

Philosophy, Policy and Management

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Business Philosophy and Business Creed

Sharp Will Continue to Fulfill Its Social Responsibility through Its Business Activities

Business Philosophy

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

It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living.

Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders ...indeed, the entire Sharp family.

Business Creed

Sharp Corporation is dedicated to two principal ideals:

"Sincerity and Creativity"

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

Sincerity is a virtue fundamental to humanity ... always be sincere.

Harmony brings strength ... trust each other and work together.

Politeness is a merit ... always be courteous and respectful.

Creativity promotes progress ... remain constantly aware of the need to innovate and improve.

Courage is the basis of a rewarding life ... accept every challenge with a positive attitude.

“Make products that others want to imitate.” These words, spoken by Sharp founder Tokujii Hayakawa, exemplify his management concept of contributing to society through the company’s technologies and manufacturing. This concept is realized by being the first to make products that meet the needs of a new era and by becoming a corporation that is known and trusted by society. In 1973, Sharp articulated this spirit in the company’s business philosophy and business creed. This spirit has been passed down continuously over the generations, ever since the company’s founding over a hundred years ago.

The business philosophy represents the image that Sharp aims to present. As stated in the words “contributing to the culture, benefits and welfare of people throughout the world,” Sharp has always strived for mutual prosperity with society and stakeholders, ever since its founding. This philosophy is the foundation of corporate sustainability today.

The business creed represents the beliefs and attitudes that all employees must hold fast to in order to realize the business philosophy. Sharp is dedicated to the two principal ideals of “Sincerity and Creativity.” These ideals, which form the foundation of Sharp, involve thoroughly maintaining a customer’s perspective and bringing forth inventive products. Sharp will remain committed to fulfilling its social responsibility and to being a company that is known and trusted throughout society through business activities that abide by its business philosophy and business creed.

Message from the President & CEO

Contributing to a sustainable society through ESG management based on our business philosophy

Masahiro Okitsu
President & Chief Executive Officer



We are currently implementing reforms that will propel Sharp forward. As president, I am striving to establish Sharp as a trusted Japanese brand by putting into action three points stated in our medium-term management direction of May 2024: asset-light transformation in the device business, growth model establishment using a cycle of existing brand business and new innovation, and HQ function enhancement.

Regarding the point of HQ function enhancement, one of its key measures is ESG management. Sharp's ESG management is rooted in its business philosophy, and this will never change. Our business philosophy states that "we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits and welfare of people throughout the world" and "our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders." This is the foundation of Sharp's mission to cooperate with stakeholders to continuously provide society with new value.

Under the SHARP Eco Vision 2050 long-term environmental vision, we have set goals to be achieved by 2050 in three fields of action: climate change, resource recycling, and safety and security. In climate change, an urgent problem facing the entire world, we are stepping up efforts with the goal of achieving net zero CO₂ emissions in Sharp business activities by 2030. In resource recycling, we are doing everything possible to reuse material in products and packaging to help achieve a circular economy. In safety and security, we are properly managing chemicals to protect people's health and the natural environment. We also became a member of the Japanese Ministry of the

Environment's 30by30 Alliance for Biodiversity in June 2024 with the aim of achieving our biodiversity preservation and nature positive targets. In support of the aims of this alliance, Sharp bases conduct activities that help protect biodiversity and clean up habitats; for example, the Tenri Plant protects bamboo lilies and the Kameyama Plant propagates *Tanakia lanceolata*, a freshwater fish.

Sharp signed the United Nations Global Compact in 2009 and supports this framework's 10 principles in the areas of human rights, labor, the environment, and anti-corruption. This support comes in the form of fulfilling corporate responsibilities to solve worldwide problems such as conflict minerals and human rights abuses.

The Sustainability Committee, of which I am the chair, convenes twice a year. As well, to step up the pace of our ESG efforts, we have established sustainability subcommittees, each comprising members of departments related to its specific issue. These subcommittees are in the process of implementing action plans they have made, which will further synergize their activities and help Sharp achieve its company-wide goals all that much sooner.

