₂ emissions/sales) was reduced by 29.6% in Japan and 26.1% overseas compared to fiscal 2005.

In Japan, we carried out Energy Saving Special Activities in all of our sites, which consisted of sharing examples of energy-saving improvements, and the identification and improvement of items identified through energy saving diagnostic checks. Overseas, we continued initiatives such as addressing energy-saving diagnostic items.

Calsonic Kansei CO₂ Emissions and CO₂ Emissions Per Unit



Calsonic Kansei Group CO₂ Emissions by Region (Fiscal 2015)



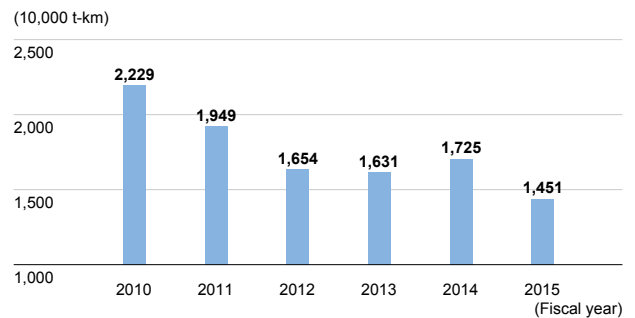
Activities

CK

Results of CO₂ Emission Reduction at the Logistics Stage

Calsonic Kansei CO₂ emissions at the logistics stage are less than 30 million t-km, which does not require notification under Japan's Energy Saving Act because it does not qualify as a Specified Consigner. However, we have established a reduction plan for logistics and we are making efforts towards reductions. CO₂ emissions at the logistics stage were reduced by 16% over the previous fiscal year through the promotion of rail and sea transportation.

Calsonic Kansei CO₂ Emissions at the Logistics Stage



Activities

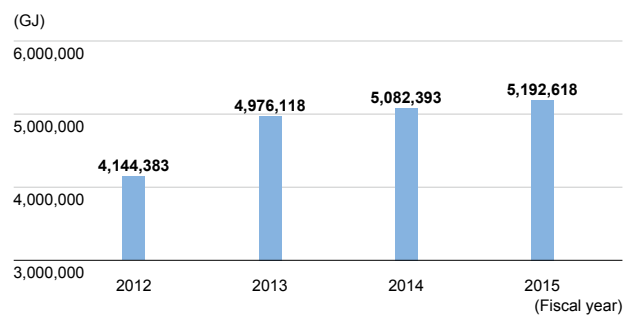
Japan

Overseas

Results of Calsonic Kansei Group Energy Use Reduction

The Calsonic Kansei Group sets energy use reduction targets for the Group as a whole and for each business location. It plans and proposes energy-saving items, and confirms progress on a regular basis. A collection of successful case studies of energy and resource saving is gathered and distributed to all business locations, including those outside of Japan, in addition to which efforts are made to achieve leveling through the exchange of opinions.

Calsonic Kansei Group Energy Use



Policy

Japan

Overseas

Initiative Pillar (2): Saving Resources

In order to make efficient use of the planet's limited resources, the Calsonic Kansei Group is seeking to achieve zero emissions at all the global business sites of our group and to reduce the amounts of materials used and waste generated (waste for disposal + reusable resources).

Activities

Japan

Overseas

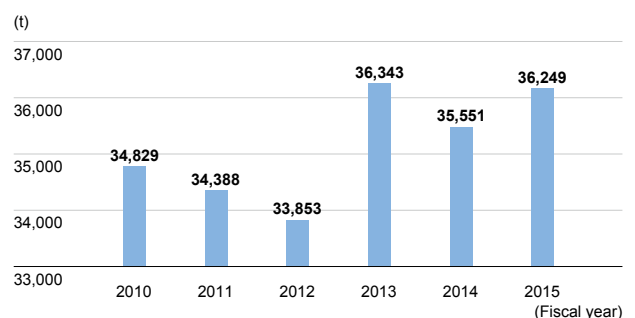
Results of Calsonic Kansei Group Waste Reduction

With an increase in production volume, waste generated during fiscal 2015 increased over the previous fiscal year to a total of 36,249 tons.

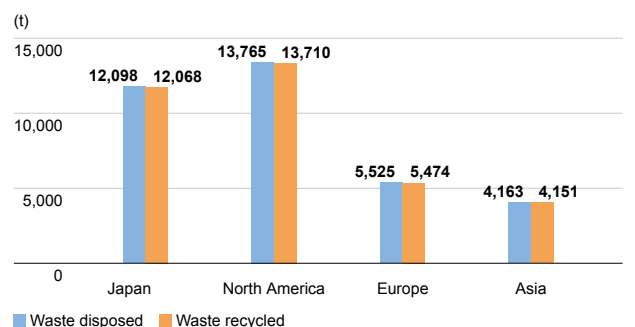
In Japan, we achieved horizontal deployment of resource-saving activities, and implemented other activities to reduce process defects by promoting *Monozukuri* TdC Revolution (MTCR) activities at each plant. As a result, waste per unit (total waste/sales) was reduced by 27.0% compared to fiscal 2005, against the mid-term target of 16.4%, but we were behind our single-year target.

Overseas, we achieved improved reduction efficiencies through horizontal deployment of resource-saving activities. As a result, waste per unit (total waste/sales) was reduced by 17.9% compared to fiscal 2010, against the mid-term target of 5.0%, which met both the mid-term target and our single-year target.

Calsonic Kansei Group Waste Generated



Calsonic Kansei Group Volume of Waste Disposed and Waste Recycled by Region (Fiscal 2015)



Activities

Overseas

Zero Landfill at Overseas Affiliated Companies

We are aiming to completely eliminate landfill disposal overseas by fiscal 2015, with fiscal 2012 as the base year. In fiscal 2015, we set our landfill disposal ratio target at 0.2% or lower and as a result of reduction activities, we succeeded in reducing our landfill disposal ratio to 0.17%.

Management item	FY2012 (base year) results	FY2014 results	FY2015 results	Achievement status	
				Comparison with FY2012	Comparison with the previous year
Landfill ratio of waste (%)	84.2	2.9	0.17	99.8% reduction	94.1% reduction

Policy

Japan Overseas

Initiative Pillar (3): Reduction of Water Use

With environmental issues such as the global water shortage, the Calsonic Kansei Group is working to reduce water use at all Group companies in Japan and overseas.

Activities

Japan Overseas

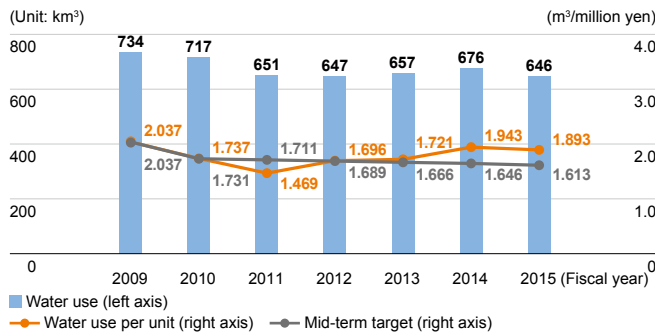
Results of Calsonic Kansei Group Water Use Reduction

With an increase in production volume, water use during fiscal 2015 increased over the previous fiscal year to a total of 1,514 km³.

