HARMAN

2018 Sustainability Report

VALUES & VELOCITY

The speed of innovation is a part of our culture at HARMAN.

But in all we do, we temper the velocity of change with unchanging values, integrity and a commitment to sustainability.

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INNOVATION

Designing and engineering products that enhance user experiences, increase safety and consume less energy

ENGINEERING

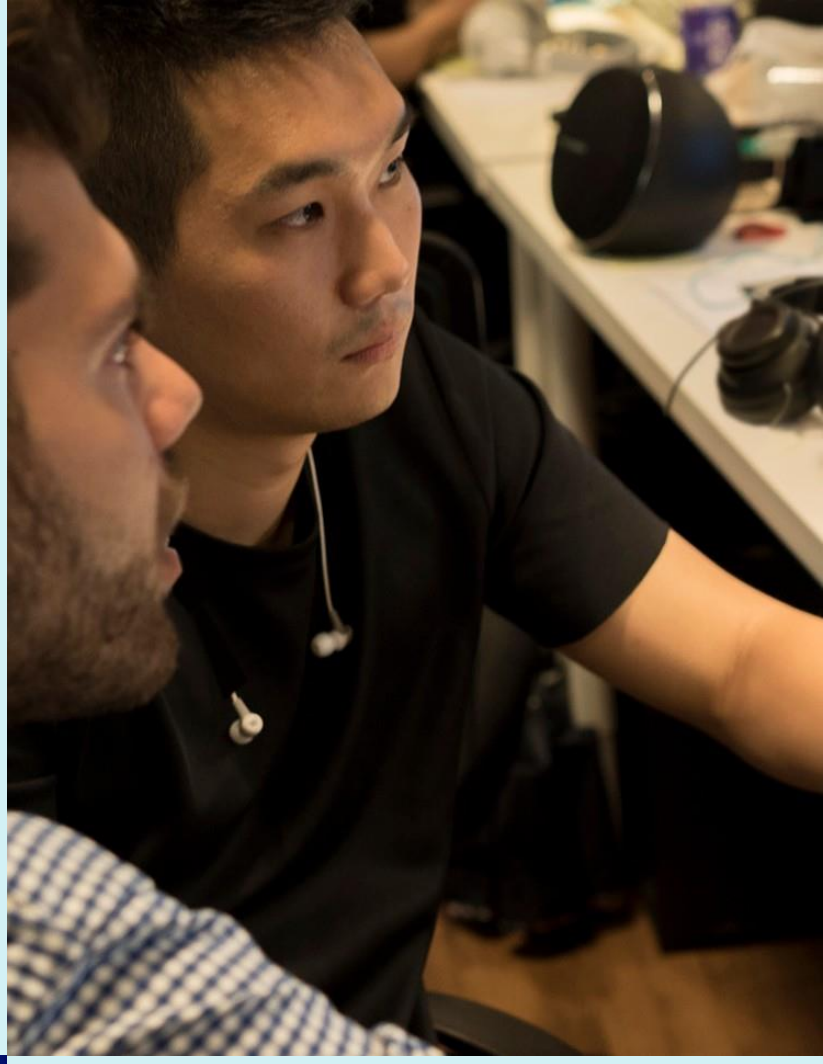
Advancing solutions for improved efficiency - for ourselves, our partners and our customers

EMPOWERMENT

Helping the next generat ion to realize their possibiliti es

WHO WE ARE

We combine values and agility to design and deliver smart products, systems, software and services that connect people wherever they are.



COMMUNITY & CORPORATE CITIZENSHIP

HARMAN is charged to inspire the next generation of leaders through the power of Music & STEAM education and community mentoring. We foster meaningful connections within our community & global nonprofit organizations. The passion of our employees can be witnessed during global Signature Days, community events and their own individual volunteerism.

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PRESIDENT AND CEO MESSAGE

This year's report, Values and Velocity, speaks to the duality of balancing business goals with principles for a sustainable future. In a rapidly changing world, it's easy to overestimate the impacts of our actions in the short term, and underestimate their efforts for the long run.

I believe that the essence of sustainability for any corporation is, at its heart, to have a strong set of values that enable the organization to move at lightning pace – not just for today's needs, but for tomorrows consumers, and the employees, communities, and environment needed for generations ahead.

Dinesh Paliwal
President and Chief Executive Officer

There are three key qualities we strive for in HARMAN's global reputation – to be ethical, inclusive and accountable in all we do. These values fuel our innovation, diversity of thought, and business growth.

Since the beginning of HARMAN's sustainability efforts, I have been a champion for evolving our business practices to reduce our impact on the environment and deliver greater social benefit. Sustainability is anchored to each of our strategic pillars and corporate citizenship is deeply rooted in HARMAN's DNA. Among our foundational tenets is United Nations Global Compact, and its principles regarding human rights, labor, environment and anticorruption, which are core to our business strategy, culture and day-to-day operations at HARMAN.

I'm proud of our company's sustainability accomplishments and pleased to share some highlights from the past year:

- We remained unwavering in our commitment to accelerate female representation at every level in the organization. Today, women hold top ranking positions within the company in Finance, Legal, Compliance, Strategy, Talent, and Intellectual Property.
- We made great strides in reducing our carbon footprint. Last year, we met our goal of 10% energy reduction across our sites globally and we will continue to challenge ourselves to improve.
- We are helping others drive change. In our Professional Solutions business, for example, we have developed and deployed energy-saving technologies that allow sports stadiums and performance venues to use less energy.
- In our philanthropic causes, we are steadfast in our mission to empower the next generation to realize their possibilities through the power of music and "STEAM" learning experiences. We funded scholarships, like the 1,000 Dreams Fund, assisting college-bound women pursuing careers in these areas. We also provided donations of our professional audio equipment to schools within under-served communities through the Little Kids Rock programs. And we are proud to help reshape the future of transportation with partners like the University of Michigan's Hyperloop program.

HARMAN has achieved results by supporting our grassroots efforts of our 30,000 employees worldwide, and by establishing foundational corporate sustainability practices and goals through our cross-functional and multi-divisional Sustainability Council.

We live in unprecedented times, with consumer expectations, competition and society evolving at a lightning pace. But with change as a constant, two important dimensions do not change – our purpose and our values. With these foundations at the core of our principles and guiding our business actions, we are committed to enhancing our environmental, social and ethical practices. I hope you enjoy reading our report and I look forward to continuing our purposeful journey.

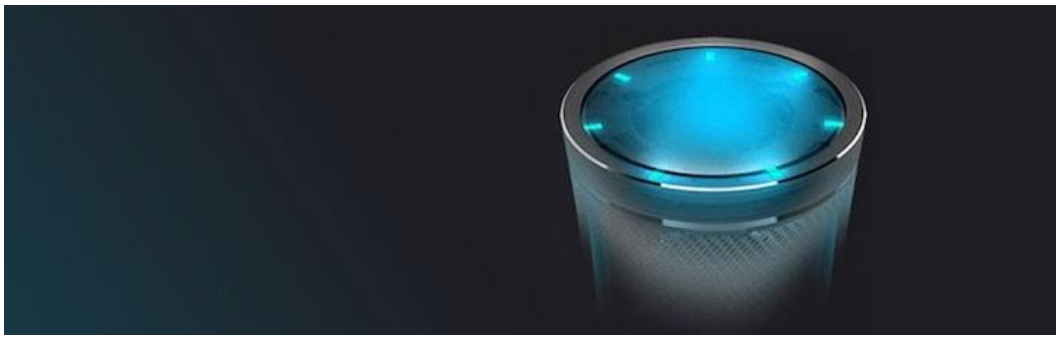
Product Innovation

Innovation in Cybersecurity

HARMAN SHIELD

We are proud to have been recognized for leadership in automotive cybersecurity solutions. HARMAN was selected as the winner of the “Intrusion Detection Solution Provider of the Year” by CyberSecurity Breakthrough, in recognition of the HARMAN SHIELD.

Sonique Far Field Voice Input Technology



In 2017, HARMAN introduced Sonique Far Field Voice Input Technology, which accurately captures voice commands even in high ambient noise environments, and seamlessly integrates with digital assistants including Alexa and Cortana. Sonique positions HARMAN as a global leader in voice-activated devices and the opportunities they provide. We believe this innovation can help eliminate human error in driving, especially as related to the autonomous vehicle, leading to safer roads and positive impacts on human lives.

Innovative Solutions for Automative Partners

QLED Screens

HARMAN introduces the world's first QLED screen for cars enabling safety as well as increasing power savings. With the adoption of electric vehicle technology, QLEDs with direct-lit back light technology allow for increased power savings, which can lead to increased range and efficiency. The direct-lit back light and local dimming technology works in a similar manner to Samsung's QLED televisions, and leverages the same algorithms and technical expertise capable of producing greater than 100 percent color volume. Beyond the benefit to drivers and passengers, OEMs finally have access to a cost-effective and scalable QLED solution for the next generation of automotive displays.

Investments in Innovation

Investing in the Greatest Innovative Min**ds**

HARMAN New R&D Facility

To further our commitment to safety, we opened a 46,000 square foot building in Israel which will feature an advanced Smart Car Lab, where teams can research and test HARMAN's cybersecurity, over-the-air software updates, and automotive cloud solutions. As a recognized automotive industry leader, HARMAN will continue to have presence and influence with the United States National Highway Traffic Safety Administration (NHTSA), the United States Department of Transportation (DOT), and other industry organizations.

Investing in the Greatest Innovative Min**ds**

The Formation of HARMAN X

This team of highly talented minds is committed towards identifying and acting upon tomorrow's technologies – today. These employees strive towards introducing cutting-edge technologies, products and services across all four of our divisions. The focus is to develop autonomous, connected and augmented reality technologies. HARMAN encourages employee inventors an opportunity to win up to $4,500 through HARMAN Invention Awards Program.

COMMUNITY AND CORPORATE CITIZENSHIP

We aspire to positively impact our communities through employee volunteerism and community involvement. By fostering lasting relationships with local schools, nonprofit organizations, and community-focused initiatives, we help champion important causes while simultaneously inspiring the next generation of leaders.

Through HARMAN Inspired, employees participate in "Signature Days" that focus on specific issues such as: music education; Science, Technology, Engineering, Arts, and Mathematics (STEAM); and environmental change. We also come together to tackle pressing challenges brought to us by our nonprofit partners. These service activities authentically leverage our employees' interests, our reach and our inventive drive throughout the year. Service is one important way HARMAN connects its employees across the world, builds leadership and collaboration skills and gives back to our local communities.

1,000 Dreams Fund

USA

HARMAN and the **1,000 Dreams Fund** partnered to support the next generation of female leaders in technology. The 1,000 Dreams Fund is a national scholarship program for American girls aspiring to live their dreams. Together, we have launched an online campaign challenge called the "#NewFaceofTech," seeking to spotlight and financially support the new face of tech to support promising young women pursuing big dreams in the world of Science, Technology, Engineering and Math (STEM).

Careers in tech are among the fastest-growing professional occupations in the U.S., with a projected growth rate of more than 9 million jobs between 2012 and 2020, according to the U.S. Bureau of Labor Statistics. Yet women remain underrepresented in this sector. In fact, according to a Reuters study, more than a quarter of technology executives stated they have no women in leadership positions at their organizations.

Young female STEM leaders were invited to show how they are the #NewFaceofTech by snapping a photo and sharing what they hope to achieve in STEM. HARMAN and 1,000 Dreams Fund will provide two high potential women with financial grants to pursue their goals. The two winners and an additional eight finalists also will receive premium JBL headphones.

Querétaro continues its commitment to reforestation

Mexico

For the third year in a row, the team at our plant in Querétaro, Mexico carried out a reforestation campaign to commemorate World Environment Day. For this 2017 campaign, HARMAN Querétaro worked in synergy with local government and schools, partnering with both the FIQMA (Queretaro Trust for Environment Conservation) and the UPSRJ (Polytechnic University of Santa Rosa Jauregui). Together, the teams carried out the "HARMAN Monarch Garden" project, with a goal to improve the migratory conditions of monarch butterflies. By better understanding the butterflies' food and rest needs, our team was able to help ensure a greater number of butterflies will survive to reach sanctuaries in Michoacán, Mexico.

