

**Sustainability  
Report 2016**  
*Highlight Edition*

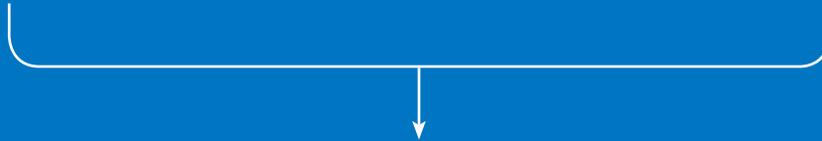




Nihon Radiator Manufacturing Co., Ltd. (1938)



Kanto Seiki Co., Ltd. (1956)



**Calsonic Kansei Corporation (2000)**



***Calsonic Kansei***

*Driven by Inspiration and Innovation*

**We at Calsonic Kansei Group have been supporting the motorization of Japan and the world since its very beginning.**

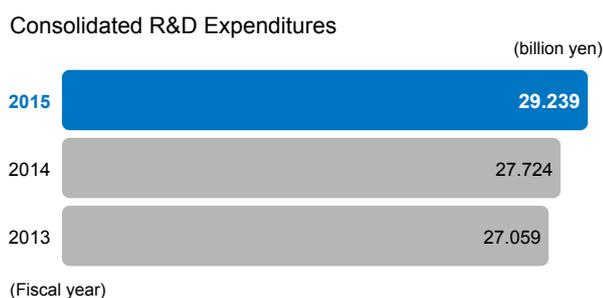
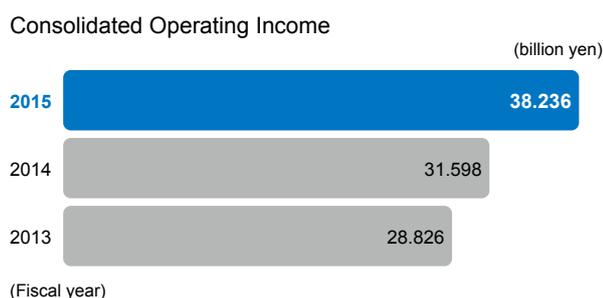
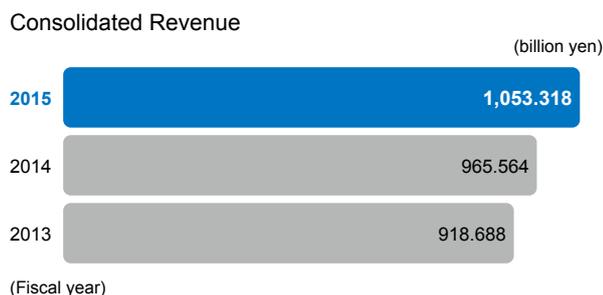
**We will continue to progress together with and contribute to society.**



..... **Corporate Vision** .....

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

# Contents



## Supporting Today, Creating Tomorrow

### Our Business and Our Ideals 2–7

|  |   |
|--|---|
| For a Comfortable and Sustainable Automotive Society   | 2 |
| Global: Reaching Out into the World                    | 4 |
| Inspired: Moving Forward as a Passionate Team          | 5 |
| Innovative: Contributing to Society through Innovation | 6 |
| Sustainable: Valuing Harmony, Growing Dreams           | 7 |

## Sustainable Society

### Message from the President and CEO 8–11

|                                      |   |
|--------------------------------------|---|
| Introduction                         | 8 |
| Interview with the President and CEO | 9 |

## Unique Value Contributing to Society

### 2015 Highlights 12–17

|                                     |    |
|-------------------------------------|----|
| Developing Eco-Friendly Products    | 12 |
| Respecting and Developing Diversity | 14 |
| Participation in Motorsports        | 16 |

## Integrity and Responsibility

### Ongoing CSR Activities 18–27

|                                       |    |
|---------------------------------------|----|
| Sustainability Management Policy      | 18 |
| Calsonic Kansei Group KPIs            | 20 |
| Organizational Governance             | 21 |
| Human Rights                          | 22 |
| Labor Practices                       | 23 |
| Environment                           | 24 |
| Fair Operating Practices              | 25 |
| Consumer Issues                       | 26 |
| Community Involvement and Development | 27 |

## Corporate Information 28–31

|                  |    |
|------------------|----|
| Global Network   | 28 |
| Network in Japan | 29 |
| Company Overview | 30 |
| Editorial Policy | 31 |

## 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.

# Supporting Today, Creating Tomorrow

## Our Business and Our Ideals

### 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

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 coolers



## For a Comfortable and Sustainable Automotive Society

Currently, our products at the Calsonic Kansei Group have expanded greatly from the two business lines at the time of our founding—coolers (radiators) and instruments—into six product areas, supporting automotive manufacturers in Japan and overseas as an automobile parts manufacturer.

In order to contribute toward a comfortable and sustainable automotive society, we continue to keep evolving our businesses in all areas of *monozukuri*.

## Climate Control Products



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



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



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



ck data

Number of automotive manufacturers being supplied to (as of March 31, 2016)

19 companies

# Global

## Reaching Out into the World

With a broadening customer base and the globalization of economies, our business field is also expanding into various places across the globe.

Currently, Calsonic Kansei Group has sites in 16 countries and regions, employing approximately 15,000 people outside Japan.

It is important for *monozukuri* to fit the automotive situation in each country and region.

As a global corporation, we believe it is our mission to support this with a diverse range of perspectives and values by rooting ourselves in every corner of the world.



MISSION  
Global

1

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

CK data

Number of Calsonic Kansei Group locations (as of March 31, 2016)

16 countries and regions

78 production sites

# Inspired

## Moving Forward as a Passionate Team

What do our customers and car users expect from us?  
We believe that *monozukuri* embodies the value that we bring.  
This is characterized by Global Product Data Management (GPDM),  
our platform for sharing our R&D staff's expertise across the globe.  
Our people in each country and region are joined together with  
passion so as to realize trustworthy technology and product quality.



MISSION  
Inspired

2

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

CK data

R&D bases and personnel  
(as of March 31, 2016)

13 sites in 8 countries 2,700 people, one team

# Innovative

## Contributing to Society through Innovation

We aim to contribute towards a sustainable society through advanced *monozukuri*. This is characterized by “CK GX4 T10,” our Mid-Term Management Plan for fiscal 2011 through fiscal 2016 which focuses on the four G’s of “Green,” “Growth,” “Global,” and “Great Company.” One of these, “Green,” is about creating environmental technologies and products. In this area, we have been passionately carrying out R&D to lead the industry’s eco-friendly products.



**MISSION**  
World Leading  
Innovation **3**

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.

**CK data**

Eco-friendly products from  
CK GX4 T10 (FY2011–FY2015)

**9** products developed (Target: 10 products by March 31, 2017)

# Sustainable

## Valuing Harmony, Growing Dreams

We do what we can as both a corporate citizen and a member of the automotive community. Since our founding, we have been emphasizing management that values maintaining harmony with society. This spirit shows itself in many ways, such as our contributions to local communities and participation in motorsport events. Our exhibit at Kids Engineer, an event for children to experience the joy of *monozukuri*, entered its ninth year in fiscal 2015. We hope our activities can help to grow the dreams of future generations.



