



2016 Sustainability Report

The background of the page is a composite image. The upper portion shows a large crowd of people, many wearing blue t-shirts, with their arms raised in a celebratory gesture. The lower portion shows a bright green sports car, possibly a Lotus Evija, with a person in a blue shirt standing next to it. The entire image is overlaid with a semi-transparent blue filter.

ACTIONS
SPEAK
LOUDER

CONTENTS

Why it matters

| | |
|---------------------------------|---|
| Chairman's message | 4 |
| Sustainability Council | 5 |
| Governance and leadership | 7 |
| Compliance | 7 |

Innovation

| | |
|--------------------------|----|
| Our approach | 10 |
| Our product design | 11 |
| Packaging | 12 |
| GreenEdge | 13 |
| DriveCore | 14 |
| HALOsonic | 15 |
| OTA | 16 |
| Product compliance | 17 |

People

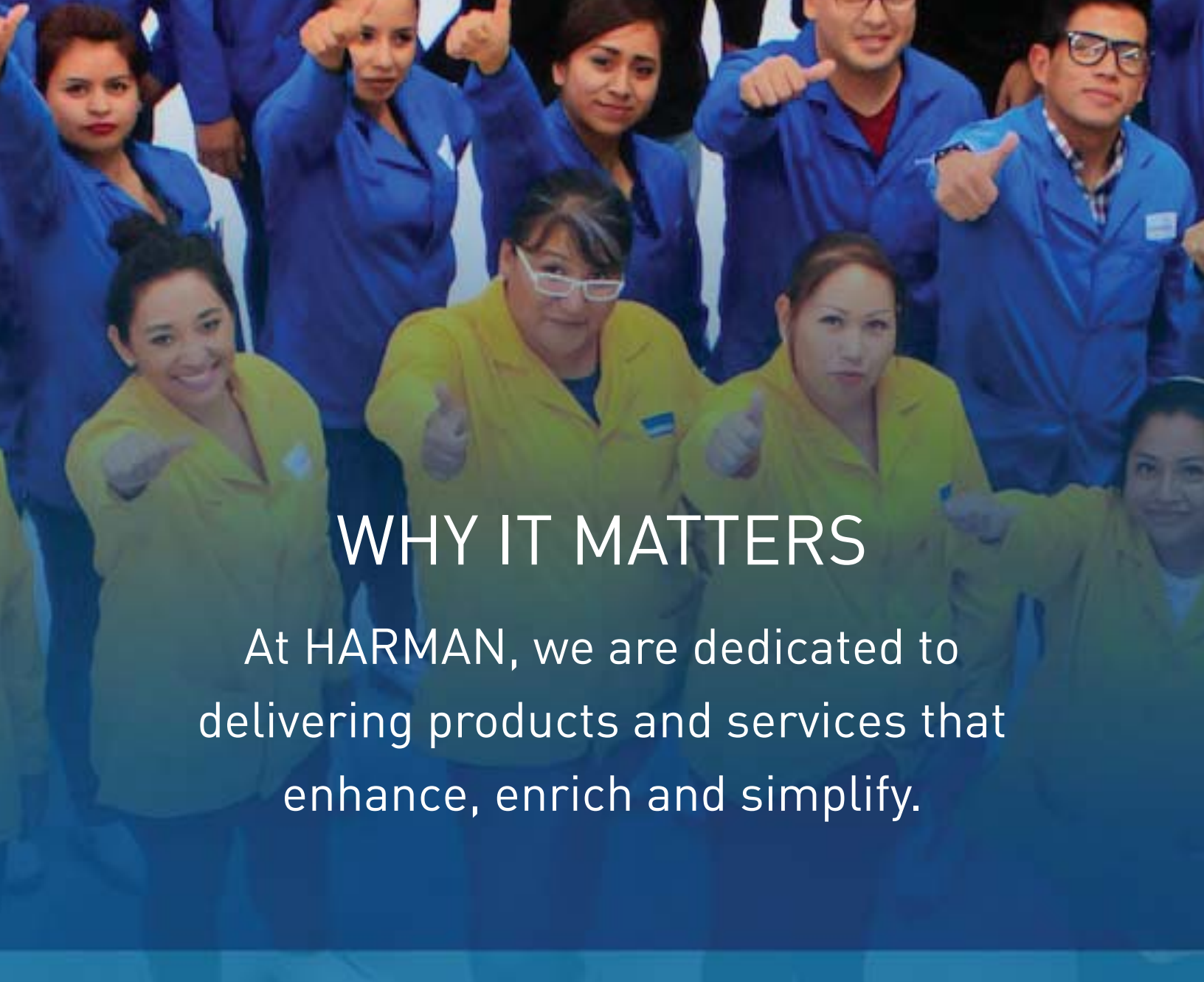
| | |
|---------------------------------|----|
| Employee profiles | 20 |
| Our employees | 26 |
| Recruitment and diversity | 27 |
| Learning and development | 29 |
| Health and Safety | 30 |
| Our communities | 31 |
| Volunteerism | 36 |
| Signature days | 38 |

Operations

| | |
|--------------------------------------|----|
| Our approach | 40 |
| Supply chain | 42 |
| Compliance and standards | 44 |
| Human trafficking | 45 |
| Conflict minerals | 45 |
| Health and safety | 46 |
| Impact | 47 |
| Energy | 48 |
| Water | 51 |
| Climate | 52 |
| Waste generation and recycling | 55 |

GRI G4

| | |
|---|----|
| Key data summary | 57 |
| Materiality process | 59 |
| General standard disclosure | 62 |
| Stakeholder engagement | 70 |
| Report structure and purpose | 73 |
| Cross references and stated omissions | 75 |



WHY IT MATTERS

At HARMAN, we are dedicated to delivering products and services that enhance, enrich and simplify.

At work, in the home or on the go, we are laser focused on engineering solutions for our connected world that are not only innovative but efficient.

CHAIRMAN'S MESSAGE

HARMAN is a company of action. We love cars, and we work with automakers all over the world to design connected car and sound management solutions that elevate the driving experience in every way. We love music, and we invest millions in R&D to develop technologies and products for the artists who create music and the listeners and concert goers who want to hear the music as the artist intended. And we love to find new ways to improve the workplace by introducing software and systems that enhance enterprises in all sectors.

When it comes to sustainability, our commitment is just as strong and our pace just as fast, thanks to our 29,000 people around the world who are constantly identifying new processes and practices to reduce our environmental footprint and increase our positive social impacts. In addition to our own high standards and ambitious goals, we are committed to public accountability and transparency, which is reflected by our continued support of the United Nations Global Compact (UNGC). We commit to making the UNGC and its ten principles regarding human rights, labor, environment and anti-corruption part of our business strategy, culture, and day-to-day operations at HARMAN.

HARMAN's 2016 biennial sustainability report, *Actions Speak Louder*, focuses on our efforts and outcomes. Equally as important, it highlights the people who are driving these accomplishments. I'd like to offer special recognition to our cross-functional and multi-divisional Sustainability Council, which ensures that sustainability principles and best practices are built into everything we do.

While this report highlights our progress to date, our global commitment to sustainability is always growing. From the manufacturing floor to our engineering labs to the board room, HARMAN is putting sustainable practices into action to improve our company, enhance our communities and generate maximum customer value and shareholder returns. On behalf of the HARMAN senior leadership team, I hope you enjoy this report and appreciate our stories. There's no one better to tell them than through the people who are living them.



Dinesh C. Paliwal
Chairman, President and Chief
Executive Officer

SUSTAINABILITY COUNCIL

Connectivity is what drives so much of what we do day after day, year after year — from our technological innovations for home, on the go and in the studio to the indelible relationships between our employees, suppliers, customers and communities, we are constantly working to harness its potential.

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, including our CEO, CFO and Group Presidents, the Council brought together individuals from HARMAN's four business units and all relevant corporate functions, each with a vested interest in continually supporting sustainability as a core character of our organization.

In fiscal year 2016, the Council underwent a reorganization to reflect HARMAN's new structure and better capitalize on our new capabilities and opportunities. The refreshed Council includes strong champions of sustainability reporting, stakeholder engagement, operations initiatives and community outreach. Individuals on this Council have been a conduit of information regarding initiatives and sustainability stories, strengthening *One HARMAN* connections throughout the organization.

Our 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. 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

While we're proud of the impact it has had on our organization, the 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.

In fiscal year 2017, HARMAN will begin tracking progress toward Operational Key Performance Indicators for energy reduction, health and safety, community engagement, and sustainable procurement at our global manufacturing locations.

Meet the Sustainability Council

| | | | | | |
|---|---|---------------------------------|-----------------------------------|---|---|
| Corporate/ Communications (Lead) | > | Caroline Moore | Corporate/ Operations | > | Kristy Marley |
| Corporate/ Human Resources | > | Christi Downes Lori Lapman | Corporate/ Technology | > | Heikki Lane |
| Corporate/ Finance | > | Harry Andersson | Connected Car | > | Darrin Shewchuck |
| Corporate/IT | > | Kurt Gollinger | Connected Services | > | Padmanabhan Narasimhan Veeresha Channapatna Thammaiah |
| Corporate/ Legal | > | Michelle Gallardo An Trotter | Lifestyle Audio | > | Dawn Geary Daniel Zhu |
| Corporate/ Marketing | > | Damian Mackiewicz | Professional Solutions | > | Rudresha Shetty |

GOVERNANCE AND LEADERSHIP

At HARMAN, we believe responsible business is good business. To ensure our continual commitment to best practices and ethics, we define our corporate governance through a set of guidelines and codes available on our website at <http://investor.harman.com/corporate-governance.cfm>

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.

[Employee Code of Conduct](#)

[Supplier Code of Conduct](#)

[Governance Guidelines](#)



HARMAN's Corporate Governance Guidelines

- The Board of Directors is elected by our stockholders to oversee management and to ensure that the long-term interests of the stockholders are being served.
- The Board reviews and approves the corporate strategy.
- HARMAN's day-to-day business is conducted by its officers and employees under the direction of the Chief Executive Officer with oversight and counsel from the Board.

COMPLIANCE

HARMAN holds itself to the highest standards of conduct and accountability. Our culture embodies an unwavering commitment to ethical business practices and good corporate citizenship everywhere we operate.

Our official policies meet rigorous industry and regulatory standards. HARMAN's management approach to employee health and safety is embedded in our TS 16949 (quality management system) and ISO 14001 (environmental management system). It also includes elements of OSHAS 18001.

Internal accountability standards

Ensuring our employees, senior officers and Board members are accountable for complying with federal, state and local laws applicable to HARMAN, as well as those of private and public regulatory agencies, are at the core of our corporate [Code of Ethics](#). Ethical behavior is required amongst employees, their subordinates, and their peers at all times. Any violation of our Code of Ethics is handled promptly on an internal level. Our mandatory training on anti-corruption policies and procedures has proven to resonate with our stakeholders, as evident in the results of the Materiality Assessment we conducted earlier this year.

- In fiscal year 2016, there were no material fines paid for non-compliance with laws and regulations
- 100 percent of the Board and Executive Committee have received HARMAN's written anti-corruption policies and procedures; the HARMAN Board of Directors does not receive formal training, but as leaders of the organization, they are committed to upholding the highest of ethical standards.

Our Human Resources team has policies and practices in place to proactively address a wide range of potential challenges and support our base values, goals, and principles. Our [guidelines and policy implementations](#) are designed to vigorously support diversity and inclusion globally.

Employee Ethics

We conduct regular employee ethics and compliance training to reinforce our values and tenets in our workforce. Where warranted, we also institute additional training programs, specifically targeting HARMAN's supply chain partners on issues of human rights and labor.

Statement on Human Rights

HARMAN is committed to developing an organizational culture that acknowledges and respects the principles contained within the Universal Declaration of Human Rights issued by the General Assembly of the United Nations. Our devotion to the realization of human rights is embedded in the Company's environmental and social responsibility policies.

Visit our [Ethics Hotline site](#) for comments or concerns.

99.7% of our 1,923 employees who hold the designation of manager or above (also known as GR12 employees) have completed anti-corruption training. In Asia, this training is supplemented by in-person training, completed by 2,043 employees to date.



INNOVATION

On the road or around the home, in intimate theaters, lively nightclubs or action-packed stadiums, delivering the best experience to consumers takes one thing above all else — innovation.

Innovation isn't limited to our products. Achieving our goals of reducing energy usage, protecting the environment and conserving precious natural resources takes fresh thinking, novel solutions and a pioneering spirit at every level.

What year did HARMAN add OTA technology to its portfolio?

- 2014 2015 2016

OUR APPROACH

HARMAN's approach to state-of-the-art product development is in perfect harmony with our sustainability initiatives. The end result? The creation of products that are simpler, safer and more efficient in operation, along with the purposeful use of lighter and better-performing materials.

HARMAN's people, products, and ideas are the keys to driving change. As the industry evolves, our customers' needs are constantly changing. They not only demand uncompromising performance from the products they buy, but they want to know that the companies they do business with have an unwavering commitment to protecting our resources. We proactively address the concerns of our customers, consumers and stakeholders by incorporating policies and practices that are environmentally conscious and promote health and safety.

For more information, go to <http://www.harman.com/connected-safety>

✓ 2015

In 2015, we acquired RedBend, the leading provider of software management technology for connected devices, and over-the-air (OTA) software and firmware upgrading services.