This project is of utmost importance as monarch butterflies are a pollinating agent and, as a result, are vital to plant life cycles. The forests they inhabit rely on them as an ecological balance factor. The monarch butterfly also makes a spectacular trip, travelling a distance of 5,000 kilometers south to California, Florida, and Mexico. At the end of this trip, the butterflies reproduce, and the new generation flies north to the northern U.S. and Canada. Since their life cycle only lasts a few weeks, not all of these butterflies will return to Mexico. However, in recent years, the number of butterflies that arrive in Mexico has decreased considerably, from 200 million in 1990 to only six million in 2014.

Over 812 volunteers, including HARMAN Querétaro employees and their family members, participated in the event, held on June 11, 2017. Teams got to work right away, with two teams jumping into reforestation efforts. The plant surpassed their goal by planting 400 trees of native species and 300 lantana shrubs, the food for the monarch butterfly. Simultaneously, the other teams participated in teamwork and family integration dynamics activities. After completing their activities, the teams moved to the food area for an environmental workshop led by professors and students from the UPSRJ.

Tree plantation on the hills of Pune

India

In 2016, HARMAN employee Narendra Bhagwat saw an opportunity to increase biodiversity around an office in India by planting more trees in the dry, barren landscape. Bhagwat, along with several coworkers, began planting trees behind the office, documenting their activity through pictures and videos. Soon, more employees became interested in Bhagwat's actions and began developing similar biodiversity initiatives in their communities.

Over time, Bhagwat deepened his knowledge of native and foreign plant species and recruited enough support to have a group regularly gather on Sundays to support his efforts. In the last three years, employees in India have started plantations at local schools to provide biodiversity labs to children so they can learn about trees, shrubs, insects, and more. Research and development in various irrigation methods has led to the application of non-traditional media such as cocopeat, coconut husk, coal, and sheep manure to the plantations, as well as adding drip irrigation for more efficient watering. As a result of their efforts to plant more than 10,000 trees around the HARMAN offices and communities in India, the number of birds has increased, and the once barren landscape is transforming into a green haven for wildlife.

Bhagwat was pleased to have support from our HARMAN Inspired teams, and, due to the success of these events, many employees and their families are stepping up to make the community a better place. This group also received an appreciation letter from Indian Army for these green efforts.

New North American Automotive Headquarters in Metro Detroit

USA

In Novi, Michigan, HARMAN opened our new North American Automotive Headquarters. We announced a $10,000 grant to the Novi Educational Foundation to support educational opportunities and program enhancements for the Novi Community School District and greater community. Joined by customers, elected officials and community leaders, HARMAN executives commemorated the official opening with tours and presentations of its innovation showcase of Connected Car, Lifestyle Audio and Connected Services solutions.

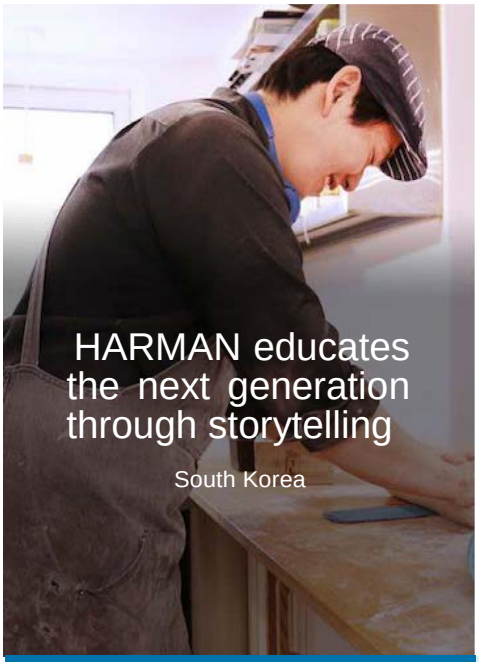
The opening of our new North American Automotive Headquarters signifies HARMAN's drive to accelerate innovation in Automotive and also the exciting future that metro Detroit is forging as an epicenter of the connected car and autonomous driving," said Dinesh Paliwal, President and Chief Executive Officer. "The location of HARMAN facility underscores the incredible wealth of talent in the region and the importance of proximity to our customers and partners. We are proud to be a part of the Novi community and eager to continue our collaborations with the top American automakers to create smart, seamless solutions for the best driving experience."

Jam Zone powered by HARMAN

USA

We know that music changes kids and kids will change the world. Through HARMAN Inspired, we bring contemporary music education to students of all ages. In 2001, David Wish founded a nonprofit music education organization called Little Kids Rock that recognizes popular music as a cultural asset that is underutilized in our public education system. HARMAN partnered with Little Kids Rock to launch Jam Zone so anyone, anywhere can learn to play an instrument, produce and record music, and even write their own songs.

HARMAN's support through its global cause initiative, HARMAN Inspired, has helped Little Kids Rock's music education programs impact more than 1,300 schools. HARMAN has bolstered the Little Kids Rock program with advanced technologies and access to music experts for more immersive and current experiences. The collaboration to create Jam Zone marks a critical expansion of their relationship to inspire and support music fans of all ages, inside and outside the classroom, and around the globe. In India, China, Germany and Hungary, HARMAN collaborates with music education organizations to enhance and modernize their youth programs.



HARMAN educates the next generation through storytelling

South Korea

As an organization that focuses on nurturing a culture that inspires breakthrough performances, HARMAN places a strong emphasis on continuously educating our employees as well as the next generation through robust internship programs across our different businesses and geographies.

From January to June 2017, HARMAN's Korea office on-boarded a total of 24 students, who were identified as our "HARMAN League Reporters" who were matched with one of HARMAN's Lifestyle Audio brands and had the opportunity to serve as a reporter and plan interviews with six different professionals. Overall, the program was a success and allowed our marketing and photography students to see that the power of visual storytelling is indispensable.

HARMAN rocks Make Music Day!

Europe, USA, Mexico

On June 21, 2017, HARMAN locations around the world joined the global Make Music Day celebration.

Hungary

In Hungary, employees in Székesfehérvár and Pecs participated in an all-day Star Jam where employees took the stage to jam with their colleagues under summer skies, using gear supplied by HARMAN.

The Town Hall, hosted by Michael Mauser (Executive Vice President and President of Lifestyle Audio), Young Sohn (President and Chief Strategy Officer, Samsung Electronics, and Chairman of the Board, HARMAN), and Istvan Kis (General Manager of Hungary Operations), was the pinnacle of the melodious week.

After the Town Hall, employees enjoyed a performance by live rock band. This event also featured 11 vehicles with HARMAN sound systems and technology, which employees were able to demo on site.

This event was not to be outdone by colleagues in Budapest, where employees welcomed Michael Mauser with a musical number at his Town Hall visit to celebrate the first-year anniversary of the Budapest office. The group of over 30 talented colleagues played and sang “Ebony & Ivory,” including some verses sung in Hungarian.

USA

In New York City, HARMAN once again supported Street Studio Cities, orchestrated by Found Sound Nation, HARMAN, and the Make Music Alliance, with a pop-up studio outside the HARMAN store. Passersby were able to play and record music, with the help of a professional DJ and producer - one of a dozen such spots throughout the city. At the end of the day, the producers put together tracks using the sounds collected at their location to create tracks that can be shared with the world.

Mexico

The team at HARMAN's plant in Tijuana, Mexico gave a special performance for Make Music Day. The goal of the day was to celebrate music in all forms, and our employees' talents were on full display. To kick things off, members of the singing workshop at the Technological Institute of Tijuana led a musical program for employees in the main dining room. The Make Music Day logo served as the backdrop, along with a stage that was illuminated by Martin products. Other HARMAN products were also used, including the JBL PRX 515, PRX 712 and EON 612 speakers. In addition, team members wore shirts with their favorite musical artists on them and gathered in groups to celebrate their music tastes. Over 600 employees participated and had the opportunity to interact with each group that performed.

HARMAN dreams big during National Engineers Week

USA/India

For National Engineers Week, employees in our North American Automotive Headquarters in Novi, Michigan participated in a variety of learning lectures, product demos, panel discussions, and a “Innovate Brilliance” contest to dream up all-new solutions. Taking National Engineers Week overseas, the celebration continued into the weekend with a special Hour of Code event at our Prestige Tech Park office in Bangalore, India. A dozen HARMAN volunteers taught children from two local orphanages how to code using fun, interactive activities from the official Hour of Code website.

Supplier Diversity

Supplier Diversity is a key strategic initiative at HARMAN and our partners - developing and maintaining a qualified diverse supply base that is reflective of our customer base is critical. The HARMAN procurement teams continue to work with cross-functional teams like Corporate Social Responsibility, Diversity & Inclusion and Learning & Development to develop a supplier diversity policy, track spend with minority businesses and implement best-in-class processes for long-term growth.

In partnership with our OEMS, we set specific diversity sourcing goals and commitments to the communities in which we do business. HARMAN is committed to provide minority enterprises with opportunities and the information they need to do business with us. We actively look for opportunities through the National Minority Suppliers Development Council(NMSDC), we attend numerous industry and OEM matchmaker events, and include the criteria in the supplier selection criteria. HARMAN has a Supplier Diversity champion that tracks opportunities vs. awards, and maintains accurate spend reporting.

We give preference to diverse suppliers that share our core values, defined as privately held companies that are 51 percent owned and operated by a woman, minority, veteran or person with a disability.

Diverse Supplier Classifications

- Women
- African-Americans
- Asian-Americans
- Hispanic Americans
- Native Americans
- Native Alaskans
- Veterans
- Disabled Veterans
- People with Disabilities

Certification Agencies

- National Minority Suppliers Development Council (NMSDC)
- Women's Business Enterprise National Council (WBENC)
- U.S. Business Leadership Network (USBLN)
- U.S. Pan Asian American Chamber of Commerce (USPAACC)
- Department of Veteran Affairs Center for Veterans Enterprise

Supply Chain Compliance

When selecting materials and suppliers for our products, HARMAN is committed to increasing transparency to identify the sources of conflict minerals as accurately as possible and working toward avoiding the use of conflict minerals that directly or indirectly finance conflict in the Democratic Republic of the Congo (DRC). As HARMAN does not source directly from smelters or mines, we are surveying our global supply chain to identify measures being taken by our suppliers to track the source of minerals used in products manufactured at their facilities. It is our expectation that our suppliers will adopt policies and procedures with respect to conflict minerals that will enable us to reasonably assure products supplied to HARMAN are conflict-free (i.e., do not directly or indirectly finance conflict in the DRC). HARMAN will continue to evaluate our policies and collaborate with other companies and trade organizations to share information and approaches that aid with rule compliance, while applying the Organization of Economic Cooperation and Development (OECD) due diligence process as part of our compliance effort.

For more information, visit our Conflict Minerals Policy Statement.

HARMAN strives to build strong working relationships with companies that not only deliver the highest quality goods and services, but also share our steadfast belief in doing what's right without compromise. HARMAN operations rely on strategic global partners for materials that will meet the needs of our product specifications while remaining sensitive to the larger impact of their manufacturing and business processes on the world around us.

To ensure that the entire HARMAN Supply Chain operates in a manner consistent with the company's objectives, all suppliers are required to act in accordance with HARMAN's Supplier Code of Conduct for better supply chain management.

This Code applies to all suppliers and their sub-suppliers of goods or services to HARMAN and its affiliates. It is considered an integral part of our business relationships, and it is our mandate that all suppliers meet the standards of conduct expressed in this Code without exception. HARMAN suppliers operate under Master Service Agreements and/or Purchase Orders; by agreeing to the terms set forth therein, the Supplier agrees to comply with the Supplier Code of Conduct. HARMAN conducts spontaneous audits of our suppliers to ensure continuous compliance with these standards. Any supplier who fails to comply with the Code risks corrective action, which can include termination of the contractor agreements.

Executive oversight for the strategic implementation of the Supplier Code is provided by Procurement. Our corporate discipline translates into clearly defined policies regarding audits, certification, internal accountability, training, transparency and the responsible sourcing of minerals that go into our products. Full details of these polices can be found on our Supply Chain Policies page.

Additional information regarding purchasing and supplier relationships are available on our Supplier Terms and Conditions page.

HARMAN expects the highest standards of health and safety, labor rights and management of environmental impacts from our suppliers:

- Each supplier must comply with the applicable legal requirements and standards under the laws of each country in which the supplier operates.
- We expect suppliers to apply these minimum standards to their subcontractors and sub-suppliers.

