

Compliance and Risk Management

Business ethics and legal compliance are the minimum social responsibilities that any corporation must fulfill. Under a system that closely coordinates CSR with risk management, Sharp is strongly committed to adhering to business ethics and ensuring legal compliance.

Actions in Fiscal 2007		Objectives for Fiscal 2008
Objectives	Achievements	
<ul style="list-style-type: none"> Improve compliance education and training tools 	<ul style="list-style-type: none"> Created a compliance handbook (for sales/service and device business divisions) 	<ul style="list-style-type: none"> Expand and improve compliance promotion policies and measures <ul style="list-style-type: none"> Strengthen the system to promote compliance Create a compliance handbook (common version) Expand and improve the BCM system <ul style="list-style-type: none"> Further strengthen the BCM promotion system for business groups Ongoing review and continuous improvement of BCPs Prepare for the occurrence of a new influenza pandemic
<ul style="list-style-type: none"> Create a BCM (business continuity management) system 	<ul style="list-style-type: none"> Implemented contingency training at domestic production sites and nearby sales bases (total of 16 bases) Developed BCPs (business continuity plans) for business groups 	

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

In May 2005, to make legal compliance and business ethics top priorities, Sharp revised its charter of conduct and divided it into two documents: the Sharp Group Charter of Corporate Behavior, the principles of Sharp's corporate behavior; and the Sharp Code of Conduct, the standards of conduct for all directors and employees. These two documents apply to group companies around the world as the common standards of the Sharp Group.

Promoting CSR and BRM Activities

Sharp believes BRM (business risk management), like CSR, is indispensable in business management because it eliminates the risk of losses and legal violations, while at the same time helping the company quickly adapt to changing business environments. That is why the company pursues both CSR and BRM activities.

Sharp holds meetings of the CSR/BRM Committee to discuss and check progress, policies, and action plans for the entire company. These meetings are attended by an Executive Vice President (Chief Officer, General Administration) and all group general managers of both the business groups and the functional groups.

To strengthen this system, in April 2008 Sharp reorganized the CSR Promotion Department, which had been responsible for promoting CSR and BRM up to that point, and the Legal Affairs Division and established a new CSR Promotion Group under the control of the Executive Managing Officer in charge of legal affairs and intellectual property.

Commitment to BCM (Business Continuity Management)

Amid concerns that a disaster causing extensive damage, such as a major earthquake, may strike, advancing a BCM program committed to continuously improving policies to ensure the safety of employees and their families, as well as upgrading action plans for maintaining business operations and expediting recovery, has become a critical aspect of CSR/BRM.

To cope with a large-scale earthquake that can be assumed will occur in Japan, Sharp instituted earthquake preparedness training, and developed and maintained BCPs (business continuity plans), primarily for production groups, in fiscal 2007.

In fiscal 2008, Sharp will further strengthen the system to promote BCM in all production groups, and will formulate action plans, including at overseas bases, on the assumption that a new influenza pandemic will occur, an event currently of increasing concern worldwide.

Strict Business Ethics and Legal Compliance

In Japan, Sharp Corporation and its domestic subsidiaries have appointed a Chief of Legal Affairs at each business group and company to ensure that no laws, regulations, or social norms are violated in the course of conducting business.

To raise legal awareness and ensure compliance with the law, Sharp and its subsidiaries periodically hold wide-ranging educational programs in Japan, including job-level-specific training for directors, senior executives, managers, mid-career employees and new employees, specialized training in specific fields, and e-learning available for all employees. Sharp is also working to upgrade and expand compliance manuals and improve the convenience of access on its intranet to information on the law and company regulations.

Preventing Unlawful Grants and Expenditures

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

Sharp Corporation prevents illegal payoffs and improper expenditures through a system of compulsory reviews by the Donation Examination Committee in Japan to assess the propriety of monetary disbursements such as donations and contributions.

Consultation Hotline for Compliance Issues

Sharp Corporation and its domestic affiliated companies have a hotline for reporting problems and providing counseling services related to compliance issues. The hotline is open to employees, temporary staff, and employees of business partners, in line with the spirit of Japan's Whistleblower Protection Act. In addition, in October 2007, Sharp in Japan set up a contact point outside the company at its legal advisor's office.

Sharp clearly stipulates that there will be no unfavorable treatment or penalties against individuals who report compliance violations or seek consultation.

- Sharp Group Charter of Corporate Behavior (full text)
- Sharp Code of Conduct (full text)
- Sharp Group's efforts to firmly establish CSR and BRM
- CSR activities in domestic sales
- Disaster risk management