Sharp will continue to pursue ESG management based on its business philosophy with the goal of contributing to a sustainable society in which no one on this Earth is left behind.

September 2024

Management: Sustainability Management

Sharp's Sustainability Policy

Basic Philosophy on Sustainability

It has been Sharp's business philosophy since its founding to "contribute to the culture, benefits and welfare of people throughout the world" and to understand that "our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders." Based on this business philosophy, Sharp has continued to meet the expectations and requirements of society and its stakeholders, and these aspirations for sustained mutual growth of the company and society are maintained as Sharp's basic philosophy on sustainability.

Related Information: > [Business Philosophy and Business Creed](#)

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

To concretize its business philosophy and business creed, the company has set out the Sharp Group Charter of Corporate Behavior to serve as the principles of behavior for Sharp Group companies, and the Sharp Code of Conduct to serve as a standard for all directors and employees. Sharp works to ensure that these guidelines permeate the Group as fundamental sustainability policies, and that the Group takes appropriate and sincere action in all of its business endeavors with a high ethical standard and full compliance with the law. Resolutions regarding the adoption of the Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct are issued by the boards of directors of Sharp Corporation and its main subsidiaries and affiliate companies in Japan and overseas. At overseas subsidiaries and affiliates, these documents are translated into local languages so that employees can fully understand and comply with them. The content of the Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct is reviewed each year to determine if revisions need to be made.

Participation in the RBA

In December 2021, Sharp joined the Responsible Business Alliance (RBA) to further fulfill its social responsibility in its global supply chain in line with international standards. Sharp shares the RBA's vision and mission company-wide, and uses the RBA Code of Conduct, formulated by the RBA, as a concrete guideline for its own efforts to identify and address risks at its, and its suppliers', factories.

Related Information: > [Sharp Charter of Corporate Behavior](#)
[Sharp Code of Conduct](#)
[Responsible Business Alliance](#)
[RBA Code of Conduct](#)

System for Sustainability Policy



Management: Sustainability Management

Sharp's Sustainability Policy

Ensuring Adherence to the Sharp Code of Conduct

To deepen understanding of the Sharp Code of Conduct and ensure that all executives and employees act in accordance with it, compliance-related training based on the Sharp Code of Conduct is held every year in Japan.

In fiscal 2023, Sharp carried out Sharp Code of Conduct compliance e-learning for eligible employees at Sharp Corporation and affiliate companies in Japan, as well as eligible labor union members. This e-learning saw participation by about 18,000 employees. The training covered a range of areas and how to deal with issues related to them: conducting business activities in line with the Sharp Code of Conduct; raising awareness of the whistleblowing system; labor and human rights issues such as working hours, pay, and benefits; compliance matters such as abidance with the Act against Unjustifiable Premiums and Misleading Representations, insider trading rules, and preventing fraudulent accounting; and information security and confidential information management. We also spread knowledge about the Sharp Code of Conduct at overseas bases. This included distributing e-learning materials as part of efforts to ensure understanding globally at Sharp.

The compliance training will continue to be held and expanded in content with the goal of ensuring that employees have a better understanding of compliance and fostering awareness for potential problems and ways to prevent them. The training is held as an in-house measure based on the Basic Policy for Internal Control. Training results are reported to the Internal Control Committee, which is chaired by the president & CEO, and to the Board of Directors.

Management: Sustainability Management

Sustainability Strategy and Implementation System

In line with Sharp’s basic philosophy towards sustainability, Sharp has positioned its role to contribute to the achievement of the Sustainable Development Goals (SDGs)—adopted by the UN in September 2015 with major expectations placed on corporations—in its medium-to long-term vision, and is moving forward with those efforts.