Quality Assurance

At HARMAN we fully realize that for our organization to achieve its customer quality commitment, we must be able to rely on our supply base to deliver defect-free products. We firmly believe that our success in the automotive space is heavily contingent on our suppliers' ability to meet and, in most cases, exceed quality expectations. HARMAN expects a zero-error philosophy from suppliers, along with excellent performance regarding delivery, cost competitiveness, technological support, best-in-class problem solving process and cooperation/communication.

Quality policy

Achieve excellence through commitment and innovation by surpassing expectations of our clients.

Create value for all stakeholders through innovation and operational excellence.

Consistently meet or exceed expectations of clients in timely delivery, product and service quality through industrialized process.

Create a motivated team of competent people by providing continuous learning and a creative atmosphere.

Continually improve our processes and systems that are aligned to stakeholders' expectations and applicable regulatory requirements.

Our Supplier Quality Manual (SQM) describes expectations placed by HARMAN on suppliers regarding quality and delivery performance, as well as the formalities and processes which must be followed in partnership with HARMAN. Quality and environment-relevant processes from concept phase to series production or series delivery of supplied parts are detailed within. Notably, a supplier shall establish, document, implement and maintain a management system in accordance with HARMAN requirements and applicable international quality, environmental and safety standards.

HARMAN's supplier evaluations are used to identify and report good and bad supplier performances and to make opportunities for improvements visible and transparent. The results of these evaluations are reported internally at HARMAN and to the supplier. We consider our audit results in the sourcing process and awarding of new business. At the supplier level, it is expected that measures will be defined that lead to continuous improvements of these evaluation results.

HARMAN employs several audit tools to ensure suppliers meet appropriate quality levels. These tools are used at various stages throughout the supplier development process, as well as in case of any problems during mass production. Audits may be conducted by external auditors or by HARMAN employees. Audit types include supplier assessments (for new suppliers, existing suppliers with plans for site transfer or new technology, or re-qualifications), mass production approvals, and process walks of specific manufacturing lines.

ENVIRONMENTAL PERFORMANCE IN OPERATIONS

As we continue to strive to enhance life's experiences with technological advancements and industry firsts, we are driven to always consider the responsible use of energy and water and to minimize waste.

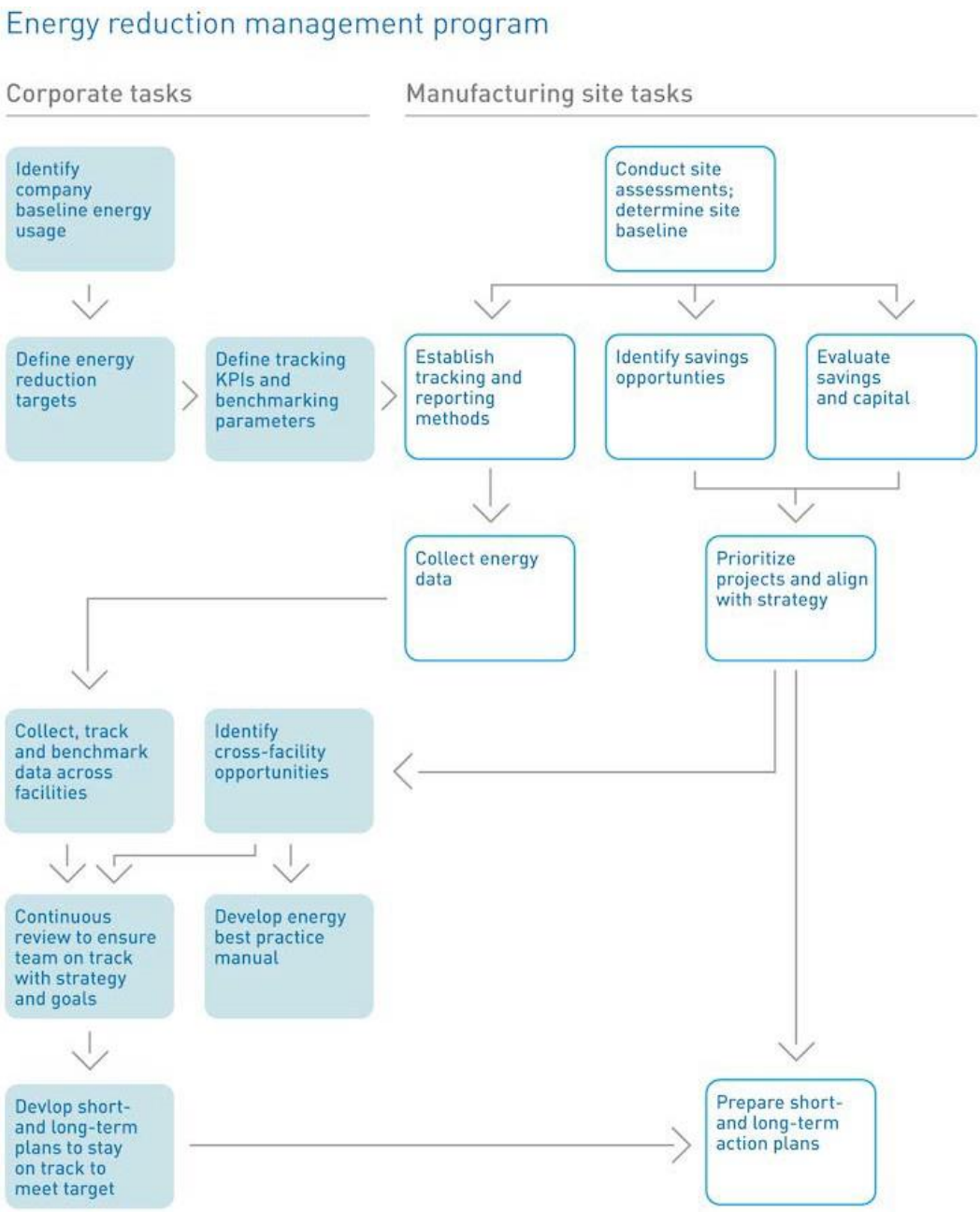
Environmental Footprint

Our mission to create both stakeholder and societal value includes a deliberate focus on reducing our company's environmental footprint, collaborating with others toward sustainable business solutions, and pioneering new technologies that advance sustainability.

- On an operational level, HARMAN's data management system allows us to effectively report environmental metrics from our operations, including energy use and utility cost information, so that we can identify strategic approaches to facility optimization. By understanding facility-level metrics, we can improve efficiency of operating units and processes by optimizing resources according to our baseline understanding of energy use.
- Our customers' drive towards lower carbon products has influenced our strategy to better align with their needs and expectations.

Energy Efficiency and Site Optimization

Our worldwide energy reduction management system, which uses a traditional Plan-Do-Check-Act cycle along with elements of ISO 50001, strengthens our approach to energy management. Teams around the globe are responsible for identifying goals and targets, setting key performance indicators (KPIs) and executing projects to drive continuous improvement. Under this program, energy usage is tracked on a monthly basis across several HARMAN production facilities.



In 2017, HARMAN began working closely with global operations to better understand opportunities to implement energy saving initiatives at global locations. We set out to uncover opportunities such as energy consumption reduction, equipment/capital upgrades, and improved global methodology.

To develop a more comprehensive baseline understanding of our manufacturing footprint, we asked 13 sites to complete a customized Site Assessment tool to collect information on site characteristics, including topics such as regulatory requirement, building envelope, equipment and operations, and energy use.

Total Improvement Potential ratings

Our sites also provided information about any ongoing or planned improvement projects, to help us build a detailed understanding of each location's maturity level. Using a pre-defined scoring methodology, we identified the Total Improvement Potential for each location in the following categories: lighting upgrades; compressed air optimization; steam system improvements; chillers; HVAC upgrades; building management systems; process improvements; idle equipment; and employee engagement.

Through data analysis and site-level communication, we are producing baseline performance evaluations and site-specific targets at the plant level, which will support scenario planning and implementation of improvement opportunities. By better tracking and understanding where energy is used, we hope to put in place long-lasting actions to help reduce our manufacturing carbon footprint and expand reporting on energy use at our global locations.

Eco-Design

Eco-design is a principle that calls for minimizing the negative environmental and human health impacts of a product across its life-cycle.

In 2017, we completed our first Eco-Design workshop and training session for a group of engineers in Novi, Michigan. The primary objectives of the training were to:

1. Educate our engineering team on Eco-Design elements beyond regulations
2. Evaluate environmental and business benefits and value from incorporating Eco-design materials into product design

Additionally, we completed two life-cycle assessments for a subwoofer and an amplifier to understand the relative environmental impacts of recently designed products. The life-cycle assessments were conducted by a third-party expert, and carbon dioxide-equivalent emissions for each of the life-cycle stages were shared, comparing products and suggesting Eco-Design improvements for each.

The key takeaways from the workshop were:

- Using scorecards, we can quantify and implement quality and cost-savings into product development and embed sustainability in products
- The Eco-Design scorecard can also be used to measure future progress on the incorporation of sustainable design into our products
- By using a systems approach to combine speakers and amplifiers, we reduce power consumption to reduce weight and carbon dioxide emissions

As part of our continuous improvement and learning mindset, we commit to regularly conducting new and relevant Eco-Design workshops and training sessions to ensure we provide our employees with the tools they need so they can then develop strategies that benefit others.

Energy and Greenhouse Gas Emissions

We first started publicly reporting our greenhouse gas emissions in our 2011 Sustainability Report and have since evolved our emissions reduction strategy to focus on operational efficiency. Our company-owned operations generate greenhouse gas emissions primarily through the combustion of fuels on-site (Scope 1) and through the purchase and usage of grid electricity (Scope 2). The emissions generated from electricity purchases are the dominant contributor to total emissions.

Following the March 2017 Samsung acquisition, HARMAN's fiscal schedule changed to a Calendar Year to match Samsung's reporting cycle. For this report, we took a focused approach to data collection and refined the scope of facilities included in emissions calculations based on opportunities related to energy management. Over the next two years, we plan to continuously evaluate the scope to ensure the most relevant facilities are included in our data tracking and reporting. In 2017, we reported the following emissions (in carbon dioxide equivalent (CO2e).

- Scope 1 emissions (metric tons CO2e) - CY2017: 5,660
- Scope 2 emissions (metrics tons CO2e) - CY2017: 47,643

Our first energy reduction goal was to achieve 10 percent energy reduction by FY2017 at every HARMAN site worldwide. We achieved this goal in 2016 and plan to re-evaluate our baseline and to establish a new goal that aligns with our Calendar Year reporting schedule and operational management system projections moving forward.

Due primarily to our global footprint and internal infrastructure, we view both Scope 1 and Scope 2 emissions as within the boundary of our operational control. Outside of our operations control, we continue tracking our Scope 3 emissions from commercial air and rail travel and will continue to engage with our value chain on their environmental footprint. Improved accuracy of our data collection methodology and alignment with Samsung's fiscal year led us to redefine the scope of facilities to be included in emissions data calculations for 2017.

Over the past two years, we have achieved savings of over 3,300 metric tonnes CO2e by implementing move than 30 energy savings projects at our global locations to reduce our overall carbon footprint. Several of these include, but are not limited to:

1. At one of our locations in Bangalore, India, we moved 80 percent of our electricity sourcing to a solar supplier, while the remaining 20 percent comes from the government provider. By doing so, we are expected to reduce our annual electricity spend by approximately 20 percent at this facility. We also relocated an external warehouse, which led to approximately 0.43 metric tonnes CO2e saved by way of fuel avoidance.
2. In our Dandong location, we installed a frequency inverter in central A/C system fans in our workshop. The frequency of the fan power changes with the seasonal changes. We also installed a timer in the canteen and installed motion-activated sensor lights to control lamp switches when someone is active in corridor.
3. At our Suzhou location, we improved air handling and makeup air unit's variable speed drive control. For one lab, the actual heat loading is less than design heat loading and since the equipment is not fully occupied at all times, and we added an air handling unit/makeup air unit motor variable speed drive control for energy saving. This saved an estimated 117.54 metric tonnes CO2e and over $20,000 USD in energy costs.
4. In our Szekesfehervar location, we implemented an adiabatic system and changed the outside chillers on certain buildings. Adiabatic heat exchangers and condensers have a pipe construction that runs underneath or to the side of the heat exchanger with integral spray jets, allowing the intake temperature to be reduced by adiabatic means where external temperatures are high. Water in aerosol form is sprayed into the intake air from the spray jets, with evaporative cooling achieving a marked cooling effect.