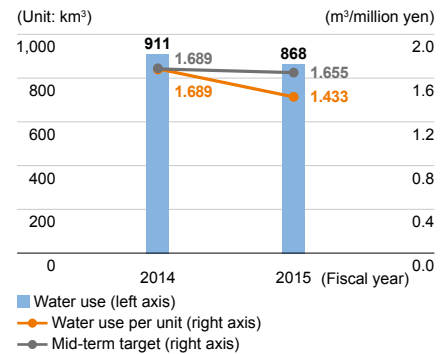
In Japan, we have conducted checks for water leaks, identified water use reduction items, and conducted improvement activities. As a result, water use per unit (total use/sales) was reduced by 7.0% compared to fiscal 2009, against the mid-term target of 20.8%, which, although below the target, still enabled us to meet our single-year target. We will aim to focus the strengthening of reduction activities at business locations with high use.

Overseas, we started calculating water use from fiscal 2014. We have focused the strengthening of reduction activities at business locations with high use, identified water use reduction items, and conducted improvement activities. As a result, water use per unit (total use/sales) was reduced by 15.1% compared to fiscal 2014, against the mid-term and single-year target of 2.0%.

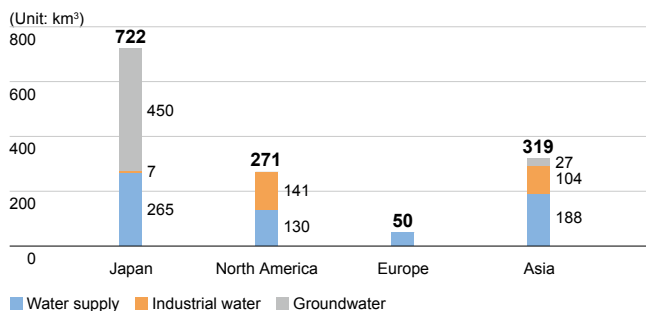
Water Use in Japan



Water Use Overseas



Calsonic Kansei Group Water Resource Use by Region (Fiscal 2015)



Activities

Japan

Biological Oxygen Demand (BOD)

Calsonic Kansei and Group companies in Japan regularly measure levels of pH, suspended solids, BOD, n-Hexane, fluorine, zinc, phosphorus, chemical oxygen demand, and E. coli, and control these items according to local ordinances. The BOD in fiscal 2015 was 4.1 tons.

Environment

Recycling Initiatives

Policy



Basic Stance

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

Activities



Results of Calsonic Kansei Group Recycling

We collect aluminum mill ends and other waste generated in the manufacturing process, and recycle them as secondary aluminum alloy for aluminum products of Group companies.

Using environmentally friendly dry separation devices, we also efficiently separate and collect materials (wash coat) from recovered catalysts used for exhaust purifiers, which contain precious metals that are valuable resources.

Calsonic Kansei Group Aluminum Collected/ Recycled and Used Exhaust Catalysts Collected

Fiscal year	Aluminum collected and recycled	Used catalysts for purifying exhaust gases collected
FY2010 results	2,630t	13,052 units
FY2011 results	2,350t	18,422 units
FY2012 results	2,030t	21,075 units
FY2013 results	1,915t	19,125 units
FY2014 results	1,937t	22,850 units
FY2015 results	1,867t	15,700 units

Activities



Operations to Recycle Factory Waste

In order to make efficient use of the planet's limited resources, the Calsonic Kansei Group is seeking to achieve zero emissions at all global business sites and to reduce the amount of materials used and waste generated (waste for disposal + reusable resources).

Category	Type	Handling/disposal methods	Location	Methods for effective use	Recycled products
Oil waste (including benzene and waste LLCs), other oily water		Oily water separation	Cement manufacturers Calsonic Kansei (fuel)	Sale of resources (recycled heavy oil)	Fuels, cement, roadbed materials
High quality paper, newspapers, magazines		Sorting/pulping	Paper manufacturers	Sale of resources	Toilet paper, etc.
Cardboard, confidential documents, paper cores		Sorting/pulping	Paper manufacturers	Sale of resources	Recycled paper, cardboard medium, etc.
Iron scraps and empty cans		Sorting/melting	Metal refining manufacturers	Steel-making materials	Steel, non-ferrous metals (copper, aluminum, stainless steel, etc.)
Oil waste (cooking oil waste)		Separation/recycling	Oleochemical manufacturers	Fuel for oleochemical manufacturers' company cars, animal feed	Biodiesel fuels, assorted animal feed
Fluorescent waste		Crushing/separation	Material manufacturers	Recycled materials for each element	Recycled materials (mercury, glass, metals)
Glass bottles		Sorting/crushing	Glass manufacturers	Glass materials	Glass bottles
Waste plastic (soft)		Crushing/palletization	Resin-recycling manufacturers	Boiler fuel	Solid fuels
Oil waste (oil-bearing waste cloth)		Incineration	Waste heat boiler installation manufacturers	Utilization of waste heat (collecting steam)	Boiler fuels
Waste plastic		Crushing/separation	General recycling manufacturers	Sorting, steel-making materials, fuel	Ferrous materials, solid fuels, fuels
Metal scraps (including aluminum chips)		Incineration/fusion	Shaft furnace manufacturers	Shaft furnace-reducing agents	Steel-making materials, roadbed materials (incineration residues)
Fluorescent waste (crushed pieces)					
Infectious waste					
Glass ceramic scraps					
Sludge					
Oil waste (filter)					
Sludge (flux, grinding residue)		Incineration	Shaft furnace manufacturers	Utilization of waste heat (furnace heat reserves) Shaft furnace-reducing agents	Roadbed materials (incineration residues)
Dehydrated sludge (filter press)		Classification	Shaft furnace manufacturers	Processing granular materials	Raw materials for cement
Wood scraps		Shredding	Waste wood-recycling manufacturers	Compressed graft cutting	Laminated wood (particle boards)
Wood clippings and grass		Shredding/fermentation	Compost manufacturers	Compost materials	Compost

Environment

Management of Chemical Substances

Policy

Japan Overseas

Basic Stance

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

Global awareness of the environment is now increasing and more requests to reduce and stop using these substances are coming in every year, both from Japan and overseas.

To comply with the laws and regulations of each country and meet the requirements of our customers, the Calsonic Kansei Group seeks to achieve responsible risk management for products, the manufacturing process, purchased materials and processed materials while adhering to the following fundamental principles: use as few harmful chemicals as possible, change to alternatives or eliminate as many harmful substances as possible, and properly manage harmful chemicals if they have to be used.

Initiative Pillar (1)

Environmentally hazardous substances in products

Initiative Pillar (2)

Environmentally hazardous substances used in manufacturing at plants

Initiative Pillar (3)

Environmentally hazardous substances in purchased items

Policy

Japan Overseas

Initiative Pillar (1): Environmentally Hazardous Substances in Products

While seeking to reduce the use of environmentally hazardous substances in products, the Calsonic Kansei Group promptly discloses amounts of environmentally hazardous substances used in products.