Connected Car – Safety

HARMAN is developing innovative connected safety systems to promote safer, more secure driving experiences. We're making significant advancements in wireless networking, streaming audio, hands-free connectivity, driver assistance and safety systems as well.

OUR PRODUCT DESIGN

Our goal is to develop and deliver innovations that benefit society, consumers and the evolving needs of customers in a lower-carbon world economy. Every step of the development process represents the next step in our sustainability evolution.

On the road

Our OEM customers have already made impressive advances in reducing vehicle weight and power consumption, while incorporating new engine and drive train technologies to further improve fuel efficiency. We are committed to supporting these efforts with complementary HARMAN technologies that save energy, reduce carbon emissions and further contribute to slowing the rate of climate change.



In our facilities

Our businesses have developed new packaging designs that dramatically reduce the amount of material consumed and ultimately disposed. We've consolidated manufacturing sites to be closer to key customers, saving transportation costs, fuel, and reducing greenhouse gas emissions. Recycling and reuse programs are also in place across HARMAN facilities worldwide. These business decisions have targeted the carbon emissions generated not only in manufacturing, but throughout the product life cycle. We've greatly improved our energy and emissions data collection capabilities over the past few years, and in FY2015, launched our new data information management system, which we will continue to implement through FY2017.



In the home

In our Luxury Group, **Mark Levinson®** amplifiers, as well as the Lexicon® DD-8 multi-room amplifier and the JBL® Synthesis® SDA series multichannel amplifiers all meet or exceed worldwide regulations, including the EuP Directive 2005/32/EC, which calls for 0.5W or less of power consumption in standby. The new generation of Mark Levinson amplifiers offers three standby modes, so owners can tailor the power consumption-versus-startup-time tradeoff optimally for their needs. New Mark Levinson products, including the No 519 streaming audio player, consume less than 0.5w of power in Green Standby mode, which is factory enabled on all. In addition, we Forest Stewardship Council certified materials in our Revel Performa3, Ultima2, JBL Everest and K2 speaker enclosures.



PACKAGING

Smart designs that cut costs and reduce waste.

By working to reduce complexity and employ intelligent engineering, our product design teams are cracking the code for delivering products that will stand the test of time safely to our customers while minimizing our impact on natural resources and the environment.



Packaging isn't merely a necessity. For HARMAN, it's an opportunity — to cut costs for our business, reduce waste for the environment and exceed expectations for consumers.

The evolution of our products is what keeps us at the cutting-edge of our industry. We focus our efforts on creating improvements through technology and design that let us outpace the competition, and at the same time help create outcomes that are efficient, cost effective and environmentally responsible. For example, our redesign of the JBL® Flip speaker packaging has resulted in a 5 percent reduction in volume from the Flip 1 to the Flip 3, reducing material consumption and enabling us to ship more product in one trip, save fuel costs and cut back on transportation-related emissions.

HARMAN's Lifestyle consumer products contribute toward the costs of energy recovery and recycling by meeting the PRO EUROPE Green Dot® logo requirements. We also continue exploring new and improved ways to work in conjunction with the European Commission Directive for Waste Electrical and Electronic Equipment (WEEE).

GREENEDGE

Environmentally friendly design with dramatic energy savings.

GreenEdge audio solutions are living proof that reducing energy consumption, heat production and overall ecological footprint shouldn't come at the expense of quality. Patrons of stadiums, theaters, cinemas and nightclubs experience first-hand how making environmentally responsible choices can still produce an unrivalled acoustical experience.



The cutting edge of audio.

GreenEdge was developed to deliver the highest possible performance from infotainment systems, speakers, amplifiers and other electronic components while keeping in mind our capacity for producing eco-friendly technologies. Every GreenEdge system component is packaged in an advanced, lightweight housing that is built using sustainable materials such as carbon fiber. By eliminating waste heat, bulky cooling fans or heat sinks are no longer required, resulting in cooler, smaller, lighter and more efficient products.

On the road, GreenEdge helps to lower emissions in traditional vehicles, thanks to lighter weight and reduced power consumption in our automotive audio applications. Especially valued in electric and hybrid vehicles, GreenEdge helps deliver longer battery life, greater travel range and more power.

The advances are dramatic. For example, through advanced system components and breakthroughs in audio engineering, GreenEdge can reduce the weight of car audio systems by a full 27 percent and produce power savings of up to 80 percent.

There is currently no standard certification for professional audio; however, vigorous demands and specific installation requirements are frequently the norm and integrators are asked to make considerations based on minimizing ecological footprints. GreenEdge technology is a comprehensive "alternative certification" that assesses nearly every aspect of select products in an effort to reduce environmental impact.

DRIVECORE

Smart solutions that are driving the sustainable evolution of world-class audio.

Crown's® DriveCore Technology is another illustration of HARMAN's game-changing solutions in sustainable audio. By replacing up to 500 parts with one small chip, we increased reliability, improved operating efficiency and delivered unsurpassed performance. The smaller size and lighter weight of these products further reduces the amount of shipping materials required. This, in turn, can lower costs and emissions for our customers who transport HARMAN products for live events.



Smart solutions that are driving the sustainable evolution of world-class audio.

For permanent installations such as convention centers, stadiums and casinos, DriveCore's lower heat generation decreases air conditioning requirements, leading to less direct energy usage. For example, the DriveCore Install 2|300 Network amplifier draws 81 percent less power, produces 84 percent less heat, and is four pounds lighter than when compared to the prior model. Equipped with Sleep and Auto-Standby features, this amplifier also delivers additional power savings.

All DriveCore-based products:

- Use recycled copper, aluminum and steel from factory processes
- Offer energy-saving modes
- Conform to lead-free RoHS standards
- Feature a low-energy powder coat that uses 33 percent less energy

Energy-efficient DriveCore technology can be found in product lines such as the XLS DriveCore Series, ComTech DriveCore Series, DriveCore Install Series, Lexicon DD-8 multi room amplifier and the newly launched JBL Commercial Series amplifiers.

HALOSONIC

Strategically managed noise for an eco-friendly driving experience.

With the “influx” of electric and hybrid vehicles, HARMAN saw a unique opportunity to apply our expertise in sound and acoustics to the automotive industry in an entirely new way. Enter HALOsonic – an advanced suite of sound management technologies. HALOsonic’s Electronic Sound Synthesis (ESS) solution equips electric and hybrid vehicles with audible feedback both inside and outside the car, adding sound when needed and helping remove it when it’s not.



Helping to optimize the consumer experience.

Using the same design principles deployed in high-end consumer and professional audio, the HALOsonic controller synthesizes traditional engine sounds in direct correlation to vehicle speed. These are projected from the front of the hybrid or electric car to alert nearby pedestrians through high-fidelity speakers, promoting greater awareness of when the vehicle is approaching and, thereby, helping reduce accidents. This audio feedback may also be experienced inside the car at the driver’s option.

HALOsonic Engine Order Cancellation (EOC), on the other hand, is a radical new way to reduce engine noises for those within a vehicle’s passenger compartment. Traditional methods use heavy, noise-dampening insulation that adds weight to the car and results in higher carbon emissions and hampered engine performance. In an innovative break from tradition, EOC technology sends a noise-cancelling audio signal through the vehicle’s audio system, precisely calibrated to mitigate engine noise along the full spectrum of speeds at no additional weight. Similarly, HALOsonic Road Noise Cancellation (RNC) technology minimizes unwanted sound generated by the tires rolling across the road surface.

RNC, which is presently ready for market implementation, enables automakers to use lighter weight materials, improving fuel economy without compromising on in-vehicle noise levels. In 2015, HALOsonic received a Plus X award for innovation.

OTA

Seamless security and updates making the connected life a reality.

At HARMAN, we never stop seeking solutions that help optimize the consumer experience. That's why, in 2015, we acquired Red Bend®, the leading provider of software management technology for connected devices, and over-the-air (OTA) software and firmware upgrading services. With virtually bulletproof security and seamless operation, OTA Software Management enables connected devices to be successfully updated and managed remotely, regardless of the network protocol, device platform or operating system. In the automotive industry, OTA updates help our customers and consumers keep their automobiles current while eliminating the need for CDs, USB sticks or trips to the dealership, thereby reducing material usage and fuel consumption. OTA updating of our lifestyle products — such as our Bluetooth® and wireless speakers — diminishes waste by extending a product's shelf life.



Helping to optimize the consumer experience.

PRODUCT COMPLIANCE

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.



European Union

In the European Union we comply with:

- The European Commission Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
 - The Waste Electrical and Electronic Equipment (WEEE) directive
 - The European Commission Directive on Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS)
 - The European Commission Energy Efficiency Directive
-



United States

In the United States, we comply with all energy efficiency standards that were established under the Energy Independence and Security Act of 2007.



China

In China, we comply with the law on Management Methods on the Control of Pollution Caused by Electronic Information Products (China RoHS).

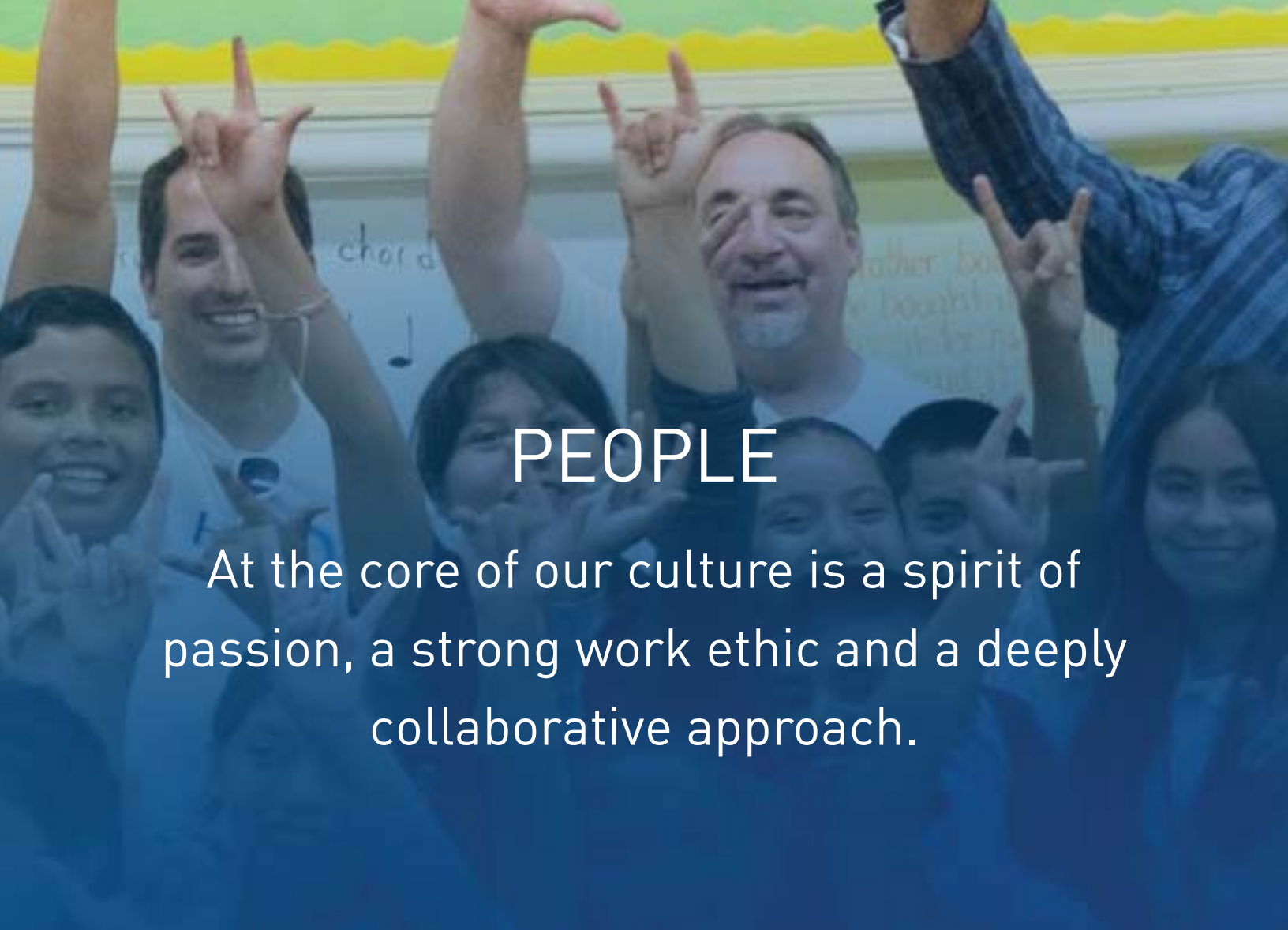


India

In India, we will comply with E-Waste (Management) Rules.

When selecting materials and suppliers for our products, HARMAN is committed to increasing transparency in order 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. 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](#).



PEOPLE

At the core of our culture is a spirit of passion, a strong work ethic and a deeply collaborative approach.

The cutting edge has always been at our core.
Innovation is driven by our creativity and
collaboration.

At the end of FY2016, how many employees did HARMAN have?

- 14,000 18,600 29,000

Employee profiles

✓ 29,000

As of June 30, 2016, approximately 7,300 employees are located in North America, and approximately 18,700 are located outside of North America.



ANDREW TILL

Vice president, Technology, Partnerships & New Solutions,
and Head of LITEHOUSE Design Agency
Winchester, Hampshire, UK

For me, sustainability means leaving the world in a better shape for the next generations.

