



# CASIO

Corporate Social Responsibility Report





### Index

History of "Creativity" and "Contribution" Overview of Casio Group Operations Message from Top Management Discussion on CSR	2 5 7 9
CSR Management	
The Corporate Creed and the Charter of Creativity for Casio Corporate Governance	13 14
Implementation of CSR Management	15
Risk Management Personal Information Protection	17 18

#### Chapter I

### Market and Casio

Responsibilities to Our Customers 1: Stable Supply of Products	20
Responsibilities to Our Customers 2:	
Research and Development of	
Next Generation Products	21
Responsibilities to Our Customers 3:	
Our Efforts on Quality Assurance	24
Responsibilities to Our Business Partners:	
Construction of Strong Partnership	27
Responsibilities to Our Shareholders and	
Other Investors:	
Optimum Profit Returns and Information Disclosure	28

#### Chapter II

### Global Environment and Casio

Casio Environmental Charter and Casio Fundamental	20
	00
Environmental Action Plan and Performance	31
Environmental Management	33
Environmental Accounting	35
Material Balance	37
Green Procurement and Green Purchases	39
Consideration for the Environment in	
Product Development	40
- Examples of Green Products	41
Prevention of Global Warming	43
Prevention of Air Pollution	44
Control of Chemical Substances	45
Reduction of Industrial Water Use and Prevention	
of Soil and Water Contamination	46
Reduction of Waste Generation and	
Landfill Wastes	. 47
Communication about the Environment	
and Disclosure	18
Consideration for the Environment in	40
the Area of Distribution	10
the Area of Distribution	49
Consideration for the Environment in	
Connection with Packaging Materials	50
Recovery and Recycling	-51
<ul> <li>Response to the WEEE and RoHS Directive</li> </ul>	52

#### Chapter III

### Employees and Casio

Creation of Employment Opportunities
Appointment and Effective Posting of
Qualified Workers 5
Creation of a Worker - friendly Work Environment 5
Efforts on Occupational Safety and Health

#### Chapter IV

### Society and Casio

Social Contribution Activities	62
Independent Opinion / Message from the Auditor /	
From the Editors	67
GRI Content Index	68

#### **Editorial Policy**

In 1999, Casio began to publish its Environmental Report. The report underwent a title change to the Sustainability Report last year (2004) as the report contents were revised to encompass social and economic activities, as well as environmental conservation programs. This year (2005), the title of the report has been changed once again to the CSR Report. The new report provides greater information and contains expanded environmental performance data. It also articulates Casio's social responsibilities to its diverse groups of stakeholders, which consist of its customers, business partners, investors and shareholders, and employees, as well as communities, citizens and the international society.

- The report was designed to be read by all stakeholders.<sup>•</sup> We made special efforts to use descriptions and expressions that are clear to any reader so that our customers at large who patronize our products and our employees feel inclined to read it.
- As much as possible, graphs and charts used in this report were designed to be barrier free to people who have vision perception peculiarities.
- On the back cover are additional contact information and Casio's Website URL to facilitate two-way communication with our readers.

#### Scope of the Report

#### Reporting Period

This CSR Report 2005 summarizes mainly the CSR activities of the Casio Group in the 2004 fiscal year (from April 1, 2004 to March 31, 2005). However, parts of the Report contain information that precedes April 2004.

Business Units Covered by the Report

The following table shows the scope of environmental accounting and that of environmental impact data compilation and description. Ten domestic business units and 12 overseas units were added newly this year. (These are printed in blue in the table.)

Readers are cautioned that any reference made to "Casio" in this report means the Casio Group. In contrast, "Casio Computer" when used in this report refers to Casio Computer Co., Ltd. all by itself.

		Names of Group Member Units
	Electronic Component Division	Hachioji Research & Development Center, Casio Computer Co., Ltd., Kofu Casio Co., Ltd. (2), Kochi Casio Co., Ltd., Casio Micronics Co., Ltd. (2)
Domestic	Electronics Equipment Division	Head Office, Casio Computer Co., Ltd., Hamura Research & Development Center, Casio Computer Co., Ltd., Yamagata Casio Co., Ltd. (2), Casio Electronic Manufacturing Co., Ltd., Casio Support System Co., Ltd. (5), Casio Techno Co., Ltd., OCP Co., Ltd., Casio Hitachi Mobile Communications Co., Ltd., Casio Communication Brains, Inc., Casio Intertainment, Inc., Casio Marketing, Inc., Casio Information Service Co., Ltd., Casio Information Systems Co., Ltd., Casio Information Service Co., Ltd., Casio Soft Co., Ltd., Casio Business Service Co., Ltd., Casio Soft Co., Ltd.,
Overseas	Electronics Equipment Division	Casio Korea Co., Ltd., Casio Taiwan Ltd., Jiu Shui Keng Casio Electronics Factory, Casio Electronics (Zhuhai) Co., Ltd., Casio Electronics (Zhongshan) Co., Ltd., Casio (Thailand) Co., Ltd., P.T., Asahi Electronics Indonesia, Casio Computer (Hong Kong) Ltd., Casio Electronics (Shenzhen) Co., Ltd., Casio (Shanghai) Co., Ltd., Casio Electronics (Guangzhou) Co., Ltd., Casio, Inc., Casio Canada Ltd., Casio Europe GmbH, Casio Electronics Co., Ltd., Montres Casio France S.A., Casio India Co., Pvt. Ltd., <u>Casio Singapore Pte., Ltd.</u>

\* Hachioji R&D Center of Casio Computer is included in the electronic component division whereas the Head Office of Casio Computer, its Hamura R&D Center and Casio Hitachi Mobile Communications are included in the electronics equipment division.

\* The figures in brackets indicate the numbers of operational sites. Business units that are not accompanied by a bracketed figure operate at one site. The sites that are underlined in the table above are included in the report only with

respect to their "environmental conservation cost" and "economic impact."

#### Reported Areas

This CSR Report was prepared in compliance with the Environmental Report Guidelines (2003 Edition), issued by the Ministry of Environment, based on the Sustainability Reporting Guidelines 2002 of the Global Reporting Initiative (GRI).

#### Forecast and Plans about Future

This report includes not only facts about past and present activities of Casio Computer Co., Ltd. and its Affiliates (Casio Group) but also forecast that is based on our business plans and management policies that were in effect at the time the report was published. Such projections and plans were formulated, based on the most current information that was available at the time. There is therefore a possibility that the outcome of future business activities and events will differ from the projections and plans that are presented in this report, due to changes in various factors. Readers are thus advised to use caution when interpreting such projections and plans.

# Building on Its Basic Tenet of Making Contribution to Casio Has Endeavored to Build Strong Relationship



# on to the Society by Creating Innovative Products, ships with Its Stakeholders.



### To Continue to be a Corporation Counted on and Trusted by All Stakeholders.\*

Casio's foundation originates in the invention of the first relay-type calculator in the world 1957, a goal that had been set by the Kashio brothers in the days when only European- and American-style mechanical calculators were available. This invention, which became the basis of digital products and underwent numerous technological innovations, has contributed to wide-ranging office efficiency improvement in the business world since the years of steep economic growth in Japan. Furthermore, it bore fruit in the form of a variety of new digital products to hit the global market, helping Japan become the nation buoyed by electronics along the way. The progress attests to the solidity of the legacy left by Toshio Kashio, the company founder - his unwavering belief in "Creativity and Contribution." It is also the history of Casio that has met the challenge of each period and the society by putting to practice the credo of "contribution to the society through creation of innovative products."

Today, sustainable growth of the society is called for while questions are raised of corporations' social responsibility. Casio recognizes that its primary duty is to make contributions to the society through creation of innovative products while using as the pillar of spiritual support this founder's belief, which continues to be at the base of the common commitment of conduct for our employees and our corporate culture. At the same time, we continuously ask ourselves how we might best fulfill out duties to our stakeholders and endeavor to reach our goals.

#### \* All Stakeholders:

Include customers, business partners, investors, shareholders, employees, community residents, NGOs, NPOs, mass media, financial institutions, researchers and government bodies.

#### **Overview of Casio Group Operations**

Electronics and Electronic Components and Others Constitute the Two Business Segments of the Casio Group. We Create and Bring to the Global Market Products that are "Compact, Lightweight, Slim, and Energy Efficient."

#### **Casio Group's Operations**

The Casio Group consists of Casio Computer Co., Ltd., its 53 consolidated subsidiaries and 6 equity-method affiliates (as of March 2005). The Electronics Segment and the Electronic Components and Others Segment comprise the Group's two business groups. The Electronics Segment includes four categories, consisting of Consumer, Timepieces, MNS (Mobile Network Solutions) and System Equipment. The Electronic Components and Others Segment is made up of two categories, namely, the Electronic Components Category and the Others Category. Each category is responsible for development and production through sales and services.

#### Breakdown of Sales by Category



#### **Electronics Segment**

#### Consumer Category

#### Main Products:

Electronic calculators, Label printers, Electronic dictionaries. Electronic musical instruments, Visual-related products, Digital cameras





#### MNS Category



#### Company Data of Casio Computer Co., Ltd. (as of March 31, 2005)

1					
Registered Name:	Casio Computer Co., Ltd.				
Established:	June 1, 1957				
Head Office:	6-2, Hon-machi 1-chome,				
	Shibuya-ku, Tokyo				
President:	Kazuo Kashio				
Paid-in Capital:	¥41,549 million				
Employees:	3,131 (non-consolidated)				
	12,140 (Consolidated)				
Consolidated Cor	mpanies				
(Domestic and Overseas): 53 companies					
Equity-method Af	filiates				

(Domestic and Overseas): 6 companies

#### Timepieces Category

Main Products: Digital watches, Analog watches, Clocks



A Solar-Powered Radio-Controlled Watches

#### System Equipment Category

#### Main Products:

Capital Investment

Employees

Electronic cash registers (including POS), Office computers, Page printers, Data projectors



#### **Electronic Components** and Others Segment

#### Electronics Components Category

#### Main Products:



#### Others

Main Products: Factory automation, Molds, Toys, etc.

#### Changes in the Consolidated Business Results (In millions of yen) FY2000 FY2001 FY2002 FY2003 FY2004 Sales 443,930 382,154 440,567 523,528 559,006 Domestic 222,684 268,601 269.536 299.224 336.363 Overseas 174,394 159,470 171,966 224,304 222,643 17.905 ▲10.418 17.914 27.491 39.040 Operating Income Total Assets 459,113 445.883 449.224 496.039 495.743 Shareholders' Equity 162,375 134,317 131,957 144,403 162,271

15.737

14,670

11.168

11,481

16.213

11,637

21,000

12,140

30.278

18,119

#### 5

#### **Casio Group Network**

To deliver products to customers in all parts of the world, Casio has development, manufacturing, and sales centers all over the world with concentration in four major regions, consisting of Japan, North America, Europe and Asia. R&D and electronic component manufacturing are done in Japan whereas other manufacturing facilities are located mainly in Asia. As for overseas sales, Casio, Inc. takes charge of the North American market, while Casio Electronics Co., Ltd., Casio Europe GmbH and Montres Casio France handle European sales. In other regions, agencies are appointed. Direct and indirect exports are made to these markets.