We do not just comply with the laws and regulations of each country, but also set our own goals, improve management and follow-up systems, promote the development of alternative technologies, and work towards reducing the amounts of environmentally hazardous substances used in products.

Calsonic Kansei Group Initiatives in Relation to Laws and Regulations

Legislation			Calsonic Kansei Group initiatives										
Regulation	Targeted substances	Regulatory schedule	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
European ELV Directive	Four substances (lead, cadmium, mercury, hexavalent chromium)	Prohibited from July 2003	Response completed										
	Hexavalent chromium, corrosion coating	Prohibited from July 2007	Response completed										
Voluntary targets	Thirteen VOC substances found in vehicle interiors	Prohibited/reduced for new cars from July 2007	Response completed										
	Use of lead-free solder	Prohibited for new cars from January 2016	Response completed										
European REACH regulations	SVHC*			★ Effective June 1, 2007									
			In progress										

* SVHC stands for "substance of very high concern," and is planned to include about 1,500 specified items, including carcinogenic substances

Policy

Japan Overseas

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

While seeking to reduce discharge of chemical substances used in the manufacturing process, the Calsonic Kansei Group is properly managing those chemical substances.

We are working to confirm the amounts used of substances classified as volatile organic compounds (VOCs) in order to confirm and manage the amounts of PRTR*-regulated substances released, transferred, and used, and to reduce the use of environmentally hazardous substances.

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

Activities



Results of Calsonic Kansei Group Reduction of VOC Released

In Japan, we are conducting legal compliance evaluations at each of our sites and we are meeting the regulatory emission standards through efforts such as installing solvent recovery devices at plants that are subject to control. Overseas, we are changing over to the use of low-toluene, low-xylene paints.

In fiscal 2015, VOC use was reduced by 85.1% compared to fiscal 2000, against the mid-term target of 30%, which met the target and enabled us to meet our single-year target.

Calsonic Kansei Group VOC Emissions

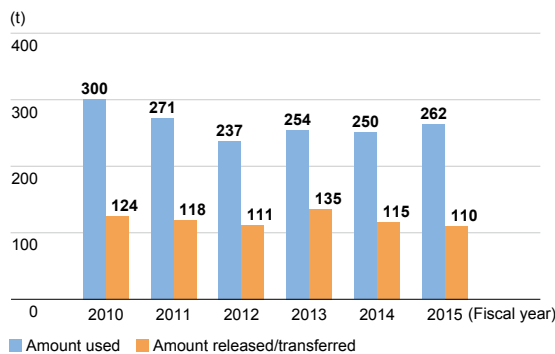
Management item	FY2000 (base year) results	FY2015 results	Achievement status	
			Comparison with FY2000	Comparison with the previous year
Amount used (t)	739	110	85.1% reduction	2.6% reduction

Activities

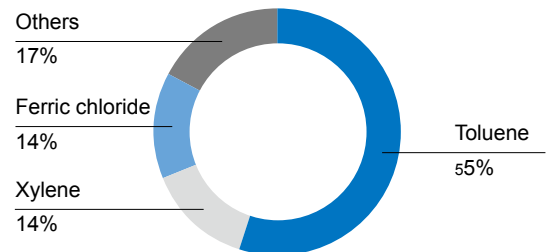


Results of Calsonic Kansei and Group Companies in Japan PRTR Compliance

PRTR-Regulated Substance Amounts Used, Released, and Transferred in Calsonic Kansei and Group Companies in Japan



Amounts of PRTR-Regulated Substances Released and Moved in Calsonic Kansei and Group Companies in Japan by Substance (Total 110 Tons in Fiscal 2015)



Activities



Calsonic Kansei Group Contamination Prevention Initiatives

PCB Management

Appropriate management regulations have been implemented for electrical devices that include PCBs as waste products for special management in accordance with the law. PCBs are also scheduled for prompt disposal, which has already been completed at some sites.

Thorough Water Quality Management

We have set our voluntary management targets (80% of the regulatory value) and are conducting stricter management than the law requires.

Thorough Air Quality Management

We have reduced sulfur oxide (SOx) and CO₂ emissions by converting to natural gas for combustion energy and reducing the amount used by adopting energy-saving activities.

Efforts to Clean Up Soil and Groundwater and Prevent Contamination

We are addressing the current situation by focusing efforts on plants which have already been contaminated, and we are implementing preventive measures and conducting thorough investigations.

We are already conducting investigations on the soil in each area, including that at Group companies. We also conduct the same investigations when new companies join the Group.

Environmental Contamination Incidents and Grievances

Rules for collecting data on overseas environmental incidents were established in fiscal 2011 in order to manage them as quickly as possible.

While no environmental incidents with the potential to affect the environment at large occurred in fiscal 2015, one complaint was received in Japan.

Policy



Initiative Pillar (3): Environmentally Hazardous Substances in Purchased Items

The Calsonic Kansei Group establishes and operates the Calsonic Kansei Green Purchasing Guideline, which confirms the chemical substances used in purchased items and the level of environmental management carried out by our business partners.

Fair Operating Practices

Compliance

Policy



Basic Stance

The Calsonic Kansei Group recognizes the importance of all employees practicing compliance, based on a strong sense of ethics, in order to facilitate business activities.

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

Global Code of Conduct for Calsonic Kansei Group

Principle

Calsonic Kansei shall consistently treat customers, employees, shareholders, business partners and communities with honesty, integrity, fairness and respect. The following standards apply to all employees of the Calsonic Kansei Group. Each of us is also charged with the responsibility for maintaining and improving this code of conduct.

- | | | |
|---|---|--|
| 1 Comply with all laws and rules | 2 Avoid conflict of interest | 3 Preserve company assets |
| 4 Be impartial and fair | 5 Be transparent and accountable | 6 Value diversity and provide equal opportunity |
| 7 Be environmentally responsible | 8 Be active; report violations | |

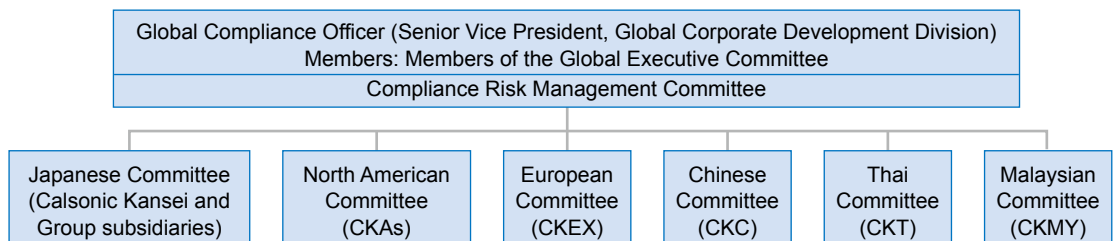
System



Compliance Promotion System

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

Global Compliance System



System



Regular Monitoring

The Calsonic Kansei Group regularly monitors the main compliance activities in each region and at each site from three main perspectives (Pillars of Monitoring), and then reports to the Compliance Risk Management Committee to enable process improvements.