In fiscal 2018, with this medium-to long-term vision in mind, Sharp established a fundamental strategy of proceeding with a sustainable management approach aimed at achieving the SDGs. The strategy takes a two-pronged approach: creating solutions to social problems through business and technological innovation, and reducing social and environmental impact through sustainable business activities.

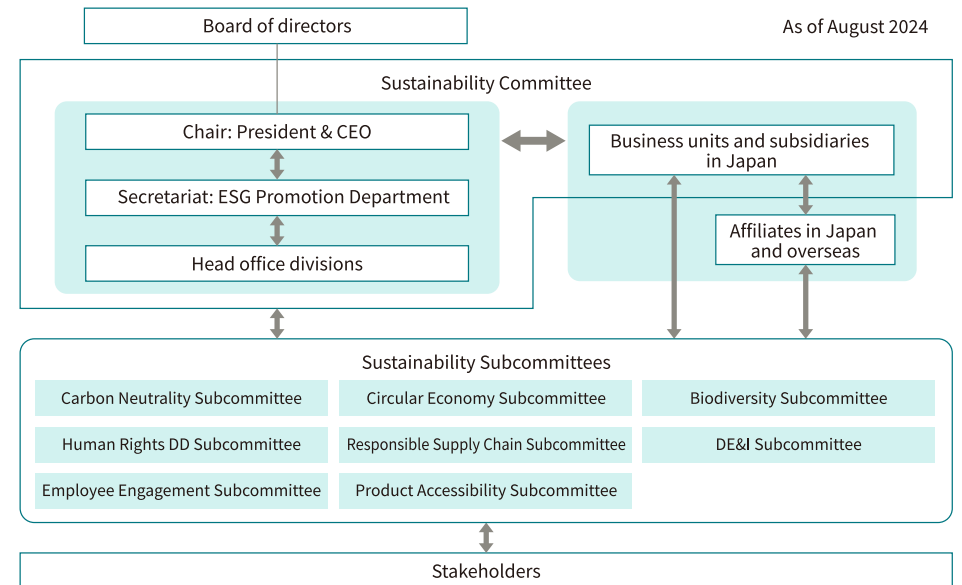
Through these efforts, we are contributing to solving the social issues facing us today: realizing a low-carbon world, solving medical and nursing care problems, eliminating labor shortages, and realizing a diverse range of lifestyles. These contributions will ensure that we are always there for people and society and that Sharp more quickly achieves recognition as a company with a strong brand that continuously provides new value.

Fundamental Strategy of Sustainable Management



To execute these strategies and manage them in a PDCA cycle, the company launched the Sustainability Committee, which is chaired by the president & CEO of Sharp and comprises members of top management, head office divisions such as environment, personnel, and procurement, business units, and subsidiaries. The committee engrains policies and visions into the Sharp Group, discusses crucial measures, shares the latest trends in social issues, and reports important policies and decisions to the Board of Directors. To accelerate its efforts, Sharp set up sustainability subcommittees in fiscal 2024, each focused on specific sustainability issues. Sharp will continue to step up its efforts in the SDGs and ESG and improve its ESG rating, while at the same time building a solid management foundation to support sustainable growth and contributing to the realization of a sustainable society.

Organization for Sustainability Management



Management: Sustainability Management

Participating in Various Initiatives

As a member of the global community, Sharp conducts business in way that respects international guidelines and norms.

United Nations Global Compact

We became a signatory to the United Nations Global Compact in September 2009. We carry out measures in line with the Global Compact's 10 principles in the four areas of human rights, labor, the environment, and anti-corruption.

Related information: > [United Nations Global Compact](#)



RBA (Responsible Business Alliance)

In December 2021, we joined the RBA, an alliance of companies that pursues social responsibility across the global supply chain. We endorse the RBA vision and mission.

Related information: > [Responsible Business Alliance](#)

RMI (Responsible Minerals Initiatives)

Since December 2021, we have been a member of the RMI, an international initiative for the responsible sourcing of minerals. We actively pursue due diligence in our procurement of minerals.