   The benefits from these investments include:
   - Reduced the electric consumption in cooling periods
   - Reduction in the chillers' workload
   - More cooling capacity from built-in units
   - Safer operations during high summer temperatures

Water and Waste Management

HARMAN fully recognizes the importance of good water stewardship to meet the needs of communities and our ecosystem, though our production processes themselves are not water intensive. Aspects of water stewardship (e.g., water use, wastewater management) were not identified as “material” in our 2016 Materiality Assessment refresh, but we recognize the importance of water stewardship. We will continue to monitor and measure the water used in our processes, to identify opportunities for water conservation in our operations and throughout our value chain, and to gain a comprehensive understanding of HARMAN’s environmental impacts.

Similar to our energy management approach, HARMAN uses a traditional Plan-Do-Check-Act cycle to monitor water management at its production facilities and is committed to the principles of continual improvement in water use efficiency.

Waste reduction and recycling is also a priority at HARMAN, and we are committed to the principles of continual improvement in reducing the amount of waste generated.

Capturing the amount of waste generated at our facilities helps us identify opportunities for improvement, such as recycling, landfill diversion, and reduction. Although waste was not identified as “material” based on feedback from internal and external stakeholders as part of our 2016 Materiality Assessment refresh, we will continue to collect waste data from our manufacturing, research & development and non-manufacturing facilities. As with energy and water management, HARMAN uses a traditional Plan-Do-Check-Act cycle to approach waste management at our production facilities.

WHO WE ARE

Our vision at HARMAN is to make life more connected, entertaining, personalized and productive. We combine passion and purpose to design and deliver smart products, systems, software and services that connect people wherever they are. We lead with integrity, innovate with intention, and drive operational excellence to inspire breakthrough performances that generate customer value and strong shareholder returns.

ABOUT THIS REPORT

HARMAN's 2018 Sustainability Report marks our fourth publication of our biennial reporting on the environmental, social, and economic topics that are most material to our business. We are pleased to share this 2018 update with our broader stakeholder audience, to clearly communicate why our sustainability priorities are important to our business.

VALUES & VELOCITY

Learn More:

In an effort to make our report more reader-friendly, additional information about our approach to managing various sustainability and social responsibility topics is available at our website. For information about reporting scope and GRI disclosure, please see the "Our Approach" section of this report

This report contains a comprehensive overview of our sustainability strategy, including a summary of progress since our last report in 2016. This report also describes how we integrate sustainability into identifying opportunities throughout the course of our global business activities.

We are dedicated to transparency and disclosure of our policies, initiatives and associated metrics. This report is just one way we share our sustainability story with stakeholders. Additionally, in 2017, we responded to CDP Supply Chain requests for Climate and Water, prepared a Business Roundtable Sustainability Report, submitted a United Nations Global Compact Communication on Progress; and responded to customer-specific questionnaires via direct request or through platforms (e.g., EcoVadis).

Note: In March 2017, Samsung acquired HARMAN International Industries. As a result, HARMAN's Fiscal Year schedule changed to a Calendar Year to match Samsung's reporting cycle. Additional detail regarding the scope and boundary of reporting can be found in the "Our Approach" section of this report.

ABOUT HARMAN

HARMAN designs and engineers connected products and solutions for automakers, consumers, and enterprises worldwide, including connected car systems, audio and visual products, enterprise automation solutions, and connected services. Our talented workforce and innovation strength create value for our stakeholders by enabling rich experiences through the connected car, connected enterprise and connected lifestyle.

HARMAN's portfolio of legendary audio brands includes AKG®, Harman Kardon®, Infinity®, JBL®, Lexicon®, Mark Levinson® and Revel®. More than 50 million vehicles on the road today enjoy an enhanced driving experience, thanks to HARMAN audio and infotainment. We extend the same spirit of innovation to the world's leading performance and sporting venues, providing everyone with the best seats in the house.

HARMAN has reshaped our organization and cost structure to make our company more agile in a changing world and addressed the rising importance of highly integrated, software-rich products and services. Most importantly, we continue our track record of innovation, which has distinguished HARMAN and its premium audio and infotainment brands for more than 60 years.

HARMAN has a workforce of approximately 30,000 people across the Americas, Europe, and Asia.

Our leaders provide the guidance and oversight that makes HARMAN a globally sustainable, ethically accountable business. To ensure adherence to these ideals, our company, as well as its employees and suppliers, are bound by well-established codes of conduct.

Company Leadership

HARMAN works to continuously improve the environmental footprint of our products without compromising our best-in-class standards. We strictly abide by international, federal, state and local laws and regulations, including those governing the use, discharge and disposal of hazardous materials and, increasingly, the recycling of our products and packaging.

ABOUT OUR EMPLOYEES

From our groundbreaking innovations in automotive, to our industry firsts in audio, to our game-changing technologies for enterprises, our employees are the driving force behind HARMAN's reputation as the technology partner of choice. Our success would not be possible without the expertise, dedication and engagement of each and every one of our people.

Employee Retention

When you invest in your employees, they invest in you. At HARMAN, we believe that the people we work and partner with are the key to our success, and we continually strive to promote and expand their personal and professional success. We encourage the development and growth of our employees through a variety of platforms, including formal training, meaningful roles, and challenging opportunities.

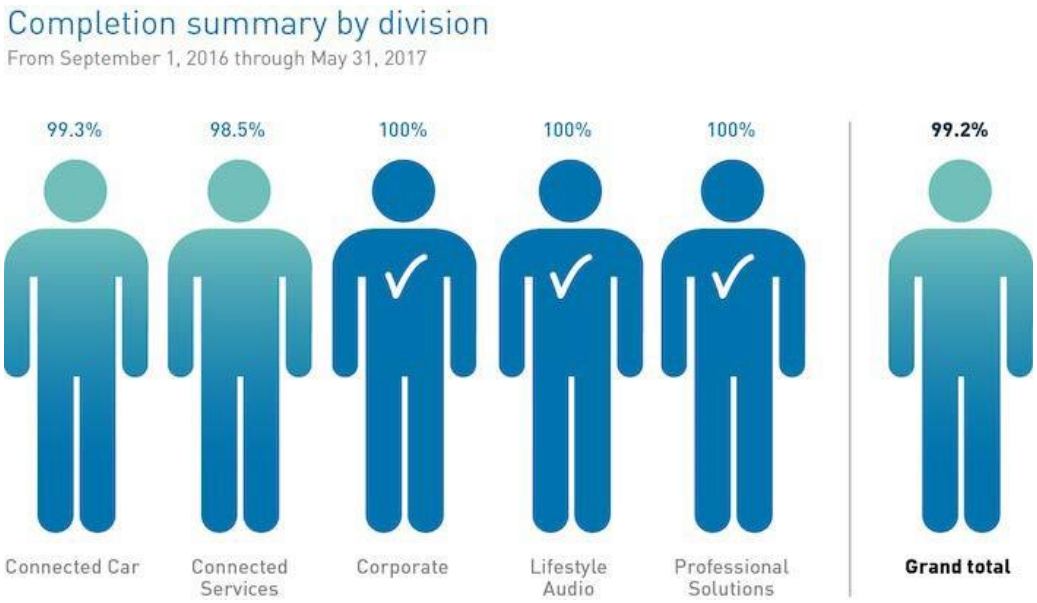
HARMAN University, our comprehensive online and location-based learning resource, is designed to develop leadership, business, functional, and technical skills to further stimulate a learning culture and provide opportunities for professional growth, ultimately making our company stronger and more successful. This platform launched in the summer of 2016 and was responsible for the effective training of nearly 17,500 worldwide professional employees in 2017, or 92 percent of this audience, averaging 15.2 training hours per employee, per year. In parallel, dedicated local teams drove skills training for employees in manufacturing sites.

In the words of our President and Chief Executive Officer, Dinesh Paliwal, "HARMAN is committed to accountability, transparency and doing what is right." To reinforce our values and educate employees about compliance requirements and our Code of Conduct, HARMAN requires completion of Compliance Training. This sends a message to our people, our customers and our partners that we are dedicated to operation at the highest ethical standards in every aspect of our business all around the world. Organized around various topics, including anti-harassment, export controls, and practicing effective cybersecurity, HARMAN's compliance training program helps HARMAN become a role model in our industry.

Courses offered

- An Introduction to Insider Trading
- Global Corruption and Bribery – What You Need to Know
- Introduction to Eliminating Forced Labor, Slavery, and Human Trafficking
- Understanding Information Security
- Trade Compliance in the International Marketplace
- Preventing Sexual Harassment
- A Guide to Understanding, Preventing, and Correcting Bullying, Harassment, Discrimination and Retaliation
- Anti-Sexual Harassment at the Workplace

Compliance and ethical behavior courses are offered in 11 languages and rotated annually, and every year we launch a new campaign to existing and new employees. In 2017, we trained our target audience of 15,000 employees, or half of our workforce (specialist-level and above) in five critical topics, reaching a 100 percent completion rating in most sites. Besides this campaign, other state- or country-mandated courses were completed by the target audience.



A well-informed workforce is only part of our goal. We continually invest in the development of our employees and encourage them to broaden their capabilities through our feedback and talent management systems:

- HARMAN's People Cycle provides an established process that aligns individual targets/development plans with key business goals and encourages continuous feedback.
- Our online talent management system enables employees to continuously track their performance and provides our leadership team with valuable data that informs decisions regarding learning needs and succession management.

HARMAN University trained

92%

of their worldwide professional employees in 2017.

Maximize Diversity

Fostering a diverse and inclusive working environment is imperative to our culture, our business, and our innovation. We have always believed that our success and sustainability is strengthened by all dimensions of diversity, which is why we maintain an unwavering commitment to promoting a work environment where all individuals are respected and valued.

WORKFORCE	WORKPLACE	MARKETPLACE
Build a diverse workforce by improving our ability to attract, develop and retain top diverse talent across HARMAN	Develop and engage talent to help them thrive in their careers by providing a culture of respect, inclusiveness and authenticity	Leverage our diverse workforce and our unique culture to support HARMAN's profitable growth

HARMAN Diversity and Inclusion Framework

We have designed a pillar-based framework that we have adopted throughout HARMAN, enabling us to turn our Diversity and Inclusion objectives into achievable outcomes. In support of our objectives, we have development programs that build awareness and reframe mindsets to help further foster a culture of inclusion.

At HARMAN, we recognize the criticality of having diversity at all levels of our organization. We conduct continuous engagement activities to champion and empower our workforce, including guest speakers, Unconscious Bias Sessions, mentorship programs, female-focused learning activities and inclusive networking events.

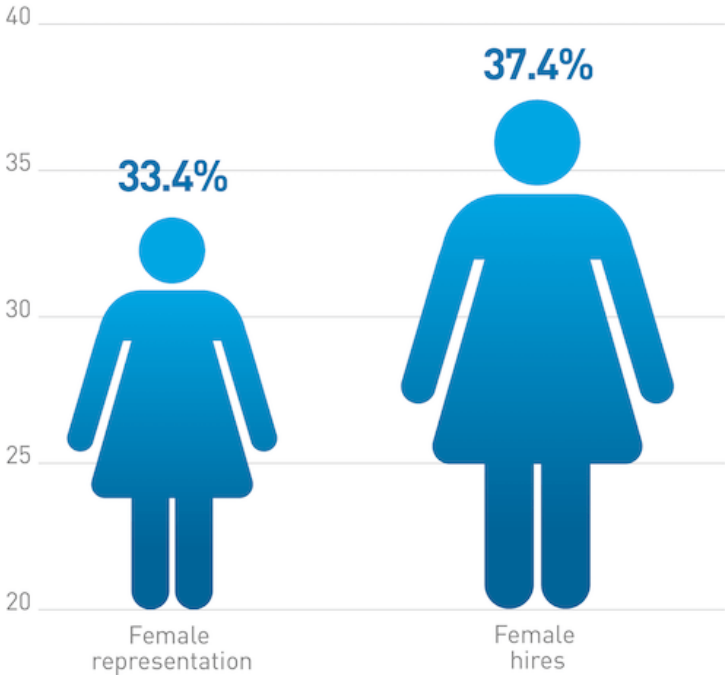
In 2017, we continued our commitment to equal opportunity and women's leadership through the HARMAN Women's Network, a voluntary business resource group led by women, for women. We have mobilized local chapters of our business resource group, the HARMAN Women's Network, in 28 locations across 15 countries to accelerate our goal of greater gender parity in leadership roles by 2025. Our mission is to evolve HARMAN as the employer of choice for women who are passionate about superior performance and authenticity as we consistently strive to attract, develop and retain successful women across the company.