Based on the results of the monitoring, no event related to corruption occurred during fiscal 2015. Nor were we the subject of any legal action on the basis of anti-competitive conduct, anti-trust activity, monopolistic or other practices.

Pillars of Monitoring

- 1** Ensuring a supervisory environment
- 2** Compliance risk management (corruption, anti-competitive conduct, monopolistic practices, etc.)
- 3** Education and awareness raising activities

System



Compliance Education and Awareness

The Calsonic Kansei Group conducts training on the Code of Conduct every year and collects pledges in order to strengthen awareness about compliance. In fact, 100% of our employees in Japan and overseas signed pledges in fiscal 2015.

As part of our education on the Code of Conduct, we also provide education as necessary on anti-monopoly law, anti-corruption law and export control regulations. In regard to anti-monopoly law and anti-corruption law in particular, we establish basic internal policies and rules, and conduct communication and awareness activities across the entire Calsonic Kansei Group. We have also developed our CSR Guidelines for Suppliers and ask their cooperation in ensuring anti-corruption and other compliance.

System



Internal Whistleblowing System

The Calsonic Kansei Group has introduced a Group-wide internal whistleblowing system to ensure that each and every employee understands compliance, in order to thoroughly enforce compliance and to make it possible to confirm whether corporate activities are being conducted properly.

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

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

In each region and business location around the world, we also establish and run internal whistleblowing systems that are optimal for each company while giving consideration to the culture and laws of each country. In North America and Europe, we have established a hotline as an external contact point that accepts reports 24 hours a day. We are also studying the establishment of an external contact point in Asia going forward.

Under our whistleblowing systems, we respond carefully to ensure that whistleblowers do not suffer from any disadvantages from the perspective of whistleblower protection. In fiscal 2015, 309 whistleblowing cases were recorded across the entire Group. All cases were satisfactorily dealt with, resulting in system improvements and so on.

System



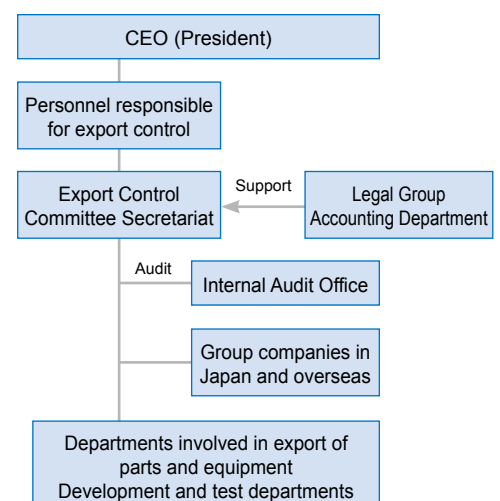
Export Controls (Security Trade Controls)

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

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

There were no violations of such regulations in Japan or overseas during fiscal 2015.

Export Control System



Fair Operating Practices

Information Security

Policy



Basic Stance

The Calsonic Kansei Group shares the Information Security Policy on a global level, while the Global Information Security Committee implements the necessary measures as needed to strengthen information security in relation to matters such as internal and external cases of information leaks. In addition, we conduct internal education on an ongoing basis in an effort to spread awareness of and instill information security.

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

System



Management System

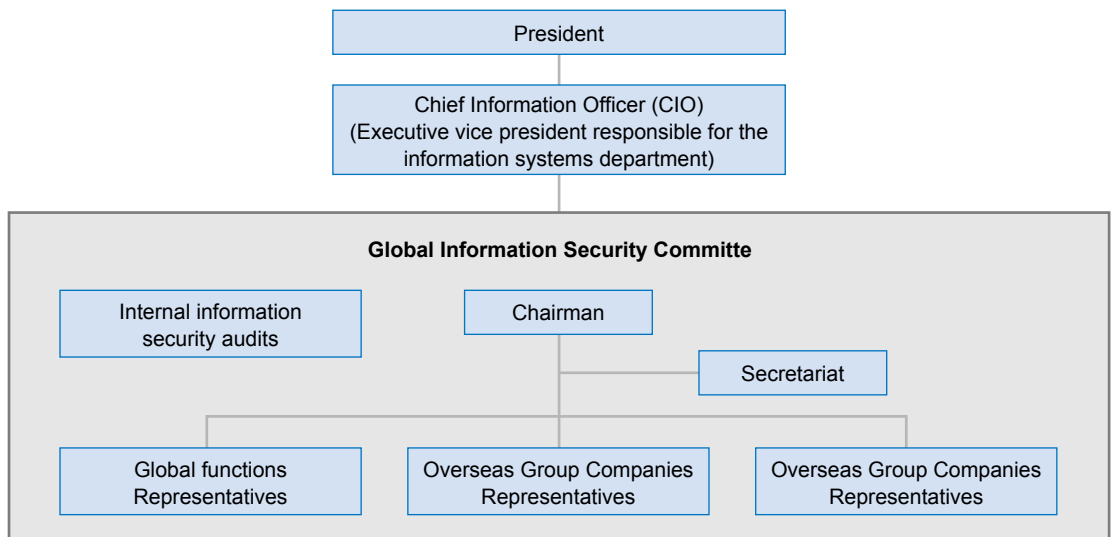
In order to address information security as a management issue at Calsonic Kansei, we have established an information security management structure with the vice president that is responsible for the information systems department serving as the Chief Information Officer (CIO).

The CIO regularly holds the Global Information Security Committee, at which the discussions necessary to ensure the proper implementation of information security for the entire Group are conducted. A Secretariat composed of personnel from information systems, general affairs, and human resources departments has been established as a dedicated division for information security, and assists the CIO.

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

At major overseas Group companies, we have established Region Information Security Committees and have introduced management systems equivalent to those at Calsonic Kansei to be fully responsible for information security at each company.

Information Security Management System



System



Information Security Education and Awareness

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

Education and Awareness Activities

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

Results of Employee Education

	FY2013	FY2014	FY2015
Training participation rate	100% (Japan only)	84%	99%

Activities



Activities in Fiscal 2015

- During fiscal 2015, two meetings of the Global Security Committee and four meetings of the Japan Region Information Security Committee were held to deploy new measures related to improving information security and to share information on the status of audits.
- Security measures: internal audit conducted on risks of information leaks
- Employee awareness activities: employee education provided with global standardized content
- “Security Week” for the purpose of improving knowledge and awareness of security among all employees on a global level
- Distribution of a message by President & CEO Hiroshi Moriya to raise awareness
- Posting messages over the intranet and on posters to improve awareness of security

Fair Operating Practices

Supply Chain Management

Policy

Japan

Overseas

Basic Stance

Calsonic Kansei considers its business partners to be equals, and aims for mutual sustainable growth while maintaining equal and fair relationships based on mutual trust. With the globalization of the Calsonic Kansei Group, the supply chain is also expanding globally. At this time, we aim to improve our CSR management by sharing our ideas and policies with our business partners, of which there are 624 in Japan and 1,719 overseas, in order to promote our CSR activities.

Particularly in the case of overseas business partners, we share our CSR policy and actively promote local procurement to generate employment opportunities. In 2015, the percentage of local procurement was approximately 82%.