#### Breakdown of Sales by Region





# Ensuring that the World Can Always Rely on Casio with Confidence.



Kazuo Kashio President and CEO



#### **Creativity and Contribution**

Casio's corporate creed, "Creativity and Contribution," expresses our commitment to bettering people's lives by creating innovative products.

We believe that the Casio spirit of "Creativity and Contribution" is clearly manifest in the many highly original, hit products we have developed over the years—from the CASIO 14-A, the world's first fully electric calculator, to the Casio Mini personal desktop calculator, the Casiotone digital keyboard, and the G-SHOCK shock-resistant wristwatch, or the QV-10, the world's first digital camera with a built-in liquid crystal monitor, and most recently, the EXILIM wearable card-size camera.

All of these products tapped into universal needs, broke new ground in performance and functionality, and generated whole new categories of consumer demand. But best of all, they made all these benefits easily accessible to all sorts of people. They surpassed customer expectations and, quite literally, astonished people with what they could do. New lifestyles and cultures sprung up around the products, and people's lives were enriched as a result.

Building on years of successful technology development, Casio today is strategically focused on its core competence in "compact, lightweight, slim and energy efficient" technologies. Products built around these principles have the added merit of environmental responsibility. In every aspect of our business activities, we strive to limit environmental impact and conserve the world's precious resources.

# Committed to Social Responsibility as a Company, as Individuals

As we look out on the future, we consider protection of the global environment and continuous social progress to be indispensable conditions of continued corporate growth. The truly responsible corporation, in our view, carefully addresses all three elements of its obligation to society contributing to a healthy economy, society and environment. A company must not only strike the right balance among these vital concerns; it must also ensure that its efforts to address them are thoroughly built into its daily operations. Corporate social responsibility (CSR) should never be an extraneous effort, but an intrinsic part of the business.

At Casio, we understand that this level of CSR cannot be achieved merely by constructing mechanisms and systems

that satisfy formal requirements. The key factors are the corporate culture and the mindset of each and every Casio executive and employee CSR is a matter of attitude, a commitment in our everyday work.

Recognizing the importance of getting to the heart of the matter, we recently undertook a company-wide project to reframe the meaning of our corporate creed of "Creativity and Contribution" in the most contemporary terms and underscore our commitment, as Casio people, to social responsibility. As a result, in 2003 Casio adopted "The Charter of Creativity for Casio," and the "Casio Common Commitment." Every Casio employee now carries a personally signed card that shows his or her commitment to the Charter and the Common Commitment and serves as a constant reminder of the content of the two documents.

In an organizational step, we created the dedicated CSR Operations Section in April 2004, tasking it with assessing current status and determining future initiatives to enhance CSR management and raise awareness. Building on this, we formed the CSR Committee in December of that year. The CSR Committee is comprised of directors and auditors, and deliberates on a variety of subjects relating to CSR. We will continue to work to enhance both employee awareness and the organizational structure to ensure Casio's CSR management system is highly effective. We are determined to see that the Casio Group continues to live up to society's expectations and prove itself worthy of trust.

### CSR Management at the Casio Group

In our ongoing pursuit of optimum CSR management across the broad field of social responsibility, we are focusing on enhancing the Casio Group's responsiveness to stakeholders by addressing the varying concerns and priorities they have with a focus on each stakeholder group. We would like to give an overview of our commitments here.

### Responsibilities to Customers, Business Partners and Shareholders/Investors

To stay one step ahead in today's ever more thoroughly networked world, Casio will optimize global supply chains to meet demand in various regions of the world. We will press forward with R&D in preparation to meet next-generation demand, strengthen intellectual property strategies and emphasize high added value in business management.

#### Responsibility to the Global Environment

Casio will continue to raise its Green Product ratio by capitalizing on its core competence in "compact, lightweight, slim and energy efficient" technologies. We will continue to meet global environmental standards and regulations. We will do our part in combating global warming by working to reduce energy consumption group-wide.

#### Responsibility to Employees

Casio will offer employment opportunities fairly and without discrimination on the basis of gender, creed, religious faith, ethnicity, social class or physical disability. We will strive to build a corporate culture which offers everyone the joy of taking on the challenge of creating value. Further, we will take steps to ensure that our work environments enable employees to meet the requirements of both the job and raising a family, looking forward to the implementation of Japan's new Law to Promote Measures to Aid the Rearing of the Next Generation.

#### Responsibility to Society as a Whole

Casio's social contribution programs prioritize work in the fields of environmental conservation, education, culture and the arts, academics and research, and communities. Looking ahead, we plan to step up efforts particularly in the areas of environmental conservation and education of children, in a desire to contribute to the long-term welfare of society by assisting the newest generation.

In all of these actions, we will continue to set and execute voluntary goals. Our goal is to respond sincerely and sensitively to the needs of society always working to build relationships characterized by mutual respect and trustwith our stakeholders.

#### **Invitation to Dialogue**

Here, we have given only a brief outline of the convictions that direct Casio's activities. We hope that this report, which covers fiscal 2004, will be helpful to you in better understanding Casio's efforts. Needless to say, the report does not attempt to present every detail. Rather, it is our desire that it would serve to further stimulate our dialogue with, a very important source of guidance on our future initiatives. We invite you to share your comments and opinions with us.

#### **Discussion on CSR**

"How do we channel CSR to genuine activities instead of letting it be a fad?" This is one of the most critical questions that face corporate management today. In this report, we invited Mr. Mita, the chairman of the Sustainable Management Forum of Japan,\*<sup>1</sup> a non-profit organization, and two additional members of the Forum, all of whom have solid visions about the future of the global environment and are active in wide-ranging fields, to have discussions with President and Eexecutive Vice President along the above-mentioned theme.

#### Promoting "Creation of Goods" that Contribute to the Environment and the Society in a Unique Corporate Culture



Kazuo Kashio, President and CEO



Yukio Kashio, Executive Vice President and Representative Director

#### [President]

#### [President / Executive Vice President]

Gentlemen, thank you very much for finding time to visit with us today.

#### [Mr. Mita, Forum Chairman]

I would like to thank YOU for giving us your time.

Now let's get started. Looking at many of the latest corporate scandals, whether they are in Japan, the United States or Europe, one cannot help wonder if some of these companies have any legitimate corporate culture at all. We would like you to start the discussion by telling us what your company's pillar of corporate culture is and how that pillar is being reflected in your corporate culture in view of the current development in our society.

First of all, our corporate creed is "Creativity and Contribution." What this means literally is that we make contribution to the society by creating products that have unconventional and innovative functions. To make this more specific and easy to digest, we have the Charter of Creativity for Casio, and the Casio Common Commitment, which are the standards that guide our employees as they conduct their everyday tasks. P13

Stated in these guides are the commitment asked of our employees to refuse to be confined by the limitations set by common sense in all parts of their work and to create the ideals and strive to realize them. They are also asked to contribute to the society through business activities, satisfy and delight people, and act in ways that strengthen bonds of respect and trust with all of our stakeholders. These guides were published in 2003. Today, all of our employees carry a card that provides this information and strive to comply with it.

We supply over 100 million units of our products annually to countries all over the world. To operate our business on a global scale, the spirit of mutual understanding is indispensable. One must not assert its interest one-sidedly. Instead, we must respect each other's position and try to find ways for both parties to be fine.

I think that the same is true with bilateral relationships between

countries. Choosing an action that takes heed of the interest of both parties instead of being self-centered is a basic principle for any corporation. I take advantage of every opportunity that comes up to discuss these issues at my company.

#### [Mr. Mita]

Your company has advocated the concepts of "compact, lightweight, slim, and energy efficient" in product development since the start of your company. These have direct impact on the environmental issues. I think they constitute impressive CSR.

But today, we see safety and health issues being raised in addition to environmental issues when we discuss CSR. Where is the main focus of your company's technological development today and in the future?

#### [Executive Vice President]

Regarding environment, our "compact, lightweight, slim, and energy efficient" products that we have developed with our core technologies are, without any further modifications, products that heed the environment.

We established the Casio Group Voluntary Plan to evaluate and certify Green Products, based on Casio's own certification criteria. → P30 In addition, we have set an action target, which is to raise the sales of Green Products to 50% of total sales in fiscal 2005. This plan is named Casio Green Products 50. → P40

As for health, we focused on the fact that wristwatches are worn at all times and that they are more like a part of our bodies. This led to the development and commercial production of watches that can measure heartbeats and blood pressure. They are thus used as tools of health management. These products can be used as both portable health devices and watches. They can be said to be products that put to use wrist technologies and heed both the environment and health.

In terms of safety, Casio has developed its proprietary fingerprint verification algorithm and encryption technology. These have been installed in such mobile devices as Casio-made handy terminals and PDAs. In addition, we have developed fingerprint censors for cell phones with a built-in LCD. With these devices, we help ensure information security through personal verification. → P22 Apart from such product development, we are also pressing forward with research and development of Reformed Methanol fuel cells that are powered by clean fuels. → P22

We hope to bring these products to commercial production within the next few years if possible by combining them with Green Products that burn clean fuels.

#### [Mr. Mita]

Research and development of Reformed Methanol fuel cells must be a field that requires substantial know-how and technological power.

#### [Executive Vice President]

We are pressing forward with this project by gaining the cooperation of engineers in a number of fields both within and outside the company.

Methanol is used as a fuel for fuel cells. There still are some unresolved legal issues in connection with the handling of methanol. We anticipate the easing of the regulations regarding handling of methanol to occur over the next few years.

We are considering fuel cells introduced Casio's core technologies that are compact, lightweight and slim. Today, large fuel cells are being considered for automobile and video cameras. What we are trying to develop are much smaller ones that can fit inside our Casio products.

Especially because we make mobile products, we hope to develop cells that can make today's energy-saving products to have even longer lives. This is how we would be able to capitalize on our proprietary technology. Once such fuel cells are created, we will be making contributions in a wide range of fields toward the realization of a ubiquitous society.

#### Active Participation by Every Employee Leads to Greater Contribution to the Society

#### [Mr. Mita]

In addition to the creation of goods that you just mentioned, which is your true business, as a way to make contribution to the society, there is contribution to local communities. I understand that you offered part of your headquarters' building for disaster prevention drills for the community last year. P63 I hope to see you expand this concept as a way to make social contributions in the future.

Last year and this year, we had earthquakes in Niigata and off the coast of Sumatra. Has your company taken any steps in response to such disasters?



Makoto Kobayashi,

CSR Operations Section

Directo

### [Mr. Kobayashi, Director of the CSR Operations Section]

In connection with the earthquake in Niigata, the Casio Group, jointly with our labor union, solicited donations from employees. The company matched the total amount of collection and donated the sum. Employees gave over ¥2.4 million. The company added ¥2.5 million and gave

the total sum of approximately ¥5 million through the Japanese Red Cross Society.

As for the earthquake off the coast of Sumatra, the Casio Group donated ¥5 million through the Japanese Red Cross Society.

#### [President]

I think it was very meaningful that employees made sizable donations.

#### [Mr. Mita]

It really showed the real power.

There is a law that disasters in concentration. occur According to one theory, a new era of colossal upheavals started in 1993, 70 years after disastrous earthquake а obliterated Kanto area in 1923. When you look back at the last ten years, about 20 earthquakes of seismic intensity 6 and above occurred in Japan alone.