I've always found that there is a tremendous sense of reward in doing things for other people. At the age of 13, I started to work as a coach for disabled children and would typically spend my Saturday mornings coaching soccer and basketball. At 16, I was diagnosed with a rare form of cancer. I was very lucky and had great doctors supporting me, as well as amazing support from my family and friends. While I have been lucky enough to go on to live a normal life, I got to see the impact it has on people and their families, and sadly, have lost too many friends to cancer. It was natural for me to start fundraising and doing something to help others and give something back to all the people who helped me to get through my illness.

My experience has made me who I am, and it enables me to understand how other cancer sufferers feel. It's not just meeting people in the hospital but in everyday situations where you develop a sense that people are facing a challenge and need to talk. I share my story so that they know there is hope and that you can come out the other side and go on to achieve your dreams. I strongly believe people need to dream and it's when you stop dreaming that you truly lose hope. Seeing the look in someone's eyes, in that moment, when you know you've given them hope is for me an incredible gift, you know you've helped them find more strength to fight and overcome their personal challenges.



ANDY TSUI

Vice President and General Manager, Smart Audio BU
Shenzhen, Guangdong Province, China

Everyone has the ability and responsibility to minimize the negative impact to the environment. Sustainability is the awareness and commitment to a behavioral change.

The dual degree program in technology and management at the Hong Kong University of Science and Technology (HKUST) is a very unique program in Hong Kong. It is designed to train well-rounded leaders and equip them with both business and technical knowledge. I began my collaboration with HKUST, because the outcome of the program is the talent HARMAN is looking for. In the intense three-month long program with HARMAN, we simulate real life business challenges and provide coaching. It is very meaningful to engage with young talent and groom them to become future leaders.

The most meaningful moment is the final presentation: Each student presents their product concept and business case to our HARMAN executives. It is amazing to witness the growth and transformation of the students in three-months time. We can tell the students genuinely enjoy the program and learn from it.



BRENDA SOTO

Office Manager

Puerto Rico

I view sustainability as the ability to satisfy current needs without compromising the future and its resources. We need to make sure that what we do now does not harm our future generation's development and possibilities.

My 15-year old niece, Coral, has been my inspiration to get involved with Community Outreach in Puerto Rico on behalf of HARMAN. She attends the Puerto Rico Conservatory of Music for singing classes. It was at one of her recitals that I felt that it was our responsibility to provide kids with tools to develop their potential. The Puerto Rico Conservatory of Music, founded over 50 years ago, is considered among the best in the world. It has been awarded with the Steinway certification, which is given to those schools that demonstrate a full commitment to excellence in the study of music. I knew that HARMAN, which is fully committed to excellence in their products, and to supporting music education for our future generations, needed to be part of this distinguished institution.

The most meaningful moment for me was when I got to watch the Conservatory's Young Jazz Band using our products in one of their presentations. Their performance was absolutely flawless!



HECTOR EPARDO

Director, HR, North America Manufacturing Operations
Querétaro, Mexico

Sustainability goes much further than the environment. We should look at sustainability from a holistic point of view. For our society, sustainability should exist in a multidimensional way. There should be harmony between present and future generations, social classes, men, women and our communities and with the environment – keeping in mind that it nurtures each and every one of us. We must be accountable for sustaining our good work through our actions — whether it's supporting children to continue their studies, equal opportunity for all, making inclusion a priority, reforestation of our communities, and something as simple as opening doors for people with disabilities.

As a holistic leader, I recognize that we are all co-creators of our culture. I take responsibility in this process worrying not only about the thousands of employees at HARMAN, but the thousands of families that interact with our planet. On the other hand, to be a competitive employer in this market, we must show the real HARMAN to the world to inspire talented people to join our team. The organizational structure and recognition that we have received as a result of our efforts, makes our employees proud to engage in initiatives related to social responsibility. The passion of our Human Resources and personnel teams shows in their dedication to all of our programming, and they motivate me to continue our team effort.



HILDUR KIRCHDÖRFER

Senior Director, HR Europe & Rewards Global CC
Karlsbad, Baden-Württemberg, Germany

For several years, I have been supporting a preschool in Namibia and finally had the chance to visit them last year. It was a great and very touching experience, because for me it is most important to not just donate money but to find a direct way to provide support, and to know that the money goes directly to those who are in need.

When one of our employees raised the idea that HARMAN should participate in a Germany-wide call for donations for refugees, I was willing to help. We contacted the refugees' home right next to our HARMAN campus in Karlsbad to see what they need. We were told that bicycle helmets for children, bicycles and also chairs would be more than welcome.

Deal! We sent an email to our employees and asked for their help and received a lot of support. The refugees' home is planning their own bicycle workshop. We offered the support of our technical apprentices and their trainers to come to the refugees' home to instruct the refugees in how to repair their bicycles.

We also worked with authorities and fortunately were able to hire our first intern, Efrem Tesfay from Eritrea. Efrem will be trained together with our technical apprentices every Thursday for six months.

The people of HARMAN here in Karlsbad are open to ideas, happy to offer their support whenever needed. We have only taken a few small steps, but we will keep on living our HARMAN values and make sure to do the right things at the right time.



KRISTY MARLEY

Senior Project Manager, Industrialization
Farmington Hills, Michigan

Being on the sustainability project has renewed my interest in green technology and expanded my interest in social responsibility. I am grateful for this opportunity because it's allowed me to understand how HARMAN makes decisions that affect our shareholders, employees and the communities in which we live.

I was nominated to be the sustainability chairperson for my organization, but as I learned more about sustainability and what it means from a business perspective, it excited me to work as the driver to apply these practices in our organization.

The best moment for me working on the project came when I realized that I could be part of the efforts to bring sustainability into the everyday mindset of the organization and make a difference at HARMAN by advocating for best practices and implementing change.



MADHURI DESHPANDE

Senior Human Resources Generalist

Bangalore, India

For me, sustainability is about bringing long lasting, positive changes in the organization and in the lives of people.

I lost my husband nine years ago when my daughter was in 8th grade. I started working full-time, and decided to also get involved in volunteer work during the weekends to occupy my time. I joined an organization called *Dream a Dream*, and every Sunday morning I taught basic computer classes to students at a government school. My daughter came with me, and she started enjoying volunteer work, too. After that, I also volunteered for a mentorship program where I mentored two girls at an orphanage, one in 8th and the other in 10th grade. Since they only spoke Kannada, I helped them learn Hindi and some English, and also helped them with their schoolwork in other subjects like math. All of the kids I got to know at the orphanage, including the two girls I mentored, were very bright, but did not have the support to do well. The mentorship program was very useful to them, and I feel proud that the girls I taught passed 10th grade and completed technical college degrees. They are now out of the orphanage and living independently. If these kids are given the encouragement and opportunities like my daughter had at a young age, they can do big things in life.

When I started with the *Be an Angel** program we did not have any volunteers in the group. I was a part of the Analytics Division at that time, and no one on the team had any experience in teaching. I put together a group of 10 volunteers and gave them initial directions and advice. After that, they all enjoyed the volunteer work and looked forward to the weekends to do the work. They also began taking the initiative to drive the program themselves. Being able to encourage others to dedicate some time to volunteer work was very meaningful to me.

* Be an Angel was the former Symphony Teleca's CSR program, which is now part of HARMAN Inspired



MARKUS HAARMANN

Human Resources

Karlsbad, Baden-Württemberg, Germany

Sustainability to me means taking responsibility for the future and our mindful management of the resources we have today, such as water or energy, and including the human being — or from a company perspective the employee — as an important resource we need to sustain. Acting in a responsible way with a thought and eye to the future brings security for the success of a company and for the people that work for it.

Getting teenagers motivated and curious about technical things is a challenge I am taking up with joy. When their curiosity and excitement for technical subjects turns into seeking information and knowledge, young people evolve to become responsible personalities in both their professional and private lives. Being part of this process, supporting the teenagers in their development and seeing them grow as personalities also gives me personally a good feeling of having achieved something.

It is always great to see how excited the girls and boys get about technology. A special highlight for me is to have school classes of students aged 10-12 coming out to our facility for a joint project and seeing that famous shine in their eyes when they are so fascinated about the new experiences they have and things they see. And of course kids always give a



NARENDRA BHAGWAT

Manager, Product Engineering

Pune, Maharashtra, India

To me, sustainability means doing things in a planned, scientific manner over an extended period of time and then, achieving the basic goals set with desired results.

I am a bird photographer. After moving from the U.S. to India, I had a hard time finding places to take photos of birds perching in trees, which inspired me to plant trees.

We have been working on plantation drives since 2007 and have planted 1,000 every year during the monsoon season in India, maintaining the plantings throughout the year. Now, we have 8,000 trees, the bird count in these areas has increased along with improved soil quality and water levels. Some of our trees have even grown to 25 feet tall and many HARMAN employees visit the site for fun to look at our progress.

It's meaningful to see children of colleagues helping to plant trees, and to see the trees bear fruit for the first time.

OUR EMPLOYEES

Working at HARMAN

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 for the past 60 years and counting. Embodying our corporate values of Integrity, Inclusion, Teamwork & Respect, Innovation and Excellence, our success would not be possible without the expertise, dedication and engagement of each and every one our people.

At the core of our culture is bold thinking, an entrepreneurial spirit, a strong work ethic and a collaborative approach to serving our customers. To safeguard these values and further our relentless commitment to innovation, quality and sustainability, we are passionate about attracting and retaining talent that personifies these traits and thrives within HARMAN's unique culture. We support the creativity and hard work of our employees with optimal resources and development opportunities that deliver the best results and constantly develop professional skills. At HARMAN, we strive to enhance our workplace through programs and measures expressly designed to enable employees to achieve their full potential.

104%

GROWTH IN NUMBER OF
HARMAN EMPLOYEES



Recruitment and diversity

At HARMAN, we believe diverse individuals and ideas lead to the most innovative solutions.

At HARMAN, we've never been followers. Innovation is driven by our creativity and collaboration. And while we have a singular vision of staying far ahead of the competition, it's our knowledge, expertise and diverse perspectives and experiences that drive our ability to remain a transformative force in the marketplace. That's precisely why we call upon our thousands of engineers, designers and manufacturing teams around the world to lead the way in promoting an inclusive, synergistic work environment. We believe our success as an organization is vastly enhanced by the intellectual and cultural diversity that results from recruiting the best and brightest talent from all corners of the globe, as well as our ability to diversify and engage our teams. Our work force includes professionals with a broad spectrum of skill sets, backgrounds, heritages and identities that, when combined, strengthen our capacity for innovation.

As of June 30, 2016, we had approximately 26,000 full-time employees (29,000 total), including approximately 7,300 employees located in North America and approximately 18,700 employees located outside of North America.



New Hires vs. Terminations



We're proud that our senior management team is among the best in their respective fields and that they have substantial global experience. We are also proud that over 90 percent of our regional leaders come from their respective geographies. We also strive to promote from within with 75 percent of the CEO-2 level openings in fiscal year 2016 filled with internal leaders.



HARMAN Women's Network:

Engaging and leveraging the diverse talents of women across the globe is central to our vision of diversity, inclusivity and continuous improvement: empowering the women of HARMAN to achieve superior individual and business results that create a sustainable and competitive advantage.

The HARMAN Women's Network (HWN) is a voluntary employee business resource group that is open to all employees. It works to cultivate women's leadership, advancement and career-broadening opportunities through a variety of tools and forums that include the *Listen Up!* speaker series, networking and skill-building programs. The HWN is important to attracting, developing and retaining successful women across the company.

Learning and development

We strive for operational excellence, and that begins with a well informed workforce.

We believe in investing in our employees, and we continually look for ways to promote personal career development. We offer a variety of measures to balance individual development with company growth, such as hands-on experience and formal training programs that encourage our people to excel at what they do.

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 meaningful opportunities for employees' professional development and maximize the brilliance of HARMAN's extraordinary talent, ultimately making our company stronger and more successful.

HARMAN's People Cycle is an established process that aligns individual targets and development plans to key business goals and then encourages continuous feedback that helps our employees achieve high performance and growth.

- > Our online talent management system enables employees to track their performance and be more involved with career development. It also provides leadership with data to inform decisions on learning needs and succession management

- > In addition to online resources and personalized development plans, HARMAN conducts an ongoing succession planning process for senior management and other key executives
 - Approximately 8,800 employees* (excluding HARMAN Connected Services) receive regular performance reviews.

 - All HARMAN Connected Services employees (over 7,600 individuals) receive regular performance reviews.

 - In total, over 16,000 employees (55 percent of our entire global workforce) receive regular performance reviews.

*Global Grade 8 and above, which includes non-exempt office staff/entry-level professionals.



Our HARMAN Heroes program recognizes and rewards high-performing employees who embrace and exemplify our values, demonstrating their commitment to HARMAN's standards, principles and strategy.

Health and safety

Our employees are one of our strongest assets, and we work hard to ensure their safety and wellbeing.

For HARMAN, success doesn't just mean healthy financials. It also means creating an environment that ensures all of our workers' safety, health and wellness. It means respecting the natural world around us by upholding stringent environmental regulations. And it means enacting multi-faceted sustainability initiatives at our operations across the globe.

- > We conduct internal health and safety audits to identify non-conformance areas and opportunities for facility improvement in the health and safety process.
- > We provide regional employee training on health and safety metrics reporting.
- > We collect metrics on a monthly basis that include hours worked, number of injuries, and number of lost time injuries.