System

Japan

Overseas

Promotion of CSR and Procurement

The Calsonic Kansei Group is committed to transparent, fair, and impartial business processes when selecting business partners. While providing opportunities for broad participation, regardless of nationality, company size, and trading experience, Calsonic Kansei reviews the details of proposals from business partners across the relevant departments for the selection.

Furthermore, we comply with the Global Code of Conduct for Calsonic Kansei Group to maintain the performance of equal and fair work at a high standard level. In addition, we hold briefing sessions on the Group's policies and regular liaison meetings in which we communicate with business partners through surveys and exchanges of opinion. Furthermore, as activity addressing compliance, we have worked to spread awareness within the company about important points related to the procurement principles, the Subcontractors Act, and the Antimonopoly Act. For major business partners, we have held CSR briefing sessions and requested cooperation with the Group's activities.

In fiscal 2015, we strengthened our internal systems related to CSR and to human rights, labor and environmental issues that are attracting increasing attention around the world. We also developed a supplier due diligence survey that we have begun to conduct.

Policy

Japan

Overseas

CSR Guidelines for Suppliers

In the briefing session on Calsonic Kansei Group's policies held in February 2011, we explained our CSR to major business partners and requested their cooperation with our initiatives.

In particular, we asked for their compliance with laws and regulations, and clarified measures in the event of compliance violations to ensure we can prevent its recurrence. Since fiscal 2011, we have included "Compliance with Laws and Regulations" in our basic agreement and have reflected this in agreements with new business partners.

In fiscal 2015, we developed the Calsonic Kansei CSR Guidelines for Suppliers (available in Japanese and English) and rolled them out to our major business partners. We plan to release a revised version of the Guidelines in May 2016 and will request continuing cooperation with our CSR initiatives.

Main Evaluation Items in the CSR Guidelines for Suppliers

i. Safety and Quality

- Providing products and services that meet customer needs
- Providing products and services
- Ensuring quality of products and services

ii. Human Rights and Labor

- Discrimination
- Respecting human rights
- Prohibiting child labor
- Prohibiting forced labor
- Wages
- Working hours
- Dialogue and discussion with employees

iii. Environment

- Safe and healthy working environment
- Calsonic Kansei standards
- Environmental management
- Reducing greenhouse gas emissions
- Preventing air, water, and soil pollution
- Saving resources and reducing waste
- Managing chemical substances
- Conservation of ecosystem
- Calsonic Kansei Environment Standards

iv. Compliance

- Compliance with laws
- Compliance with competition laws
- Anti-corruption
- Managing and protecting confidential information
- Export control
- Protecting intellectual property

v. Information Disclosure

- Disclosing information to stakeholders

Activities

Japan Overseas

Business Partner Survey in Response to Conflict Materials

In August 2012, detailed laws were enacted that require us to report the use of four major minerals mined from the Democratic Republic of Congo and the surrounding conflict areas that could be used as a source of funds for armed groups. Fully agreeing with the purpose of these laws, the Calsonic Kansei Group decided on a policy where we would investigate the use of conflict minerals in the supply chain from a CSR perspective and conduct activities to stop the use of these minerals.

- A preliminary survey was conducted from October to December 2012 (40 companies)
- The main survey was conducted from 2013
(224 companies in fiscal 2013; 288 companies in fiscal 2014; 285 companies in fiscal 2015)
- We will continue to conduct the survey after fiscal 2016 (250 companies or more in fiscal 2016)

Policy

Japan Overseas

Promoting Calsonic Kansei Green Purchasing

The Calsonic Kansei Group procures various items such as raw materials, indirect materials and component parts, and believes that it is important to manage procured items in order to control environmentally hazardous substances.

In accordance with the Calsonic Kansei Group Environmental Policy, in 2008 we issued, and request cooperation with, the Calsonic Kansei Green Purchasing Guideline (partially revised in October 2014) as the standard for environmental activities among business partners. We also conduct surveys of component substances of procured items, and verify compliance with IMDS (International Material Data System) and SDS (Safety Data Sheets), etc., in collaboration with business partners.

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

System

Japan Overseas

Supply Chain BCP Maintenance

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

System

Japan

Monozukuri Improvement Activities in Cooperation with Business Partners

In FY2009, Calsonic Kansei and Group companies in Japan established the Supplier Support Team (SST) within the Calsonic Kansei Purchasing Department with the aim of strengthening the *monozukuri* characteristics of business partners and enhancing trust relationships with them. With the consent of business partners, this team continues to promote joint activities for workplace improvement through the Calsonic Kansei Production System (CKPS). With the consent of our business partners, we share examples of improvements with other business partners through events and exhibitions. In this way, we are creating an environment in which we can expect further energization of this initiative going forward. In fiscal 2015, we conducted related activities with five business partner companies.

Since fiscal 2013, we have been conducting activities to calculate the level of business partner contributions to the environment. We have been measuring reductions in CO₂ emissions as a result of improvements to environmental issues, which are receiving increasing attention recently, in order to quantitatively confirm the effect. By clarifying the link between improvement activities and environmental burden, we will improve awareness of environmental issues among business partners while promoting joint activities to expand their scope.

Activities

Japan

Business Partner Award System

Every year, we select and award business partners that have contributed to the development of business for Calsonic Kansei and Group companies in Japan. Four companies won the Outstanding Supplier Award in fiscal 2015.

Consumer Issues

Quality Management

Policy



Basic Stance

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

Quality Vision

Achieve the world's best quality to satisfy our customers.

System



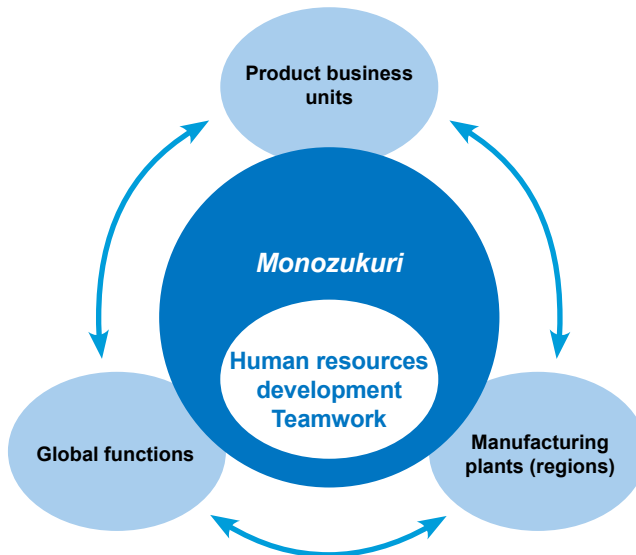
Quality Management System

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

Specifically, the Calsonic Kansei Group has an optimal quality assurance system through communication and regular meetings between global functions, product business units and regions.

In addition, based on the Calsonic Kansei Production System (CKPS), we have developed the Global Quality Management System (Global-QMS) and we strive to further improve quality and improve cost competitiveness.