Related information: > [Responsible Minerals Initiatives](#)



JaCER (Japan Center for Engagement and Remedy on Business and Human Rights)

In October 2022, Sharp joined JaCER, which provides a platform for addressing grievances in accordance with the United Nations Guiding Principles on Business and Human Rights, and is working to establish mechanisms for addressing grievances within the global supply chain.

Related information: > [JaCER](#)



Other groups Sharp is a member of:

- Keidanren (Japan Business Federation)
- JEMA (Japan Electrical Manufacturers' Association)
- JEITA (Japan Electronics and Information Technology Industries Association)
- JBMA (Japan Business Machine and Information System Industries Association)
- JMC (Japan Machinery Center for Trade and Investment)
- JPEA (Japan Photovoltaic Energy Association)

Management: Sustainability Management

Participating in Various Initiatives

As a member of the global community, Sharp conducts business in way that respects international guidelines and norms.

TCFD (Task Force on Climate-related Financial Disclosures)

In August 2022, we declared our support for the TCFD recommendations. We are expanding and improving the disclosure of information related to climate change, in accordance with the framework set by the TCFD.

Related information: > [TCFD](#)



SBTi (Science Based Targets Initiative)

In March 2024, we were certified for SBT 1.5°C. This was a recognition that our targets for reducing greenhouse gas emissions are based on science and conform with the Paris Agreement.

Related information: > [SBTi](#)



GX League

In April 2023, we joined the Japanese Ministry of Economy, Trade and Industry's GX League. The GX League is a forum that brings together corporations, the government, and academic institutions. Through collaborations, the League seeks to reduce greenhouse gas emissions while building a society that can grow in measurable ways—the aim is to achieve a virtuous cycle encompassing the economy, environment, and society.

Related information: > [GX League](#)



Industry-Government-Academia Partnership on Circular Economy

In December 2023, Sharp joined the Industry-Government-Academia Partnership on Circular Economy (Circular Partners), which is organized by the Japanese Ministry of Economy, Trade and Industry. Sharp's aim is to deepen collaboration between industry, government, and academia that will lead to the realization of a circular economy.

Related information: > [Circular Partners](#)



TNFD (Taskforce on Nature-related Financial Disclosures) Forum

In August 2024, Sharp joined the TNFD Forum in support of the TNFD's mission and actions. Sharp will use the knowledge it gains through participation in this forum to prepare for the disclosure of nature-related information.

Related information: > [TNFD Forum](#)



30by30 Alliance for Biodiversity

In June 2024, Sharp joined the 30by30 Alliance for Biodiversity organized by the Japanese Ministry of the Environment. The aim is to help achieve the 30by30 goals by expanding the company's efforts to conserve biodiversity and realize a sustainable society through its business activities and environmental and community service activities.

Related information: > [30by30 Alliance for Biodiversity](#)



Management: Material Issues

Identifying and Monitoring Material Issues

A succession of international long-term goals that seek solutions for social issues at the global level, such as the SDGs and the Paris Agreement*, have been announced, and there is a growing interest in human rights issues such as forced labor in global supply chains. As such, expectations continue to grow for companies to put forth an effort to address these goals and issues.

Against this backdrop, Sharp is identifying material issues for the sake of sustainable management with a view to solving global-level social issues and achieving medium-to long-term growth for the Sharp Group.

In identifying material issues, we took into account our business philosophy, business creed, and medium-term management policy. We also considered international guidelines and principles such as the UN Global Compact, the SDGs, and the RBA vision and mission, as well as international non-financial disclosure standards such as the GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), ISSB (International Sustainability Standards Board), and ESRS (European Sustainability Reporting Standards). We also considered the opinions and expectations of various stakeholders and the results of assessments by ESG research and rating institutions.