MISSION  
Sustainable  
Society

4

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



CK data

Number of children participating  
in Kids Engineer 2015

Approx. **5,500**

# Going Forward

---

Hiroshi Moriya

Calsonic Kansei Corporation  
President and CEO

## Introduction

In July 2011, we formed our CK GX4 T10 six-year Mid-Term Management Plan for the Calsonic Kansei Group to help us achieve our Corporate Vision. The plan's aim is to enable us to flexibly respond to the constantly changing global economy and society and to continue growing through sustainable management. We must remain committed to contributing toward social progress and improvement in various business situations through implementation of this management plan. If we can maintain this effort across each Group work site, then we will create a Group-wide culture able to answer the question; "What can the Calsonic Kansei Group do to go beyond compliance with laws and ethical conduct to contribute to society?"

In light of these activities, in fiscal 2015 the Calsonic Kansei Group fully launched activities as part of its "First Year of CSR," integrating various past activities under the CSR umbrella and establishing the CSR Mid-Term Plan. Going forward, we will continue to expand the scope of our CSR initiatives to the whole Group and make steady progress toward achieving our goals, as we aim to become a company that contributes to a sustainable society.



## Interview with the President and CEO



Hiroshi Moriya

Masahiko Kawamura

NLI Research Institute  
Senior Research Fellow and ESG Research  
Office Manager

Fiscal 2016 represents the second year since the Calsonic Kansei Group declared its “First Year of CSR.” In continuation from last year and the year before, Masahiko Kawamura, Senior Research Fellow and ESG Research Office Manager of the NLI Research Institute, an expert in CSR research, had a discussion with our company President Hiroshi Moriya on the subject of progress of our CSR initiatives.

### Progress of the CK GX4 T10 Mid-Term Management Plan

**Kawamura:** I would like to start by asking for your evaluation of the progress made so far in the Calsonic Kansei Group’s CK GX4 T10 Mid-Term Management Plan.

**Moriya:** Fiscal 2016 will be the final year of our CK GX4 T10 plan. We set our three most important commitments as sales, operating profit, and the development of eco-friendly products, and we have been implementing the four key initiatives of our growth strategy for the GX4 (G-by-four) plan: “Green,” “Growth,” “Global,” and “Great Company.” With “Growth,” we set a sales target of over one trillion yen, and we actually achieved this target ahead of schedule in fiscal 2015. And despite unpredictability including the rising yen, we hope to achieve an operating profit rate of seven percent during fiscal 2016. With “Global,” we are establishing production systems mainly in emerging nations, and currently have 78 production sites across 16 countries and regions worldwide. With “Green,” our target was to develop and launch 10 eco-friendly products and we are certain to achieve this target as we have already created nine products by fiscal 2015.

**Kawamura:** Having 78 production sites across 16 countries and regions confirms the status of Calsonic Kansei as a truly

global company. As you expand globally though, the risks associated with such things as human rights and labor will also increase, and the scope of your social responsibility will expand. Your final key initiative is “Great Company,” and I understand you have been included for the first time in the Morningstar Socially Responsible Investment Index.

**Moriya:** The business has been performing well for a number of years. “Great” doesn’t mean more drastic growth going forward, but rather being able to achieve sustainable growth despite factors that we cannot control, and being able to build a resilient corporate culture.

I think it is important to have Key Performance Indicators (KPIs) to measure those non-financial aspects of CSR and management as well, and so inclusion in ESG (environmental, social and governance) investment ratings and CSR rankings are among our KPIs. These results help reconfirm our social standing, and motivates each and every one of our employees to work on CSR initiatives.

We conducted a survey of Sustainability Report readers as well, and found that 75 percent of readers would be happy to work at Calsonic Kansei. That was a terrific surprise to me, and it proves that we have been heading in the right direction with the initiatives we have conducted to date.

## Third-Party Opinion in the Sustainability Report 2015

**Kawamura:** In the 2015 report, three future challenges for CSR management were discussed. What progress has been made in regard to CSR at sites outside of Japan, which was one of those issues?

**Moriya:** We have placed CSR personnel at each of our overseas sites to enhance communications with the Headquarters in Japan. We focused on China in particular, and brought their CSR personnel to Japan for training.

Some of our overseas sites have even better CSR practices than we do in Japan. Overall, we have developed a global framework incorporating the many different activities we have conducted so far, which has clarified our CSR management systems.

**Kawamura:** What about the company's contribution to solving current social issues through your business activities?

**Moriya:** We have assimilated the requirements of global risk and global ESG investment ratings agencies, and listened to external feedback from readers of this report and other people. Through this process, we identified various social issues and created a Materiality Map that we have incorporated into our activity plan. This is the activity plan that became our CSR Mid-Term Plan.



**Kawamura:** The third issue was clarifying the scope of reporting. There are many other companies that still offer unclear reporting, but how is it at the Calsonic Kansei Group?

**Moriya:** Certainly, there is an increasing necessity to clarify the reporting scope in relation to recent CSR initiatives in order to properly report on the outcomes. We conduct our CSR initiatives on a global scale, so in the future we will report under two categories: Japan, which includes Calsonic Kansei and Group companies in Japan, and Overseas, which includes North America, Europe, and Asia.

## Fiscal 2015 Initiatives

**Kawamura:** Human rights have become an important CSR issue over recent years. While promoting work-related human rights globally, you also have to be aware of ensuring decent work.

**Moriya:** The outcome of our fiscal 2015 initiatives that I want to focus most strongly on is the establishment of our human rights policies. We have already incorporated most of our human rights policies as far as currently possible. Our challenge going forward is to establish individual policies for each of our overseas sites that are in line with the local cultures.

**Kawamura:** It is becoming particularly important to consider human rights and labor in the supply chain, so what initiatives do you have in place in this respect?

### CSR Mid-Term Plan

**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.**

#### 1. Improving Employee Awareness

1. **Creating a rewarding workplace (decent work)**
  - Promotion of work-life balance
  - Promotion of diversity
2. **Improving employee awareness about tackling social issues**

#### 2. Coexisting with Society

1. **Compliance with international standards in human rights and labor rules**
  - Compliance with customer CSR guidelines
  - Compliance with laws and regulations in each country (Modern Slavery Act in the United Kingdom, CSR Reporting Law in France, etc.)
2. **Resolution of social issues through business operations**

#### 3. Improving Corporate Value

1. **Achieving the Mid-Term Management Plan**
  - Green promotion (including development of eco-friendly products)
  - Becoming a "Great Company"
2. **Strengthening our CSR activities**
  - Response to opinions of SRI evaluation organizations (Toyo Keizai, FTSE4Good, CDP)

**Moriya:** We employ people regardless of nationality, not only in emerging nations but also in Japan, and use tier two and tier three suppliers overseas. We have to promptly implement initiatives to respond to the globalization of the supply chain right through to tier-N suppliers. In fiscal 2015, we revised our CSR Guidelines for Suppliers and we are actively implementing these guidelines through dialogue and cooperation with our business partners. We are also working hard to eliminate all problems from the supply chain, resolving one issue at a time. And of course, we will do due diligence in this regard.