Of the five 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, forty-nine percent of employees are covered by a collective bargaining agreement, while eighty-three percent of employees in Germany are part of the trade union.

'Good enough' is not acceptable at HARMAN. We evolve our policies and practices, aiming to further improve our performance in health and safety at every opportunity.

- > Our India facilities conduct a monthly safety forum for all employees to discuss various health and safety concerns
- > In our Brazil manufacturing plants, an internal accident prevention group, comprising elected employees, identifies situations that could lead to health and safety incidents before they occur and focuses on taking actions to prevent and bring awareness to these issues



HARMAN maintains health and safety committees comprised of site managers and plant operations personnel to support a positive and safe workplace. Approximately 9 percent of the total workforce – roughly one out of every 11 employees – participates in formal health and safety committees. Their responsibilities vary by location and division and are guided by local labor regulations and requirements.

OUR COMMUNITIES



In FY2016, HARMAN donated more than three million dollars to charitable organizations.

At HARMAN, we view our communities as integral partners in our success. Helping our communities thrive isn't simply our obligation, it's our motivation. While HARMAN has a long history of giving back, 2016 marked the launch of our most ambitious global cause initiative - *HARMAN Inspired*. Its mission: to empower the next generation to realize their possibilities through the power of music, technology and service.

We believe access to education and opportunities for young people in communities around the world are essential keys that unlock a full range of possibilities for the future. In collaboration with leading nonprofits around the globe, HARMAN engages young people in diverse, hands-on experiences that help them learn critical Science, Technology, Engineering and Math (STEM) skills, foster their creativity and open their eyes to potential careers.

While HARMAN operates in 33 countries, 88 percent of our employees call six countries home: the United States, Germany, India, China, Mexico and Hungary. Within all of these countries, we invest in significant community initiatives, including volunteerism, community relations and sustainability programs.

United States



To strengthen music education nationwide in underserved public school districts in the U.S., HARMAN joined forces with *Little Kids Rock*, a leader in contemporary music education. At the cornerstone of this partnership is the newly expanded Technology Curriculum, which focuses on how technology and engineering have changed the music landscape and broadened its capabilities. HARMAN underwrote the HARMAN Technology Education Fellow for *Little Kids Rock* to develop new and expanded technology curricula for the organization's network.

India



HARMAN has pledged support to one of India's foremost theatres, *Ranga Shankara*, a world-class facility based in Bengaluru. Founded in memory of the hugely talented theatre, film and television actor, Shankar Nag, *Ranga Shankara* is dedicated to cultivating the art of theater by making it more accessible to the masses. HARMAN also extended its relationship with A.R. Rahman's *KM Music Conservatory*, a music college based in Chennai, by supporting their Sunshine Orchestra project — a program specifically designed to impart free music education to talented children from less-privileged backgrounds. The project aims to train more than 200 students in the next two years. In addition, HARMAN also runs an extremely successful food coupon program where employees donate their unused food coupons, which are converted into monthly groceries for close to 230 children from 12 different non-governmental organizations (NGO).

In our Professional Solutions facilities, we have an initiative to plant 50 trees per year in the annual reforest campaign to commemorate environmental international day.

China



HARMAN collaborates with the *Hong Kong University of Science and Technology*, enabling students to immerse themselves in projects that help develop their problem-solving and planning abilities in technology and management. This program benefits students and our workforce by combining the experience and wisdom of our employees with the uninhibited perspectives of tomorrow's potential leaders. Twenty engineering and business studies students from nine countries worldwide participated in this initiative.

The *JIUQIAN Volunteer Center* is a Shanghai-based charity that focuses on fostering confidence, open-mindedness and charitable giving among migrant children. Beginning as an after-school program for science and music, the *JIUQIAN Volunteer Center* has grown to include curricula that revolve around social responsibility, cultural exchange and self-confidence. Through this charity, children take chorus, music and dance in their spare time and give performances in their hometown every year. HARMAN will be assisting *JIUQIAN* both financially, as well as through volunteer efforts by our area employees. Among the programs we're supporting is "*Les Choristes*", the first choir established specifically for the children of migrant workers, and also "*Utopia*", a musical adapted based on the real stories of migrant workers' children.

Germany



HARMAN supports a variety of education programs in Germany. At the *Pope Benedikt School* near Straubing, we supported an initiative focused on the education and personal development of disabled children. In 2015, a group of 13 students from the school were invited to the HARMAN office to work with employees on a small project, appropriately named *HARMAN Lights You Up*. Using a small candle, the students heated up the Peltier-element inside a thermal generator transforming heat into electricity with a voltage of 1.2 volts. They then further increased the voltage to 5.0 volts through a DC booster and used it to light two blue LEDs that displayed the words “Inclusion HARMAN” on a plexiglass screen. This hands-on experience was a highly engaging introduction to engineering for children who might otherwise never be afforded the opportunity.

Upon launching HARMAN Inspired, we initiated a new partnership with “Kinder Brauchen Musik” (Kids Need Music) Foundation, headed by the well-known singer of children songs Rolf Zuckowski. HARMAN donated a JBL PA system, AKG microphones and a Soundcraft mixing console for the foundation to use during their *Class Trip to Music* program. During this workshop-like program kids learn how to play instruments, sing and, after a week of practicing, finally perform together on stage. HARMAN is also giving financial support to this project to keep it running and give more kids the opportunity to participate and explore their passion for music.

Volunteerism

Our global workforce is dedicated to supporting our communities, and it shows.

HARMAN has long been dedicated to serving the communities in which we live and work. In FY2016, we launched the YourCause Employee Engagement Platform, which allows employees to search and sign-up for volunteer opportunities and track their efforts.



Straubing, Germany

HARMAN employees donated old clothes and care packages to benefit orphan and refugee homes in Romania.



South Jordan, Utah

HARMAN employees volunteered for the *United Way of Utah's* annual Day of Caring, painting and doing yard work for a temporary housing facility.



Franklin, Kentucky

HARMAN volunteers gathered at a *Habitat for Humanity* event in Franklin, helping build a new home for a single mother and her four children.



Bengaluru, India

HARMAN sponsored India's largest women-only run: *Pinkathon*. The run creates awareness around breast cancer, and the event saw participation by over 10,000 women — including nearly 80 from HARMAN.



Székesfehérvár, Hungary

HARMAN volunteers hand-delivered professional-grade instruments to support the music program at *Gorsium School of Art*, one of the top art schools in Hungary that offers students a variety of faculties and workshops.



Querétaro, Mexico

HARMAN employees annually partner with the *Querétaro Industrial Park* and the *Polytechnic University of Santa Rosa, Jáuregui* to plant trees near the Arenal River.



London, UK

HARMAN employees took part in a series of challenges to fundraise for a music suite and multi-sensory room for *TouchBase South East*, a center for disabled people in Barnet, run by the national deaf-blind charity, *Sense*.



Northridge, CA

HARMAN Employees raised more than \$20,000 for the *Cystic Fibrosis Great Strides Walk*.



Pune, India

HARMAN employees regularly participate in tree plantings and maintenance drives in the outskirts of Pune to improve bio diversity in the drought affected region.

Signature Days

HARMAN Signature Days present an opportunity for our employees around the world to join together in support of our shared values.



International Women's Day

HARMAN offices around the world annually support gender equality in the workplace.



Earth Day

HARMAN employees do their part to ensure the sustainability of our environmental assets.



Make Music Day

HARMAN sponsors Make Music Day efforts around the globe to encourage music education and production.



Hour of Code

Supporting STEM education for all, HARMAN employees lend their expertise to *Hour of Code* activities.



OPERATIONS

HARMAN creates great lifestyle experiences in today's connected and ever-changing world.

We make it possible to enjoy your favorite multimedia content at home, on the go and on the road through solutions for the Connected Car, Lifestyle Audio, Professional Solutions and

What is HARMAN's percentage energy reduction target?

- 3% 8% 10%

OUR APPROACH

At HARMAN, we design and deliver smart products, systems, software and services that connect people wherever they are. To do so, we rely on a strong, dependable and efficient network of internal and external stakeholders. In everything we do — from the manufacturing floor throughout our supply chain — we are dedicated to upholding our values of integrity, excellence and teamwork and respect.

 10%

We met our Corporate Energy Challenge target goal of 10 percent in 2014 and have maintained more than a 10 percent energy reduction since.

CONNECTED CAR

HARMAN's industry-leading Connected Car solutions link car and driver in innovative new ways that make everyday driving more entertaining, more productive and safer than ever before. Our customers include premier automotive brands such as BMW®, Daimler®, FCA Fiat Chrysler Automobiles®, Ford®, Geely®, General Motors®, Harley-Davidson®, Hyundai®, Qoros®, Subaru®, Suzuki®, TATA® Group, Toyota®/Lexus®, SsangYong®, the Volkswagen® Group and Yamaha®. Remaining at the leading-edge of the industry also means developing automotive cyber security solutions that can protect cars on the road today, as well as future production vehicles. From intelligent, multimedia-embedded navigation systems and telematics to high-performance entertainment tuners and connected safety, our solutions redefine what it means to drive.

LIFESTYLE AUDIO

Consumers who value uncompromising performance are well aware of HARMAN's Lifestyle Audio brands — AKG®, Harman/Kardon®, Infinity®, JBL®, JBL Professional, Lexicon®, Mark Levinson®, JBLSynthesis® and Revel®, Bowers & Wilkins®, Bang & Olufsen® and Canton®. Our reputation for setting the standard of excellence for a wide range of consumer audio products including mid-to high-end loudspeakers and electronics, headphones, embedded audio components and branded portable wireless speakers stems from our unwavering drive to push the envelope on the listening experience. That's precisely why the world's top automotive brands — Aston Martin®, BMW, General Motors, Great Wall™, McLaren®, Tesla®, Toyota/Lexus and the Volkswagen Group, to name a few — rely on HARMAN's innovative technologies to meet the high expectations of their customers. We believe that we are continuing to reinvent audio excellence for at home, in the car and on-the-go listening.

PROFESSIONAL SOLUTIONS

The world's best and most demanding entertainment venues, cinemas, recording studios, commercial spaces and public places know they can turn to HARMAN when "good enough" simply isn't good enough. Our Professional Solutions division designs, manufactures and markets integrated audio, lighting, video and control solutions that deliver only the best results under any conditions. But that kind of performance doesn't come easy. It takes dedicated teams that constantly advance the science of entertainment, ceaselessly looking to discover what's next and bring it to market. These products are marketed globally under a number of well-established brand names, including AKG, AMX®, BSS®, Crown®, dbx®, DigiTech®, JBL Professional, Lexicon, Martin®, Soundcraft® and Studer®. Our Professional Solutions audio products are used at important events and in prestigious venues, such as the GRAMMY® Awards, the Emmy® Awards, the Super Bowl, the Oscars®, the MTV® Video Music Awards®, the Country Music Awards™ and Yankee® Stadium. We never stop working to uphold their confidence in our products.

CONNECTED SERVICES

HARMAN Connected Services is bringing businesses into the next generation of connectivity and productivity with an advanced suite of Cloud, Mobility and Analytics solutions. New business models, untapped markets and previously unreachable consumers are all suddenly within the grasp of forward-thinking companies that rely on HARMAN. We're also at the forefront of the Internet of Things (IoT) megatrend, marrying design-to-device-to-data with innovative software solutions and value-added services that make the connected car, home, lifestyle and enterprise a reality. The Connected Services division combines the output of the former Symphony Teleca® Corporation and Red Bend® Ltd., as well as our automotive services businesses to help customers like BMW, Daimler, the Volkswagen Group, Jaguar® Land Rover®, Microsoft®, British Telecom™ and Polycom® harness the power of connectivity for superior business results.

Supply Chain

HARMAN strives to build strong working relationships with companies that not only deliver the highest quality goods and services, but 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 all suppliers are expected to meet the standards of conduct expressed in this Code without exception. In addition, all HARMAN suppliers must operate under Master Service Agreements and/or Purchase Orders that require Supplier Code of Conduct adherence and subject to audit by HARMAN at any time to ensure 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 in our products. Full details of these policies can be found on our [Supply Chain Policies page](#).

Additional information regarding purchasing and supplier relationships can be found on our [Supplier Terms and Conditions page](#).

HARMAN expects the highest standards of health and safety, labor rights and 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.

| Region | Total Spend by Region | Percent total spend worldwide |
|---------------|------------------------|-------------------------------|
| 2015 | | |
| Asia | \$1,994,820,976 | 76% |
| Americas | \$222,001,622 | 8% |
| EMEA | \$208,009,454 | 8% |
| *Not assigned | \$214,029,974 | 8% |
| Total | \$2,638,862,026 | 100% |
| 2016 | | |
| Asia | \$2,292,999,707 | 73% |
| Americas | \$257,057,273 | 8% |
| EMEA | \$301,239,187 | 10% |
| *Not assigned | \$268,501,123 | 9% |
| Total | \$3,119,797,290 | 100% |

Compliance and standards

HARMAN is committed to creating a work environment in which all individuals are treated universally with respect and dignity — without exception. We take seriously efforts to eradicate slavery and human trafficking, and we address them aggressively through internal human resources standards, as well as those set forth in the Supplier Code of Conduct.