■ Process for Identifying Material Issues

Management policy, business strategy

- Business philosophy
- Business creed
- Medium-term management policy, others

International guidelines and standards

- UN Global Compact’s 10 principles
- SDGs
- ISO 26000
- Disclosure standards like the ISSB and ESRS
- Disclosure guidelines like the GRI and SASB
- Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- RBA Vision and Mission
- Other industry codes of conduct, others

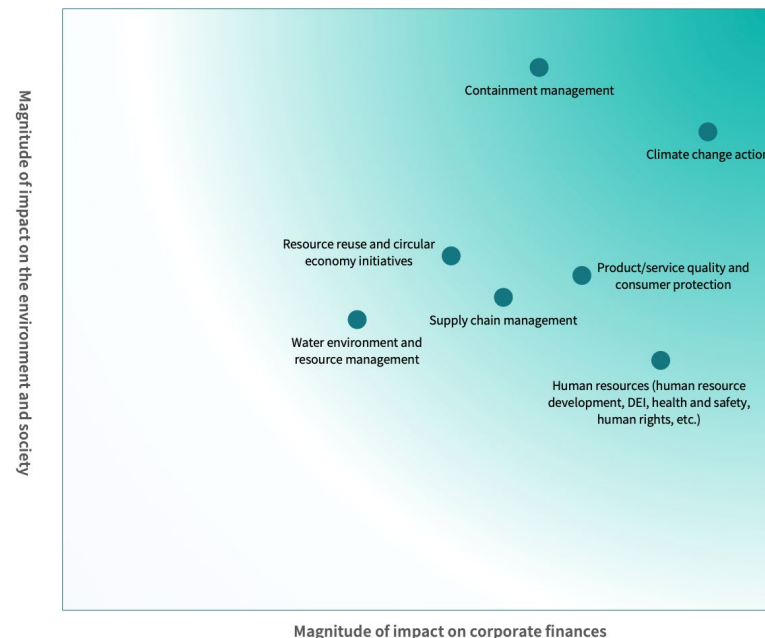
Stakeholder opinions and expectations

- Stakeholder opinions gathered through dialogue
- Assessments by ESG rating institutions, others

The material issues uncovered were used to identify priority topics to be addressed company-wide from the two standpoints of “magnitude of impact on the environment and society” and “magnitude of impact on corporate finances.”

For the priority topics identified, measure-specific targets, goals, KPIs, and action plans are established. The implementation and results of these are reviewed at the twice-a-year meetings of the Sustainability Committee and the sustainability subcommittees, as well as at other meetings company-wide.

* An international framework for the prevention of global warming agreed on at the 21st yearly session of the Conference of the Parties to the 1992 United Nations Framework Convention on Climate Change (COP21), held in Paris in 2015. The agreement was to hold the increase in the global average temperature to well below 2°C above pre-industrial levels.