### Formulation of CSR Mid-Term Plan

**Kawamura:** Your formulation of a CSR Mid-Term Plan is certainly ahead of the times, but what are its main points?

**Moriya:** The aims of our CSR Mid-Term Plan are to be an honest and trusted company, create a rewarding workplace, develop aware employees who tackle social issues, build a resilient company, and contribute to the achievement of a sustainable society.

**Kawamura:** So it's about building new business models while maintaining the current ones in the midst of a changing management landscape and social structure. I would say that the key to resilient management is to determine new business models through discussions with internal and external stakeholders.

**Moriya:** Exactly. A resilient company must search for flexibility and strength whether in financial or non-financial areas.

**Kawamura:** Lastly, you mentioned that one of the aims of CSR is to contribute to a sustainable society. What is your action plan to make this happen?



**Moriya:** Social sustainability and sustainable growth of the company are closely related. To make this happen, we want to achieve sales growth and long-term sustainable profits regardless of economic troubles and exchange rate fluctuations in markets all around the world, and ensure a corporate culture and strength that enable stable management. There are three main issues related to achieving these aims. The first is improving employee awareness. The foundations for this is to create a rewarding workplace and social innovation, which we can do by fostering individuals who can sense social issues by themselves and work to resolve them. The second is coexisting with society. That means conducting business activities that comply with international charters for human rights and labor. We can contribute to the achievement of a sustainable society by applying ourselves to these two issues, which in turn will enable us to achieve the third issue of improving corporate value. We have set these three issues as KPIs, and have established an action plan that will serve as the pillar of our mid-term plan going forward.

**Kawamura:** Thank you for your time. I look forward to hearing more about your progress in CSR management in the future.

### Third-Party Opinion



Masahiko Kawamura  
NLI Research Institute  
Senior Research Fellow and ESG Research Office Manager

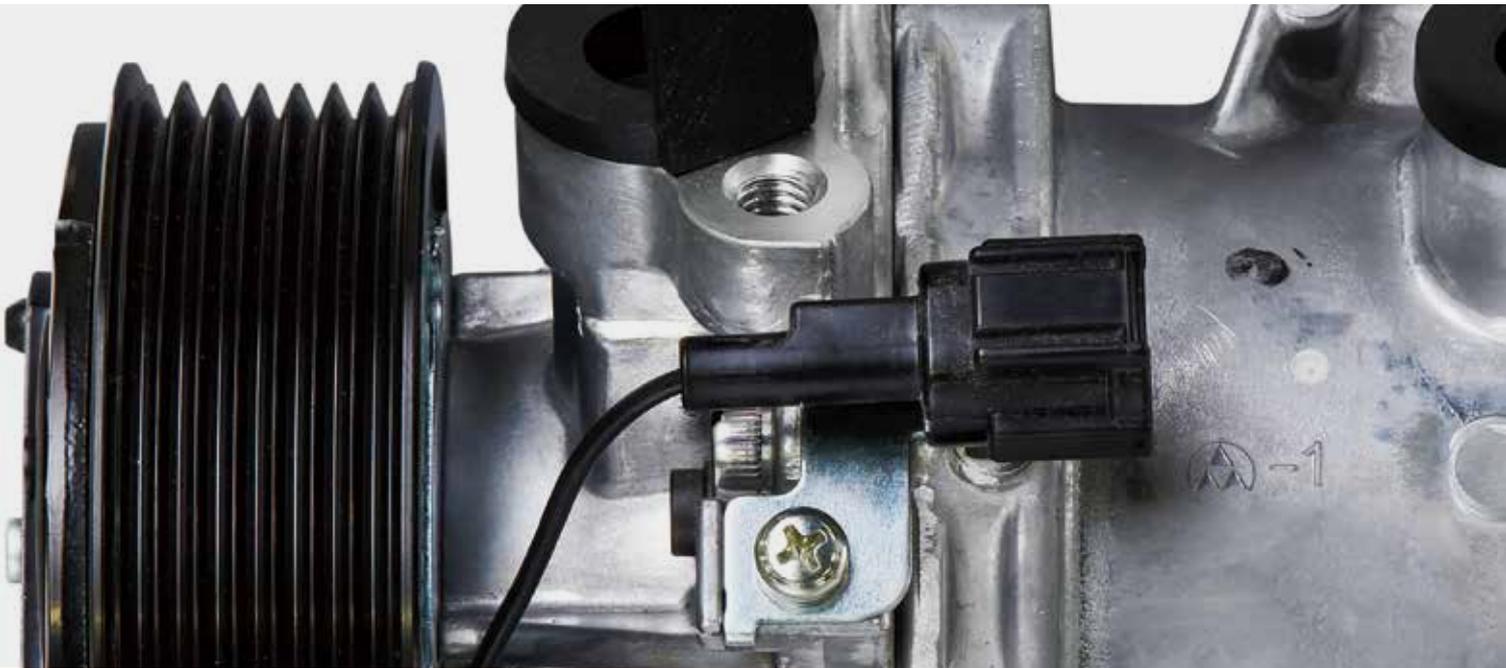
Of particular note in relation to activities carried out by the Calsonic Kansei Group during fiscal 2015, the year positioned as “The First Year of CSR” for the Group, was the speed with which the company reformed and advanced the full integration of CSR into the heart of its management structure under the leadership of President and CEO Hiroshi Moriya. The Group is to be congratulated for its activities over this year, including building an effective organization to drive CSR globally, creating eco-friendly products, revising the CSR Guidelines for Suppliers, and establishing human rights policies and a CSR Mid-Term Plan.

Going forward, we can expect to see considerable changes to current business models in the automotive industry through such things as a changing perception of what an automobile should be. The question is what form the Calsonic Kansei Group’s planned “resilient company” will take in the midst of this drastically changing environment.

There are two things I am hoping will happen. The first is enhanced dialogue with stakeholders. Through conversation, including dialogues with diverse stakeholders and ESG briefings for investors, issues can be identified and reflected in management. The second thing I am hoping for is the establishment of super-long-term targets out to the period from 2030 to 2050. The backcasting method can then be used to drive CSR management. I look forward with great interest to future Calsonic Kansei initiatives as it fulfills its role as a global enterprise for the next generation automotive industry.

# Unique Value Contributing to Society

## 2015 Highlights



### Developing Eco-Friendly Products

# DELIVERING *Our Green Potential*

The Calsonic Kansei Group is contributing to society through the creation of eco-friendly products. Having set ourselves the target of developing 10 eco-friendly products by the end of fiscal 2016, the Group is pushing ahead with the world's most advanced *monozukuri*, to help create a green society, through many different angles including fuel efficiency and lightweighting.

#### Key Issues in the Mid-Term Management Plan

We believe that the most significant contribution to social issues that can be made through Calsonic Kansei's business activities is the development of eco-friendly products, so this is being carried out as one of the key issues of the Mid-Term Management Plan. The plan lists "Green" as one of our growth strategies, so we have been working to lead the world in next-generation eco-products by developing world-leading environmental technologies and products. We set ourselves the target of creating 10 eco-friendly products by the end of fiscal 2016, and by the end of fiscal 2015 we have already launched nine of them onto the market.