It is likely that there will be more disasters of all kinds, in addition to earthquakes. Nevertheless, we have seen



Kazutomi Mita, Chairman of the Sustainable Management Forum of Japan

A 1961 graduate of the University of Tokyo. A philosopher, ethicist, environmental expert, and medical researcher.

After working as the chief editor of the Kokusai Shicho magazine, Mr. Mita set up a number of public interest corporations and corporate organizations relating to energy conservation and recycling, starting in 1970, and served as their representative. After serving as an staff of the Ministry of International Trade and Industry, and a researcher for Japan Science and Technology Institute, he has been engaged in research and consulting at universities, hospitals and government organizations in 60 countries

He is a member of an advisory panel for the Ministry of International Trade and Industry and the Tokyo Metropolitan government, a visiting professor of a universities, and a corporate consultant.

He also runs Mita Environmental Management Consulting Inc.

The MITAMODEL, a model developed as a technique to rating managements, is well known.

His extensive publications include the "Survey of Actual Waste Disposal by Businesses in Tokyo", "Evaluation of Eco-Business Market" and "Introduction to Environmental Management."

that government offices and municipalities frequently fail to meet the needs adequately at the time of disasters. I think that NPOs, NGOs and corporations are expected to voluntarily take disaster countermeasures as part of their social responsibilities.

#### Planting Awareness in All Employees, Including Executives, a Key to CSR Execution

#### [Mr. Shinozuka, a Forum member]

I understand that Casio is a corporation that has established its Charter of Creativity and is energetically promoting CSR. I would like to know what kind of policies Casio has for the future in connection with such topics as the incorporation of a mode of governance in which the function of the board of directors is separated from the execution function in a corporation that has established committees, etc., strengthening corporate governance and risk controls, and increasing transparency.

#### [President]

As for corporate governance, Casio has two external auditors. They objectively audit the management.  $\rightarrow$  P14 Based on the results, they conduct periodic reviews.

As for external directors, we have been looking into the possibility. There are, however, some issues to be resolved before we can adopt such a system. In essence, sound corporate management requires thorough knowledge of the corporation's business. Without such knowledge, it is difficult to run a corporation.

For this reason, we do not have external directors at this point. Instead, we have opted to be a corporation that appoints auditors to conduct objective audits, whose results are used in the management of the company.

#### [Mr. Mita]

The issue about external directors is not necessarily about transitioning into a corporation that has established committees or appointing external directors.

Various approaches should be considered regarding this issue. Wisdom of all sorts needs to converge to run a corporation. In this connection, my thought is that you should probably consider incorporating the social aspect to a greater degree to boost recognition power.

#### [President]

I quite agree with you. I think that the most important thing is for all of our employees, including our executives, to be constantly aware of CSR as they carry on their tasks every day, rather than being focused on the formality.

When you look at external auditors in this perspective, it seems questionable as a matter of fact that they have the ability to point out important areas for improvement or make meaningful suggestions. I believe that what will be important is that those who are actually in charge of business operations are well aware of CSR.

We have created the CSR Committee, whose members are our executives. We have periodic meetings.  $\rightarrow$  P15 At these meetings, all tasks relating to CSR are checked. But unless we ourselves have strong awareness and hold solid opinions, ultimately nothing gets accomplished no matter how many meetings we may hold or how good a mechanism you may adopt.

#### [Mr. Mita]

You are indeed right about that. In many instances, corporations may establish committees or appoint external auditors, but end up having them only for the formality's sake. Naturally, such forms are important but it is more important to ensure that contents are given. I am sure there are a number of possible ways to go about it.

#### [President]

Another thing to add is that in the 20th century, we were able to envision the future of a corporation to some extent. In other words, it was possible to run a corporation by relying on the legacies of the past. But now that we are in the 21st century, it is not at all possible to manage a corporation with past legacies. Moreover, competition between corporation has become very intense. Only a handful of corporations can survive as winners in any industry. We work strenuously for survival. The question of how to grow our business while fulfilling our responsibility to the environment and the society is a serious one to tackle.

On the other hand, it is a very good thing that attention is focused on the environment and CSR as the impact of corporations on the society has grown so large. I think that the most important point of management may be to position business growth and promotion of CSR as two wheels of management and push them forward in tandem.

#### [Mr. Mita]

It is corporations' duty to deal with both the environment and CSR. But corporations are desperate for survival. What we have been constantly advocating therefore is that it is important for them to convert what they are obligated to do to their own production power.

#### Continuing to Promote CSR Management in the Future while Focusing on its Impact on the Youths Who Will Be in Charge of the Next Generation

#### [Mr. Ogura, a Forum member]

Not to change the subject, many of the people who use your company's products are young. Issues about youths receive heavy attention these days, and education of youths is debated. Would you please describe how you have been tackling the issues of educating the youths, who constitute the largest segment of your customers?

#### [President]

Such products as G-SHOCK and Baby-G are indeed primarily designed for and marketed to the young people.

With respect to education of the youths that you just mentioned, we give factory tours and open our business sites and group companies for visits by students as extracurricular activities. We also conduct Kids ISO activities. We are actively engaged in executing these social contribution programs, which are also tied to our environmental education programs.  $\Rightarrow$  P62

#### [Executive Vice President]

We also manufacture electronic musical instruments. Musical



From left: Mr. Shinozuka (a committee member), Mr. Mita (Forum chairman), and Mr. Ogura (a committee member)

instruments play an important role in the emotional education of children. We are aware that the sounds that our products produce are very important to the young people, and especially to toddlers and preschoolers. We are therefore meticulous about creating beautiful tones and developing good sound sources. It is not all right to think that "musical instruments for toddlers are toys." When we manufacture musical instruments for very young children, we work hard to create sound sources that are suitable for their musical education.

#### [Mr. Mita]

Today, the word CSR is used defensively by some corporations in ways that differ from the term's original meaning. They may set up an impressive ethics committee, and hire a reputable CPA firm to audit their operations. And yet, we see corporate scandals.

I think that the basic spirit of CSR is not in preventing corporate scandals or quieting rumors about such scandals but in "noblesse oblige." \*2 What it means is that a corporation's CSR speaks for itself without the company loudly advertising its CSR efforts. It should therefore be helpful for education and improving the society that each corporation firmly holds this basic principle.

The word "responsible," which is part of the term "Social Responsibility," has an origin that means "to have a good response" or "to react to." The original meaning of "Social Responsibility" is therefore "the condition of responding reliably to the demand of the society." It means that any response to social needs must be a sensitive one rather than a non-sensitive one. This should hold true in business as well. In this sense, I believe that it is possible to integrate CSR management with the mainstream business management.

#### [President]

You are absolutely right. We intend to continue our on-going efforts to accurately grasp our stakeholders' needs and respond dependably to them by fully staffing such groups as the CSR Operations Section and the Environment Center.

#### [Executive Vice President]

It is a mandate for us as a manufacturing concern to keep on creating hit products. The CSR concept is important in the development of hit products as well.

For instance, our core competence in "compact, lightweight, slim, and energy efficient" technologies not only has relevance to environmental issues but also lengthens the lives of batteries because of low power usage and lessens the trouble of replacing batteries for our customers. This is true with solar cells and fuel cells too. Such a merit helps our products become hit items.

As this example shows, skillful incorporation of CSR in our products is a way for us to create hit products. This is something that I keep finding.

#### [Mr. Mita]

I would very much like you to keep pressing forward with that approach and use it as a feeler for your company's future growth. Thank you very much for your time.

#### [President/ Executive Vice President]

We thank you very much for your time as well.



\*1Sustainable Management Forum of Japan: A specified non-profit organization that provides a forum for theoretical and empirical research for researchers, corporate management and citizens with a goal of establishing management for sustainability by combining engineering, business administration and other related sciences with various experiences. The Forum conducts research in a wide range of fields and disseminates the results of such research so as to ensure that the findings take root in the society. Since fiscal 2003, Casio has subjected itself to the Sustainability Management Rating, which is promoted by the Sustainable Management Rating Institute, an organization that is part of the Forum.

The FY2004 Sustainable Management Rating is as follows:



Sustainable Management Rating Tree

\*2Noblesse oblige: A basic ethics notion in the European and American societies that those who are in noble positions have corresponding social responsibilities and duties to fulfill. In this discussion, the term was used to mean that corporations have social responsibilities and duties that they are expected to shoulder.

# The Corporate Creed and the Charter of Creativity for Casio

We are making a concerted, company-wide effort to implement CSR management under the banner of the Charter of Creativity for Casio, which clearly articulates the meaning of Casio's corporate creed of "Creativity and Contribution."

The late Tadao Kashio, founder of Casio, is the one who established the creed of "Creativity and Contribution" to guide the company's business activities. He wanted to set the company on a path of contribution, to ensure that Casio would always enrich people's lives by creating innovative, unconventional products. In recent years, society has paid more and more attention to the idea of corporate social responsibility (CSR). Companies are expected to implement corporate governance that ensures the soundness of management systems as well as corporate management that consciously addresses the various types of stakeholders. In light of these social trends, Casio realized that it was essential to give all employees an opportunity to re-examine the meaning of "Creativity and Contribution." The company recognized that maintaining a strong, contemporary awareness of the spirit behind this creed was the key to sustaining its creative corporate culture and continuing

to contribute to society —or in essence, the fulfillment of its social responsibility.

Toward this end, Casio initiated the Corporate Reform Promotion Project in April 2003, which resulted in the adoption of the Charter of Creativity for Casio on June 1, the anniversary of the company's establishment. Going one step further, in December 2003, we established the Casio Common Commitment, which stipulates specific standards of conduct for each chapter of the Charter, to ensure that all employees have a practical understanding of our contemporary commitment to "Creativity and Contribution."

In addition, we revised the Casio Code of Conduct (originally established in October 1998)  $\rightarrow$  P16 on July 1, 2003. The Code of Conduct aims to ensure that employees use good judgment in all their actions, and presents rules that they must comply with throughout the course of their daily activities. The Code addresses such areas as respect for human rights, separation of personal affairs from business, environmental conservation and social contributions. The revision was made to ensure that the Code's rules dovetail with the commitments in the Charter. Casio's corporate creed, Charter, Common Commitment and Code are made available to all, both in and outside of the company, via the Casio website and the Casio Group's intra-net.

#### Corporate creed



#### — The Charter of Creativity for Casio and Casio Common Commitment — The Pledge of Everyone Working for Casio

The "Charter of Creativity for Casio" was established on June 1, 2003, the anniversary of the company's establishment. It represents a philosophy shared by all Casio employees about unfailing execution of the corporate creed. The Casio Common Commitment stipulates specific standards of conduct that support the Charter. All executives and department managers have signed a pledge to ensure compliance with the Charter and Common Commitment.

#### First Chapter

#### We will value creativity, and ensure that our products meet universal needs\*.

[Casio Common Commitment]

- 1. We will strive to "ensure that our products meet universal needs" and this includes not only manufactured goods, but also services and support, and everything else that we do.
- 2. We will be idealistic in all of our work.
- 3. We will carry our work through to completion, with a strong determination to take on every challenge that comes our way.