Approach to Quality Management



System



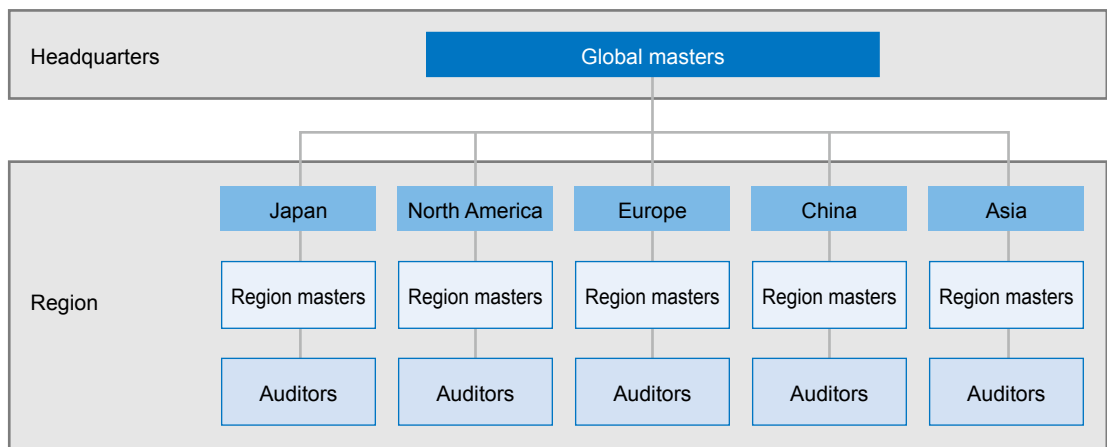
Global Evaluation System for Quality Management

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

Through the identification of problems and continuous corrective actions by QSES, we constantly maintain even higher levels of management, which leads to the improvement of customer satisfaction.

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

QSES Implementation System



System



Quality Education and Awareness

Q-Forum

We hold the Q-Forum annually as a part of our quality awareness activities. We also organize a variety of events, such as recurrence prevention activities, panel exhibitions of quality concerns, presentations of quality improvement, and supplier quality seminars, in order to improve the quality of our performance by reinforcing individual awareness and behavior regarding quality.

QC Circle Global Convention

All regions work on QC circle activities to quality improvement activities in the shop floor.

Best practices are presented at annual QC circle global conventions held at our headquarters. Presentations of the winners of regional competitions raise motivation for further quality improvement.

System



Initiatives to Improve Quality and Reliability










ISO/TS 16949 Quality Standard Certification

The Calsonic Kansei Group also works to improve technological capabilities related to quality and reliability.

As an automotive parts manufacturer, our air-conditioning business unit promptly received ISO/TS 16949 certification in 2003. This certification is a new quality standard for the automotive industry, and in 2005 all Group companies acquired it for all products.

In addition, in order to assure appropriate quality level, we have duplicated market environments through state-of-the art equipment and experimental technologies in the technical field of safety, environment and comfort, and ensured a high level of reliability in the three levels of vehicles, systems and components.

Diverse Initiatives to Improve Quality and Reliability

	Safety / Durability	Environment	Comfort
Vehicles	 EMC assessment	 Emissions and fuel assessments	 Real car environment wind tunnel test
Systems	 Composite thermal impact assessment	 Multi-axis vibration assessment	 Wear and hammering assessment
Components	 Component and solder durability assessment	 Radiator performance assessment	 Auto-function assessment equipment

Implementation of Novelty and Materiality Assessments

The Calsonic Kansei Group clarifies risks through assessments of the novelty and materiality of new products from the design concept phase, and depending on the results, conducts design reviews and process design reviews using dedicated reviewers in order to improve the safety and reliability of products. In fiscal 2015, 843 reviews were conducted and no product safety-related issues were found. Furthermore, in pursuit of continuous *monozukuri* innovation, the Production Engineering Center develops and verifies prototypes and new manufacturing methods and establishes global standards. It works to achieve drawing and production processes based on the principles and fundamentals of manufacturing while valuing teamwork.

Quality Awards Received from Automotive Manufacturers

Various awards have been received from automotive manufacturers in recognition of our efforts for quality improvement.

	Automaker	Award	Awarded division
2015	Nissan Motor Co., Ltd.	Japan Regional Quality Award	Category of Vehicle Systems, Heat Exchange System
	Nissan Motor Co., Ltd.	Certificate of Appreciation for Superior Quality, Japan Region	CPM & Interior, Exhaust System Business Unit
2014	Nissan Motor Co., Ltd.	Certificate of Appreciation for Superior Quality, Japan Region	Exhaust System, Compressor Business Unit
2012	Nissan Motor Co., Ltd.	Japan Regional Quality Award	Category of Vehicle Systems, Heat Exchange System
2011	Nissan Motor Co., Ltd.	Japan Regional Quality Award	Category of Vehicle Systems, Climate System
2010	Dongfeng Motor Company Limited	Excellent Quality Award	Calsonic Kansei (Guangzhou) Components Corporation

Consumer Issues

Initiatives to Improve Customer Satisfaction

Policy



Basic Stance

The Calsonic Kansei Group's goal is to lead the industry through *monozukuri* activities in an automobile society and to continue to provide new value in many areas. We strive to achieve "good *monozukuri*," delivering at a high quality and appropriate price that meets the needs of our customers, while also focusing on improving our customer responsiveness.

System



Ongoing Customer Satisfaction Surveys

The Calsonic Kansei Group conducts a customer satisfaction survey once a year to assess how customers view its business activities. 2015 marked the 11th year of this survey, which was first conducted in 2005.

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

Analysis is conducted based on the four points below.

- Long-term monitoring without changing the evaluation items
- Clarification of survey targets and understanding of the collection status (understanding of relationship with customers)
- Confirmation of changes and comments, and the clarification of issues
- Incorporation of issue improvement method in the plan for the next fiscal year and implementation of this plan

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

Fiscal 2015 Survey Results and Response

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

The following represents some of the customer feedback received during fiscal 2015.

Points for Improvement by Function

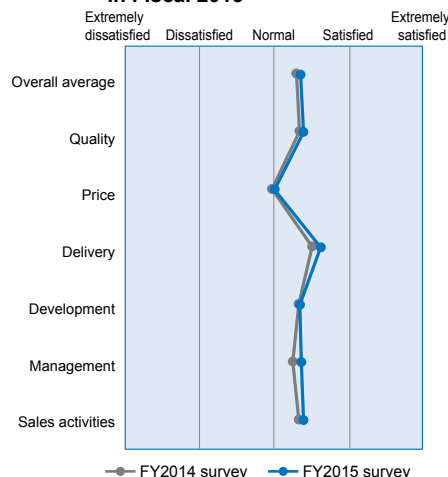
- Sales**
- 1 Issues related to costs and cost details (253 cases)
 - 2 Issues related to response and speed (71 cases)
 - 3 Issues related to management (37 cases)
- Development**
- 1 Issues related to new development and advanced development (89 cases)
 - 2 Issues related to management (project management, etc.) (69 cases)
 - 3 Issues related to response and speed (36 cases)
- Quality**
- 1 Issues related to management (124 cases)
 - 2 Issues related to response and speed (102 cases)
 - 3 Issues related to analysis and analysis capabilities (62 cases)