To effectively communicate the CO<sub>2</sub> emissions reduction effects of our eco-friendly products during fiscal 2015, both internally and externally, we have also taken steps to visualize our environmental performance.

#### Eco-Friendly throughout the Entire Product Life Cycle

The Calsonic Kansei Group has established its own Life Cycle Assessment (LCA) program as part of efforts to develop products that reduce the environmental burden throughout the entire product life cycle.

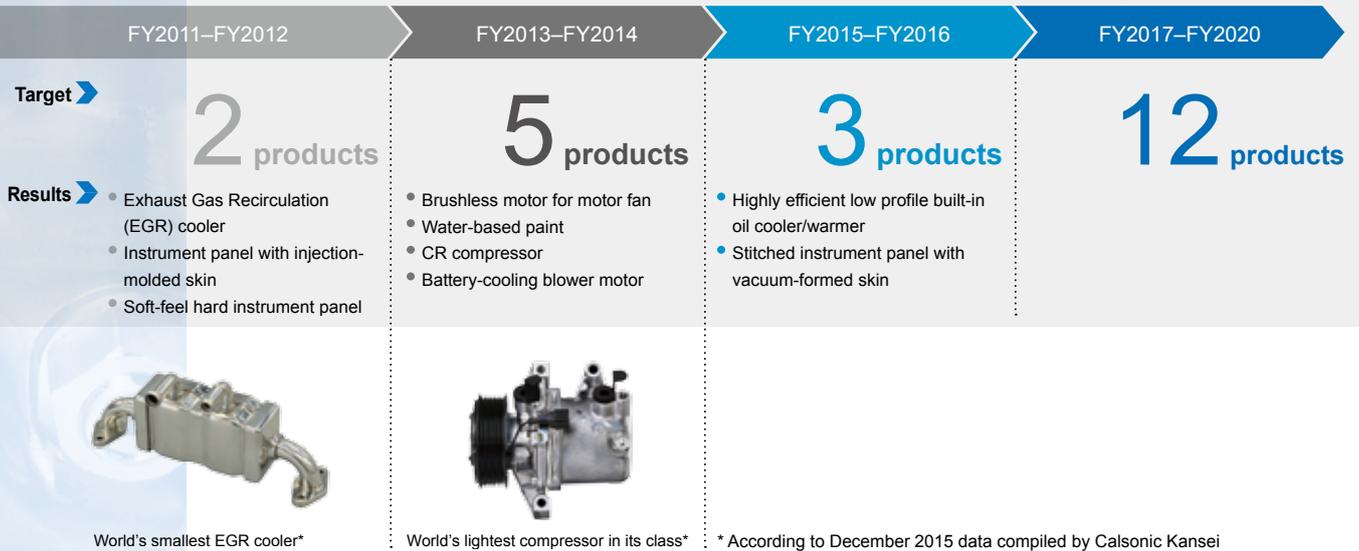
The program lists specific requirements in such areas as fuel efficiency, energy efficiency, compactness, light weight, ease of recycling, and non-use and minimization of hazardous chemical substances. We have to consider these requirements from the initial development stages in order to build them into our products. In addition to QCD (quality, cost, and delivery) and patent-related evaluations, we are implementing environmental evaluations to develop even more eco-friendly products.

We are also currently developing products for electric vehicles, which are the most eco-friendly type of vehicle.

## Progress in “Green” Mid-Term Management Plan

■ Develop **10** new eco-friendly **products** that will lead the world by the end of fiscal 2016.

Post-Mid-Term  
Management Plan Target



## 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions by 47% compared to the previous method.

#### KEY PERFORMANCE

##### Cycle time reduction

**-82** %

##### CO<sub>2</sub> emissions

**-47** %

(Compared to previous models)



## Respecting and Developing Diversity

# DELIVERING *Equality and Diversity*

The Calsonic Kansei Group is contributing to the creation of a society where everyone is able to work with vitality. We are continuing a range of activities focused on respecting and utilizing the diversity of all of our many employees. We are also extending these initiatives from Japan to our overseas operations.

### Diversity Initiatives Producing Steady Results

In April 2008, the Calsonic Kansei Group adopted the CK WAY as action guidelines for each of our employees and as an important step toward diversity, implemented in order to raise awareness and improve understanding. In June 2009, we launched the Diversity Project, overseen by the president. Following this, we established the “shine.net” diversity promotion network in July 2010 based on a proposal from this project, and since then we have extended the network to include everyone within the Group.

An important characteristic of this network is its diverse, workplace-focused activities. “shine.net” is made of employees from various departments, plants, and Group companies. In addition to its use for distributing messages

from the president and CEO, and for awareness activities such as lectures by external experts, it is actively used for an exchange of opinions at workplace-based roundtables, with employee feedback from these events reflected in reforming systems and creating workplaces for our employees.

In August 2015, the Act to Advance Women’s Success in their Working Life was established in Japan, which, together with other factors, is currently continuing to drive interest in a more diverse society. Calsonic Kansei has set a target of doubling the current number of women in managerial positions by fiscal 2021. Going forward, we will continue to maintain a focus on diversity as we develop human resources able to utilize their individuality, and enhance management that grows together with our employees.

### Main Activities to Date

|                |   |                |  |
|----------------|---|----------------|--|
| June 2009      | Diversity Project launched  | March 2014     | World Café held to discuss shorter working hours for childcare |
| July 2010      | “shine.net” diversity promotion network launched                            | September 2014 | Project Based Learning event held with Toyo University         |
| September 2010 | Roundtables held (Saitama, Gunma, Sano, Yoshimi, and Kodama areas)          | November 2014  | Roundtable held to discuss work-life balance                   |
| October 2011   | Roundtable held to promote compatibility between childcare/nursing and work | February 2015  | Diversity events held at each Group company and plant          |
| May 2012       | Annual meeting held   | March 2015     | Diversity Workshop and World Café held                         |

## Initiatives to Promote Active Participation of Women

The Calsonic Kansei Group aims to create workplaces and ways of working that make it possible to maximize capabilities in every life stage such as childbirth, childcare and nursing. To enable this to happen, and in particular to pay attention to the life stages of women, we listen to our customers' voices through employee opinion surveys, the Working Style Improvement Committee, and "shine.net" and reflect the results of such activities through various measures.

In fiscal 2015, we held our annual meeting to enable company-wide discussions about diversity. At the meeting, Sachiko Fumoto, Operating Officer of Nikkei Business Publications, Inc. and General Manager of Nikkei BP Institute of Consumer Trends, spoke on the topic of creating workplaces that encourage active participation of women. Hiromi Takasaki (a woman in a managerial position at Calsonic Kansei) and President and CEO Hiroshi Moriya also had a related discussion. The meeting had several active discussions on how to fully utilize the abilities of women in enterprises. We are pushing forward these trends, with Group companies actively conducting roundtables and other events, and plants holding meetings with other plants and industries to exchange views.