Management: Material Issues

Identifying and Monitoring Material Issues

Material issue (priority topic)	Priority initiative	Fiscal 2024 KPI	See page
Climate change action	Reduce greenhouse gas emissions associated with business activities	<ul style="list-style-type: none"> Achieve net zero CO₂ emissions from Sharp business activities by 2030 Reduce greenhouse gas emissions by 33.3% (baseline year: fiscal 2021) 	P. 030
	Make products carbon neutral (energy-saving and carbon footprint)		P. 037
Resource reuse and circular economy initiatives	<ul style="list-style-type: none"> Pursue a circular economy for products (reduce use of virgin plastics) Improve the quality of recycled plastics; reduce the proportion of mixed plastics Consider ways to add value to polystyrene (PS) Expand use of recycled plastics in products 		P. 043
Containment management	Reduce waste associated with business activities	Final landfill disposal rate of less than 0.5%	P. 043
	Reduce VOC (volatile organic compound) emissions	VOC emissions into the atmosphere: 204 tons or less (fiscal 2010 levels)	P. 059
Water environment and resource management	Improve water intensity	Improvement rate of water intensity: 10% (baseline year: fiscal 2021)	P. 050
Human resources (human resource development, DEI, health and safety, human rights, etc.)	<ul style="list-style-type: none"> Expand education and training system aimed at developing the next generation of human resources Encourage an employee mindset to come up with new business ideas 		P. 076
	<ul style="list-style-type: none"> Promote action plan in line with the Act on the Promotion of Women's Active Engagement in Professional Life Maintain employment rate for people with disabilities 	<ul style="list-style-type: none"> Have at least 15% of new graduates hired for engineering jobs and 50% of new graduates hired for non-engineering jobs be women Have at least 5% of managers be women Have at least 95% of female employees having returned to work after taking childcare leave stay at Sharp beyond 12 months after their reinstatement Maintain 2.5% employment rate for people with disabilities 	P. 081
	<ul style="list-style-type: none"> Eliminate severe accidents, reduce workplace accidents Implement company-wide Healthy Sharp initiative Prevent health problems caused by overwork 		P. 088
	Human rights due diligence through ESG self-assessment and auditing at Sharp factories		
Product/service quality and consumer protection	Ensure reliability and strengthen efforts to raise product/brand value to achieve quality that customers around the world will acknowledge		P. 108
	Improve customer satisfaction with service	Customer satisfaction rate 90.0% or higher	P. 118
Supply chain management	<ul style="list-style-type: none"> Continue CSR/green procurement survey Promote responsible mineral sourcing 		P. 101

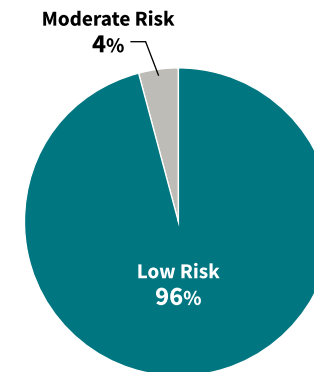
Management: Material Issues

ESG Risk Evaluation in Line with International Standards

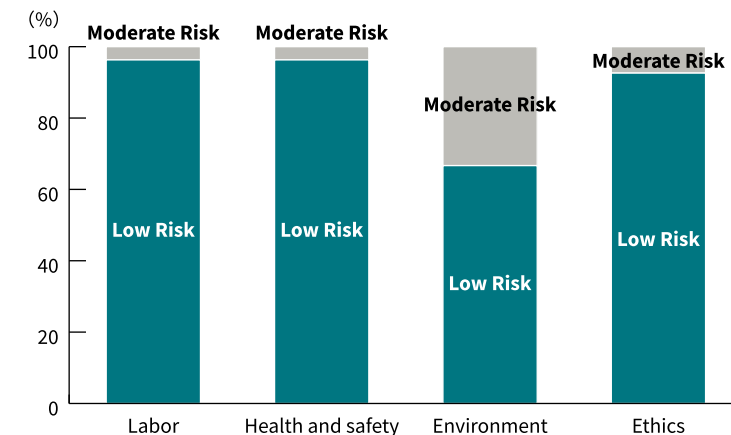
Sharp believes that to ensure global business expansion is accompanied by the creation of a sustainable society, it is extremely important to conform to international standards. Since fiscal 2015, the Sharp Group has been using the Sharp Supply-Chain CSR Deployment Guidebook, which was created in line with the RBA Code of Conduct (an international standard), as the guideline for its activities. It has been carrying out ongoing self-assessment surveys of Sharp production sites in Japan and overseas. These surveys are carried out based on the RBA's Self-Assessment Questionnaire and serve as a review and assessment of the status of activities at Sharp's production sites. Sharp uses the survey as a means of facilitating better understanding of international standards among local managers. In fiscal 2023, the survey was carried out at 27 plants in Japan and overseas. Following the survey, each plant was given feedback in the form of an overall and area-specific evaluation in three levels—low risk, moderate risk, and high risk—based on RBA criteria. Survey responses from the bases are reviewed by the head office functional divisions. If it is determined that a base's efforts are inadequate or latent risks exist, the base in question is interviewed and provided with guidance for undertaking necessary improvement activities. As a result, the average score for all factories in fiscal 2023 was 91.7 (up from 91.2 the previous year), showing continued generally favorable assessments. Sites that got a "low risk" overall evaluation score comprised 96% of the total. No problems have been identified that pose an immediate, large risk for the Sharp Group as a whole. In addition, to improve the effectiveness of risk assessment and ensure objectivity and transparency, major production sites in Japan and overseas undergo VAP* audits by the RBA. In fiscal 2023, four plants in Japan, China, and Thailand underwent VAP audits. As a result of implementing corrective measures for the issues discovered during the audits, all plants achieved a silver rating. In addition to continuing to conduct surveys and audits, Sharp will use the RBA's risk assessment mechanism and tools to keep improving activities.