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

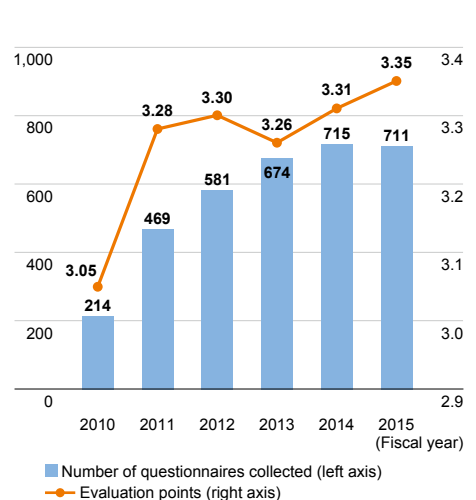
Customer Satisfaction by Product in Fiscal 2015
(changes compared to fiscal 2014)

	Products	Overall average
UP	A	0.34
	B	0.30
	C	0.23
	D	0.11
	E	0.10
	F	0.05
	G	0.03
DOWN	H	-0.01
	I	-0.05
	J	-0.10
	K	-0.10
	L	-0.12

Customer Satisfaction by Item in Fiscal 2015



Changes in Evaluation Points (Max. 5 points)



Community Involvement and Development

Contributing to Regional and Industrial Development

Policy

Japan Overseas

Basic Stance

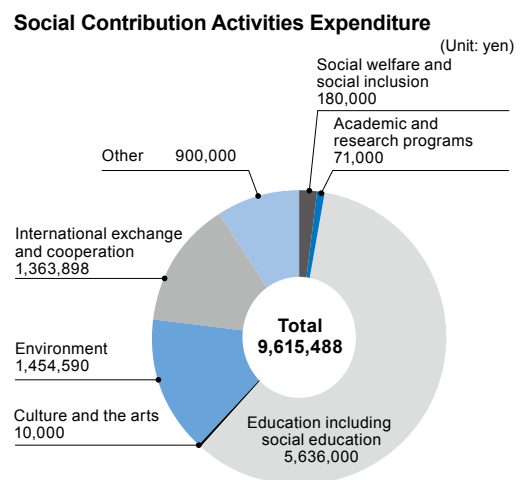
From the perspective of building a sustainable society, companies must first build harmonious relationships with the various communities with which they come into contact through their business activities. The Calsonic Kansei Group is focused on participating in and developing communities as a good corporate citizen. When investigating and implementing social contribution activities, we always consider how we can make use of the Group's unique character and knowledge to contribute to the development of local communities and industries.

Activities

Japan

Social Contribution Activities Expenditure

From fiscal 2015, Calsonic Kansei and Group companies in Japan began a policy of calculating expenditure on social contribution activities by field, as defined by the Keidanren One-Percent Club.



Activities

Japan

Supporting the Next Generation

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

Developing Future Engineers

We provide elementary school students good opportunities to experience vehicle technology and manufacturing with our hope that they become familiar with vehicles and *monozukuri*. We consider this activity as an opportunity for employee development since they are able to learn the principles and fundamentals of the technologies they communicate to the children, at the same time as the children are able to gain an interest in *monozukuri*.

Participation in Kids Engineer

We have been taking part in Kids Engineer, a hands-on exhibition for elementary school students sponsored by The Society of Automotive Engineers of Japan, since its establishment in 2008.

In 2010, we started having an exhibition booth managed by our voluntary staff. At Kids Engineer 2015, held in July, we provided about 5,500 children with an opportunity to experience *monozukuri*.



Kids Engineer 2015

On-site Lessons at Elementary Schools

Since 2012, we have been providing elementary schools with a special on-site lesson program on science, "Project Supporting What You Want to Do."

In fiscal 2015, we were able to communicate the joy of science to about 830 students at 16 elementary schools.

CK

Support for the Highschool International Conference Committee

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

Approximately 40 high school students participated voluntarily at the Fifth Highschool International Conference, held in December 2015. The participants listened to the stories of a number of guests studying in countries abroad, after which they each chose a country they wanted to study in and developed an activity plan for that country. We will continue supporting this committee in the hope that it will lead to the further enhancement and expansion of activities and to the development of global human resources capable of leading the future.

Participation in Saturday Learning Support Group Led by the Ministry of Education, Culture, Sports, Science and Technology-Japan (MEXT)

To help achieve a rich Saturday educational environment for all children, Calsonic Kansei provides a program of on-site lessons in support of the "Saturday Learning Support Group," a program of activities supported by MEXT.

Support for the Student Formula Japan Competition

Calsonic Kansei participates in and supports Student Formula Japan (SFJ), a competition held since 2003 under the sponsorship of the Society of Automotive Engineers of Japan (JSAE). The competition is an opportunity for students to develop skills related to manufacturing, which in turn contributes to the development of the Japanese automotive industry. It serves as a public-interest activity for self-motivated students to cultivate various skills involved with manufacturing, and as training for those who will one day play critical roles in the future of the automotive industry.



Fifth Highschool International Conference

Saturday Learning Support Group
(From the MEXT website)

Activities

CK

Installing Groundwater Membrane Filtration System

In October 2015, a groundwater membrane filtration system was installed at the R&D Center and Headquarters. The system draws up groundwater and subjects it to sophisticated filtering treatment to create safe potable water. Without impacting the water flowing beneath the surface of the earth, this enables a dual supply of water from the public water supply and the groundwater.

In times of disaster when the public water supply cannot be used, the system also provides a "water lifeline" of drinking water. We also plan to make the drinking water available to people in the neighborhood during any region-wide water outages.

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

Activities

Japan

Environmental Communication

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

With 32 participants, including members of the neighboring residents' association, companies and local government, we spent four-and-a-half hours introducing examples of our business activities and efforts for the environment, and then showing our guests around the factory and having a free exchange of opinions. Many of the participants expressed a desire to have closer links with our company, which showed us the high expectations our neighbors have of us.

Our Group companies in Japan are already holding these Environmental Communication gatherings with their neighbors as well.