Diversity meeting



Hiromi Takasaki, a woman in a managerial position at Calsonic Kansei, holding a dialogue with President and CEO Hiroshi Moriya

## Initiatives to Maximize Global Diversity

With the trend toward borderless businesses, we are also continuing to expand diversity initiatives globally. In particular, we are continuing to conduct recruiting activities with a focus on increasing the employment regardless of nationality, welcoming international students and directly employing graduates from foreign universities.

To create a workplace that maximizes our global diversity, we need to put into place systems that enable an awareness of issues and an understanding of diversity of cultures and values of our fellow workers. From this perspective, we are steadily implementing our global diversity program to include mid-career employees and employees in their prime working years. The Calsonic Kansei Group is also conducting Global Business Leader Training (GBLT) to develop future leaders for the company. Many employees from Japan and overseas participate in this training program, which is conducted in English and discusses a wide range of topics from communication and presentation theory to strategy development and social ethics. In addition to providing the knowledge required of future leaders, the program promotes an understanding of diversity from a global perspective, which in turn will help create a Group-wide network of human resources that crosses national borders.



Future business leader training conducted in English



Group discussions



## Participation in Motorsports

# DELIVERING *Our Passion*

The Calsonic Kansei Group has participated for many years in the top echelons of racing in Japan and overseas. The reason for this is the Group's everlasting passion for improving society through constant innovation, and for enriching our culture through motorsports.

### Pushing the Limits to Achieve Further Technological Improvement

The Calsonic Kansei Group supplies automotive parts that play an important role at the international level, and is responsible for delivering safety and security. We are working to develop perfect products able to achieve their full performance regardless of the weather, environment, or usage conditions.

As one of those activities, we are supplying products to the motorsports industry. Our products are predominantly high-performance heat exchangers that are able to withstand the harsh conditions on the race track. This enables us to verify a range of technical devices and issues under racing conditions so we can develop products that always function correctly even under severe conditions.

The Calsonic Kansei Group will continue to develop products through motorsports so that we can further improve our technologies, and this will lead to products that provide peace of mind for everyone.

### Creating Dreams, Relationships, and a Motorsports Culture

Japan's motorsports industry can be traced back to the founding of the Japan Automobile Federation (JAF) in 1962 to oversee the motorsports industry. In 1963, the first Japanese Grand Prix was held. The Calsonic Kansei Group itself has had a long association with motorsports going back over 30 years to 1982.

Through motorsports, spectators group together to support their favorite team during races, and that creates strong bonds between them. Through motorsports, the Calsonic Kansei Group hopes to contribute to creating these bonds and realizing dreams for our employees, their families and other car enthusiasts.

The Japanese automotive industry is also a massive source of employment as well, providing work for about five million people or more. We believe that one of our most important missions is to increase the number of car enthusiasts through motorsports, and to further grow this industry in doing so.



### Calsonic Kansei Elevates to a Higher Level with Supplier Agreement with McLaren

Calsonic Kansei has signed a multi-year official supplier contract with McLaren Honda, the world-leading Formula One team. Calsonic Kansei has a long-standing relationship with McLaren Racing dating back to 1992, and has been supplying heat exchangers for race cars since then. By entering into this multi-year global partnership, the relationship between Calsonic Kansei and McLaren will grow closer than ever.

Formula One is the highest class of international motorsports and one of the most intense races in the world. This strengthened relationship with McLaren Honda represents an opportunity to accelerate product development in a place of extreme technological innovation. Calsonic Kansei will enhance its technical strength, and use the results of this in future products for a wide range of customers. With the Calsonic Kansei Group's globally-focused tagline, "Driven by Inspiration and Innovation," the partnership with McLaren Honda Formula One team is contributing to increased motivation of engineers and other staff.



McLaren Honda Formula One car

### Developing the Japanese Motorsports Industry

Calsonic Kansei participates in Japan's Super GT racing series, which is the current format of a championship that started existence as the Japan GT Championship (JGTC) in 1994. Established for the racing versions of high-performance grand touring (GT) production vehicles, it welcomes famous manufacturers and teams from Japan and overseas every year, climbing to a total of 45 teams and 17 models at the start of the 2015 racing season. With a variety of drivers and a weight handicap system to balance races across the full season, the Super GT attracts around 500,000 spectators every year and boasts the greatest popularity as Japan's foremost racing series. It also works hard to interact with fans and locals through a range of events it holds, realizing dreams and providing excitement to various generations.

Unfortunately, the Calsonic IMPUL GT-R car, with Kazuyoshi Hoshino as the team principal, only managed to take out second position overall during the 2015 Super GT series. Using this narrow defeat as a springboard, we hope to share the excitement and bonds of the passion of racing with motorsports fans everywhere.



From left: Hironobu Yasuda (driver), Kazuyoshi Hoshino (principal), and Joao Paulo de Oliveira (driver)

# Integrity and Responsibility

## Ongoing CSR Activities

### Sustainability Management Policy

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.

Philosophy of the Calsonic Kansei Group



### 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

## 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

## Calsonic Kansei Group KPIs

In fiscal 2015, the Calsonic Kansei Group identified global social issues and evaluated our impact on the company, impact on stakeholders, frequency and response to risk avoidance. We then defined key issues based on core subjects of the ISO 26000 standard.

Key Performance Indicators (KPI) have been set for each key issue and we are conducting activities aimed at meeting these KPIs.

### Fiscal 2015 Results

Number of internal whistleblowing reports



Number of conflict minerals survey companies (Calsonic Kansei)



Percentage of woman in managerial positions (Calsonic Kansei)



Number of eco-friendly products created



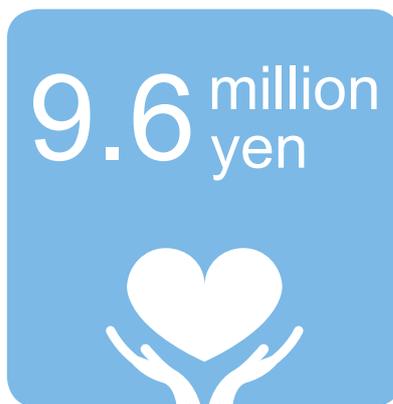
Percentage of employees receiving Code of Conduct training and giving pledges



Number of Quality System Evaluation System (QSES) auditors



Expenditure on social contribution activities (Calsonic Kansei)



### Calsonic Kansei Group's Approach

The Calsonic Kansei Group believes it is vital to contribute to creating a prosperous society through our business activities and to have excellent relationships with all of our stakeholders. To remain a trusted company in society, we have established corporate governance policies with a strong focus on CSR. With a commitment to law-abiding and ethical management, we are enhancing risk management and building systems able to achieve stable product supply in emergency situations.

## Fiscal 2015 Activity Highlights

### CSR-Related Governance System

The Calsonic Kansei Group is enhancing frameworks that strengthen governance from both environmental and social perspectives. We have established committees chaired by company executives to discuss such areas as the environment, safety and information security, and to oversee implementation of the PDCA cycle in each activity. In particular, the Risk Management Committee has identified four issues as major risks for the entire Group: large-scale disasters,

production continuity (supply risk), quality, and China Compulsory Certification (CCC). The committee formulated measures based on an execution plan, and evaluated the execution status and results of these measures. 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.