- Beginning in FY2017, HARMAN will be adding a mandatory compliance course for the early career level through the executive level population including the CEO.
- HARMAN is currently in the process of vetting vendors to provide human trafficking and child labor supplier monitoring starting in FY2017.
- HARMAN maintains channels for any person to report concerns to compliance and assures robust follow-up on all allegations brought to our attention.
- All employees receive a copy of the Employee Code of Conduct in their local language upon hire and are obligated to confirm receipt and agree to comply with all outlined policies and guidelines.
- No fines have been levied against HARMAN for non-compliance with laws and regulations related to use of products and services.

HARMAN publishes the following associated policies and standards:

- [Overview of Supply Chain Policies, including California Supply Chain Transparency Act; Verification; Audits; Certification; Internal Accountability Standards; and Training](#)
- [Supplier Code of Conduct](#)
- [Supplier Terms & Conditions](#)
- [Modern Slavery Statement](#)
- [Conflict Minerals Policy Statement](#)
- [2016 SEC Filing Form SD – Specialized Disclosure Report - Conflict Minerals Report \[CMR\]](#)

Compliance

With our global operational presence and unwavering commitment to responsible business practices, we use guidance developed through the International Organization for Standardization (ISO) to build internal management systems. Many of the elements reflected in the suite of ISO guidance documents have been incorporated into HARMAN's quality, energy, social, safety and environmental programs and management approach.

HARMAN is dedicated to driving continual improvement in environmental performance as prescribed in ISO 14001. These efforts include a worldwide Environmental Management System at HARMAN facilities. To date, HARMAN has achieved external certification under ISO 14001 at several key operating locations. Our corporate environmental policy also includes provisions that set worldwide standards for operations at all HARMAN facilities and suppliers.

HARMAN has selected the following criteria in the SA8000 standards as our primary focus: Child Labor Forced Labor (which includes human trafficking), Freedom of Association and Right to Collective Bargaining, Health & Safety, Discrimination, Disciplinary Practices, Working Hours and Compensation.

HARMAN strives to ensure our customers' privacy is always protected when using our software. There have been no substantiated complaints received regarding breaches of customer privacy and/or losses of customer data.

Human trafficking

HARMAN only engages with reputable firms and requires all external recruiting agreements to be reviewed by Procurement and Recruiting. Starting in FY2017, a new Compliance Course this year on Human Trafficking is required all employees specialist and above.*

*HARMAN Global Grade 10+

Conflict minerals

We depend on our suppliers for key production materials, including petroleum, copper, steel, aluminum, synthetic resins, rare metals and rare earth minerals, such as neodymium used in the production of loudspeakers. The supply of these raw materials has been and could continue to be significantly constrained. The Dodd-Frank Wall Street Reform and Consumer Protection Act included disclosure requirements regarding the use of "conflict" minerals mined from the Democratic Republic of Congo and adjoining countries ("DRC") and procedures regarding a manufacturer's efforts to prevent the sourcing of such "conflict" minerals. Our suppliers are screened for adherence to DRC "conflict free" components and parts. This may present a risk for us

to obtain DRC conflict free products or supplies in sufficient quantities or at competitive prices for our operations.

HARMAN expects our suppliers to work with us to reach “DRC conflict free” status. We expect our suppliers, at a minimum, to:

- Establish a conflict mineral policy consistent with HARMAN’s Conflict Minerals Policy;
- Complete HARMAN’s Conflict Minerals survey, identifying products they sell to HARMAN and the smelter that provided the original conflict minerals; and
- On an annual basis, provide a report to support HARMAN’s SEC reporting requirements.

Health and safety

Our official policies meet rigorous industry and regulatory standards. HARMAN’s management approach to employee health and safety is embedded in our TS 16949 (quality management system) and ISO 14001 (environmental management system). It also includes elements of OSHAS 18001.

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.

Our official policies meet rigorous industry and regulatory standards.

Facilities that are ISO certified:

ISO TS 16949:2002/2009 (quality management system)

- Karlsbad
- Straubing
- Székesfehérvár
- Château-du-Loir
- Franklin
- Juárez
- Suzhou
- Querétaro
- Dandong
- Pune

ISO 14001 (environmental management system)

- Karlsbad
- Straubing
- Székesfehérvár
- Château-du-Loir
- Wien (Vienna)
- Franklin
- Juárez
- Farmington Hills
- Querétaro
- Suzhou
- Dandong
- Pune

ISO 17025 (laboratory standards and methods) - EMV/MCTH

- Karlsbad

Impact

Over the years, HARMAN has evolved to maintain our place at the cutting-edge of the industry. 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.

On an operational level, HARMAN invested in a new third-party data management system in FY2015 to more effectively report environmental metrics from our global operations. The contracted system provides energy use and utility cost information, so that we can better track progress toward our energy reduction goal and identify even more effective strategic approaches to facility optimization.

Our businesses have developed [new packaging designs](#) that reduce the amount of material consumed and ultimately disposed of, and our manufacturing sites have been consolidated closer to key customers, saving on transportation costs, reducing fuel consumption and cutting environmental emissions. In addition, recycling and reuse programs are in place across HARMAN facilities worldwide.

We are dedicated to full transparency and disclosure of our policies, initiatives and associated metrics. This report is just one way we share our sustainability story with our stakeholders. We also provide responses to:

- CDP Climate
- CDP Supply Chain
- Business Roundtable Sustainability Report
- United Nations Global Compact Communication on Progress
- Sustainalytics
- Customer-specific questionnaires

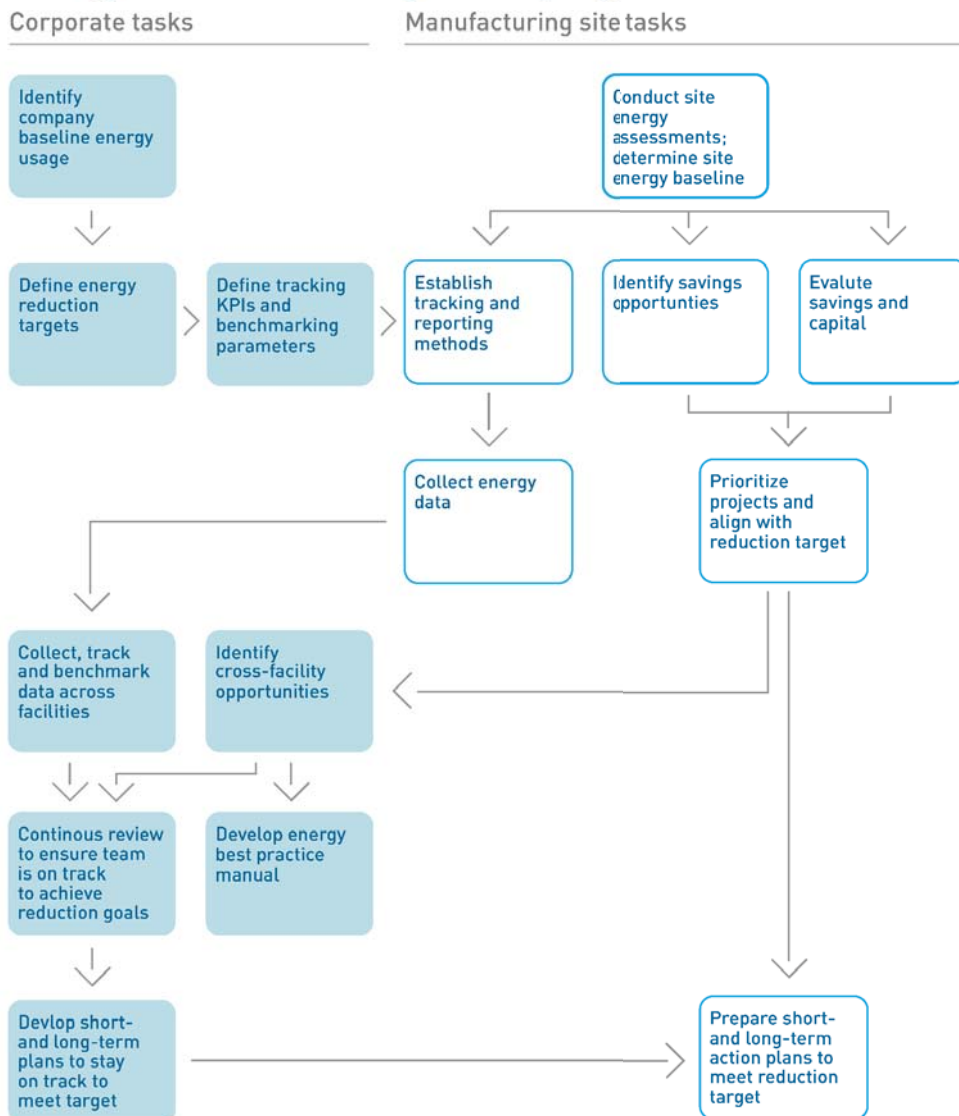
[In FY2016, HARMAN launched an intranet site, which allows employees to track their environment footprint, as well as to easily find local volunteer opportunities.](#)

ENERGY

HARMAN has taken decisive steps to reduce energy usage and carbon emissions in our facilities across the globe. Following a successful pilot program to reduce fuel consumption and emissions at several of our largest facilities, we extended our goal to achieving a 10 percent energy reduction target by FY2017 at every HARMAN site worldwide in an initiative called the *Corporate Energy Challenge*. Our energy reduction management system, as well as facility-specific energy reduction initiatives furthered our progress towards this goal. We met this goal in FY2014 and have maintained more than a 10 percent energy reduction since.

But we haven't stopped there. Our staff and outside energy experts have performed a number of energy assessments to accurately determine baseline usage and uncover further opportunities for improvement.

Energy reduction management program



As of FY2016, we have reduced our energy usage by 18% from our first reporting year in 2011

Worldwide Energy Reduction Management System

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



Energy use

An increase in total energy use occurred between FY2015 and FY2016 in part, due to the acquisition of Symphony Teleca facilities and a new data management system. On an operational level, HARMAN invested in a new third-party data management system in FY2015 to more effectively report environmental metrics from our operations around the world, including energy use and utility cost information, so that we can better track progress toward our energy reduction goal and identify even more effective strategic approaches to facility optimization. Launching the new system, coupled with increased communications with our global facilities through the Sustainability Council, resulted in a more robust data set compared to previous years. The 2016 report includes data from some of our R&D facilities and non-manufacturing locations such as legacy Symphony Teleca operations. In FY2017, we will evaluate our scope of operations and prepare a formal approach for future metrics reporting.

Our *Corporate Energy Challenge* goal seeks to improve energy efficiency from a baseline of 25.3 to 22.8 kWh per \$1000 net sales. Net sales was chosen as a normalization factor since HARMAN facilities produce a number of different components at different facilities and subassembly production occurs across several locations.

To reduce our overall environmental footprint and lessen our reliance on critical resources while increasing operational efficiency, we've implemented a number of powerful energy-saving initiatives across our facilities worldwide.

- Our global operations participate in environmental awareness and volunteer activities and initiatives
- In our Tijuana facility, adjustment in operation shift hours helps avoid high rate hours
- Also in Mexico, we merged transportation services to cut back on fuel use and generation of greenhouse gases
- In Karlsbad, we implemented an energy management system to help evaluate energy use and emissions generation from operations
- Facilities in China and India have updated and switched controls to optimize electricity use
- Financial optimization calculations include a focus on energy efficiency measures on a facility-by-facility basis

HARMAN's Novi, Querétaro, and Juárez teams recently were honored with Subaru's Environmental Sustainability Award as they worked to achieve Subaru's requirements for environmental excellence. Focusing on quality, innovation, collaboration and sustainability, the teams in Novi, Querétaro and Juárez collaborated across locations to meet the high standards required to earn the award:

- A company-wide sustainability program with targets
- Maintain ISO14001 Certification
- Implementation of Environmental Kaizen that reduces CO2 or waste
- Improve energy efficiency by 2 percent
- Participate in at least one community environmental project or event
- Establish or maintain on-site recycling containers for employees to bring in non-production waste for recycling (Querétaro)

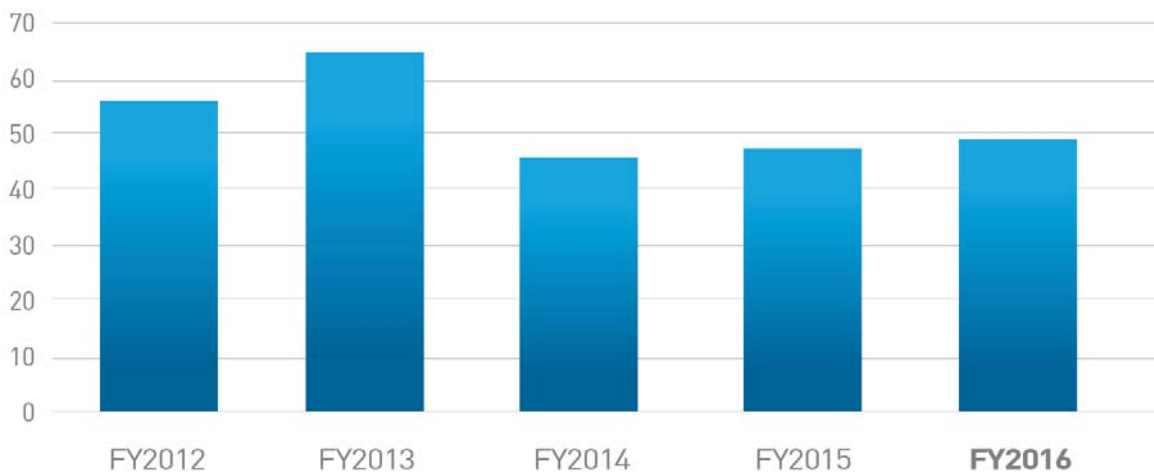
WATER

HARMAN fully recognizes the importance of good water stewardship to meet the needs of communities and our ecosystem. While our production processes themselves are not water intensive, we have evaluated the risks associated with the watersheds in which we operate and have engaged with stakeholders to help mitigate environmental concerns.