#### Second Chapter

We will strive to be of service to society, providing customers with delight, happiness, and pleasure.

- [Casio Common Commitment]
- 1. We will provide people with "limitless inspiration."
- 2. We will share a "life of spiritual and material prosperity" with people.
- 3. We will foster relationships of "respect and trust."

#### Third Chapter

We will back up our words and actions with trustworthiness and integrity, and work as professionals.

- [Casio Common Commitment]
- 1. We will take complete responsibility for all of our words and actions in accordance with all laws and regulations.
- 2. We will each take responsibility for our results and success, accordingto our individual role.
- 3. We will strive daily to improve everything we do.

\*To create innovative products that everyone needs but no other company has ever produced. At Casio, this is the mission not only of product development, but of every other part of the business.

# Corporate Governance

We are constantly striving to strengthen corporate governance, focusing on the priority themes of "speedy decision making," "proper execution of operations" and "improved transparency of business management."

#### Corporate Governance System

Casio recognizes that speedy decision making, proper execution of operations and a robust management oversight function that increases the transparency of management, are extremely important factors in achieving business goals and continuing to raise corporate value. This recognition guides Casio's ongoing efforts to improve corporate governance.

In June 1999, we made a change in our board of directors, reducing its size by half, from 24 to 12 directors. At the same time, we adopted a system of operating officers to clearly delineate the management oversight and execution functions. With the adoption of this system, we also built a new corporate governance system, which consists of the operating officer system and an internal audit system, in addition to the board of directors and the external auditors. The objective, role and membership of each of these bodies are described below.

#### Board of Directors

The board of directors strives to make management decisions rationally and promptly. Board meetings are attended by directors and auditors, who discuss and make decisions on important business issues.

#### Board of Operating Officers

Meetings of the board of operating officers are attended by operating officers, directors and auditors, who deliberate on important affairs relating to the execution of business operations. This mechanism enables smooth implementation of company-wide adjustments and measures.

#### Board of Auditors

The board of auditors consists of three auditors, two of them external. In accordance with audit policies and responsibilities approved by the board of auditors, auditors attend board of directors' meetings and meetings of the operating officers. In addition, they perform strict audits by gathering information and receiving reports from directors and others, and by reviewing resolution documents relating to important decisions.

#### Internal Audit Department

The internal audit department performs audits of various organizations' operations to ensure they are in conformity with laws and regulations as well as internal standards, and conducts evaluations and offers recommendations for improvement.

Various types of audits, including those on quality, environment, safety and information security, are conducted cooperatively with the departments principally responsible for these areas, with audit leadership undertaken by the persons responsible for each respective organization.

The internal standards mentioned above also apply to Casio affiliates, which are expected to take proper action to address various types of risks.



#### Corporate Governance System Diagram

# Implementation of CSR Management

The CSR Committee, chaired by the president of Casio, provides an effective mechanism for ensuring that we fulfill our social responsibility.

#### **CSR** Operations Structure

The commitment to fulfilling our responsibilities to all of our stakeholders not only to the customers who purchase our products, but also to our business partners, shareholders and other investors, employees and the members of the communities where we do business— is deeply rooted in Casio's corporate management practices.

We understand, however, that the understanding and initiative of every employee is essential to maintaining strong relationships of trust with stakeholders. Truly effective CSR management ensures that everyone at Casio performs his or her daily work with a full awareness of Casio's varied corporate responsibilities. Toward this end, Casio Computer established the CSR Operations Section in April 2004, tasking it with realizing company-wide implementation of full-fledged CSR management. Then, in December 2004, we created the top-level CSR Committee to deliberate on specific policies and strategic matters regarding the various themes related to CSR.

#### CSR Operations Section

Created in April 2004, the CSR Operations Section reports directly to the company president. Its mission is to ensure Casio earns the trust of its various stakeholders by fulfilling its duty, as a sincere corporate citizen, to provide products and services that help make people's lives more fulfilling.

In line with this mission, the CSR Operations Section works to ensure that all employees are thoroughly familiar with the Charter of Creativity for Casio, to see that a strong sense of corporate ethics pervades the company, and to build a corporate culture that encourages people to take the initiative in contributing to society. The Section is also responsible for such CSR-related matters as risk management and information security, which until recently were handled by individual departments, and is working to implement a group-wide approach to these issues. It also discloses results and plans at appropriate times via proper channels.

In fiscal 2004 the first year of the Section's activity, it performed analyses of the current

situation and determined tasks for the future, to build a foundation for the future of CSR management at Casio. In addition, the Section began its work to educate all employees about CSR and to build a system to promote CSR. Looking ahead, it will continue to strengthen the CSR implementation system and execute specific tasks as planned, while monitoring changes in the business environment and the situation of the Casio Group as a whole.

#### CSR Committee

The CSR Committee, created in December 2004, is assisted administratively by the CSR Operations Section. It deliberates on various CSR-related themes and policies, as well as the CSR operations structure itself.

Decisions made by the CSR Committee are executed by relevant departments or ad hoc thematic project teams. At present, projects on compliance, risk management, and personal information protection are underway. The projects aim to ensure that best practices will be firmly established throughout the company in each of these areas.



#### **CSR** Operations Structure

# Compliance

Every Casio employee has committed him or herself to act responsibly in compliance with the Casio Code of Conduct, which is based on the Charter of Creativity for Casio.

#### Construction of a Compliance system

Casio treats compliance as a vital theme for CSR management. The Charter of Creativity for Casio, established on June 1, 2003, lays the foundation for all of Casio's activities to ensure compliance, together with the Casio Common Commitment and Casio Code of Conduct.

The Corporate Reform Promotion Project played a central role in the articulation of these commitments. As part of the Project, we printed cards that describe the Charter, and called upon all employees to sign and carry their cards at all times. The Project also put in place mechanisms for monitoring employees compliance.

In June 2004, we conducted an employee questionnaire-type survey and interviewed



Charter of Creativity for Casio (employee card)

department heads in an effort to further strengthen the compliance system. Further improvements will continue to be made in the future.

Similarly, the Casio Code of Conduct will be subject to on-going review to ensure it continues to reflect the opinions of our stakeholders

#### **Employee Education**

In order to ensure that all employees of the Casio Group are well informed about compliance requirements and follow them as well, Casio has launched CASIO Style, an intranet site for its employees. New CSRrelated information on topics such as management, environment and social

responsibility is made available regularly at the site.



#### **Employee Hotline**

Casio has an employee hotline to ensure that any acts that are in violation of the Casio Code of Conduct can be reported anonymously and quickly corrected.

Also, via the intra-net, any employee can seek advice or express his or her opinions on a variety of issues relating to the Code

without suffering any negative consequences on the job.



Casio Code of Conduct (Excerpts)

Employees of Casio Computer Co., Ltd., and its group companies are expected to conduct themselves always in an orderly manner, both in business and in their private lives. This Code of Conduct is meant to assist each employee to act responsibly as a member of society, thus actively contributing to social progress.

#### 1. Basic Policies

We will conduct ourselves with pride and responsibility as members of the CASIO Group, which aims to satisfy and delight customers by developing and marketing high-quality products and services in line with the corporate creed of "Creativity and Contribution." At the same time, we will conduct our daily activities responsibly as members of society.

#### 2. Code of Conduct

#### 2-1 Compliance with Laws and Regulations

We will act in compliance with social norms as members of society, understand the laws and regulations, both external and in-house, that we are required to comply with in our business, and will act in a sincere and orderly manner.

#### 2-2 Respect for Human Rights

We will respect others, valuing cooperation without any discrimination. We will respect the human rights of all people, eliminate any discriminative words, actions or harassment related to gender, belief, religion, race, social status or physical abilities, and will protect mutual privacy.

#### 2-3 Separation of Personal Affairs from Business

We will not use the authority or position we are given in the course

of our business to offer preferential treatment to specific customers, nor be entertained or given presents in return for such preferential treatment. We will refrain from all anti-social activities, clearly separating our personal affairs from business.

#### 2-4 Treatment of Confidential Information

We will understand the standards for the management of confidential information and will treat the company's information with greatest care

#### 2-5 Environmental Conservation

We will be aware of the importance of environmental conservation and will voluntarily and aggressively promote daily activities to protect the global environment.

#### 2-6 Product and Service Quality

We will constantly strive to improve in order to develop and provide products and services that function reliably and are of premium quality to customers.

#### 2-7 Disclosure of Corporate Information

We will aim to win greater social trust in our open and transparent management by disclosing corporate information appropriately and in a timely fashion, and promoting communications with all our stakeholders, including shareholders.

#### 2-8 Maintenance of Social Order

We will respond firmly to anti-social activities for the sake of stability and maintenance of social order.

#### 2-9 Contribution to Local Communities in which We Operate We will contribute to the sound development and harmony of local communities in our daily activities as members thereof.

# **Risk Management**

Casio has adopted a multi-faceted approach to assessing the risks associated with its business activities, and takes preventive measures using the "Plan-Do-Check-Act" cycle.

#### Approach to Risk Management

Casio has endeavored to prevent potential risks from materializing in each of its departments, while also constructing a company-wide crisis management system to ready itself for emergency situations.

In the aftermath of the recent spate of corporate scandals in Japan and elsewhere, stakeholders are paying more attention than ever to the fairness and transparency of corporate management. Casio recognizes the critical business necessity of creating a company-wide environment that ensures risks associated with its business are identified, predicted and prevented, or dealt with and remedied should they materialize.

Casio is working to ensure its own internal control system takes into consideration both Japanese and overseas standards, laws and regulations, such as the JISQ2001— the Japan Industrial Standards' guidelines on risk management system—and the Sarbanes-Oxley Act in the United States.

#### Risk Management System

Casio has formed the Risk Management Project Group within the CSR Committee to serve as a vehicle for practical enhancement of risk management.

The project group maintains an overall inventory of risks, which previously had been controlled only at the department level, and assesses and analyzes them for the company as a whole.

The project will also put into place a new management program that encompasses everything from risk prevention to proper response and restoration should a risk materialize. The program will build on and enhance the existing framework.

#### Creation of a Crisis Management Manual

Casio has issued a crisis management manual that addresses risks that have a high probability of having a serious impact on the company's business activities and society as a whole.

Specifically, the manual provides instructions in each of the following basic areas for different types of crisis situations:

- (i) Ensuring the safety of employees and their families
- (ii) Protecting corporate assets
- (iii) Ensuring continuation of business activities.
- (iv) Securing the trust of stakeholders.

The manual was formulated with a focus on providing information to all parties affected by a crisis and taking prompt and appropriate steps at an early stage, in cooperation with local communities.

The manual is revised from time to time to reflect changes in the business climate. All stakeholders are thoroughly informed upon each revision.





# Personal Information Protection

Casio makes every effort to ensure that personal information is protected and managed in accordance with company policies.

#### Philosophy on Personal Information Protection

Casio considers proper management of the personal information that we receive from customers and other stakeholders in the course of our business activities to be one of our key social responsibilities, and constantly works to ensure the security of personal information.

In preparation for the full implementation of Japan's new Personal Information Protection Law in April 2005, Casio launched the Protection of Personal Data Project in June 2004 to ensure that all employees of the Group would be equipped to comply with the law, and started work to establish specific policies and mechanisms toward that end.