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

### Various Committees Responsible for CSR Governance

| 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 | President and CEO   |

\* GEC: The Global Executive Committee, which consists of company officers and managers of group subsidiaries, with the CEO serving as Chairman

### BCP Preparation

At the Calsonic Kansei Group, we have established the Disaster Management Regulations as part of the business continuity plan (BCP) in preparation for disasters such as earthquakes and typhoons. We have also developed the Company-Wide Disaster Prevention Manual as an action guide based on these regulations. At Calsonic Kansei, we introduced a safety confirmation system in fiscal 2014. We conduct safety training based on annual safety training plans, and these measures have been gradually introduced at Group business locations in Japan since fiscal 2015.

Over recent years, and according to lessons learned from earthquakes, we have made contributions to recovery of regional infrastructure in the event of an emergency, an important element of our BCP. In 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. It is able to provide drinking water to local residents and employees who are unable to go home following a disaster, and can continue to provide this water even if the public water supply system is disrupted.



Groundwater membrane filtration system

### Calsonic Kansei Group's Approach

In the Calsonic Kansei Code of Conduct, the Calsonic Kansei Group clearly states that it respects diversity and human rights. In April 2016, we established the Basic Policy for Human Rights and the Policy on Human Rights. Through these concrete policies, we thoroughly teach employees about human rights and labor considerations, and accelerate Group-wide actions that encourage more respect for human rights in the supply chain.

## Fiscal 2015 Activity Highlights

### Establishment of Human Rights Policies and Training

The Calsonic Kansei Group's Basic Policy for Human Rights and Policy on Human Rights include considerations for the state of a business's globalization, and support for various international standards such as the International Bill of 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. We conduct education and awareness activities to ensure all Group employees follow these human rights policies so that we can maintain respect for race, culture and other rights while doing business in each country and region.

In fiscal 2015, we began preparations for our Human Rights Education and Training program, including the formulation of our human rights policies. 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 given to approximately 120 new graduates joining the company in 2016. Our CSR News publication, produced for all employees each week, also covers topics related to human rights in order to increase human rights awareness among our employees.



A seminar for new employees

### Respect for Human Rights across our Supply Chain

In August 2012, detailed laws were enacted in the United States 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. With actions like this and a trend toward borderless economies, more and more people are expecting us to establish systems with respect for human rights that cover the entire enterprise supply chain. The Calsonic Kansei Group has developed the Response Policy for Conflict Minerals from the viewpoint of preventing human rights abuses in conflict zones. Since fiscal 2013, we have been conducting ongoing surveys of the supply chain, with a total of 285 companies surveyed during fiscal 2015.

In addition to the issue of conflict minerals, we have been increasing our burden of responsibility as a global enterprise as we build a supply chain that ensures proper human rights respect in developing nations. To this end, we have begun a program of CSR due diligence that includes human rights surveys of our business partners, and we have selected five companies for the first round. Going forward, we plan to expand the size of the program every year, and to improve and enrich the quality of the survey.

### Calsonic Kansei Group's Approach

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. We also encourage a positive work-life balance to support the diverse lifestyles of our employees.

## Fiscal 2015 Activity Highlights

### Human Resource Development

Calsonic Kansei believes that human resources are vital above all else for achieving sustainable growth, so we are committed to human resource development with the dual focus of "monozukuri" and "global."

#### • 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.

We have also introduced a Skills Meister System to clarify the skills required for *monozukuri*. We currently have nine meisters selected not only for their skills, but also for being recognized as model employees by everyone they work with.

### Work-Life Balance

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.

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.

We are also focusing on enriching our systems of support for childbirth, childcare, and nursing. Year after year, we have been enhancing systems that help employees continue working or smoothly return to work after a period of absence. For example, we expanded employee eligibility to work

#### • Global Human Resource Development

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



GBLT (Global Business Leader Training)

shorter hours for childcare up until the year of their child's elementary school graduation. Since fiscal 2016, we have expanded eligibility for assistance for family dependents, extended the length of childcare leave, and instituted a regular interview system to check in with employees who are on leave of absence. In May 2015, we were 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 we acquired the ministry's Kurumin certification.

In response to Japan's aging population and declining birthrate, we consider measures to re-employ skilled retirees to be an important factor in human resource utilization.



Kurumin mark recognizing support for the next generation

### Calsonic Kansei Group's Approach

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.

## Fiscal 2015 Activity Highlights

### Creating a Low-Carbon Society

Calsonic Kansei is quantitatively evaluating the direct and indirect environmental burden of its manufacturing operations, including power and fuel usage, and is implementing a Carbon Minimum initiative to reduce this environmental burden and create a low-carbon society.

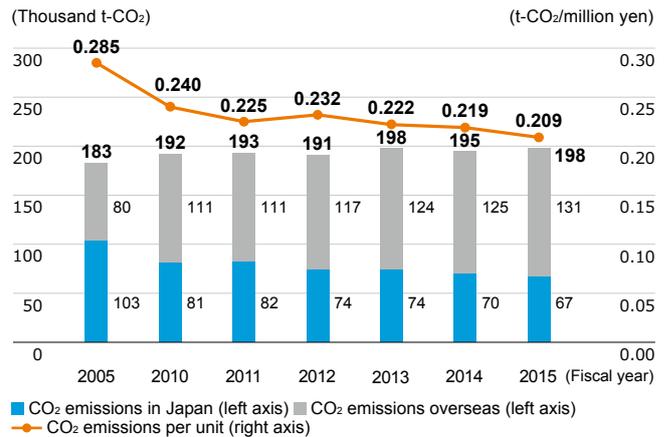
In line with our CK GX4 T10 Mid-Term Management Plan running from fiscal 2011 through fiscal 2016, we have defined fiscal 2016 targets and annual milestones as part of our Calsonic Kansei Green Program, and the entire Group is working toward achieving these targets.

Compared to fiscal 2005, CO<sub>2</sub> emissions were reduced by 34.9% in Japan and increased 64.3% overseas due to an increase in production sites outside Japan. Emissions per unit (total CO<sub>2</sub> emissions/sales) was reduced by 29.6% in Japan and 26.1% overseas compared to fiscal 2005.

In continuation from last year, we carried out Energy Saving Special Activities at all of our sites in Japan, 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 in 2014.

### Calsonic Kansei CO<sub>2</sub> Emissions and CO<sub>2</sub> Emissions per Unit



### Promoting Resource Recycling and the Three R's (Reduce, Reuse, and Recycle)

Through the Calsonic Kansei Green Program, we are focusing on resource recycling as a "3R" (Reduce, Reuse, and Recycle) initiative, while also driving waste reduction and zero landfill initiatives.

We are conducting activities to reduce waste per unit (total waste/sales) in Japan by 16.4% compared to fiscal 2005, and overseas by 5.0% compared to fiscal 2010, and by fiscal 2015 we had met both of these targets, with a 27.0% reduction in Japan and 17.9% reduction overseas.