In 2016, HARMAN received a request to respond to CDP's water disclosure program. We declined on the basis that aspects of water stewardship (e.g., water use, wastewater management) were not identified as "material" in our 2016 [Materiality Assessment](#) refresh. We recognize the importance of water stewardship and 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. The 2016 report includes data from some of our R&D facilities and non-manufacturing locations such as legacy Symphony Teleca operations.

Similar to our energy management approach, HARMAN uses a traditional Plan-Do-Check-Act cycle to monitor and optimize water management at its production facilities and is committed to the principles of continual improvement in water use efficiency. Our water usage over the reporting period has increased in part due to the acquisition of several Symphony Teleca locations as well as a more comprehensive and complete data collection process. However, when normalized, FY2016 water use shows an overall decrease compared to FY2012.

Normalized Water Use (cubic meters per \$1000 net sales)

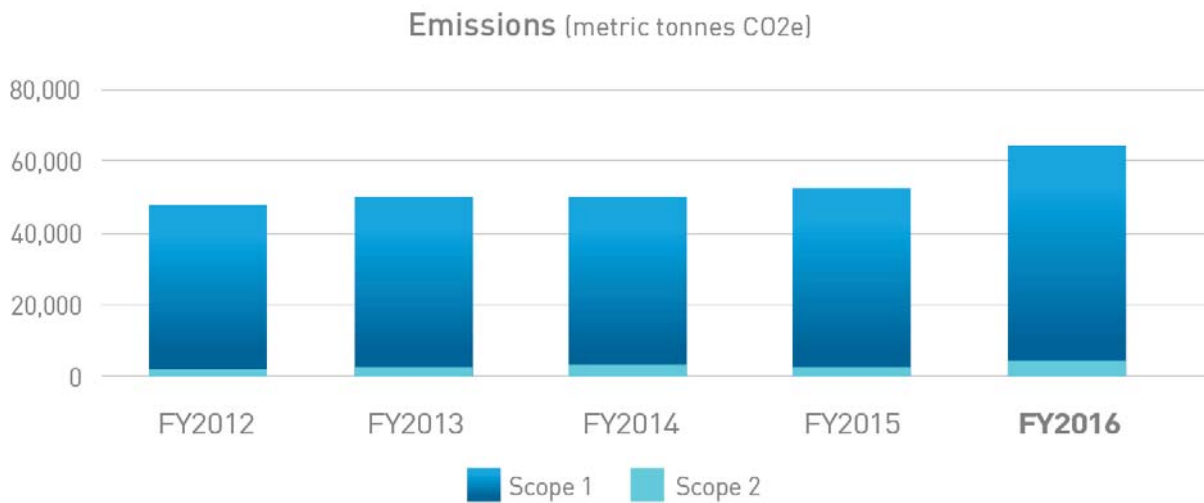


CLIMATE

HARMAN is committed to supporting climate-impact mitigation measures. Through ancillary HARMAN technologies we've taken decisive steps to save on energy usage and reduce carbon emissions across our global value chain.

Our Operations

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.



Emissions management is an important part of the way we do business. Company-wide programs like our *Corporate Energy Challenge* and *Earth Day Awareness* promote awareness and action among employees at all our facilities. These initiatives have led to the completion of more than 25 energy conservation projects with potential annual emissions avoidance amounts of approximately 9,900 carbon dioxide equivalent (CO2e).

[Our facilities reduced emissions through a number of innovative initiatives in FY2015.](#)

Various global locations

- Replacing fluorescent lighting with LED lights has an estimated annual savings of 439 metric tons CO₂e
-

India

- Electricity saving efforts, including paralleling and repositioning of UPS stands, providing switch control lights at connecting bridges in all floors, and optimizing transformer use have saved an estimated 344 metric tons of CO₂e
 - Improved employee transportation has led to an estimated annual CO₂e savings of 286 metric tons by removing small segment vehicles and introducing the mid-segment vehicle
 - Switching off and changing the UPS system to Optimum use of PAC & AHU has saved approximately 247 metric tons of CO₂e
-

Mexico

- In Tijuana, changing the wood mill operation shift hours from six days a week to four days a week to reduce operation time has helped optimize energy consumption and avoid high-rate hours, ultimately saving an estimated 205 metric tons of CO₂e.
- HARMAN also merged transport services in Tijuana to save on fuel and transportation costs, which has reduced potential emissions creation.
- Our Querétaro facility in Mexico leads the annual Reciclon HARMAN campaign, promoting recycling and increasing e-waste collection by 30 percent each year by becoming an e-waste collection center; these initiatives have resulted in an estimated annual CO₂e reduction of 3,329 metric tons.
- Also in Querétaro, we plant 50 trees per year in the annual reforest campaign to commemorate environmental international day, displacing 3.67 kg of CO₂ emissions for every kilogram of carbon that makes up a tree¹

¹ R.Jandl, L.Vesterdal, M.Olsson, O.Bens, F.Badeck, J.Rock (2007). Carbon sequestration and forest management. *CAB Reviews: Perspectives in Agriculture, Veterinary Science, Nutrition and Natural Resources*, 2007, 2, No. 017, 16 pp.

Ecometrica (2011). A one ton carbon tree.

Europe

- Using CAN Partial Network and moving to newer technology has enabled us to reduce power consumption in our devices
- We have increased the share of our suppliers who are ISO 14001 certified, implemented energy management systems and reduced carbon dioxide emissions within our leasing fleet

- Replacing two inefficient vending machines with one energy-efficient machine in our Louth facility has realized an estimated savings of about 0.8 metric tons of CO₂e
 - The implementation of energy awareness training has helped employees in our facilities understand ways to better manage their own energy use
-

Corporate travel

- A company-wide embrace of Virtual Meetings reduces the need for employee travel, helping reduce our carbon footprint.
-

In addition to reducing greenhouse gas emissions through more efficient usage of electricity in our production facilities, a number of other initiatives are being implemented to further reduce carbon throughout the value chain.

Our Customers

Our OEM customers have already made significant advances in reducing vehicle weight and power consumption, while incorporating new engine and drive train technologies to further improve fuel efficiency — and HARMAN is right there with them. Our GreenEdge® audio and infotainment systems reduce weight and improve power efficiency compared to previous systems for automotive applications, without compromising their exceptional performance. And with our HALOsonic® sound-management solutions, we're helping in a new generation of electric and hybrid vehicles, making them safer and more comfortable for passengers.

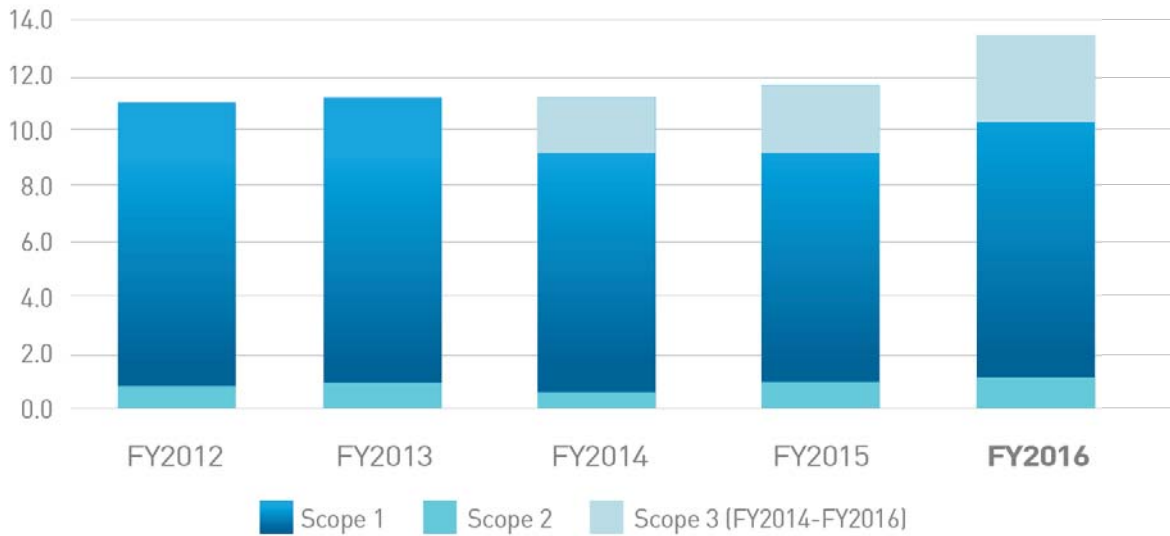
As we continue to develop our Supply Chain and Procurement Program, we will evaluate opportunities to engage with our suppliers on sustainability initiatives such as emissions management.

The tracking of emissions is measured both on an absolute basis and a normalized basis. Similar to energy usage, net sales was chosen as a normalization factor for greenhouse gas emissions since HARMAN facilities produce a wide range of components at our various facilities and subassembly production occurs across several locations.

Emissions increased between FY2015 and FY2016, in part due to the acquisition of six Symphony Teleca locations in April 2015 and data inclusion from operations that were unable to respond in previous years. On an operational level, HARMAN invested in a new third-party data management system in FY2015 to more effectively report environmental metrics from our operations around the world, including energy use and utility cost information, so that we can better track progress toward our energy reduction goal and identify even more effective strategic approaches to facility optimization. Launching the new system, coupled with increased communications with our global facilities through the Sustainability Council, resulted in a more robust data set compared to previous years. The 2016 report includes data from some of our R&D facilities and non-manufacturing locations such as legacy Symphony Teleca operations. In FY2017, we will evaluate our scope of operations and prepare a formal approach for future metrics reporting.

As we look to the future, we will continue to promote greater energy efficiency with a primary focus on electricity to drive further reductions in greenhouse gas emissions.

Normalized Emissions Use (kg CO2e per \$1000 net sales)



WASTE GENERATION AND RECYCLING

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

As with energy and water management, HARMAN uses a traditional Plan-Do-Check-Act cycle to approach waste management at our production facilities.

Capturing the amount of waste generated at our facilities helps us identify opportunities for improvement, such as recycling 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, such as legacy Symphony Teleca operations.

We recognize the importance of waste reduction in our operations and will continue taking action to better approach waste management. Waste data for several facilities was not available at the time of this report (detailed in the [Key Data Summary](#)). In FY2017, we will evaluate our scope of operations and prepare a formal approach for future metrics reporting.

Over 70% of total waste* was recycled in FY2016.

*Total waste reported by facilities in FY2016

GRI G4

HARMAN reports on our sustainability performance using the Global Reporting Initiative G4 reporting guidelines, which strive for transparency and comparability in corporate sustainability reporting.

KEY DATA SUMMARY

| FOCUS | PERFORMANCE INDICATOR | GRI G4 | FY2016 | FY2015 | FY2014 | FY2013 | FY2012 |
|--------------------------------|--|--------|-----------|-----------|-----------|---------------|---------------|
| ECONOMICS¹ | | | | | | | |
| Economic Performance | Net sales (\$000) | EC1 | 6,911,676 | 6,155,297 | 5,348,483 | 4,297,842 | 4,364,078 |
| | Net income (loss) from continuing operations (\$000) ² | EC1 | 435,000 | 405,000 | 308,208 | 214,410 | 211,240 |
| | Diluted earnings (loss) per share from continuing operations (\$) ² | EC1 | 6.24 | 5.71 | 4.41 | 3.07 | 2.93 |
| ENVIRONMENT³ | | | | | | | |
| Energy⁴ | Usage (Gigajoules) | EN3 | 490,457 | 423,974 | 398,739 | 396,010 | 397,977 |
| | Normalized Energy Usage (kWh/\$1000 Net Sales) | EN5 | 19.71 | 19.13 | 20.71 | 25.59 | 25.33 |
| Water⁵ | Usage (cubic meters) | EN8 | 341,216 | 287,032 | 241,244 | 274,576 | 245,683 |
| | Normalized water use (cubic meters per \$1000 net sales) | EN8 | 49.4 | 46.6 | 45.1 | 63.9 | 56.3 |
| Emissions⁶ | Direct Greenhouse Gas Emissions (metric tonnes CO2e) | EN15 | 6,328 | 5,550 | 3,030 | 3,058 | 2,759 |
| | Indirect Greenhouse Gas Emissions (metric tonnes CO2e) | EN16 | 64,629 | 50,841 | 45,865 | 45,498 | 45,188 |
| | Other Indirect Greenhouse Gas Emissions (metric tonnes CO2e) | EN17 | 21,992 | 16,519 | 11,557 | Not available | Not available |
| | Scope 1, 2, and 3 Normalized Greenhouse Gas Emissions (metric tonnes CO2e per \$1000 net sales) | EN18 | 13.45 | 11.85 | 11.30 | 11.30 | 10.99 |
| | Scope 1 and 2 Normalized Greenhouse Gas Emissions (metric tonnes CO2e per \$1000 net sales) | EN18 | 10.27 | 9.16 | 9.14 | 11.30 | 10.99 |
| Solid Waste⁷ | Disposed (metric tonnes) | EN23 | 2,670 | 1,440 | 1,805 | 1,748 | 2,087 |
| | Recycled (metric tonnes) | EN23 | 6,323 | 8,200 | 8,090 | 9,208 | 7,738 |
| Compliance | Fines (\$) | EN29 | 0 | 0 | 0 | 0 | 0 |