Environmental Communication gathering

History

Calsonic		Kansei	
Nihon Radiator Manufacturing Co., Ltd. founded	1938		
Renamed Nihon Radiator Co., Ltd.	1952		
		1956	Kanto Seiki Co., Ltd. founded
		1960	Headquarters and plant relocated to Omiya City, Saitama Prefecture (currently Saitama City)
Listed on Tokyo Stock Exchange, Second Section	1962		
Los Angeles Office established in the United States	1972		
Listed on Tokyo Stock Exchange, First Section	1973		
Calsonic Inc. established (former Calsonic North America Inc. California plant)	1976		
		1978	Listed on Tokyo Stock Exchange, Second Section
		1984	Kantus Corporation established in North America (currently Calsonic Kansei North America Inc. Lewisburg Plant)
TI NIHON UK established in the United Kingdom (currently Calsonic Kansei UK Limited, Washington Plant)	1986		
Renamed Calsonic Corporation	1988		
		1990	Listed on Tokyo Stock Exchange, First Section
Climatizadores Calsonix S.A. established in Spain (currently Calsonic Kansei Spain, S.A.)	1991	1991	Renamed Kansei Corporation. Kantus Mexicana, S.A. de C.V. established in Mexico (currently Calsonic Kansei Mexicana, S.A. de C.V.)
Daihan Calsonic Corporation established in South Korea			
Calsonic Mexicana, S.A. de C.V. established in Mexico (currently Calsonic Kansei Mexicana, S.A. de C.V.)	1997		
		1998	Kansei UK Limited established in the United Kingdom (currently Calsonic Kansei Sunderland Limited)
Calsonic Kansei Corporation was formed through the merger of Calsonic Corporation and Kansei Corporation	2000		
		2001	Calsonic Kansei (Thailand) Co., Ltd. established in Thailand Calsonic SII Compressors Sdn. Bhd. (currently Calsonic Kansei (Malaysia) Sdn. Bhd.) established in Malaysia
Calsonic Kansei (Wuxi) Corporation established in China	2002		
		2005	Capital increased through a third party allocation to Nissan Motor Co., Ltd., making Calsonic Kansei a consolidated subsidiary of Nissan Motor Calsonic Kansei China Holding Company established in China
Calsonic Kansei Romania S.R.L. established in Romania	2006		
		2007	Calsonic Kansei Motherson Auto Products Limited established in India
R&D Center, Headquarters relocated to Saitama City	2008		
		2012	Calsonic Kansei do Brasil Industria e Comercio Ltda. established in Brazil Calsonic Kansei RUS LLC established in Russia

Calsonic Kansei Corporation

Financial Information

Consolidated Statements of Income (Summary)

Unit: million yen

	FY2014 Apr 1, 2014 – Mar 31, 2015	FY2015 Apr 1, 2015 – Mar 31, 2016	Changes
Net Sales	965,564	1,053,318	87,754
Operating income	31,598	38,236	6,638
(Operating income margin %)	3.3	3.6	0.3
Ordinary income	28,283	34,387	6,104
(Ordinary income margin %)	2.9	3.3	0.4
Profit attributable to owners of parent	20,106	22,516	2,410
(Net income margin %)	2.1	2.1	0.0
Profit attributable to owners of parent per share	75.05	84.05	9.00
Breakdown of Net sales			
Companies in Japan	351,983	344,889	(7,094)
Subsidiaries in the Americas	360,193	426,246	66,053
Subsidiaries in Europe	123,104	126,220	3,116
Subsidiaries in Asia	195,485	222,264	26,779
Subtotal	1,030,766	1,119,619	88,853
Consolidation adjustments	(65,201)	(66,301)	(1,100)
Total	965,564	1,053,318	87,754
Breakdown of operating income			
Companies in Japan	6,250	6,384	134
Subsidiaries in the Americas	12,670	15,977	3,307
Subsidiaries in Europe	615	1,151	536
Subsidiaries in Asia	12,247	14,821	2,574
Subtotal	31,784	38,335	6,551
Consolidation adjustments	(185)	(99)	86
Total	31,598	38,236	6,638
Capital investment	24,349	25,657	1,309
Depreciation	23,224	25,328	2,104
R&D expenditures	27,724	29,239	1,515
Exchange rate (USD)	109.76	120.15	(15.15)

Consolidated Balance Sheets (Summary)

Unit: million yen

	End of FY2014 Mar 31, 2015	End of FY2015 Mar 31, 2016	Changes		End of FY2014 Mar 31, 2015	End of FY2015 Mar 31, 2016	Changes
Current assets	293,376	282,477	(10,899)	Current liabilities	218,059	190,763	(27,296)
Cash on hand and in banks	31,092	36,997	5,905	Trade payables	142,371	133,838	(8,533)
Trade receivables	164,764	160,471	(4,293)	Current portion of bonds and loans payable	23,104	9,952	(13,152)
Inventories	48,622	41,708	(6,914)	Others	52,581	46,969	(5,612)
Others	48,896	43,300	(5,596)	Long-term liabilities	29,507	31,159	1,652
				Current portion of bonds and loans payable	3,046	2,123	(923)
				Provisions for retirement	—	—	—
				Liabilities relating to retirement benefits	13,599	17,901	4,302
				Others	12,861	11,133	(1,728)
Long-term assets	166,456	156,129	(10,327)	Total liabilities	247,567	221,923	(25,644)
Property, plant and equipment	143,063	133,861	(9,202)	Capital	41,456	41,456	0
Intangible fixed assets	6,267	7,429	1,162	Capital surplus	59,638	59,638	0
Investment securities	11,774	11,399	(375)	Retained earnings	100,405	120,577	20,172
Deferred tax assets	4,684	2,841	(1,843)	Treasury stock	(3,759)	(3,781)	(22)
Others	666	598	(68)	Total shareholders' equity	197,740	217,890	20,150
				Cumulative adjustments for retirement benefits	(12,893)	(18,139)	(5,246)
				Valuation and translation adjustments	14,470	40,899	26,429
				Non-controlling interests	12,947	12,842	(105)
				Total net assets	212,266	216,683	4,417
Total assets	459,833	438,606	(21,227)	Total net assets and liabilities	459,833	438,606	(21,227)

	End of FY2014 Mar 31, 2015	End of FY2015 Mar 31, 2016	Changes
Equity ratio (%)	43.3	46.5	3.2
Net assets per share (yen)	743.97	760.92	16.95
Interest bearing debt at the end of the period (million yen)	18,896	45,048	26,162

Editorial Policy

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

The Sustainability Report 2016 is the third issue of this report. In addition to taking in reader feedback about past reports, we have referred to CSR and CSR-related guidelines to make major changes to the composition of this medium.

The full version of this report aims to provide even more information to CSR ratings companies and specialists, and to other interested parties by providing comprehensive information on CSR activities of the Calsonic Kansei Group. With a focus on the viewpoints and concerns of these specialists, this information will contribute to continuous investigation.

The separate highlight version includes a selection of topics in an easy-to-read booklet for a wide range of stakeholders, mainly including customers, business partners and students, with the topics reported in as simple a format as possible.

Applicable Scope

Calsonic Kansei Corporation, 34 consolidated subsidiaries and 15 equity method affiliates

Applicable Term

Mainly fiscal 2015 (April 1, 2015–March 31, 2016)

Publication Date

June 2016 (previous report: June 2015; next report: June 2017 (scheduled))

Reference Guidelines

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

Environmental Reporting Guidelines of the Ministry of the Environment of Japan

Approvals for Various General Rules Related to Environment, Society, and Management

Calsonic Kansei is in agreement with policies such as the International Bill of Human Rights, the Guiding Principles on Business and Human Rights, the UN Global Compact, the Declaration on Fundamental Principles and Rights at Work, ISO 26000 and the Charter of Corporate Behavior, and implements initiatives to help achieve these important management indexes.

Third-Party Guarantees and Opinions

To be obtained (possible inclusion from fiscal 2016)

A third-party opinion of an ESG specialist is included in the highlight version of the Sustainability Report 2016.

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Please Note:

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