For our zero landfill (total landfill/total waste) initiative, we

set a target of maintaining landfill overseas at 0.2% or lower, a target we met in Japan in fiscal 2006. We met this overseas target mainly by reviewing our waste sorting processes.

With environmental issues such as the global water shortage, we are also working to reduce water use at all Group companies in Japan and overseas. We set a target in fiscal 2015 to reduce water use per unit (total use/sales) by 2.0% compared to fiscal 2014, and we met both of these targets in 2015, with a 2.5% reduction in Japan and a 15.1% reduction overseas.

### Calsonic Kansei Group's Approach

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. In 2003, we established the Calsonic Kansei Global Code of Conduct and took the opportunity to conduct education and awareness activities in order to strengthen the global compliance structure. In recent years, we have been enhancing communication with business partners and driving initiatives across the entire supply chain.

## Fiscal 2015 Activity Highlights

### Compliance Education and Awareness

Calsonic Kansei conducts training on the Code of Conduct every year and collects pledges in order to strengthen awareness about compliance, with 100% of our employees in Japan and overseas signing 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.



Compliance training

### Supply Chain Management

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, our supply chain is also expanding globally. At this time, we aim to improve our CSR management by sharing our ideas and policies with our business partners in order to promote our CSR activities.

In fiscal 2015, we developed the Calsonic Kansei CSR Guidelines for Suppliers and rolled them out to our major business partners. We plan to revise these guidelines in fiscal 2016 in order to improve the content. We request their

continuing cooperation with our CSR initiatives, and their cooperation in ensuring anti-corruption and other compliance.



Fiscal 2015 policy briefing session for key business partners

### Key Points in CSR Guidelines for Suppliers

| 1. Safety and Quality  | 2. Human Rights and Labor   | 3. Environment   | 4. Compliance   | 5. Information Disclosure  |
|--|---|--|---|--|
| <ul style="list-style-type: none"> <li>• Providing products and services that meet customer needs</li> <li>• Providing products and services</li> <li>• Ensuring quality of products and services</li> </ul> | <ul style="list-style-type: none"> <li>• Prohibiting discrimination</li> <li>• Respecting human rights</li> <li>• Prohibiting child labor</li> <li>• Prohibiting forced labor</li> <li>• Complying with wage laws and ordinances</li> <li>• Complying with working hour laws and ordinances</li> <li>• Dialogue and discussion with employees</li> <li>• Ensuring a safe and healthy working environment</li> </ul> | <ul style="list-style-type: none"> <li>• Environmental management</li> <li>• Reducing greenhouse gas emissions</li> <li>• Preventing air, water, and soil pollution</li> <li>• Saving resources and reducing waste</li> <li>• Managing chemical substances</li> <li>• Conservation of ecosystem</li> </ul> | <ul style="list-style-type: none"> <li>• Complying with laws and ordinances (competition laws and export-related laws and regulations)</li> <li>• Anti-corruption</li> <li>• Managing confidential information</li> <li>• Protecting intellectual property</li> </ul> | <ul style="list-style-type: none"> <li>• Disclosing information to stakeholders</li> </ul> |

### Calsonic Kansei Group's Approach

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. Based on this approach, we consider quality to be one of the most important key issues for the company as a whole, and continue to provide high quality in all processes, including development, design, production, and logistics. We also focus on improving our customer responsiveness through such activities as ongoing customer satisfaction surveys.

## Fiscal 2015 Activity Highlights

### Initiatives to Improve Quality and Reliability

Calsonic Kansei is taking the lead by working to improve technological capabilities related to quality and reliability. In 2003, our air-conditioning business unit promptly received ISO/TS 16949 certification, a new quality standard for the automotive industry. By 2005, all of our Group companies had acquired this certification for all products.

In addition, in order to ensure appropriate quality in the field 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 in the three levels of vehicles, systems, and components.

|                   | Safety / Durability   | Environment   | Comfort  |
|-------------------|---|---|--|
| <b>Vehicles</b>   | <br>EMC assessment                             | <br>Emissions and fuel assessments  | <br>Actual vehicle environment wind tunnel test |
| <b>Systems</b>    | <br>Composite thermal impact assessment        | <br>Multi-axis vibration assessment | <br>Wear and hammering assessment               |
| <b>Components</b> | <br>Component and solder durability assessment | <br>Radiator performance assessment | <br>Auto-function assessment equipment          |

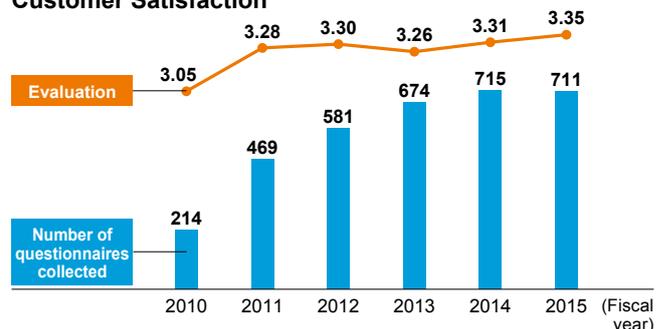
### Ongoing Customer Satisfaction Surveys

The Calsonic Kansei Group's goal is to lead the industry through *monozukuri* activities in an automotive 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. Since 2005, we have conducted a customer satisfaction survey once a year.

The survey asks customers to apply a five-level rating on items related to quality, cost, delivery, development, management, and sales activities (QCDDMS) along with comments on specific improvement requirements. In fiscal 2015, we received 711 responses and achieved an average

rating of 3.35 points out of a maximum of five points. We aim to use this survey as a contact point for further enhancing communication with customers and for improving customer satisfaction.

### Customer Satisfaction



### Calsonic Kansei Group's Approach

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. As a good corporate citizen, the Calsonic Kansei Group is contributing to society in many ways by making use of its characteristics and know-how. This includes active participation in local community activities and development of the next generation who will lead the future, in addition to motorsport-related activities.

## Fiscal 2015 Activity Highlights

### Supporting the Next Generation who will Lead the Future

Calsonic Kansei conducts a wide range of activities for supporting children who will lead the future through the in-company volunteer-run Team SKETT.

With the aim of developing engineers for the future, we have been conducting programs for elementary school students including opportunities to experience vehicle technology and manufacturing, participation in Kids Engineer, a hands-on exhibition sponsored by The Society of Automotive Engineers of Japan (JSAE), and participation in Project Supporting What You Want to Do, a special on-site lesson program on science.

In addition, we participate in and support Student Formula Japan (SFJ), a competition held since 2003 under JSAE sponsorship, and we also support the Highschool International Conference Executive Committee, an NGO run by high school students based mainly in the Kanto region.



Fifth Highschool International Conference

Kids Engineer 2015

### Environmental Communication with Locals

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.

In fiscal 2015, we held a similar gathering at CKF Corporation, a Group company located in Nihonmatsu, Fukushima Prefecture, Japan. Through ongoing environmental communication like this, we hope to improve our connection and coexistence with local communities.