*. Validated Assessment Program. A VAP audit is a local audit performed by a third-party auditing service certified by the RBA.

Overall Assessment Ranking Ratio



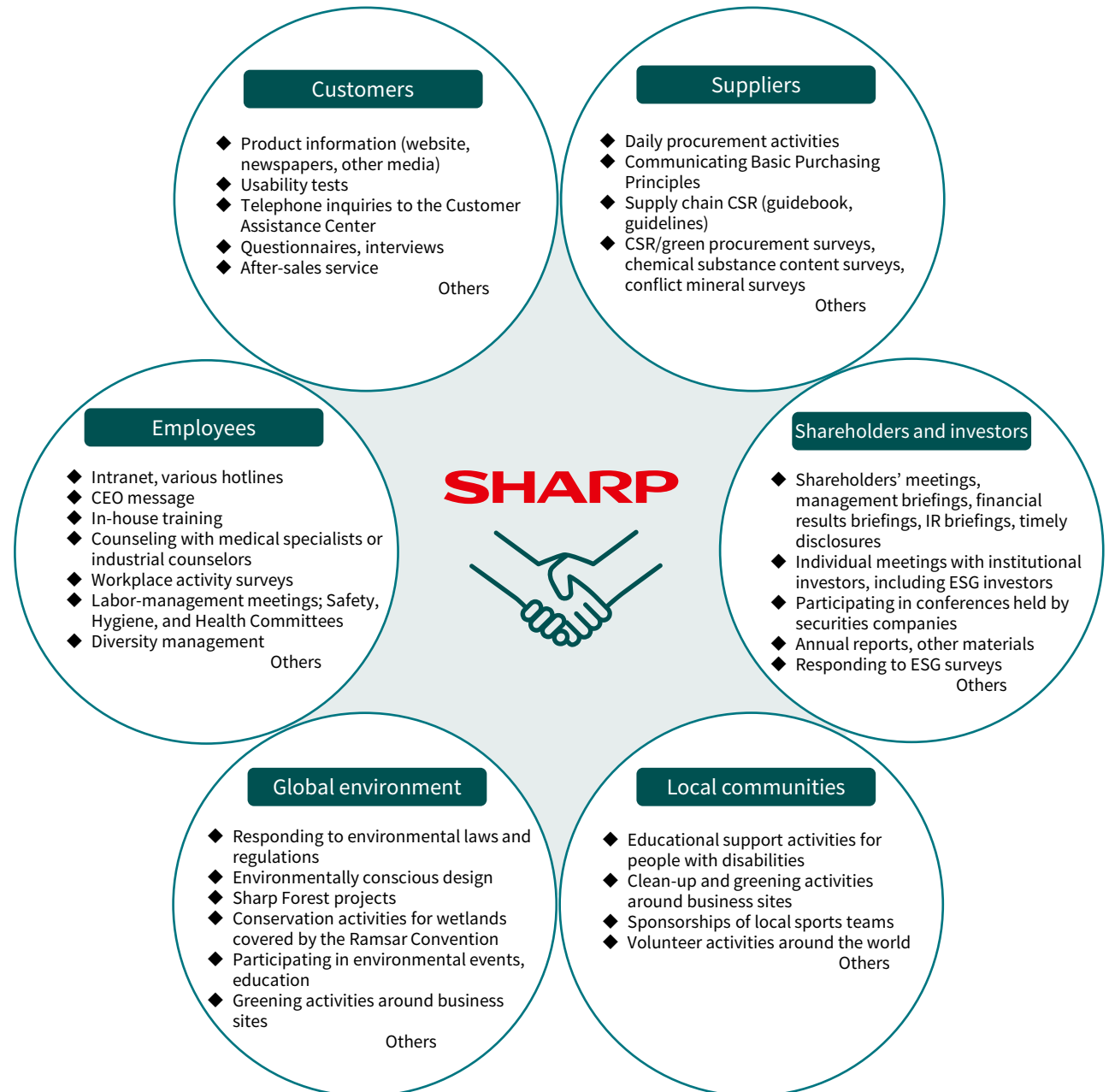
Area-Specific Assessment Ranking Distribution