This was followed by the establishment of Casio's Policies on Personal Information Protection in February 2005, as guidelines for the safe and proper protection of personal data. Based on these overall policies, we then established the "Personal Information Protection Basic Rules," "Personal Information Protection Implementation Rules," "Internal Control Rules," "Safety Measures Rules," "and "Emergency Response Rule," and are continuing to strive to ensure that all employees and officers are familiar with them.

#### Personal Information Protection System

Casio appointed an executive vice president to the position of Chief Privacy Officer and constructed a system for personal information protection under his direction. With the support of top management, all employees and officers are being urged to cooperate with measures to protect personal information.

In March 2005, we set up the Personal Information Protection Office, which inherited the functions of the Personal Information Protection Project. Three positions were created in the Office to handle customer service, information systems and employee education, respectively. In addition, two leaders were appointed in each department to promote efforts relating to personal information protection at the department level.

### Privacy Mark Certification

As part of Casio's drive to strengthen its a

system for safe and proper handling of personal data, the company has been pressing forward with efforts to receive Privacy Mark\* certification.

In fiscal 2004, all personal data held by the company was inventoried, rated, and subjected to a risk analysis, meeting the requirements of the JISQ15001 relating to compliance programs. Based on the results of this analysis, we established various rules and took additional steps. These steps included education for all employees and officers, tighter control of access to the information system and log control, and reexamination of contracts with the business partners with whom we have agreements on the handling of personal data.

Based on the results of an internal audit performed in February 2005, we determined that the measures we had implemented brought Casio to a level that would qualify for the Privacy Mark. We then applied for Privacy Mark certification in March 2005.

Privacy Mark: A program in which the Japan Information Processing Development Corporation, a public-service foundation, evaluates the adequacy of corporate protective measures related to the handling of personal data, and certifies those which are found to have adequate protective measures in place. Certified corporations are permitted to display the Privacy Mark.

#### Policies on Personal Information Protection

1. Establishment and on-going improvement of a compliance program

The company has established, implements and maintains a compliance program (including these policies, the "Personal Information Protection Basic Rules" and other rules and regulations) for the purpose of safely and properly protecting personal data. The company also improves this compliance program on an ongoing basis, using such occasions as internal audits and reviews by the President and CEO.

2. Handling of personal data The company has established a system of control to adequately protect personal information, and appropriately collects, uses and makes available to other parties such personal data. This is done in accordance with the "Personal Information Protection Basic Rules" and other rules and regulations, and by taking into consideration the nature and scale of operation of individual departments.

**3. Implementation of safety measures** The company implements safety measures, such as information security measures, in order to ensure the safety and accuracy of personal data.

Furthermore, the company implements proper measures to prevent and rectify unauthorized access to personal data, as well as its loss, destruction, alteration or leakage.

4. Compliance with laws, regulations and other rules

When handling personal data, the company complies with laws, regulations and other rules that apply to such personal data.

5. Respect of the rights of data subjects The company respects the rights of the subjects (individuals) whose personal data it has knowledge of. When such individuals request disclosure of information about themselves, correction or deletion thereof, or refuse permission for its use or release, we comply with any such reasonable request.

Kazuo Kashio, President and CEO Casio Computer Co., Ltd. February 1, 2005



# Market and Casio

Profits reached record high levels while the globalization of the market economy continued to progress.

Casio will continue to manage its business so as to be recognized and trusted by the market while nurturing its relationship with its stakeholders.





Responsibilities to Our Customers 1

# Stable Supply of Products

We endeavor to strengthen the global supply chain to respond to rising demand for products against the backdrop of digitalization and network expansions.

#### Philosophy about Stable Supply

Supplying products in a stable fashion is one of the most basic responsibilities of a manufacturer to its customers. To respond to changes in demand and provide products in a stable fashion, it is important to optimize the entire supply chain, starting with the stable procurement of raw materials and including the construction of a production system, improvement of a distribution system, and establishment of wholesale and retail networks.

Based on this point of view, Casio endeavors to strengthen its global supply chain by upholding the following four policies:

#### Policies about Stable Product Supply

- Streamlining of the supply chain (part vendors – factories – distribution and sales departments) with the introduction of supply chain management (SCM) and the extensive application of IT.
- Construction of a good relationship with suppliers so as to increase efficiency and stabilize raw material procurement.
- Construction of a decentralized production system that takes into account such production risks as natural disasters. (Construction of a decentralized production system for each manufacturing item. <Dispersion to a minimum of two sites>)
- Construction of an optimum production system that corresponds to regional demand characteristics (labor cost, technological prowess, parts supply capability). (Japan: high function products / China: cost-focused products)

#### Policy Decisions on Production and Supply Systems

Casio holds Production Site Policy Meetings as necessary and makes decisions on policies regarding newly opening, integrating or closing production sites. In accordance with these policies, Business Plan Meetings are held every half-yearly period by the Group companies in manufacturing to make decisions on establishing specific production and supply systems, and production lead time for each product that they are responsible for.

Under the current production and supply systems of Casio, the Electronic Component Division consists of four Group companies and outside suppliers whereas the Electronics Equipment Division consists of 11 Group companies and outside suppliers.

#### Production System of Electronics Equipment Products

Today, demand for electronic dictionaries is growing at a phenomenal pace not only in Japan but also in markets all over the world. In light of this trend, Casio is stepping up to strengthen its production and supply systems at Jiu Shui Keng Casio Electronics Factory, and Casio Electronic (Zhongshan) Co., Ltd., which are the core electronic dictionary production sites of Casio Group.

Specifically, we adopted the "Weekly Review Production Method\*" in 2004. Using this method, we shortened the parts procurement time and the lead time to shipment, and enabled the production and



shipment of our products to adjust flexibly to changes in demand. In fiscal 2005, we plan to expand the application of this method horizontally to the manufacturing processes of our other major products, such as electronic calculators, digital cameras and watches.

\*Weekly Review Production Method: A new production method that aims to realize production and shipment that respond flexibly to changes in sales. In this method, production planning, which is conventionally performed once every other week, is done weekly, and the lead time from the creation of a sales and purchasing plan to shipment is shortened to five weeks.

#### Production System of Electronic Component Products

Casio Micronics Co., Ltd. plans to double its current capacity for the manufacture of semiconductor-related parts by the beginning of 2007, projecting continued growth of demand in the markets of digital home electronic equipment, including flat-screen TV sets, personal computers and cell phones.

In January 2005, Casio Micronics bought a semiconductor plant and approximately 7,000 square meters of land in Ome, Tokyo from a company in the Renesas Technology Corp. Group. In preparation for its startup during fiscal 2005, Casio Micronics is pressing forward with the establishment of a production system. Furthermore, capital investment is planned at the adjacent Casio Micronics' headquarters and its factory to increase its 200-mm wafer production capacity. At the company's Yamanashi factory, a capacity increase is planned for the production of film substrates for driving that are sold to LCD panel makers. Investment in these production capacity increases, including land acquisitions, is expected to amount to approximately ¥13.0 billion



Casio Micronics Plant at its Headquarters (Ome City)

Responsibilities to Our Customers 2

# Research and Development of Next Generation Products

We press forward with the research and development of creative technologies and products with an eye toward the "Next Generation."

### Research and Development Policies

Guided by its management philosophy of "Creativity and Contribution," Casio energetically moves forward with its research and development efforts, aiming to contribute to the society through the development of innovative products.

Casio's research and development system is two-pronged: "Basic Research and Core Technology Development," which is focused on new businesses and takes on medium- to long-term perspectives, whereas "Product Development" is directly tied to existing businesses. With these two subsystems in place, Casio engages itself in research and development for the "Next Generation."

### Research and Development Strategies

Casio develops products and technologies that are centered on such Casio's proprietary technologies that are noted for their "Compact, light weight, slim, and energy effecient" as "highdensity packaging technology," "LSI technology," "software/IP technology," "Communications and digital broadcast technology," "information system technology" and "electronic component technology," which form the company's core competence, and other human interface technologies and know-how that the company has cultivated mainly in the area of diverse consumer products.

In addition, the company currently concentrates its effort on the development of "image digitalization (digital cameras, etc.)" by capitalizing on its digital technologies that originated in electronic calculators but whose application has expanded to such areas as the "digitalization of the sound (electronic musical instruments, etc.)" and "digitalization of characters (electronic dictionaries, etc.)"

The company is also stepping up its efforts to construct a mechanism to consolidate the knowledge of experts within and outside the company through the formation of partnerships and alliances with outside organizations, such as public research centers and universities in connection with fields that are projected to achieve medium to longterm growth, and technical fields that have the potential for innovative core technologies.

The company spent ¥16,616 million in research and development in fiscal 2004. The expenditure is broken down by business type and by segment as follows:

### Breakdown of Research and Development Expenditure by Business Division



**'IP technology**: IP is an abbreviation for intellectual property, and means intellectual property rights.

# Research and Development Organization

Casio's research and development organization consists of the "Research and Development System," which conducts basic research and elemental technology development, and the "Department-based Development," which handles product development that is directly linked to individual departments.

#### Research and Development System

The Research and Development System is made up of the "Core Tecnologies R&D Division" and the "Research and Development" which are set up within Casio Computer Co., Ltd. These groups develop technologies to make inroads in new business fields, as well as fundamental technologies that are shared by all business operations. They also perform research and development, including development of next-generation products and process technologies. Regarding technology fields where long term growth is projected and technology themes that have the potential of growing into core technologies of the next generation, we are pressing forward with joint research with outside research organizations and the formation of alliances with other corporations.

#### Department-based Development

Development organizations that are set up within various departments and the Casio Group companies comprise the Departmentbased Development. Here, research and development of essential technologies, elemental technologies and production technologies relating to individual products are carried out in cooperation with the sales department.

#### Research and Development System Diagram



#### List of Research Themes / List of Joint Research Partners (in a random order)

#### List of Research Themes

Fuel cells, WLP/EWLP, organic EL, thin film nano technology for next generation information devices, fundamental technology for the formation of nano medicine sites, next-generation offices for the ubiquitous society, radio-controlled watch antenna reception sensitivity simulation, radio-controlled watch antenna materials, equipment noise-related themes, surface acoustic wave device applications, compact diversity antenna for mobile equipment, environmental noise measurement, etc.

#### List of Joint Research Partners

The Prefecture of Kochi, the City of Kyoto, Kochi University of Technology, Kyushu University, Kyoto University, Kogakuin University, Yokohama National University, Saitama University, the University of kyo, Tokyo Institute of Technology, University of Electro-Communications, Tohoku University, Shizuoka University, Salesian (former Ikuei) Polytechnic, Kumamoto National College of Technology, etc.

#### Research of a "Reformed Methanol Fuel Cells System" for Mobile Devices

Since 2000, Casio Computer Co., Ltd. has been conducting research on micro energy supply\* that is suitable for mobile electronic devices. The company is currently concentrating its efforts on the research of a "Micro Power Generation System" to extract energy from chemical fuels. One such research that the company is engaged in is the miniaturization of a "Reformed Methanol Fuel Cells System" to which a micro reactor is applied, based on the Si micro-machining technology.