Since its inception in 2015, the success of the HARMAN Women's Network has exceeded our goal of improved diversity, inclusivity and continuous improvement, including:

1. Internal and external engagement activities with key partners and thought-leaders
2. Investment in diversity initiatives and external partnerships

3. Deployment of a global roadmap of critical interventions to enhance gender parity in our pipeline, increase learning opportunities for women, and to influence global policies that will create an environment that supports women in all stages of their career
4. Women's Leadership Summits across the globe including male and female leaders coming together to create action plans for their respective locations. The goal of the summits is to help accelerate our path to gender equality through education, awareness building and critical interventions
5. Emphasized importance of workplace inclusion through annual Women's History Month and International Women's Day celebrations

We're proud of our dedication to the success of our employees and continue to feel the impact of our investment. As of December 2017, we employed approximately 30,000 valued individuals worldwide.



Increasing our workforce by 13 percent from the previous fiscal year, female representation remains flat at 33.4 percent. With an aggressive focus in diversity hiring, the distribution of female hires is at 37.4 percent. We remain determined to change the diversity landscape, which can be attained when hiring rates outpace the representation distribution. HARMAN prospers from having a multi-generational workforce which provides a range of skills and talent that allows for a more effective and productive workplace. With mentoring relationships and valuing diversity of thought, we bring innovation and career satisfaction to life. For more information on workforce metrics, please see the Key Data Summary.

Environmental, Health and Safety

No matter what we do or where we work, safety is our priority. At HARMAN, we work hard to ensure a safe and secure working environment that promotes physical and mental wellbeing for all employees. We acknowledge that the sustainability of our business is directly reliant on our greatest assets: the people we employ and our valued customers.

Whether it's completing global health and safety audits or monitoring compliance metrics, safety is embedded within all stages of our operations. We regularly monitor non-conformance areas and opportunities for safety process improvement and strive to ensure that all employees receive adequate training on health and safety.

HARMAN maintains health, safety, and wellness committees throughout all of our global manufacturing locations to support and provide positive, safe workplaces. Committees are comprised of site managers and operations personnel whose responsibilities vary by location and division and are guided by local labor regulations and requirements.

Over 1,000 employees participate in formal health and safety committees, representing nearly eight percent of our total manufacturing workforce worldwide.

Of the ten HARMAN facilities that have formal agreements with trade unions, the Querétaro and Germany facilities' collective bargaining agreements include health and safety topics related to the working environment (sexual harassment, working hours, etc.) and applicable regulations. In Querétaro, 47 percent of employees are covered by a collective bargaining agreement, while 80 percent of employees in Germany are part of the trade union.

Our commitment to safe business practices does not go unnoticed. We are proud that our recordable incident rate decreased by one percent, and lost work day case rate decreased by 12 percent. We continue to evolve our policies, practices, trainings, and programs and strive to improve our safety performance at every opportunity.

Due to the variety of our products and scale of their applications, we recognize that our health and safety commitment cannot be limited to just our employees. We are equally dedicated to the health and safety of our customers, which is embedded in our responsibility for the products we produce and our official policies which meet rigorous industry and regulatory

standards. Our management approach to health and safety is embedded in our TS 16949 (quality management system) and ISO 14001 (environmental management system), and includes elements of OSHAS 18001.

The following facilities are ISO certified:

ISO TS 16949 (Quality)

- Karlsbad
- Straubing
- Székesfehérvár
- Franklin
- Juárez
- Suzhou
- Querétaro
- Dandong
- Manaus
- Pune

ISO 14001 (Environmental)

- Karlsbad
- Straubing
- Székésfehervár
- Franklin
- Juarez
- Suzhou
- Queretaro
- Dandong
- Manaus
- Pune
- Farmington Hills/Novi

HARMAN's environmental, health and safety programs provide a sustainable framework for our operations and allow us to make sound decisions in response to internal and external health and safety factors. We have key processes in place to implement plans, monitor action and review management of operations to ensure compliance with relevant standards within and outside the organization.

To further demonstrate our commitment to safety, we focused our efforts successfully to achieve the Internationally Recognized Certification with Automotive Safety Integrity Level ASIL "D". This ISO 26262 certification is the international standard that governs functional safety in the automotive industry commissioned by TüV SüD, Product Service GmbH - an independent, internationally accredited certification company. Compliance to ISO 26262 is critical for the safety of connected vehicles and addresses the possible hazards caused by malfunctioned behavior of electrical and/or electronic (E/E) safety related systems and their interactions. As a recognized leader of safety and security in connected vehicles, this certification further validates HARMAN's emphasis on safety at the forefront of innovation throughout the entire automotive technology lifecycle.

GOVERNANCE AND LEADERSHIP

In March 2017, Samsung Electronics completed the acquisition of HARMAN International Industries, Incorporated (“HARMAN”). As such, HARMAN now operates as a standalone Samsung subsidiary, delisted from the New York Stock Exchange, and overseen by a Board of Directors.

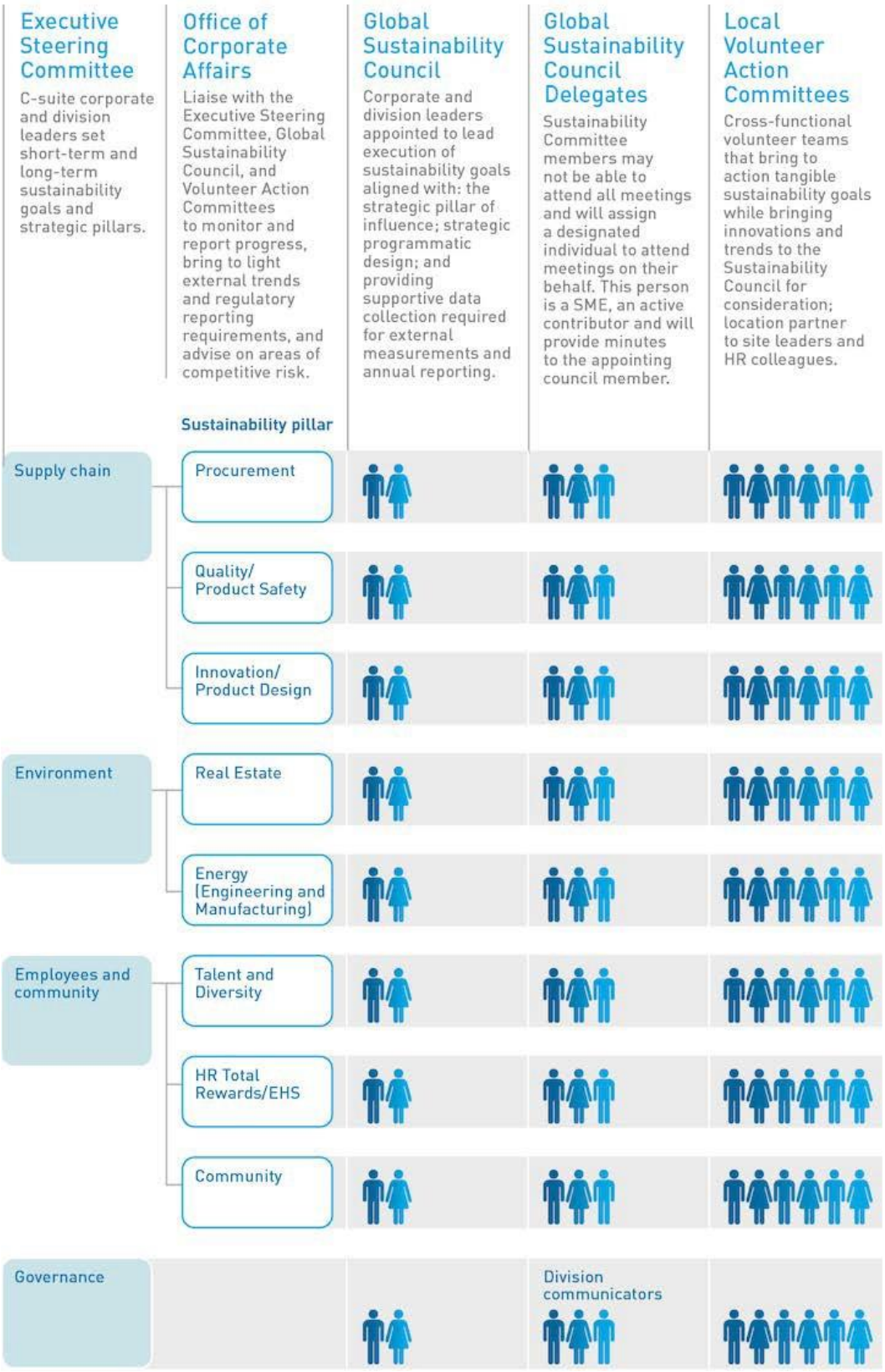
These values are everyone’s responsibility at HARMAN. We are committed to developing an organizational culture that acknowledges and respects these values, which are embedded in HARMAN’s environmental and social responsibility policies. Please visit our Ethics Hotline site for comments or concerns.

Our governance structure is multi-dimensional, global and inclusive, and anchored to HARMAN’s values.

SUSTAINABILITY COUNCIL

In the spirit of cultivating our relationships and sharing successes between our business practices and our ideals, HARMAN announced the formation of a dedicated Sustainability Council in 2014. Appointed by HARMAN's Executive Committee, Sustainability Council Members represent employees from various functional areas of expertise across multiple regions, each with a vested interest in continually supporting sustainability as a core character of our organization.

Sustainability Council structure

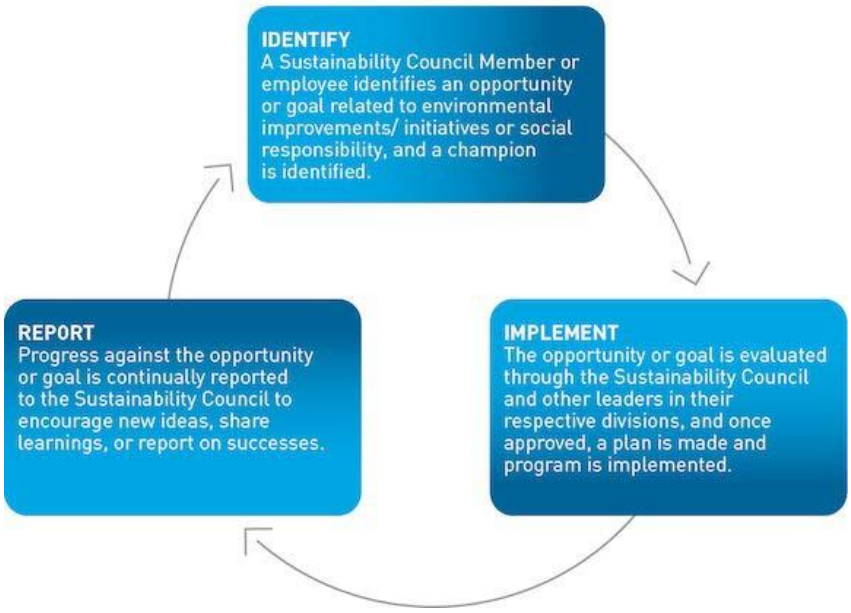


Company expectations have changed over time, and, as such, responsibility to meet expectations extends across many functions - from employee safety, to environmental issues, compliance, labor management, and supply chain. With advancing technology, company changes, and increased customer demand to meet global environmental and social responsibility criteria, we believed a Sustainability Council refresh was necessary. In 2018, we re-vamped our Sustainability Council direction with the aim of fulfilling the diverse responsibilities and fundamental elements of HARMAN's corporate social responsibility. The refreshed Sustainability Council includes strong champions of sustainability reporting, stakeholder engagement, operations initiatives and community outreach.