LABOR

| | | | | | | | |
|--|---|------|---|---|---|--|---|
| Employment | New hires (employees) ⁸ | LA1 | 6,663 | 6,711 | 4,621 | 3,177 | 4,004 |
| | New hires – Asia (employees) | LA1 | 1,689 | 1,813 | 1,378 | 917 | 1,141 |
| | New hires – EMEA (employees) | LA1 | 1,679 | 1,553 | 880 | 493 | 546 |
| | New hires – North America (employees) | LA1 | 3,040 | 3,044 | 2,201 | 1,650 | 2,279 |
| | New hires – South America (employees) | LA1 | 190 | 274 | 148 | 96 | Not available |
| | Terminations (employees) ⁹ | LA1 | 5,424 | 3,880 | 3,080 | 3,078 | 2,222 |
| | Terminations - Asia (employees) | LA1 | 1,260 | 1,123 | 714 | 554 | 498 |
| | Terminations - EMEA (employees) | LA1 | 1,313 | 748 | 620 | 633 | 625 |
| | Terminations – North America (employees) | LA1 | 2,657 | 1,856 | 1,423 | 1,312 | 1,032 |
| | Terminations – South America (employees) | LA1 | 163 | 123 | 132 | 64 | Not available |
| Occupational Health and Safety¹⁰ | Total Injury and Illness Incident Rate (per 200,000 labor hrs) | LA6 | 1.20 | 1.26 | 1.21 | 0.84 | 1.55 |
| | Total Lost Time Injury and Illness Rate (per 200,000 labor hrs) | LA6 | 0.46 | 0.51 | 0.60 | 0.49 | 0.91 |
| Diversity¹¹ | Gender (% women of workforce) | LA12 | 33.4 | 39.4 | 38.9 | 37.6 | 40.2 |
| | Age (% of workforce) | LA12 | < 30 = 28.9 30-50 = 60.1 >50 = 11.0 | < 30 = 27.3 30-50 = 57.6 >50 = 15.1 | < 30 = 29.5 30-50 = 56.6 >50 = 13.9 | <30 = 28.0 30-50 = 57.9 >50 = 14.1 | < 30 = 26.3 30-50 = 62.1 >50 = 15.1 |

FOOTNOTES

¹The HARMAN fiscal year runs from July 1 to June 30.

²Non-GAAP measure

³Except where noted, environmental data represents a global scope of 28 significant production, research & development and support facilities' reported data. Reflects discontinued operations at Schaidt, Germany in April 2013; Bridgend, UK in August 2013; Potters Bar, UK in November, 2015; Martin Frederikshavn, Denmark in May 2016.

⁴Energy 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. At the time of reporting, energy use data was not available for: FY2016 — Manaus and Nova Santa Rita, Brazil; FY2015 & FY2016 — Seoul, South Korea support offices and Chateau-du-Loire, France; FY2012 through FY2015 for Louth, UK.

⁵Legacy Symphony Teleca locations began reporting data in April 2015. At the time of reporting, water withdrawal data was not available for: FY2015 & FY2016 - Seoul, South Korea support offices and Chateau-du-Loire, France; FY2012 through FY2015 for Louth, UK.

⁶Legacy Symphony Teleca locations began reporting data in April 2015. At the time of reporting, data was not available for: FY2016 - Manaus and Nova Santa Rita, Brazil; FY2015 & FY2016 - Seoul, South Korea support offices and Chateau-du-Loire, France; FY2012 through FY2015 for Louth, UK. Greenhouse gas emissions are calculated from total reported electricity, natural gas, fuel oil, and refrigerant (R134A, R410A, R22, R-404A) usage at significant locations of operation. 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 - FY2016 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).

⁷Data scope excludes Shanghai, China; Shenzhen, China; Bangalore, India; legacy Symphony Teleca locations in India; Seoul, South Korea; Schaidt, Germany; Potters Bar, UK; Bridgend, UK; Martin Frederikshavn, Denmark; and Juarez, Mexico. Data was unavailable for these locations at the time of reporting.

⁸The sum of regional new hires may differ from total new hires due to a difference in accounting. The increase in employees in FY2015 and FY2016 reflects the Symphony Teleca acquisition.

⁹The sum of regional terminations may differ from total terminations due to a difference in accounting. The increase in employees in FY2015 and FY2016 reflects the Symphony Teleca acquisition.

¹⁰Includes reported data from 37 global facilities as of June 30, 2016.

¹¹Percentages based on full-time employee count as of June 30, 2016

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) G4 Sustainability Reporting Guidelines, "Principles for Defining Report Content."

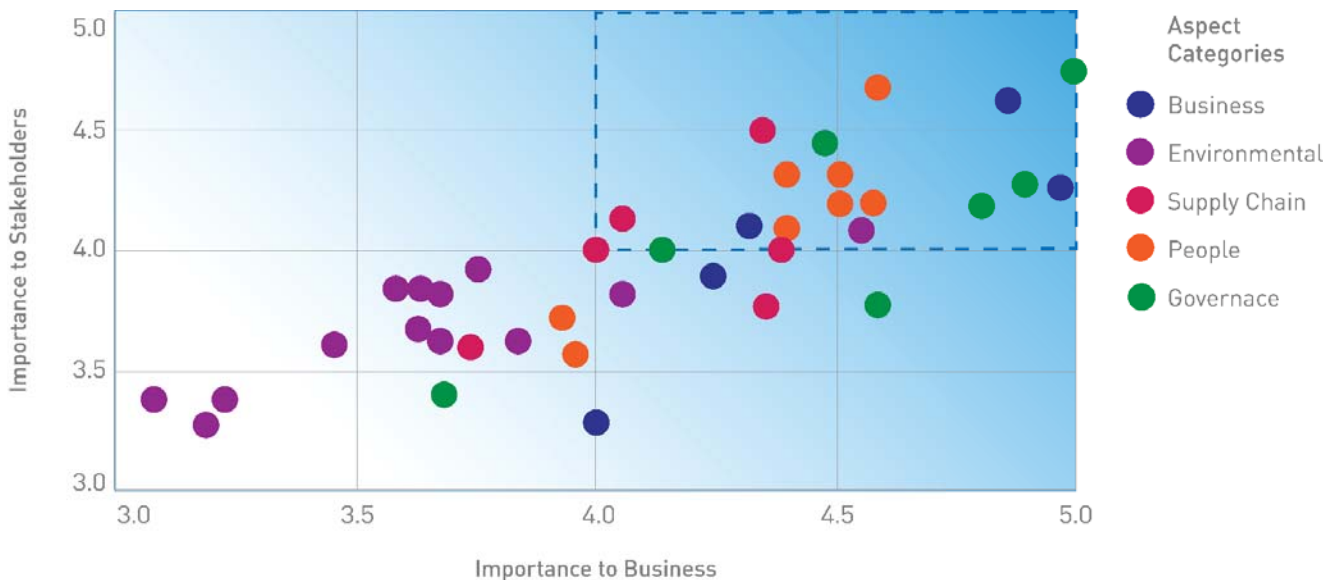
Assessing materiality

In November 2015, HARMAN conducted a refresh of our Materiality Assessment to prepare for the 2016 HARMAN Sustainability Report. 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 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 threshold at which Aspects become sufficiently important that they should be reported. Beyond this threshold, not all material Aspects are of equal importance and the emphasis within a report should reflect the relative priority of these material Aspects.”

The GRI defines Material Aspects as those that reflect the organization’s significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders. The GRI requires a qualitative analysis, quantitative assessment and discussion to determine if an Aspect is material. We applied a rigorous, four-step methodology in determining Material Aspects:



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

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

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.

After the weighting was applied to the respective responses, the average internal and external score was calculated for each Aspect. Each Aspect's average values were plotted on a Materiality Matrix using average internal score (plotted on the x-axis, "importance to business") and average external score (plotted on the y-axis, "importance to stakeholders"). All Aspects were ranked above a 60 percent average, meaning that all Aspects were considered at least moderately important to HARMAN. Aspects ranking [4,4] or higher were considered "material" to HARMAN.



STEP 4

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

| STRATEGY & ANALYSIS | | | |
|------------------------|--|---|--|
| G4-1 | CEO statement | Chairman's message | |
| ORGANIZATIONAL PROFILE | | | |
| G4-3 | Name of organization | HARMAN International Industries, Incorporated | About HARMAN |
| G4-4 | Primary brands, products, and services | <p>We believe we are a leader in the design and engineering of connected products and solutions for automakers, consumers and enterprises worldwide, including connected car systems, audio and visual products, enterprise automation solutions and connected services. We have developed, both internally and through a series of strategic acquisitions, a broad range of product offerings sold under renowned brand names in our principal markets. Our AKG®, AMX®, Crown®, Harman Kardon®, Infinity®, JBL®, JBL Professional, Lexicon®, Mark Levinson®, Martin®, Revel®, Soundcraft® and Studer® brand names are well known worldwide for premium quality and performance. Our software solutions power mobile devices and systems that are designed to be connected, integrated, personalized and adaptive across all platforms, from work and home, to car and mobile.</p> <p>We report our business on the basis of four segments. Our Connected Car, Lifestyle Audio, Professional Solutions and Connected Services segments are based on our strategic approach to the markets and customers we serve. Other primarily includes compensation, benefit and occupancy costs for corporate employees, net of reporting segment allocations, expenses associated with new technology innovation and our corporate brand identity campaign.</p> | About HARMAN 2016 Form 10-K |

| | | | |
|------|---|---|--|
| G4-5 | Location of organization headquarters | Our headquarters is located at 400 Atlantic Street, Suite 1500, Stamford, CT 06901 USA | |
| G4-6 | Countries where organization operates and names of countries where there are significant 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. To reflect the One HARMAN system, we also included our non-manufacturing legacy Symphony Teleca locations. | Operations 2016 Form 10-K |
| G4-7 | Nature of ownership | HARMAN is a publicly traded company. Our common stock is listed on the New York Stock Exchange and is reported on the New York Stock Exchange Composite Tape under the symbol HAR. | 2016 Form 10-K |
| G4-8 | Markets served | We believe opportunities exist to grow our business in all of our business segments in emerging markets such as Brazil, Russia, India and China ("BRIC"). | About HARMAN 2016 Form 10-K |

| | | | |
|-------|---|---|------------------------------------|
| G4-9 | Scale of the organization | <p>Net sales: FY2016 net sales were \$6.9 billion compared to \$6.16 billion in FY2015, an increase of 12 percent. Excluding the impact of foreign currency translation and acquisitions, net sales increased nine percent compared to the prior year.</p> | About HARMAN |
| | | <p>HARMAN (harman.com) 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. 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 25 million automobiles on the road today are equipped with HARMAN audio and connected car systems. The Company's 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 29,000 people across the Americas, Europe, and Asia and reported sales of \$6.9 billion during the 12 months ended June 30, 2016. The Company's shares are traded on the New York Stock Exchange under the symbol NYSE:HAR</p> | 2016 Form 10-K |
| G4-10 | Employee breakdown | <p>At June 30, 2016, we had approximately 26,000 full-time employees (29,000 total), including approximately 7,300 employees located in North America and approximately 18,700 employees located outside of North America.</p> | People - Employees |
| | | | 2016 Form 10-K |
| | | | Key data summary |
| G4-11 | Percentage of total employees covered by collective bargaining agreements | People - Health and safety | |

G4-12

Organization's supply chain

The Company's Standard Terms and Conditions require its suppliers to agree to the Company's Supplier Code of Conduct (the "Code of Conduct"), which conforms with SA8000's guidance and includes Labor Standards and is also available on the Company website. The Standard Terms and Conditions and the Code of Conduct are incorporated into any supplier contract with the Company.

HARMAN's Supply Chain includes involvement from various teams, including Sales & Distribution, Production Planning, Material Management, and Electronic Data Interchange (EDI). Our Sales and Distribution team receives orders, ships finish goods to customers, and completes the processing of an order. Our Production Planning team calculates requirements and creates the order, ensuring production requirements are met. Material Management involves updating our system or generating scheduling agreement lines, planning and checking inventory, and processing supplier-sent information. Lastly, our Electronic Data Interchange mapping creates sales orders and schedule lines and ensures outbound shipment information is sent properly in accordance with sales and distribution.

An overview of our supply chain begins with a customer request, which is received using EDI and mapped to HARMAN SAP. Requirements for production and purchased materials are generated and transmitted to proper suppliers. Once suppliers receive raw materials and complete production, supplier finished goods are shipped to HARMAN, who then produces the finished goods for the customer, packages the product according to sales specifications, then HARMAN ships the final product to the customer.