Until recently, the "complexities of a reformer and a system" were the greatest obstacle to miniaturization of a "Reformed Methanol Fuel Cells System." The micro-machining technology enables the system to be ultra compact through its integration, including that of auxiliary parts, on a Si chip, using Si wafer microfabrication technology.

The company is currently in the process of replacing silicon chips with glass chips to achieve further cost reductions. In the future, we will tackle such tasks as securing reliability and productivity that would be required for commercialization, and establishing infrastructure and legal requirements for distribution of methanol fuels. \*Micro energy supply: a device that supplies electrical energy to mobile electronic equipment.



\*INSTAC: An abbreviation for the Information Technology Research and Standardization Center, INSTAC is currently

working on the standardization of the method to evaluate

verification accuracy of biometrics, and examining various

Reformed Methanol Fuel Cells System

factors involved.

fer stage

#### Research on "Biometric Authentication Technology"

With the progress of digital networks, strict control over corporate information and personal information are being sought. In this climate, Casio has been conducting research on "biometric authentication technology," that restricts the right of access to confidential information to limited users alone.

Specific policy approaches are three-pronged: (1) analysis of the simultaneous and time-dependent (historical) diversity of biometrics, (2) active participation in the standardization of IN-STAC\* "fingerprint scanner quality evaluation method," and (3) participation in the ISO/IEC/SC 37 committees and presentation of suggestions about standardization. In fiscal 2004, the company (1) completed an analysis of the correlation between the diversity of bio data and biometrics and reflected the results on the biometric authentication technology, and (2) made contribution toward domestic standardization in addition to making suggestions to the international community (ISO/IEC/SC 37). In the future, the company plans to press forward with the establishment of de facto standards for security technology, an application of the standards to various types of biometrics, such as fingerprints, iris, vein pattern, voice and face, and research on their international standardization.

#### Development of High-density Packaging Technology (WLP Technology\*1)

With the advancement of digital products, demand on semiconductors is to be even more compact and have greater capacity than then do now. Casio is conducting research on highdensity packaging technology, which contributes to the realization of such semiconductors.

The WLP Technology, which Casio has developed since 1997, began to be mass produced by Casio Micronics in 2001. In 2002, the technology was adopted in the picture signal processing device for GPS cellular telephone with a built-in camera. The technology has found greater applications in 2003 and subsequent years in such places as flash memory for digital cameras and cellular phone sound source devices. In fiscal 2004, a decision was made to promote the development of the WLP technology in a 300 mm wafer-size processing, and start investment in plant and equipment in anticipation of its commercialization. In addition, agreements were entered in connection with technical licensing to Amkor Technology, Inc. a US corporation that is the largest packaging maker in the world, and to Renesas Technology Corp., the largest Japanese semiconductor maker.

Looking ahead, Casio will strive to strengthen the WLP application technologies in a move to make them the industry standards, and also press forward with the development of EWLP technology\*<sup>2</sup>, which receives heavy attention as the next generation technology.

#### Terrestrial Digital Broadcasting High-sensitivity Reception Technology

Following the start of terrestrial digital broadcasting in December 2003, broadcasting to cellular phones will also commence at the beginning of 2006. To maintain good cell phone reception, technology that enables reception of broadcast signals while on the go over a wide area is indispensable. Casio worked to develop such reception and technology and came up with "OFDM demodulation circuits," which can improve sensitivity by more than 100 times what the conventional technology achieves. The circuits incorporate three technologies: (1) technology that performs conventional tasks of analysis and correction regarding frequency and signal strength, as well as similar tasks with respect to time-axis, (2) technology that controls a tuner so that optimal signal conditions are picked when signals are altered for such reasons as reflection off a building, and (3) technology that controls the directional characteristics of the primary antenna by raising the voltage of the auxiliary antenna to receive stronger signals. We are proceeding with the commercialization of the product in line with the start of the broadcasting to cellular phones.



\*1: WLP technology: An abbreviation for Wafer Level Package. WLP is a new semiconductor-packaging technology that made it possible for copper redistribution, electrode terminal formation and resin encapsulation to be done in a wa-

\*2: EWLP Technology: An abbreviation for Embedded Water Level Package. It is a technology that embeds WLP in a printed circuit board.



Frequency



Illustration of Signal Correction Technology

In a conventional circuit, signal analysis and correction were possible only in the area of the dotted lines. In a new circuit that has been developed, analysis and correction are possible along the time axis as well. This allows the correction to be possible over a greater area (the colored area). Consequently, optimal signal conditions (correction target signals) can be detected by picking up signals from before a change and until after a change (at 7 points in the diagram).

#### Research of "Organic Light Emitting Diode Display" (OLED Display\*)

From the rapid growth of flat panel displays market, research and development to further improve performance and productivity are demanded.

Casio Computer Co., Ltd. is pressing forward with research to commercially manufacture "OLED displays" that employ an amorphous silicon TFT drive and a polymer coating process. This effort is carried out under the policy of developing energy-saving, saving space and friendly to the environment with reliance on simplicity of structure and manufacturing process

In fiscal 2004, prototypes were made in anticipation of high luminance and increased scanning lines that would be required for use in largescreen TV sets.

Now we are focusing on the display lifetime for the commercialization.

In the future, we will press forward with optimization of the technology, basing our work on the accumulation of data on lifetime and mass productivity.



\*OLED Display: A device that displays characters and images by using Organic Light Emitting Diode that emit light when an electric current is passed. Because of the selfillumination feature, OLED displays require no back-lighting. They thus consume less electricity and are thinner than liquid crystal displays. The viewing angle is wide and the response speed is fast resulting in smooth moving picture. For these reasons, OLED displays are expected to become the next generation displays.

#### Market and Casio

to

2

#### Research and Development of Next Generation Products Responsibilities Our Customers

#### Management of Intellectual Property

#### Policies and Goals

Casio's corporate management is focused on creating high added value by linking its research and development with its management of intellectual property, and by defending the strength of the company's business and its rights together with its business strategies.

#### Casio's High Added Value Corporate Management High Added Value



Casio deems intellectual property to be an important yardstick of corporate value meas-

#### Policies of Intellectual Property Management

- 1. Creation of Core Patents (Quality Reform) Application and registration in core fields (se lection and concentration), Establishment of basic patents and de facto patents
- 2. Thorough Risk Management of Patents Thorough avoidance of other companies' patents. Thorough patent research 3. Utilization of Intellectual Property Rights
- Countermeasures on design and brand imitations, etc.
- 4. Training of Intellectual Property Specialists Training of engineers and intellectual property specialists

urement. The company upholds the following four elements as its policies and goals of properly managing its intellectual properties.

#### Mission of the Intellectual **Property Department**

Development of innovative new technology and products has been Casio's posture of development since its inception. To protect the fruit of such development efforts by turning them into patents and other rights is an important theme that heavily influences the competitiveness of a corporation. The mission of the Intellectual Property Department is to protect inventions that are the results of technological development efforts by securing patents and other rights, and allow Casio to have a competitive advantage by utilizing such patents and other rights.

#### Intellectual Property Activities

Casio has various systems in place to properly manage intellectual properties that it has accumulated over the years and to ensure that research and development results that will become new intellectual properties will continue to be produced.

#### (1) Patent Advisory Engineers

This is a system that was initiated in 1994 so that superb intellectual properties may be produced continuously. Highly qualified engineers who have strong understanding of engineering and leadership quality are appointed to be patent advisory engineers and assigned to divisions. Their responsibility is to strengthen the intellectual properties within their individual divisions through activities to create core inventions, exploration of opportunities for new inventions, evaluation of inventions, and avoidance of infringement on other companies' patents.

#### (2) Techno Power

This presentation came into being in 1992 with an objective of "invigorating technology developers and encouraging the sharing and accumulation of technology." Engineers are provided with occasions to present the results of their work to top management, and engineers and designers who accomplish excellent results are awarded in a ceremony. By properly recognizing intellectual property accomplishments and commending the efforts, the presentation encourages engineers to take on a new technological challenge with pride and strong motivation.

#### (3) Utilization of Intellectual Property Rights

Using the intellectual property rights that are secured, Casio offers technical license to other companies (including cross licensing). At the same time, the company rigorously pursues and eliminates imitation Casio products.

#### (4) Intellectual Property Education System

In order to deepen employees' understanding of and interest in intellectual properties. Casio holds internal seminars, publishes information on its Web site (on the intellectual property home page), and use outside education organizations, such as the Japan Intellectual Property Association and the Japan Institute of Invention and Innovation

#### Participation in Collaboration of Regional Entities for the Advancement of Technological Excellence\*

### Participation in the Prefecture of Kochi - Dvelopment of Thin Film Nano Technology for Next Generation Information Devices

The Kochi Prefecture Collaboration of Regional Entities for the Advancement of Technological Excellence commenced in January 2003 to conduct research and development of Thin Film Nano Technology for Next Generation Information Devices under the leadership of Kochi University of Technology. The project aims to establish fundamental technology relating to low power consuming high-resolution displays for the ubiquitous society of the future through the development of TFT using zinc oxide and research and development of energy-saving flat surface light source using a carbon thin film cold cathode. The project is also focused on the development of energy- and resource-saving manufacturing methods

Casio has taken part in this project since its planning stage in 2002. The project is conducted in the prefecture of Kochi, the birthplace of Casio's founder. Future targets for the zinc oxide-using TFT are the development of displays that are commercially viable, and research to expand the fields of applications for ZnO as a material. With respect to cold cathode light source, the lighting field, including agricultural light sources, will be a targeted area for commercialization studies.

### Participation in the City of Kyoto - Development of Fundamental Technology to Create a Key Location for Nano Medicine

The City of Kyoto's Collaboration of Regional Entities for the Advancement of Technological Excellence is led by Kyoto University and aims to develop fundamental technology to create a major site for nano medicine. The project has a 5-year span that will run until December 2009. It aims to develop devices, ranging from those for the treatment of early-stage cancer, based on simultaneous detection of multiple tumor marker items, to imaging devices used for accurate diagnosis and those for targeted treatment that use nano particles. Other areas encompassed by the project are the creation of the contrast agent industry and the development of diagnostic and treatment drugs, as well as DDS reagents.

Casio has been a partner in this project since 2003. The company has been involved in the creation of wristwatch-type devices as a device development project, and has been pressing forward with the development of therapeutic test system devices

\*Collaboration of Regional Entities for the Advancement of Technological Excellence: A project which is conducted in one of the communities (prefectures or government-decreed cities) in one of the eight priority research fields that were specified by the Japanese government (life sciences, information and telecommunications, environment, nano technology, materials, energy, manufacturing technology, and social foundation/frontiers) with the collective efforts of community research potential (R&D-oriented corporations, universities, public testing and research organizations) to further research and development in the specific field that the community hopes to establish itself in. The goal is to contribute toward the creation of new technology and new industries

Responsibilities to Our Customers 3

# **Dur Efforts on Quality Assurance**

Casio targets to be a trusted maker by offering safe products and services.

#### Quality as Viewed by Casio

To offer products and services that please and impress customers, it is necessary to create products that can win the solid approval of customers in all areas, including reliability, durability, safety, serviceability, as well as consideration for the environment and compliance with laws and regulations, not to mention functions, designs and prices.