Our Sustainability Council continues to define, promote and execute HARMAN's global economic, environmental and social sustainability goals as well as drive behavior change and report progress. We rely on Sustainability Council Members and employees to be internal drivers toward meaningful change. Member responsibilities include:

- Setting short-term and long-term sustainability goals for HARMAN
- Representing his/her respective business area in decision-making
- Leading implementation of new policies and programs
- Helping drive cultural change and inspire employee engagement

The evolution of an idea



While we're proud of the impact it has had on our organization, the Sustainability Council is just one part of a larger equation that will produce greater success in promoting sustainability at HARMAN. This responsibility belongs to each of us, and we are all expected to do our part to make HARMAN and our partners and customers stronger and more sustainable.

GRI

OUR APPROACH

In selecting content for inclusion in our 2018 report, HARMAN has utilized the Global Reporting Initiative (GRI) Standards reporting principles as guidance to achieve transparency in reporting. Our report is prepared in accordance with the GRI Standards: Core option.

The report aims to be comprehensive, providing a range of sustainability and corporate responsibility information in line with the global disclosure guidelines in the GRI Standards for sustainability reporting, and based on the specific nature of HARMAN's global operations. The quality of information in this report enables our key stakeholders to make sound assessments of our sustainability performance from a balanced perspective. All aspects of HARMAN's performance have been presented to enable readers to form a reasoned assessment of our overall performance.

In principle, this report covers HARMAN's economic, social and environmental activities within the period from July 1, 2016 through June 30, 2018, with select EHS data presented for Calendar Year 2017 (January 1 to December 31, 2017). The scope of reporting covers manufacturing operations, corporate activities, supply chain, and product use by customers. Supplemental information on targets and initiatives prior to 2018 can be found in our 2016 Sustainability Report.

HARMAN did not employ a third-party agency or organization to provide external assurance for the 2018 Sustainability Report. This report presents data for GRI Standard disclosures that correspond to the material aspects as identified through our 2016 Materiality Assessment refresh and stakeholder engagement. We also present additional information not required by GRI or specifically identified in our 2016 Materiality Assessment. This includes certain environmental data and initiatives, community and social outreach, product innovations and other aspects that characterize our business.

HARMAN supported the ten principles of the United Nations Global Compact (UNGC) with respect to human rights, labor, environment and anti-corruption through 2018. We committed to making the UNGC and its principles part of our business strategy, culture, and day-to-day operations.

Questions or comments about our 2018 Sustainability Report?

We'd love to hear from you! Please contact Darrin Shewchuk, Vice President of Public Affairs and Communications at CorporateCommunications@harman.com.

KEY DATA SUMMARY

FOCUS	PERFORMANCE INDICATOR	GRI STANDARDS	CY2017	FY2016	FY2015
ENVIRONMENT					
Energy	Usage (Gigajoules)	GRI 302	469,594	490,457	423,974
	Normalized Energy Usage (kWh/$1000 Net Sales)	GRI 302	17.16	19.71	19.13
Emissions	Direct Greenhouse Gas Emissions (metric tonnes CO2e)	GRI 305	5,660	6,328	5,550
	Indirect Greenhouse Gas Emissions (metric tonnes CO2e)	GRI 305	47,643	64,629	50,841
	Other Indirect Greenhouse Gas Emissions (metric tonnes CO2e)	GRI 305	24,610	21,992	16,519
LABOR					
Employment	New hires (employees)*	GRI 401	10,567	6,663	6,711
	New hires – Asia (employees)	GRI 401	3,643	1,689	1,813
	New hires – EMEA (employees)	GRI 401	1,711	1,679	1,553
	New hires – North America (employees)	GRI 401	5,044	3,040	3,044
	New hires –South America (employees)	GRI 401	84	190	274
	Terminations (employees)*	GRI 401	8,565	5,424	3,880
	Terminations - Asia (employees)	GRI 401	2,932	1,260	1,123
	Terminations - EMEA (employees)	GRI 401	1,403	1,313	748
	Terminations – North America (employees)	GRI 401	4,019	2,657	1,856
	Terminations – South America (employees)	GRI 401	151	163	123
Occupational Health and Safety	Total Injury and Illness Incident Rate (per 200,000 labor hrs)	GRI 403	1.15	1.20	1.26
	Total Lost Time Injury and Illness Rate (per 200,000 labor hrs)	GRI 403	0.48	0.46	0.51
Diversity	Gender (% women of workforce)	GRI 405	33%	33.4	39.4
	Age (% of workforce)	GRI 405	<30 = 27.6 30–50 = 61.7 <50 = 10.7	<30 = 28.9 30–50 = 60.1 <50 = 11.0	<30 = 27.3 30–50 = 57.6 <50 = 15.1

FOOTNOTES

CY2017 environmental data represents a global scope of 13 significant production facilities' reported data. Historic data reflects an expanded scope of facilities, as well as discontinued operations.

Energy use is comprised of the total reported usage of electricity, natural gas, and fuel oil for significant locations of operation.
Legacy Symphony Teleca locations began reporting data in April 2015.

Greenhouse gas emissions are calculated from total reported electricity, natural gas, fuel oil.
Base year emissions are from FY2012; this has since been updated to include data from the Vienna facility. Refrigerant data available for FY2015 and FY2016 only.
Other Indirect Greenhouse Gas Emissions (Scope 3) data available for FY2014 - CY2017 only.
Emissions Information Sources:
US Environmental Protection Agency, 2015. "Emissions & Generation Integrated Database (eGRID) Tenth Edition with year 2012 Data Version 1.0."
International Energy Agency Data Services. 2015. "CO2 Emissions from Fuel Combustion (2015 Edition)"
Department for Environmental, Food and Rural Affairs "Measuring and reporting environmental impacts: guidance for businesses (2015 Edition)"
EPA Center for Corporate Climate Leadership GHG Emission Factors Hub. Last Revised November, 2015 Global Warming Potentials (GWPs) were sourced from the Intergovernmental Panel on Climate Change (IPCC).

*The sum of regional new hires may differ from total new hires due to a difference in accounting.

MATERIALITY PROCESS

As part of our promise to conduct business in as responsible and sustainable fashion as possible, HARMAN has completed a materiality analysis as set forth in the Global Reporting Initiative (GRI) Standards, "Reporting Principles for Defining Report Content."

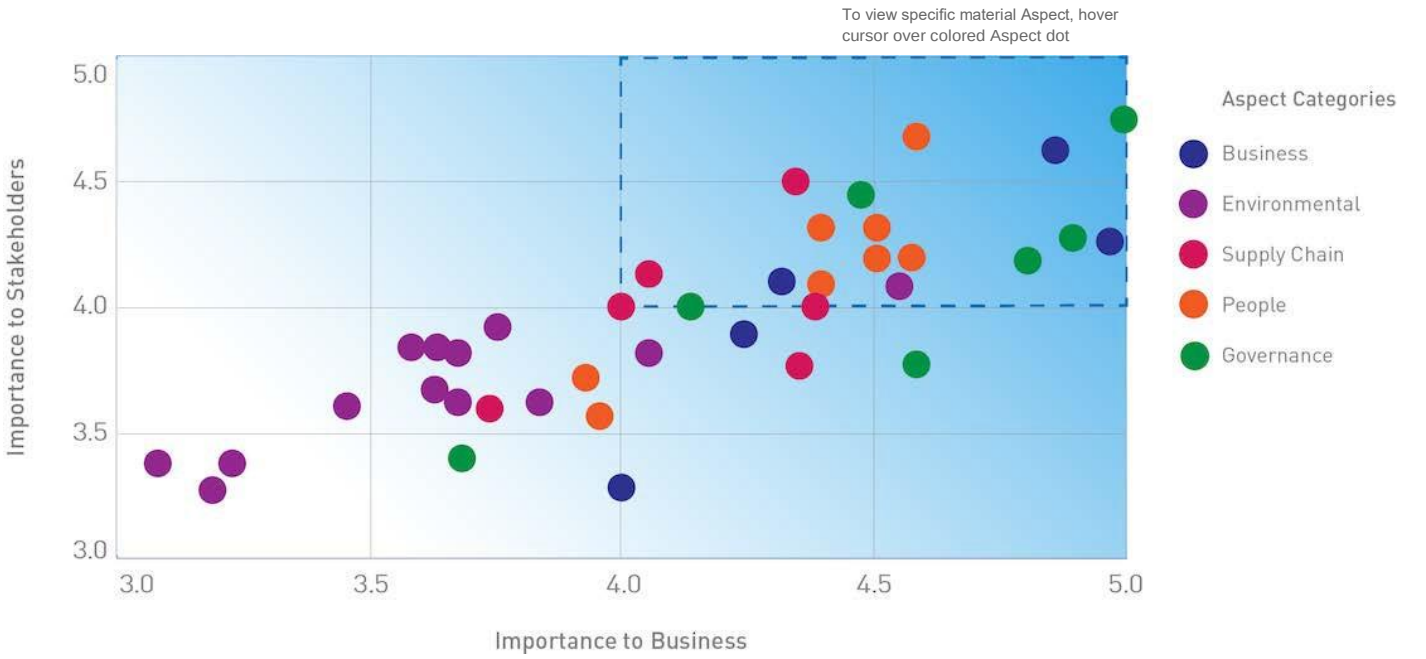
ASSESSING MATERIALITY

In November 2015, HARMAN conducted a refresh of our Materiality Assessment. The assessment sought to confirm material issues identified through a survey of environmental, social and governance (ESG) indicators, evaluate discrepancies between internal and external perception of the importance of various ESG issues, and prioritize what matters most to HARMAN and its stakeholders. The overall Materiality Assessment included a valuation of the information identified as significant during the survey analysis, and the final deliverable was a summary materiality matrix. This assessment was aligned with all GRI G4 Aspects and indicators, and reporting guidelines.

Materiality informs the issues that comprise the focus our corporate responsibility strategy and initiatives and the manner in which we approach related reporting. HARMAN applies the GRI principle that: "Materiality is the principle that determines which relevant topics are sufficiently important that it is essential to report on them. Not all material topics are of equal importance, and the emphasis within a report is expected to reflect their relative priority."

The GRI defines Material Disclosures as those that reflect the organization's significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders. GRI requires a qualitative analysis, quantitative assessment and discussion to determine if an Aspect is material.

STEP 1 STEP 2 STEP 3 STEP 4



Step 1 – Issue identification

As part of overall corporate responsibility strategy development, a number of interviews and working sessions were completed. Using the GRI G4 Aspects as a starting point, our Sustainability Council began to identify a list of key questions to survey internal and external stakeholders on Aspects that are most material to HARMAN's business. The internal insights garnered from this effort were supplemented through the ongoing exchange of ideas with key external stakeholders, such as investors (e.g., using CDP and shareholder feedback), customers (e.g., through key questions derived from customer specific data requests), regulatory agencies, nongovernmental organizations, trade associations, partners and community organizations.

Step 2 – Stakeholder survey

To begin the Materiality Assessment process, the HARMAN Sustainability Council identified significant internal and external entities from whom to solicit feedback on material issues from an internal business and external stakeholder perspective. Participants included investors, key customers and HARMAN leadership. Participants in the survey were asked to rank the importance of Aspects in five categories: Business, Environment, Supply Chain, People and Governance. Participants were also asked to provide detailed comments explaining each ranking.

Step 3 – Material Aspect validation

Following the close of the survey collection period, responses were compiled, evaluated and patterned into a materiality analysis. Based on feedback from the Vice President of Corporate Affairs and Communications and the Sustainability Council, HARMAN elected to apply a 20 percent weighting factor to responses submitted by respondents who were also members of the HARMAN Executive Committee. The Executive Committee members play a dual role at HARMAN; they represent the interests of the board and investors as well as HARMAN operations, so their responses to the survey questions received a higher valuation.

Step 4 – Review and feedback

The final materiality matrix was presented to the Sustainability Council for review and feedback, and all agreed that HARMAN would proceed with this list of Aspects for the 2016 Sustainability Report. This is HARMAN's third public sustainability report, which includes all identified material Aspects as well as important additional information to support and celebrate our sustainability story.