Management: Stakeholder Engagement

Stakeholder Engagement

In order to ensure that, “Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders,” as stated in the company’s Business Philosophy, Sharp suitably discloses information to the diversity of stakeholders that it serves, including customers, suppliers, and local communities. Also, amidst the increasing focus on ESG-related investment, we strive to improve our ESG level by creating a range of opportunities for dialogue with shareholders and investors. We will continue to reflect stakeholder opinions in our corporate activities with the goals of helping society solve problems and achieving sustainable growth for Sharp.



Management: Third-Party Evaluations

Third-Party Evaluations

Thanks to continuously stepping up sustainability management initiatives, as of August 2024 Sharp has been included in the following ESG indexes and rating systems.

FTSE4 Good Index Series

An index designed to measure the performance of corporate social responsibility initiatives from an ESG perspective. It is operated by FTSE Russell, part of the London Stock Exchange Group. Sharp has been included in this index for 15 consecutive years.



FTSE4Good

FTSE Blossom Japan Index

An index reflecting the performance of Japanese companies that demonstrate strong ESG practices, operated by FTSE Russell. The Government Pension Investment Fund (GPIF) of Japan uses this as a stock index for ESG investments. Sharp has been included in this index for eight consecutive years.



FTSE Blossom
Japan Index

FTSE Blossom Japan Sector Relative Index

An index based on FTSE Russell's ESG assessment of a company's approach to risks and opportunities related to climate change. Companies in this index are considered to be highly carbon intensive (in terms of their greenhouse gas emissions per unit of sales). The GPIF of Japan uses this as a stock index for ESG investments.



FTSE Blossom
Japan Sector
Relative Index

S&P/JPX Carbon Efficient Index

An environmental stock index adopted by the GPIF of Japan. Because of the level of environmental reporting and carbon intensity maintained by Sharp, the company has been selected as a constituent of this index since 2018.



MSCI ESG Ratings

Since 2022, Sharp has received an AA rating in the ESG ratings by MSCI Inc., a financial services company based in New York, U.S.



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MSCI Japan Equity ESG Select Leaders Index

An ESG index operated by MSCI. It is composed of companies that have the highest ESG rated performance in each sector.

MSCI Japan ESG Select Leaders Index

An ESG index for Japanese companies created by MSCI. The GPIF uses this as a stock index for ESG investments.

Morningstar Japan ex-REIT Gender Diversity Tilt Index

This index is compiled by Morningstar, a U.S. company, using data and evaluation methods from Equileap, a Dutch company, to select companies that have gender diversity policies ingrained in their culture and that promise equal opportunities to employees regardless of gender.

EcoVadis Sustainability Rating

Sharp has passed a rating evaluation by EcoVadis, a company that evaluates the sustainability performance of supplier companies. Its aim is to improve those companies' environmental and social practices by taking into account the impact that global supply chains have on the environment and society.