At Casio, we view all of these factors that affect the evaluation of our products to be "quality." We have made group-wide efforts to improve quality, based on our Quality Concept and Quality Management Policies. In 1996, Casio started its "Delight Our Customers" program to ensure that all employees of the Casio Group become thoroughly familiar with Casio's philosophy about products and services. The program is used to raise employees' awareness.

#### Quality as Viewed by Casio



#### **Quality Assurance System**

#### Quality Concept

Casio builds a strong quality system, based on its belief in "Quality First" (Quality is top priority) with which the company offers product and service that please and impress our customers and which requires all employees to place quality at the base of every task that they perform. By doing so, the company supports its corporate growth and makes social contribution while at the same time winning customers' trust and giving them ease of mind.

#### **Quality Management Policies**

- •We create a good corporate image by offering products and services that please and impress our customers, and by gaining their strong trust and giving them ease of mind.
- •We respond to our customers' requests and inquiries with sincerity and speed, and reflect their important comments on our products and services.
- In all our business processes, we base our action on the Principle of Five Gens <genba (on site), genbutsu (actual goods), genjitsu (reality), genri (theory) and gensoku (rule) in Japanese> and adhere to the basics of business operations.
- •We capture and analyze quality assurance activities quantitatively, using reliable data, and use the analysis to make continuous improvements. We also construct a quality information system that enables the sharing of the quality information and prevention of problems before they occur, and prevents recurrence of quality problems.

Quality Assurance System

Casio constructs a quality assurance sys-

tem and strives to make Group-wide efforts to improve quality.

Casio Promotion Committee for Groupwide Quality Enchancement, which is the highest-level quality assurance organization, meets semiannually by convening the division heads from the Electronics Equipment Division (Consumer, Watch and System departments), the Electronic Component Division and the Communications Division, as well as quality managers of manufacturing and service affiliate companies. Resolutions are made at these meetings on company policies on quality and action on priority tasks. The resolutions of these meetings are communicated to individual departments and reflected on specific quality assurance activities within the departments.

In 2004, the CS Control Group was created within the Sales Department of the Electronics Equipment Division to improve consumer services. The CS Control Group has been conducting activities to ensure quality in product development in cooperation with the Engineering Dept within the Department HQ in an effort to further improve quality and services.

Moreover, a person responsible for quality assurance is appointed in the Development Department for each item and business to look after product specifications, software, mounting, outer packaging, circuits, devices and manufacturing. In addition, the quality assurance persons report to the quality manager who oversees the entire work to ensure product quality.



Responsibilities to Our Customers 3

### Our Efforts on Quality Assurance

#### Quality Management System

Casio has constructed a quality control system that is based on the quality management system ISO9001.

Casio strives to improve quality by applying PDCA at all points along the process chain, starting with the product planning stage and moving to design, evaluation, purchase, production, sale and services.

#### List of ISO9001 Certified Groups (Excerpt)

Classifi- cation	Certified and Registered Sites	Initial Version Registration Date
Develop- ment HQ	Casio Computer Co., Ltd. Information Technology System Unit	June 25, 1999
	Kofu Casio Co., Ltd.	August 1, 1994
Domes- tic	Casio Electronic Manufacturing Co., Ltd.	August 5, 1994
Produc- tion Sites / Services	Yamagata Casio Co., Ltd.	December 16, 1994
	Kochi Casio Co., Ltd.	January 12, 1996
	Casio Micronics Co., Ltd.	March 29, 1996
	Casio Korea Co., Ltd.	September 15, 1994
Overse- as produc- tion Sites	Jin Shui Keng Casio Electronics Factory	July 29, 1998
	Casio Electronic (Zhongshan) Co., Ltd.	September 1, 1999
	Casio Electronics (Zhuhai) Co., Ltd.	October 19, 1999
	Casio (Thailand) Co., Ltd.	October 24, 2000

### New Product Shipment Start Approval System

When a new product shipment is about to start, the quality assurance persons responsible for planning, design, evaluation and production and their quality control supervisor verify each process, which is followed by objective checks (confirmation by the general manager of the Development division and the Engineering department manager). It is only then that a decision is made to ship the new product.

#### Post-sale Trouble Response System

In the event that a trouble, claim or a quality problem occurs following a sale, a different information route is established for the type and the level of the problem. This mechanism is constructed to ensure that the necessary information is communicated promptly to the departments and supervisors who can determine the appropriate action in a speedy manner. In addition, Casio has a mechanism that enables persons responsible and other involved individuals to check on the progress of the problem that erupts on a Web site, a mechanism for discussing and deciding countermeasures, including notification, and another mechanism that clearly reports and announces measures to prevent recurrence of the problem. With these mechanisms in place, Casio responds promptly and precisely to problems that occur.

### Quality Information Assistance System

Casio quantitatively analyzes market and production statuses using reliable data and furnishes the results to quality professionals. In addition, the company runs a quality Web site, utilizes its internal network so as to ensure that all employees are thoroughly informed of laws and regulations, as well as Casio's internal specifications and rules. With these measures, Casio supports quality activities.

#### Efforts to Ensure Product Safety

To supply customers with products that they can use without worries, it is important that we make our utmost efforts to ensure product safety.

Safety Specification is included among Casio's product specifications. In addition, the Product Safety Responsibility System has been built to evaluate product safety at every process and for every product to ensure that all products are safe.

Specialized organizations to ensure safety include the Casio Promotion Committee for Group-Wide Quality Enchancement, under which are permanent committees to ensure compliance with the Electrical Safety Code and the EMC specifications. Dedicated staff provides technical guidance and operational support from these committees. In addition, extraordinary committee meetings are held as necessary to establish rules and exchange information. Thanks to these activities, Casio is able to comply with safety laws and regulations.

#### Status of Quality Assurance Activities

Accomplishments relating to priority tasks

in Casio's quality assurance activities in fiscal 2004 were as follows:

#### (1) Promotion of Efforts to Improve Customer Satisfaction Levels

We make efforts to improve customer satisfaction by utilizing a mechanism that builds a data base of customers' voices and feeds back these voices to development and design departments so that customers' opinions are reflected in new product improvements.

#### (2) Implementation of Post-sale Failure Prevention Measures

In addition to strengthening safety design verification that is performed when shipment of a new product is approved, we reexamined the communication channels used in the rate event that a failure does occur. We built a mechanism for notifying all customers by creating a rule for notification on a Web site in the event a defect that has the potential for becoming a failure is discovered.

#### (3) Quality Loss Reduction Activities

We improved designs and mechanisms by clearly determining the subjects of focused action on a business item by business item basis, using quality loss as the impact indicator, and by taking proper countermeasures. As a result, quality loss was reduced.

#### Customer Service Improvement

The Service Department, which is responsible for repairs, strives to satisfy customers by taking the following action on each of the three themes, namely, Prompt Response, Dependable Technology, and Optimum Charges that Satisfy Customers:

#### Prompt Response

We are taking steps to improve our operations by focusing our attention on part procurement, repair work, and repair technology so as to shorten the repair time and return repaired products back to our customers as quickly as possible. In Japan, we aim to be the electrical appliance maker with the shortest repair time. In overseas markets too, we are targeting to shorten our repair time to be in line with the Japanese levels.

#### Trustworthy Technology

We make strenuous efforts to improve our repair technology so as to respond to the trust of our customers and realize the kind of repair quality that is satisfying to our customers. In addition, we strive to improve quality by feeding back information from our repair floor to the Development HQ and the Manufacturing Department.

• Optimum Charges that Satisfy Customers We work hard to reduce burdens on our customers by controlling our repair cost through improvement of repair methods and realizing repair charges that customers can accept. Repair method improvements are important measures as they can be expected to also reduce the parts discards that result from repair work. In fiscal 2004, especially big improvements were made in the repairs of cell phones and digital cameras.

#### Activities of Casio Customer Support Center

Communication with our customers is important for Casio as we hope to be trusted by and have long-lasting relationship with them. Casio's Customer Support Center is the contact point for customers, where their opinions, requests and questions are received.



Customer Service Center

The Customer Support Center comes under the CS Control Group that was created in March 2004 with a goal of improving CS (customer satisfaction) all across Development, Manufacturing, Service and Sales departments. The Center strives to deliver satisfaction and happiness to our customers by ensuring that all employees heed the following four points when receiving opinions from customers:

• Prompt, accurate and polite response

 Acceptance of customer's remarks with sincerity and accurate understanding of facts • Efforts to tie the viewpoint of customers to a solution

• Reflection of a customer voice on improvements

Inside the Customer Service Center is the Overseas Customer Support Center, where we are working to create a system that permits us to establish sound communication with our overseas customers too. We hope to bring voices from all around the world and tie them to Casio's business improvement.

#### Contents of Inquiries and Their Percentages



#### Customer Satisfaction Surveys

Casio periodically conducts customer satisfaction surveys to find our customers' opinions regarding not only product functions, performance and designs but also their ease of use and service responses on a product by product basis, and reflect their voices on future products.

The Design Center, which is responsible for

An Example of an Improvement that Reflected the Results of

a Customer Satisfaction Survey

Glossy desktop calculators that use surface panels with

a coating finish

#### Universal Design Activities

all Casio product designs, positioned universal design activities as a priority theme in product design, starting in 2003, and began to make serious efforts. The center develops designs by using practical techniques, extracting points to be improved, based on user tests, and by making proposals for specific solutions.

In fiscal 2004, points for improvements were extracted in connection with the safety and ease of use of specific products that are used frequently by customers in a widely ranging age group, spanning from children to senior citizens. The examination was made from both the hardware and software viewpoints.

Looking ahead, we will press forward with the construction of a mechanism that feeds back the opinions obtained in user tests to universal design product development, and promote the establishment of Casio Universal Design Guidelines so that the work will spread to the entire Casio Group.



Proprietary Symbol Mark (UD Mark) on a Catalogue

#### Flow of Casio's Universal Design Activities



Responsibilities to **Our Business** Partners

# Construction of Strong Partnership

We construct partnership with our business partners through various activities that are founded in fairness.

#### **Procurement Policies**

When selecting new suppliers and contract manufacturers, Casio offers open, fair and equitable entry opportunities to all companies regardless of their nationality, size, or history of business dealings with Casio.

Existing business partners are evaluated on the basis of three criteria: their "cost competitiveness," "technical competitiveness" and "overall responsiveness," which includes their ability to meet delivery schedules and their compliance with Green Procurement.

#### Criteria of Business Partner Evaluation

Evaluation Criteria	Indices
Cost competitiveness	Ability to give cooperation on new products Actual ability to cooperate
Technical competitiveness	Ability to make technical suggestions Ability to maintain quality
Overall responsiveness	Rate of adherence to delivery schedule Rate of Green Procurement Priority given to cooperation

#### Communication with Our Business Partners

For Casio to continue its production activities stably in terms of quality, price and the supply volume, close partnership with our business partners, including material suppliers and contract manufacturers, is important. It is also necessary to further strengthen our partnership-based system of cooperation in order for us to be able to respond to demand by the increasingly harsh market for shorter product development cycles and lead-time. Accordingly, Casio works hard to communicate with our business partners by creating various opportunities.