GENERAL STANDARD DISCLOSURE

GENERAL DISCLOSURES		
102-1	Name of the organization	HARMAN International Industries, Incorporated
102-2	Activities, brands, products, and services	HARMAN designs and engineers connected products and solutions for automakers, consumers, and enterprises worldwide, including connected car systems, audio and visual products, enterprise automation solutions; and services supporting the Internet of Things. With leading brands including AKG®, Harman Kardon®, Infinity®, JBL®, Lexicon®, Mark Levinson® and Revel®, HARMAN is admired by audiophiles, musicians and the entertainment venues where they perform around the world. More than 50 million automobiles on the road today are equipped with HARMAN audio and connected car systems. Our software services power billions of mobile devices and systems that are connected, integrated and secure across all platforms, from work and home to car and mobile. HARMAN has a workforce of approximately 30,000 people across the Americas, Europe, and Asia. In 2017, HARMAN became a wholly-owned subsidiary of Samsung Electronics Co., Ltd.
102-3	Location of headquarters	400 Atlantic Street, Suite 1500, Stamford, CT 06901 USA
102-4	Location of operations	Our products are sold worldwide, with the largest markets located in the United States and Germany. In the United States, our primary manufacturing facilities are located in Kentucky, Indiana and Washington . Outside of the United States , we have manufacturing facilities in Austria, Brazil, China, Hungary, India, Germany, Mexico and the Netherlands.
102-5	Ownership and legal form	In 2017, HARMAN became a wholly-owned subsidiary of Samsung Electronics Co., Ltd.
102-6	Markets served	HARMAN maintains major operations in the Americas, Europe, as well as Asia and markets its products under several brands.
102-7	Scale of the organization	HARMAN has a workforce of approximately 30,000 people across the Americas, Europe, and Asia. HARMAN is a wholly-owned subsidiary of Samsung Electronics and as such, does not publicly disclose financial information.
102-8	Information on employees and other workers	About Our Employees
102-9	Supply chain	Supply Chain
102-10	Significant changes to the organization and its supply chain	In 2017, HARMAN became a wholly-owned subsidiary of Samsung Electronics Co., Ltd. Changes to supplier locations are tracked internally.
102-11	Precautionary Principle or approach	Elements of the precautionary approach have been integrated into the organization's approach to risk management. New products and capital investments are reviewed for potential impacts to the environment and potential risks are identified and addressed accordingly.
102-12	External initiatives	The Chief Executive Officer at HARMAN has made a commitment to the United Nations Global Compact. Participation in the Global Compact is a widely visible commitment to the implementation, disclosure and promotion of its ten universal principles. HARMAN has certified key production facilities to ISO 14001, the global environmental management standard. Additional external initiatives are referenced throughout the report.

102-13	Membership of associations	HARMAN participates in a number of technical and professional memberships around the world, as a company and as individual employees. CTE engagement with lobbyists (research into waste, energy requirements for consumer products) Business Roundtable US India Business Council (USIBC)
102-14	Statement from senior decision-maker	President and CEO Message
102-16	Values, principles, standards, and norms of behavior	As part of its corporate Code of Conduct, it is the policy of HARMAN that each of its employees shall be accountable for complying with federal, state, and local laws applicable to HARMAN as well as those of private and public regulatory agencies. HARMAN's Code of Conduct further requires its employees to proactively promote ethical behavior among subordinates and peers, and to promptly report of any violations internally.
102-18	Governance structure	Details on our governing structure, including the nature of the composition of the Board of Directors and Leadership team, can be found on our website.
102-40	List of stakeholder groups	Stakeholder Engagement
102-41	Collective bargaining agreements	About Our Employees
102-42	Identifying and selecting stakeholders	The initial basis for determining stakeholder engagement was developed in 2011 as part of the CERES Roadmap process. In FY2016, HARMAN refreshed the Materiality Assessment using the GRI G4 guidelines as a base for the evaluation (updated to GRI Standards in 2018). A more detailed description of our stakeholder engagement can be found in the "Stakeholder Engagement" section of the report.
102-43	Approach to stakeholder engagement	We believe that our success as an organization depends on support from multiple stakeholders. As such, we work with the communities in which we operate, media customers, suppliers, employees, and policy groups to ensure we stay engaged, at least on an annual basis.
102-44	Key topics and concerns raised	Through engagement with our stakeholders, we are able to address any questions or concerns as they arise. We remain at the forefront of discussions by working with industry groups focused on sharing relevant industry information. We also report to several mechanisms that stakeholders can reference, such as CDP and the NQC database. A more detailed description of our stakeholder engagements can be found in the "Stakeholder Engagement" section of this report.
102-45	Entities included in the consolidated financial statements	Omission - As a private company, HARMAN does not publicly disclosure financial information.
102-46	Defining report content and topic Boundaries	In FY2016, HARMAN refreshed our Materiality Assessment using the GRI G4 guidelines as a base for the evaluation (updated to GRI Standards in 2018). Additionally, report content has been informed by expectations of our stakeholders, internal sustainability team, and with considerations to the GRI Sustainability Reporting Standards.
102-47	List of material topics	Topics identified as "material" to HARMAN are detailed in the Materiality section of this report. We also present additional topics not identified as "material" in this report - this includes environmental data and initiatives, community and social outreach, product innovations, and other aspects that characterize our business. We believe these topics are important to our internal operations and business as well as to our stakeholders.

102-48	Restatements of information	All significant topics are reported on a like-for-like basis, with expectation to changes resulting from the Samsung acquisition of HARMAN.
102-49	Changes in reporting	In March 2017, Samsung acquired HARMAN International Industries. As a result, HARMAN's Fiscal Year schedule changed to a Calendar Year to match Samsung's reporting cycle. For this report, we took a focused approach to data collection and refined the scope of facilities included in emissions calculations based on opportunities related to energy management.
102-50	Reporting period	July 2016 through June 2018.
102-51	Date of most recent report	November 2016
102-52	Reporting cycle	Biennial
102-53	Contact point for questions regarding the report	CorporateCommunications@harman.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
102-55	GRI content index	GRI Content Index
102-56	External assurance	At this time, HARMAN is not seeking external assurance for this report.

MANAGEMENT APPROACH

103-1	Explanation of the material topic and its Boundary	Materiality Process
103-2	The management approach and its components	We detail our management approaches throughout the report.
103-3	Evaluation of the management approach	Materiality Process and Stakeholder Engagement

PROCUREMENT PRACTICES

204-1	Proportion of spending on local suppliers	The majority of our supplier spend is for suppliers in Asia Pacific (74%), followed by EMEA (14%), the Americas (6%), Not assigned (2%), and Africa (>1%). Our global suppliers provide a diverse range of goods and services.

ANTI-CORRUPTION

205-2	Communication and training about anti-corruption policies and procedures	The Board of Directors has received communication and been trained on HARMAN's anti-corruption policies. Compliance Training is required for all HARMAN employees at the professional level (Global Grade 10) and above.

ENERGY		
302-1	Energy consumption within the organization	For this report, we took a focused approach to data collection and refined the scope of facilities included in energy calculations based on opportunities related to energy management. Additional detail regarding energy consumption is available within the Environmental Performance in Operations section of this report, as well as the Key Data Summary table.
302-2	Energy consumption outside of the organization	At this time, HARMAN tracks Scope 3 emissions from business travel.
302-4	Reduction of energy consumption	Environmental Performance in Operations
302-5	Reductions in energy requirements of products and services	Products and Innovation

WATER AND EFFLUENTS		
303-5	Water consumption	Omission - Accurate quantification of historical water withdrawal data globally has been a challenge. In 2016, we refreshed our Materiality Assessment and water was not ranked as a material issue; rather, we consider it an important indicator and will continue to monitor our water usage and aspects of water risk.

EMISSIONS		
305-1	Direct (Scope 1) GHG emissions	Environmental Performance in Operations and Key Data Summary table
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Performance in Operations and Key Data Summary table
305-3	Other indirect (Scope 3) GHG emissions	Environmental Performance in Operations and Key Data Summary table
305-5	Reduction of GHG emissions	Environmental Performance in Operations and Key Data Summary table

EFFLUENTS AND WASTE		
306-2	Waste by type and disposal method	Omission - Accurate quantification of historical solid waste data globally has been a challenge due to the separation of waste streams allocated to HARMAN at leased facilities. We will continue to look for ways to improve data tracking around waste and recycling.

SUPPLIER ENVIRONMENTAL ASSESSMENT		
308-1	New suppliers that were screened using environmental criteria	New suppliers are required to adhere to a Supplier Code of Conduct, however active screening of conformance is not currently conducted.

EMPLOYMENT		
401-1	New employee hires and employee turnover.	Key Data Summary table

OCCUPATIONAL HEALTH AND SAFETY

403-1	Occupational health and safety management system	Management-worker health and safety committees operate at the facility level. See About Our Employees section of report for additional information.
403-2	Hazard identification, risk assessment, and incident investigation	About Our Employees
403-8	Workers covered by an occupational health and safety management system	About Our Employees
403-9	Work-related injuries	About Our Employees and Key Data Summary table

TRAINING AND EDUCATION

404-1	Average hours of training per year per employee	About Our Employees
404-2	Programs for upgrading employee skills and transition assistance programs	We offer training through HARMAN U. See About Our Employees section of report for additional information.
404-3	Percentage of employees receiving regular performance and career development reviews	About Our Employees

DIVERSITY AND EQUAL OPPORTUNITY

405-1	Diversity of governance bodies and employees	Details on our governing structure, including the nature of the composition of the Board of Directors and Leadership team, can be found on our website and in the Governance and Leadership section of this report.

FORCED OR COMPULSORY LABOR

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain

SUPPLIER SOCIAL ASSESSMENT

414-1	New suppliers that were screened using social criteria	New suppliers are required to adhere to a Supplier Code of Conduct, however active screening of conformance is not currently conducted.

HUMAN RIGHTS ASSESSMENT

412-2	Employee training on human rights policies or procedures	About Our Employees

LOCAL COMMUNITIES

413-1	Operations with local community engagement, impact assessments, and development programs	HARMAN has various programs that involve engagement within the communities we operate; however, HARMAN does not currently track operational engagement percentages.

CUSTOMER HEALTH AND SAFETY

416-1	Assessment of the health and safety impacts of product and service categories	Health and Safety impacts are taken into account for HARMAN products. HARMAN does not currently calculate percentages associated with these impacts.

STAKEHOLDER ENGAGEMENT

HARMAN is committed to delivering the best possible outcome for all of our stakeholders. This requires continual efforts to be an engaging collaborator, partner, visionary, employer and innovator. To help us stay connected with our internal and external stakeholders, we developed a robust engagement model in 2011 as part of the CERES Roadmap process. Over time that model has grown organically as we've continued to innovate, grow our partnerships and become more involved in our communities.

Approach

As a connected technologies company, we understand the importance and value of frequent, continual and open communication between stakeholders. In light of the continued evolution of our company, HARMAN conducted a Materiality Assessment in 2016 engaging both internal and external stakeholders to help us improve upon on our sustainability strategy. In every interaction with our stakeholders, we encourage open dialogue and sharing of thoughts and ideas. Below is an outline of our key stakeholders and some of the ways we work to foster these relationships.