Environmental Communication gathering

## Global Network

● Major Overseas Offices

▲ R&D Bases



### 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.  
 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)

**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.

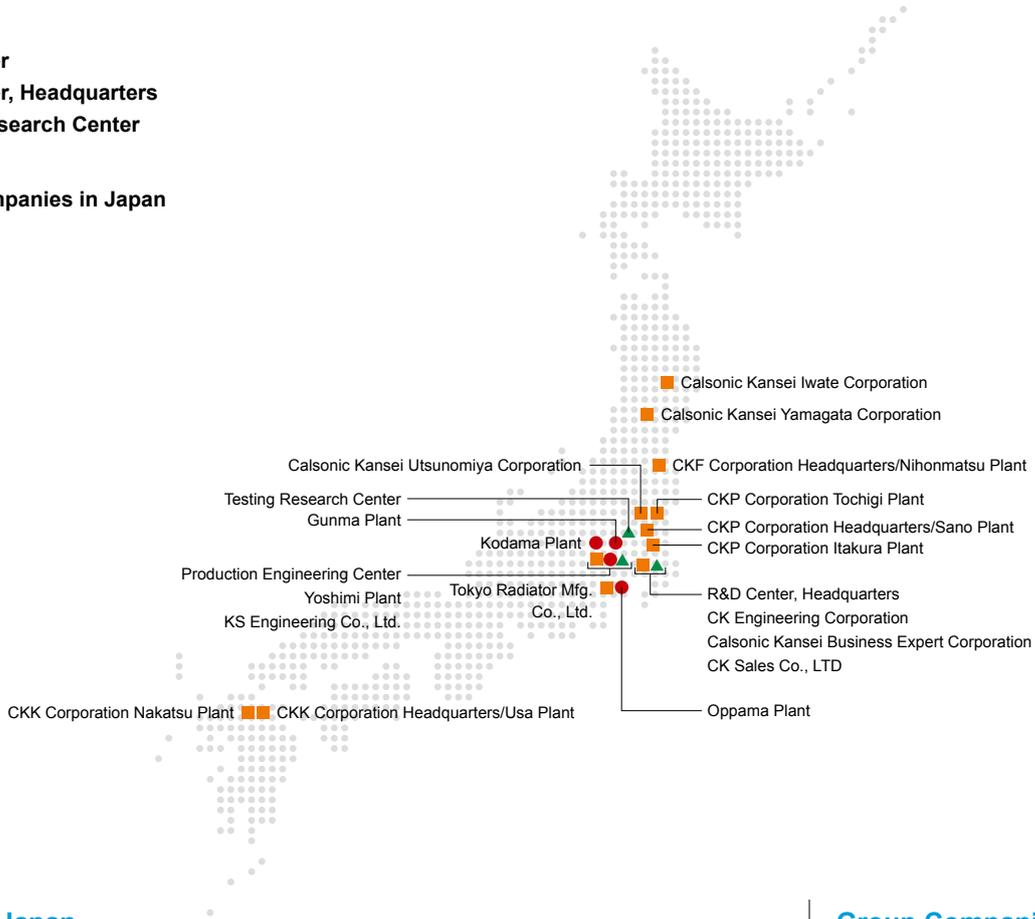
**Brazil**  
 Calsonic Kansei do Brasil Industria e Comercio Ltda.

### R&D Bases

- R&D bases in eight countries across the globe, employing approximately 2,700 personnel
- Establishment of centers with development engineering functions in Shanghai, China, together with CK Engineering, and in Chennai, India, together with L&T IES.
- Bases: Japan, United Kingdom, France, United States, Mexico, India, Thailand, China

## Network in Japan

- ▲ R&D Center
- R&D Center, Headquarters
- Testing Research Center
- Plants
- Group Companies in Japan



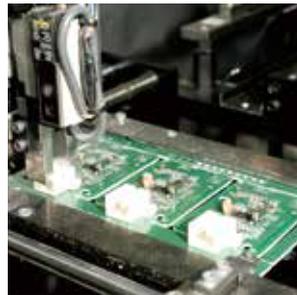
## Offices in Japan



R&D Center, Headquarters



Testing Research Center



Production Engineering Center

## Plants



Gunma Plant



Yoshimi Plant



Kodama Plant



Oppama Plant

## 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.
- 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.

## Company Overview (as of March 31, 2016)

|   |   |
|---|---|
| <b>Name</b>                                       | Calsonic Kansei Corporation   |
| <b>Location of headquarters</b>                   | 2-1917 Nisshin-cho, Kita-ku, Saitama City, Saitama  |
| <b>Major countries of business</b>                | United States, Mexico, Brazil, United Kingdom, Spain, France, Germany, Romania, Russia, China, Malaysia, South Korea, Thailand, India   |
| <b>Main products</b>                              | Cockpit modules, front-end modules, exhaust systems, air conditioning units, compressors, meters, radiators   |
| <b>Number of group companies</b>                  | Consolidated: 34 companies<br>Equity method: 15 companies   |
| <b>Number of employees</b>                        | Consolidated: 21,987  |
| <b>Major clients</b>                              | 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) |
| <b>Stock listing</b>                              | First Section of the Tokyo Stock Exchange   |
| <b>Number of shareholders</b>                     | 7,201   |
| <b>Total assets</b>                               | 438.606 billion yen   |
| <b>Shareholder's equity</b>                       | 217.890 billion yen   |
| <b>Major shareholders and shareholding ratios</b> | Nissan Motor Co., Ltd.: 40.7%   |
| <b>Major member organizations</b>                 | Japan Auto Parts Industries Association, Society of Automotive Engineers of Japan, etc.   |

### Our Website

In order to let a wider audience know about our corporate activities, the Calsonic Kansei Group uses the corporate website for information release. Besides corporate and product information, the website contains a wealth of information including financial results, information on investor relations, CSR-related information, and motorsports.

[www.calsonickansei.co.jp/english](http://www.calsonickansei.co.jp/english)



Website home page



CSR-related information site

# Editorial Policy

## About This Report

The Calsonic Kansei Group published its first Sustainability Report in 2014, reporting on its ideas and various initiatives as a communication tool 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.

This highlight edition of the report 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.

The separate full version of this report aims to provide even more information to CSR ratings companies and specialists and 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, the information will contribute towards our policy of continuous investigation.



For details, please see the full version of the Sustainability Report 2016.

## 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.

### Contact for inquiries regarding this report

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

**CSR / Public Relations & IR Group**

**Corporate Planning Division**

**Calsonic Kansei Corporation**

Phone: +81-(0)48-660-2161

e-mail: ckcsr@ck-mail.com

### 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.

## About the Cover Page

This time, we have revamped the design of the cover page.

We have used photographs to express the four areas important to the Calsonic Kansei Group—green (environment), employees, a sustainable future (children), and *monozukuri*.

The simple design with a white background helps to further emphasize the importance we place on these four areas, with the four photographs placed on the blue band signifying the Calsonic Kansei Group.



***Calsonic Kansei***

**R&D Center, Headquarters**

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

Phone: +81-(0)48-660-2161 (Corporate Planning Division)

[www.calsonickansei.co.jp/english](http://www.calsonickansei.co.jp/english)