Operations - Supply chain

G4-13

Significant change in operation during the reporting period

Report Structure
2016 Form 10-K

Report structure and purpose

2016 Form 10-K

| | | | |
|---|--|---|--|
| G4-14 | Whether/how precautionary approach is addressed | 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. | Why it matters - Governance and leadership |
| G4-15 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes/endorsees | <p>HARMAN has structured its sustainability strategy around the CERES principles and roadmap. In FY2016, HARMAN refreshed the Materiality Assessment using the GRI G4 guidelines as a base for the evaluation.</p> <p>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.</p> <p>HARMAN has certified key production facilities to ISO 14001, the global environmental management standard.</p> | <p>Chairman's message</p> <p>Materiality process</p> <p>Cross references and stated omissions</p> <p>Why it matters - Compliance</p> |
| G4-16 | List memberships in associations and national or international advocacy organizations | <p>HARMAN participates in a number of technical and professional memberships around the world, as a company and as individual employees.</p> <p>CTE engagement with lobbyists (research into waste, energy requirements for consumer products)</p> <p>Committee Encouraging Corporate Philanthropy</p> <p>Business Roundtable</p> <p>US India Business Council (USIBC)</p> | Why it matters - Governance and leadership |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | |
| G4-17 | Entities included in the organization's consolidated financial statements | SEC Form 10-K for period ending June 30, 2016. | 2016 Form 10-K |
| G4-18 | Process for defining report content and Aspect Boundaries | Materiality process | |

| | | | |
|-------------------------------|--|--|--|
| G4-19 | Material Aspects identified in the process for defining report content | Indicators identified as "material" to HARMAN are detailed in our Specific Disclosures and Materiality Process. We also present additional indicators not identified as "material" in the 2016 Materiality Assessment refresh in this report. This includes environmental data and initiatives, community and social outreach, and product innovations and other aspects that characterize our business. We believe these indicators are important to our internal operations and business as well as to our stakeholders. | Materiality process Cross references and stated omissions |
| G4-20 | Aspect Boundary within the organization for each material aspect | Materiality process | |
| G4-21 | Aspect Boundary outside the organization for each material aspect | Materiality process | |
| G4-22 | Effect of any restatements of information provided in previous reports | The Key Data Summary Table reflects an expanded scope of facilities from that reported in the FY2011 and FY2014 reports. | Report structure and purpose Key data summary table |
| G4-23 | Significant changes from previous reporting periods in Scope and Aspect Boundaries | The Key Data Summary Table reflects an expanded scope of facilities from that reported in the FY2011 and FY2014 reports. | Report structure and purpose Key data summary table |
| STAKEHOLDER ENGAGEMENT | | | |
| G4-24 | List of stakeholder groups engaged by organization | Stakeholder engagement | |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage | 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. | Stakeholder engagement |
| G4-26 | Organization's approach to stakeholder engagement | Stakeholder engagement | |
| G4-27 | Key topics and concerns raised through stakeholder engagement and how organization has responded | Stakeholder engagement | |

REPORT PROFILE

| | | | |
|--------------|---|---|--|
| G4-28 | Reporting period for information provided | FY2012 – FY2016 | Report structure and purpose |
| G4-29 | Date of most recent previous report | December 2014 | Report structure and purpose |
| G4-30 | Reporting cycle | Biennial | Report structure and purpose |
| G4-31 | Contact point for questions regarding the report or its contents | Caroline Moore Senior Manager – Corporate Social Responsibility | Report structure and purpose |
| G4-32 | GRI Content Index | Core "in accordance" report with GRI G4 standards with omissions identified. We also present additional information not specific to GRI or specifically identified in our 2016 Materiality Assessment. This includes environmental data and initiatives, community and social outreach, and product innovations and other aspects that characterize our business. | Report structure and purpose |
| G4-33 | Organization's policy and current practice with regard to external assurance for report | At this time, HARMAN is not seeking external assurance for this report. | Report structure and purpose |

GOVERNANCE

G4-34

Governance structure of the organization, including committees of the highest governance body

HARMAN:

- has more than 45 percent of the Board as independent non-executives
- Board of Directors made up of 27 percent women
- has an audit committee, the majority of whose members are independent non-executives
- discloses the remuneration of company directors - available in the annual proxy statement

The Board of Directors is elected by the stockholders to oversee management and to ensure that the long-term interests of the stockholders are being served. The Board reviews and approves the corporate strategy. The Corporation's day-to-day business is conducted by its officers and employees under the direction of the Chief Executive Officer with oversight and counsel from the Board.

Dinesh C. Paliwal - Chairman, President, and Chief Executive Officer
Ann McLaughlin Korologos - Chairman, Rand Corporation Board of Trustees
Adriane M. Brown - President and Chief Operating Officer, Intellectual Ventures
John W. Diercksen - Former Executive Vice President, Verizon Communications
Edward H. Meyer - President, Grey Global Group
Rob Nail - CEO and Associate Founder - Singularity University
Avi Reichental - Founder, Chairman and CEO, XponentialWorks
Kenneth M. Reiss - Former Partner, Ernst & Young
Hellene Runtagh - Former President and CEO, Barwind Group
Frank Sklarsky - Executive Vice President and Chief Financial Officer of PPG Industries, Inc.
Gary Steel - Former Member of the Group Executive Committee ABB Ltd.

Why it matters - Governance and leadership

[HARMAN Board of Directors](#)

ETHICS & INTEGRITY

G4-56

Describe organization's values, principles, standards and norms of behavior

As part of its corporate Code of Ethics, it is the policy of HARMAN that each of its employees, including senior officers and Board shall be accountable for, among others, complying with federal, state, and local laws applicable to HARMAN as well as those of private and public regulatory agencies. HARMAN's Code of Ethics further requires its employees to proactively promote ethical behavior among subordinates and peers, and to promptly report of any violations internally.

Why it matters - Governance and leadership

Operations - Compliance and standards

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 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. And it has, perhaps, raised even more questions. How can we ensure the safety of drivers, passengers and pedestrians? How can we safeguard the security of our data? What will autonomous vehicles and the sharing economy mean for original equipment manufacturers (OEMs) and consumers?

At HARMAN, 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

- In January 2016 a HARMAN automotive technical expert spoke at the NHTSA Vehicle Cybersecurity Roundtable in Washington
- We have been participating in a set of formal evaluations by NHTSA of cybersecurity offerings in live vehicle environments
- 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
- Our CEO has also been active on Capitol Hill meeting with various House and governmental representatives to proactively brief them about our businesses in the areas of safety and cybersecurity

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:

- In January 2014 at CES we introduced our hypervisor-based software architecture for protecting mission- and safety-critical infotainment operations from other applications and features (also known as virtualization)
- We invested further in cyber security with our acquisition of Redbend for 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 gives us the software development talent to scale
- Our multi-layer security framework — we call it 5+1 security — addresses a variety of cyber threats, and is already in effect

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

- HARMAN has been participating in the CDP since 2013. We respond to both CDP Climate as well as CDP Supply Chain – Climate
- HARMAN responds to more than a dozen customer sustainability surveys, primarily through the NQC supply chain database system
- HARMAN submits an annual progress report to the Business Roundtable and United Nations Global Compact
- 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 G4 guidelines
- HARMAN monitors feedback from sustainability rankings and ratings organizations, and engages in dialogue with analytics groups such as Sustainalytics.

REPORT STRUCTURE AND PURPOSE

HARMAN is proud of our continued commitment to promoting sustainability. This report covers our performance from FY2012 through FY2016 (HARMAN runs on a July 1 – June 30 fiscal schedule).

In fiscal year 2015, we experienced the biggest period of growth and change in our entire history with a number of strategic acquisitions throughout the second half of the fiscal year that allowed us to greatly expand our business, augment our capabilities and boost our employee base. Perhaps most notable were the acquisitions of two major players in the world of software and services: Symphony Teleca® and Red Bend®. These two organizations, comprising more than 8,000 employees and a number of innovative proprietary solutions, afforded us immediate increase in scale of software and services across the many diverse markets they serve, including telecom, automotive, consumer electronics, retail, financial services and healthcare. With the addition of cloud, mobility and analytics competencies, we accelerated our solutions for the connected car and a broader set of industries and markets, bringing the seamless, safe and secure connected lifestyle that our customers expect from HARMAN to a burgeoning population of consumers around the planet.

New names for our newly evolved businesses

To reflect the evolution of our businesses and the markets we serve, we also changed division names:

- **Connected Car:** Formerly known as Infotainment, Connected Car more accurately describes the comprehensive, integrated systems that we are designing to usher in an era of truly connected vehicles that use augmented navigation, telematics, infotainment, multimedia, safety and security functionality and over-the-air updating to redefine the driving experience.
- **Connected Services:** Our success in the connected world hinges on developing software and services that are second to none. Expanding our capabilities around cloud, mobility and analytics, we've given this division the raw materials needed to accelerate innovation and revolutionize the automotive, audio, enterprise and mobile communications marketplace.
- **Lifestyle Audio:** HARMAN continues to introduce incredible innovations in luxury listening with speakers, headphones and home and multimedia products that embody industry-first advancements in audio and sound management. We have the strongest audio brand portfolio in the world, and continue to capitalize on our full spectrum of assets not only through portables and speakers but by setting the standard for automotive audio.
- **Professional Solutions:** This division encompasses audio, lighting, enterprise automation and video switching systems for the entertainment and enterprise markets. The addition of "Solutions" to this division's name illustrates the whole-house approach we are now positioned to pursue. With the addition of Martin® Lighting, AMX® and strategic bolt-on technologies that provide key components for smart audio, we now offer complete IT solutions for a broad range of applications that deliver unrivalled performance in any venue.

Our Approach to reporting

In selecting content for inclusion in our 2016 report, HARMAN has utilized the Global Reporting Initiative (GRI) G4 reporting principles as guidance to achieve transparency in reporting, adhering to core “in accordance” disclosure.

The context and structure of the report were developed in alignment with key stakeholder expectations, materiality of issues, the global outreach of HARMAN and the scope necessary for completeness.

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.

Unless otherwise noted, the 2016 report includes data from some of our R&D facilities and non-manufacturing locations such as legacy Symphony Teleca operations. In FY2017, we will evaluate our scope of operations and prepare a formal approach for future metrics reporting. HARMAN did not employ a third party agency or organization to provide external assurance for the 2016 Sustainability Report.

This report presents data for GRI G4 indicators that correspond to the material aspects as identified through our 2016 Materiality Assessment refresh and stakeholder engagement (see [Cross references and stated omissions table](#)). We detail each indicator in the relevant sections of this Report where they appear.

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.

As always, HARMAN’s support of the ten principles of the United Nations Global Compact (UNGC) with respect to human rights, labor, environment and anti-corruption is steadfast and uncompromising. We commit to making the UNGC and its principles part of our business strategy, culture, and day-to-day operations. Our company’s efforts to implement the ten principles throughout our FY2015 and FY2016 reporting periods are outlined in our [Standard Disclosures](#).

Questions or comments about our 2016 Sustainability Report?

We’d love to hear from you! Please contact Caroline Moore, Senior Manager of Corporate Social Responsibility at 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. | <p>Key data summary</p> <p>People - Our communities</p> <p>2016 Form 10-K</p> | 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 | People - Our employees | <i>Significant locations of operation</i> 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 | Operations - Supply chain | <i>Significant locations of operation</i> 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 Operations - Compliance and standards | 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 | Operations 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 | People - Recruitment and diversity Key data summary Operations - 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 | People - Learning and development | 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 | Operations - 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 | Operations 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 | Operations - 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 | Operations - Compliance and standards | There have been zero grievances filed in FY2016. | Principle 1 |
| SOCIAL - SOCIETY | | | | | |
| Anti-Corruption | G4-S04 | Communication and training on anti-corruption policies and procedures | Why it matters - Compliance 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 | Operations - Compliance and standards | 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 Operations - Impact - Energy 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 Operations - Impact - Energy | | Principle 8 |
| | G4-EN6 | Reduction of Energy Consumption - achieved as a direct result of conservation and efficiency initiatives | Impact - Energy | | 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 Operations - Impact - Water | 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 Operations - Impact - Climate 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 Operations - Impact - Climate 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 Operations - Impact - Climate 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 Operations - Impact - Climate 2015 CDP Climate Disclosure | Intensity is calculated by dividing emissions by net sales. | Principle 8 |
| | G4-EN19 | Reduction of Greenhouse Gas (GHG) Emissions | Operations - Impact - Climate 2015 CDP Climate Disclosure | | Principles 8,9 |

| | | | | | |
|---|---------|--|--|--|------------------|
| Effluents and Waste | G4-EN23 | Total weight of waste by type and disposal method | Key data summary Operations - Impact - Waste generation and recycling | 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-S01 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | People - Communities | 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-S09 | Percentage of new suppliers that were screened using criteria for impacts on society | Operations - 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. | |

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. Comprising leading brands, including AKG®, Harman Kardon®, Infinity®, JBL®, Lexicon®, Mark Levinson® and Revel®, HARMAN has long been admired by audiophiles, musicians and the entertainment venues where they perform around the world. More than 25 million automobiles on the road today are equipped with HARMAN audio and connected car systems. The Company's 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 29,000 people across the Americas, Europe and Asia and reported sales of \$6.9 billion during the 12 months ended June 30, 2016.

We report our business on the basis of four segments: [Connected Car](#), [Lifestyle Audio](#), [Professional Solutions](#) and [Connected Services](#), each according to our strategic approach to the markets and customers we serve. Other reporting primarily includes compensation, benefit and occupancy costs for corporate employees, net of reporting segment allocations, expenses associated with new technology innovation and our corporate brand identity campaign.

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. To reflect the *One Harman* system, we also include our non-manufacturing legacy Symphony Teleca locations.