STAKEHOLDER GROUP	ENGAGEMENT
Suppliers	Across all industries, HARMAN suppliers are a critical component of our production process and an integral partner in our success. Suppliers were included in our 2016 Materiality Assessment and we also engage with suppliers on a regular basis through operations.
Employees	HARMAN's employees are our lifeblood — from engineers dreaming big to our line workers turning those dreams into reality, they are our most cherished resource. Our site leaders at facilities around the world conduct Town Hall discussions to help our employees understand how their individual actions are supporting our combined success. We conduct quarterly calls with globally-situated employees and distribute monthly emails from our Chairman. In FY2016, we also introduced an employee Mobile Application, increasing accessibility and communication with our globally situated line workers.
Customers	HARMAN's customers span a number of industries, from automotive to healthcare and from corporate enterprises to big box stores — all of whom are invested in helping usher in positive change. We included customers in our 2016 Materiality outreach and we regularly welcome feedback through our procurement and sales teams.
Consumers	However our product reaches the consumer, they are, ultimately, to whom we are accountable. We engage with our consumers through social media and customer service on a regular basis, and more formally through our Flagship stores around the world and Trade Shows.
Partners	Identifying like-minded organizations that can complement the HARMAN portfolio of brands has helped us bring our innovations into a whole new range of territories. HARMAN dedicates multi-functional teams to some of our most significant partnerships including Under Armour® and the NBA, along with our largest customers such as BMW, Best Buy and Cisco.
Investors	As a publicly traded company, HARMAN strives for complete transparency and clear communication in all facets of our business. On a quarterly basis, timed with earnings, HARMAN conducts calls with its investors to share ideas and progress. We share financial updates through our SEC filings and Annual 10-K report, as well as engage investors through press releases, events and presentations. Every other year, we also host a global Investor Day to lay out our plans for the coming years in detail.
Policymakers	In this increasingly global economy, HARMAN is actively engaged with a number of member organizations and forums shaping public policy and business relations at the regional, national and international level.
NGOs	HARMAN is dedicated to utilizing our assets and expertise to benefit our communities and those less fortunate directly and through partner NGOs. HARMAN works with NGOs specifically on Music and STEM education, our cause areas of focus, in the communities in which we live and work.
Media	A critical resource for all, HARMAN engages with the media on a continual basis through press events, trade shows, Op-Ed pieces or through individual interviews with our executives to keep an open dialogue about new product innovations, responsible business practices and the future of technology.

Stakeholder engagement on specific issues

The dawn of the autonomous vehicle has generated plenty of buzz. At HARMAN, we are focused on finding and developing new products and technologies that bring a safer, more connected, and superior experience to automakers. We want to remain at the forefront of these discussions, helping facilitate healthy dialogue and continually offering innovative, effective solutions.

- We are a member of the Automotive Information Sharing and Analysis Center (ISAC), which is focused on automakers and key suppliers sharing information related to cybersecurity threats and coordinated response/solutions
- We have been actively engaged with National Highway Traffic Safety Administration (NHTSA) on several fronts, both formally and informally, to provide briefings about our technology in the areas of safety and cybersecurity and offer inputs that inform their automotive cybersecurity guidelines
- We have, on multiple occasions, briefed the House Committee on Energy and Commerce, which has oversight into automotive areas relevant to our Connected Car business

From time to time we receive inquiries regarding the safety and security of our infotainment systems and software. We take the security of our customers — and our customers' customers — very seriously. HARMAN is and has always been at the forefront of automotive cyber security advancements:

- We continue investing in cyber security advancements, using best-in-class virtualization and over-the-air (OTA) technologies, so that system updates and patches can be delivered wirelessly – and seamlessly - to cars already on the road
- Our acquisition of Symphony Teleca gave us the software development talent to scale
- Our multi-layer security framework to address— we call it 5+1 security — addresses a variety of cyber threats

Business sustainability continues to be a concern among our key stakeholders, from customers to employees. HARMAN's goal is to provide complete and forthcoming transparency in this area. As such, we are active participants in several reporting mechanisms, including:

- HARMAN has been participating in the CDP since 2013. We have responded to CDP Supply Chain – Climate and Water.
- HARMAN responds to more than a dozen customer sustainability surveys, primarily through the NQC supply chain database system
- HARMAN is an active participant in the Consumer Technology Association Environmental Policy Committee
- On a biennial basis, HARMAN discloses a full Sustainability Report in accordance with GRI Standards guidelines
- HARMAN monitors feedback from sustainability rankings and ratings organizations and engages in dialogue with analytics groups such as Ecovadis

REPORT STRUCTURE

This report covers our performance from July 2016 through June 2018. In March 2017, Samsung acquired HARMAN International Industries. As a result, HARMAN's Fiscal Year schedule changed to a Calendar Year to match Samsung's reporting cycle.

Our Approach to Reporting

In selecting content for inclusion in our 2018 report, HARMAN has utilized the Global Reporting Initiative (GRI) Standards as guidance to achieve transparency in reporting, adhering to Core "in accordance" disclosure.

The quality of information in this report enables our key stakeholders to make sound assessments of our sustainability performance from a balanced perspective. All aspects of HARMAN's performance have been presented to enable readers to form a reasoned assessment of our overall performance.

In order to facilitate comparability between reports over time, methods and assumptions used to calculate data and prepare information are kept consistent and differences clearly explained. HARMAN did not employ a third-party agency or organization to provide external assurance for the 2018 Sustainability Report.

This report presents data for GRI Standard indicators that correspond to the material aspects as identified through our 2016 Materiality Assessment refresh and stakeholder engagement. We also present additional information not required by GRI or specifically identified in our 2016 Materiality Assessment. This includes certain environmental data and initiatives, community and social outreach, product innovations and other aspects that characterize our business.

Questions or comments about our 2018 Sustainability Report? We'd love to hear from you! Please contact Corporate Communications with questions or comments: CorporateCommunications@harman.com.

CROSS REFERENCES AND STATED OMISSIONS

Specific Standard Disclosures: Indicators

GRI G4 MATERIAL ASPECT	INDICATOR	INDICATOR DESCRIPTION	DMA^/INDICATOR CROSS REFERENCE	OMISSIONS AND EXPLANATIONS	UNGC CROSS-REFERENCE
ECONOMIC					
Economic Performance	G4-EC1	Direct economic value generated and distributed.	Key data summary 2016 Form 10-K	Economic value distributed is not included in this report. The accurate quantification of operating costs, payments, and employee wages and benefits under development for future reporting.	
Market Presence	G4-EC6*	Proportion of senior management hired from the local community at significant locations of operation	Our employees	*Significant locations of operation* refers to certain research and development facilities and non-manufacturing locations such as legacy Symphony Teleca operations. Since HARMAN operates in cities all over the world, it is difficult to define "local."	
Procurement Practices	G4-EC9*	Proportion of spending on local suppliers at significant locations of operations	Supply chain	*Significant locations of operation* refers to certain research and development facilities and non-manufacturing locations such as legacy Symphony Teleca operations. Since HARMAN operates in cities all over the world, it is difficult to define "local."	
ENVIRONMENTAL					
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws or regulations.	Key data summary	There have been zero fines or non-monetary sanctions for non-compliance with environmental laws or regulations.	Principles 7,9
Supplier Environmental Awareness	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Supplier Code of Conduct	New suppliers are required to adhere to a Supplier Code of Conduct, however active screening of conformance is not currently conducted.	Principle 8

SOCIAL - LABOR PRACTICES AND DECENT WORK					
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Key data summary Supply chain	HARMAN does not track employee new hires and turnover by gender.	Principle 6
Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal and joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	People - Health and safety	Management-worker health and safety committees operate at the facility level.	Principle 3
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender	People - Health and safety Key data summary	HARMAN does not track employee injury rates by gender at this time. HARMAN does not track occupational disease rate and absentee rate at this time.	
	G4-LA8*	Health and Safety topics covered in formal agreements with trade unions	People - Health and safety		Principle 3
Training and Education	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and employee category		HARMAN does not track career development reviews by gender at this time.	Principle 6
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	General Disclosure - Governance HARMAN Board of Directors People - Recruitment and diversity	HARMAN does not track of diversity statistics by gender, age and minority group for the governance body and by specific employee category at this time.	Principle 6
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Supply chain Supplier Code of Conduct Supply Chain Policies	New suppliers are required to adhere to a Supplier Code of Conduct, however active screening of conformance is not currently conducted.	Principle 4

HUMAN RIGHTS						
Child Labor	G4-HR5*	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effected abolition of child labor	Modern Slavery Statement Supply Chain Policies HARMAN Code of Conduct			Principle 5
Forced or Compulsory Labor	G4-HR6*	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Operations Modern Slavery Statement Supply Chain Policies HARMAN Code of Conduct			Principle 4
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Supply chain Supplier Code of Conduct Supply Chain Policies	New suppliers are required to adhere to a Supplier Code of Conduct, however active screening of conformance is not currently conducted.		Principle 1 Principle 2
Human Rights Grievance Mechanisms	G4-HR12*	Number of grievances about human rights impacts filed through formal grievance mechanisms		There have been zero grievances filed in FY2016.		Principle 1
SOCIAL - SOCIETY						
Anti-Corruption	G4-SO4	Communication and training on anti-corruption policies and procedures	Supply Chain Policies HARMAN Code of Conduct	The Board of Directors has received communication and been trained on HARMAN's anti-corruption policies.		Principle 10
SOCIAL - PRODUCT RESPONSIBILITY						
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Innovation	Health and Safety impacts are taken into account for HARMAN products. HARMAN does not currently calculate percentages associated with these impacts.		
Marketing Communications	G4-PR6*	Sale of banned or disputed products		HARMAN does not sell banned or disputed products.		
Customer Privacy	G4-PR8*	Total number of substantiated complaints received regarding				breaches of customer privacy and losses of customer data

Innovation - Products	At the time of this report, there have been zero substantiated complaints regarding breaches of customer privacy or losses of customer data.

Compliance	G4-PR9*	Total monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		There have been zero fines associated with non-compliance in FY2016.

* Indicators not defined as "material" in HARMAN's 2014 Materiality Assessment and not included in the 2014 Sustainability Report.

^ Indicates cross-references to Disclosures on Management Approach (DMA) and additional information on indicators.

The following indicators were not identified as "material" during our 2016 Materiality Assessment. In order to facilitate comparability, we are reporting on these indicators as a continuation of our previously released 2014 Sustainability Report and in an effort to remain transparent. We believe these indicators are important to our internal operations and business as well as to our stakeholders.

GRI G4 MATERIAL ASPECT	INDICATOR	INDICATOR DESCRIPTION	INDICATOR CROSS REFERENCE	OMISSIONS AND EXPLANATIONS	UNGC CROSS-REFERENCE
Energy	G4-EN3	Energy consumption within the organization	Key data summary 2015 CDP Climate Disclosure	The 2016 report includes data from certain research and development facilities and non-manufacturing locations such as legacy Symphony Teleca operations. In FY2017, HARMAN will evaluate the scope of operations and prepare a more formal approach for future metrics reporting.	Principles 7,8
	G4-EN5	Energy Intensity	Key data summary		Principle 8
	G4-EN6	Reduction of Energy Consumption - achieved as a direct result of conservation and efficiency initiatives			Principle 8
	G4-EN7	Reductions in energy requirements of products and services	Innovation - Our product design		Principles 8, 9

Water	G4-EN8	Total water withdrawal by source	Key data summary	Accurate quantification of historical water withdrawal data globally has been a challenge. The Key Data Summary lists locations where data is not available for the reporting period. In FY2017, we will evaluate our scope of operations and prepare a formal approach for future metrics reporting.	Principles 7,8
Emissions	G4-EN15	Direct Greenhouse Gas (GHG) Emissions (Scope 1)	Key data summary 2015 CDP Climate Disclosure	The 2016 report includes data from certain research and development facilities and non-manufacturing locations such as legacy Symphony Teleca operations.	Principles 7,8
	G4-EN16	Energy Indirect Greenhouse Gas (GHG) Emissions (Scope 2)	Key data summary 2015 CDP Climate Disclosure	The 2016 report includes data from certain research and development facilities and non-manufacturing locations such as legacy Symphony Teleca operations.	Principles 7,8
	G4-EN17	Other Indirect Greenhouse Gas (GHG) Emissions (Scope 3)	Key data summary 2015 CDP Climate Disclosure	HARMAN began reporting Scope 3 emissions in FY2014; data for previous years is not available.	Principle 8
	G4-EN18	Greenhouse Gas (GHG) Emissions Intensity	Key data summary 2015 CDP Climate Disclosure	Intensity is calculated by dividing emissions by net sales.	Principle 8
	G4-EN19	Reduction of Greenhouse Gas (GHG) Emissions	2015 CDP Climate Disclosure		Principles 8,9
Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method	Key data summary	Accurate quantification of historical solid waste data globally has been a challenge. The Key Data Summary lists locations where data is not available for the reporting period. In FY2017, we will evaluate our scope of operations and prepare a formal approach for future metrics reporting.	Principles 8,9

Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Innovation - Our product design		Principles 7,8,9
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs		HARMAN has various programs that involve engagement within the communities we operate; however, HARMAN does not currently track operational engagement percentages.	
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Supply chain Supplier Code of Conduct Supply Chain Policies	New suppliers are required to adhere to a Supplier Code of Conduct, however active screening of conformance is not currently conducted.	