#### Procurement Policy Presentation Meeting

In April 2004, Casio invited 200 of its major business partners to a presentation meeting on the company's material procurement. At the meeting, Casio stressed the necessity of expanding its system of cooperation with its business partners and speed up its procurement activities. Casio's procurement policies and its criteria of business partner evaluation were also explained.



Procurement Policy Presentation Meeting

#### Efforts to Reduce the Cost Ratio

Casio is currently devoting its efforts to lower its cost ratio. To accomplish this goal, it is necessary to have the product power that sustains selling price and construct a mechanism to prevent overstocking, as well as standardize parts and reduce the number of parts to suppress direct material cost. Casio has been pressing forward with these efforts by maintaining close communication with its business partners.

#### Technology Exchange Events and Exhibitions

In an effort to promote the development of new technology and encourage proposals on electronic equipment parts, Casio hosts technology exchange events and exhibitions, mainly for LSI makers, and endeavors to establish close communication.



Technology Exchange Event

#### Business Partner Award Program

Starting in fiscal 2004, Casio gives an award to its existing suppliers that are understanding and supportive of Casio.

In fiscal 2004, 226 major domestic suppliers were evaluated for the award, based on the evaluation criteria described in the procurement policies, and the top-scoring suppliers received commendations.



Certificate of Commendation

#### Promotion of CSR Procurement

Casio requires all its business partners to comply with the laws, standards and social rules that exist in countries of the world, including prohibition of child and forced labor and discrimination, and freedom of association, just as it requires the same in its own business activities.

In fiscal 2005, Casio plans to survey its business customers and gain knowledge of their actual conditions in accordance with the company's policy to increase CSR-related considerations in procurement.

Fundamentally, Casio intends to rely on its business partners' volunteer efforts in the execution of CSR procurement. Nevertheless, the company plans to conduct a check on its business partners either annually or biennially so as to encourage continuous improvement. Responsibilities to Our Shareholders and Other Investors

# Optimum Profit Returns and Information Disclosure

We strive to improve business performance and stabilize our financial condition so as to increase returns to our shareholders.

#### Basic Policies regarding Profit Distribution to Our Shareholders

Casio positions maintenance and expansion of profit distributions to shareholders to be an important management task. Accordingly, the company strives to improve its business performance and strengthen its financial conditions. As for dividends, maintenance of stable dividend distribution is Casio's basic policy. However, the company will also press forward with improvement of profit distribution by comprehensively weighing the profit level, financial condition and dividend payout ratio so as to increase the company's contribution to its shareholders. Retained earnings will be appropriated to R&D and investment that are necessary for stable corporate growth. By so doing, Casio will endeavor to improve its business results and strengthen its management structure.

# Operating Results and Dividends in Fiscal 2004

In fiscal 2004, Casio powerfully promoted and expanded its strategic businesses, including timepieces, digital cameras, electronic dictionaries, cellular phones and TFT LCDs. At the same time, the company dedicated its efforts to improving its management efficiency, including raising its profit margin and improving capital efficiency. As a result, both sales and profits were record high.

Dividends were increased by ¥2 per share from ¥15 last year to ¥17 by taking into consideration such factors as business results, posting a second consecutive dividend increase after last year.

# Inclusion in SRI Funds and Index

SRI (Socially Responsible Investment) is an investment technique that is used to evaluate and select corporations on the basis of their performance in such CSR areas as compliance with law, employment and human right issues, social contribution and environmental conservation, in addition to more conventional investment criteria based on financial analyses.

SRI has been growing rapidly in Europe and America in recent years. A number of investment trust companies in Japan also sell SRI-related products. Casio is included in the following funds and index.

#### Status of Inclusion in SRI Funds and Index (as of June 1, 2005)

Inclusion among stocks that comprise SRI Index

- Morningstar SRI Index
- (as of September 1, 2004)

Inclusion in SRI Funds

- STB Asset Management Co. Ltd. STB SRI Japan Open "Good Company"
- Sumitomo Mitsui Asset Management Co. Ltd. Eco-balance "Umi to Sora (Sea and Sky)"

#### Communication to Shareholders and Other Investors

We are actively engaged in IR activities through various media in accordance with the policy of disclosing corporate information appropriately at appropriate times as stated in the Casio Code of Conduct.

#### Financial Results Presentation Meeting

Simultaneously with the release of quarterly financial results, we hold a financial results presentation meeting. Either the company president or a director in charge of IR explains the financial results and future outlook to institutional investors and securities analysts as the main speaker at such meetings. In addition, we meet with domestic and overseas institutional investors and securities analysts individually, give factory tours and hold small meetings about specific business segments from time to time.



Financial Results Presentation Meeting

#### A Wide Array of IR Tools

IR tools used by Casio include financial results presentation meetings (quarterly), the annual report, and the business report (semiannually). All such information is also disclosed on Casio's Web site.



Annual Reports

#### URL http://world.casio.com/ir/



Web Site "To All Our Investors"

#### Measures for Individual Investors

Casio readily discloses corporate information to individual investors as well. The company strives to not only disclose extensive information on its Web site but also hold presentation meetings for salesmen from securities firms. In addition, the company is pressing forward to expand the contents provided at the general meetings of shareholders and the subsequent management presentations to shareholders.

On September 1, 2004, the company reduced the size of trading unit of its shares from 1,000 to 100 in an effort to expand its shareholder group and improve the liquidity of the shares.

#### Responding to Inquiries to the IR Department

The IR Department, which is at the center of Casio's IR activities, answers a variety of inquiries received from Japanese and foreign shareholders and investors in cooperation with the General Affairs Department.



#### **Chapter II**

# Global Environment and Casio

Casio sets its rules and goals from an international perspective by recognizing the importance of a corporation's responsibility to the environment. Based on its philosophy and technological system that have been established since its start, Casio strives to achieve global environment conservation.

CASIO

#### Responsibilities to the Contemporary and Future Generations

Consideration to the Environment in Product Development
Consideration to the Environment in Material Procurement
Reduction of the Environment Impact of Production Activities
Consideration to the Environment through Green Products
Consideration to the Environment in Distribution and Packaging
Recovery and Recycling

Future

# Casio Environmental Charter and Casio Fundamental Environmental Policies

#### Consistent with its corporate creed of "Creativity and Contribution," Casio sets specific rules and targets to promote its environmental management.

Casio established its Charter of Creativity for Casio to creatively put to practice its corporate creed of "Creativity and Contribution." The Charter describes a mechanism for the practicing environmental management, such as social contribution, environmental conservation, information disclosure and communication with stakeholders.

The philosophy and concept that underlie the Charter of Creativity for Casio, Casio Common Commitment, and Casio Code of Conduct are also present in the Casio Environmental Charter and the Casio Fundamental Environmental Policies, which were created in January 1993.

Casio Voluntary Plan for the Environment was established to put to practice specific environmental conservation activities, based on these charter and policies. The Plan stipulates specifics of environmental conservation implementation items, such as the purpose, environmental conservation themes, specific measures, target values, implementation departments, and audit departments, and name them the "Environmental Conservation Rules."

Furthermore, Casio established Casio Group's Environmental Action Plan "Clean & Green 21" Initiative, which provided specific numerical targets and the deadlines for meeting such targets, and presented the Group-wide medium-term action plan. Casio is pressing forward to achieve the plan.

#### Casio Environmental Charter

To conserve the global environment, Casio recognizes the importance of its corporate environmental responsibility across the operations of its entire group. Casio establishes basic policies and specific measures for contributing to world prosperity and human happiness from the broad perspective of international society, and endeavors to implement them.

#### Fundamental Environmental Policies

- 1. Casio Group members shall comply with all environmental laws, agreements, and standards in Japan and overseas.
- 2. The Group shall establish voluntary "Casio Environmental Conservation Rules"\* based on consideration for the environment at all product stages of development, design, manufacture, distribution, repair services, and recovery/disposal. All Casio business divisions shall assume responsibility for their implementation, additionally auditing the degree of compliance and making continual improvements.
- 3. From the standpoint of corporate social responsibility, and as good corporate citizens, all Casio Group members shall apprehend the importance of global environmental conservation and try to heighten their awareness.
- 4. These policies shall apply to all Casio Group business divisions in Japan and overseas.

\*The Casio Environmental Conservation Rules are specific action programs for environmental conservation, set forth in the "Casio Voluntary Plan for the Environment (CVPE)."

#### Casio Voluntary Plan for the Environment

"Casio Voluntary Plan for the Environment" was adopted in January 1993 by Casio Environmental Conservation Committee to promote environmental conservation activities in accordance with Casio Environmental Charter and the Fundamental Environmental Policies, which were established by the Casio Group.

The Plan encompasses action guidelines in 19 areas, consisting of development, design, recovery/ recycling, SCM, Green Procurement, Green Purchases, packaging, distribution, sales, reclamation, manufacture, environmental management system, environmental accounting, office/factory environment, site location, employee training, overseas operations, information support/IR/communication/ CSR and social contribution. It is revised periodically in response to changes in the social conditions and progress of activities. In February 2005, the 9th revision was made.

#### Casio's Environmental Action Plan "Clean & Green 21" Initiative

→ P32

Casio's Environmental Action Plan "Clean & Green 21" Initiative sets numerical targets and deadlines for their implementation (short- and long-term targets) for the Environmental Conservation Rules that were established in Casio Voluntary Plan for the Environment.

Periodic revisions have been made since it was established in June 1996. As of June 2005, the 8th revision was in effect. Any revision to "Clean & Green 21" is preceded by a revision to Casio Voluntary Plan for the Environment and a revision to the Casio Environmental Conservation Rules. Their revisions are then reflected in a revision of Clean & Green 21.

Promotion of Casio Environmental Action Plan

# Environmental Action Plan and Performance

Casio establishes targets that take account of the changes in the domestic and international environments and continually promotes activities to achieve these goals.



# Environmental Management Activities in Fiscal 2004 and Future Efforts

#### Yukio Kashio



Executive Vice President and Representative Director Chairman of the Casio Environmental Conservation Committee

A look at efforts on global environmental issues reveals a trend for stringent environmental laws both in Japan and abroad as observed in the European WEEE and RoHS Directives. Demand has been growing on corporations to assume extended producer responsibility. In February 2005, the Kyoto Protocol took effect. Japan is required to reduce its CO<sub>2</sub> emission by 6% between 2008 and 2012 from the 1990 levels.

In response to such demand of the society, Casio revised the Casio Voluntary Plan for Environment, the Environmental Action Plan "Clean & Green 21" Initiative, and the Casio Group Green Procurement Standard Manual in fiscal 2004, and took concrete steps.

#### Results of Activities

Environmental action through products is an important theme for manufacturers. Casio has pressed forward with its C.G.P. 50 Activity, whose goal was to raise the percentage of Green Products in total sales to 50% in fiscal 2005. The goal was met one year ahead of the plan in fiscal 2004. In addition, Casio pressed forward to replace lead-based soldering that was used at Casio Group's manufacturing sites with lead-free soldering, with target completion in fiscal 2004. This replacement has now been completed.

As for efforts related to manufacturing sites, the Casio Group and other companies cooperating with it were abolishing the use of hydrochlorofluorocarbon by the end of 2004. Although the deadline was missed by three months, full discontinuation was completed before the end of fiscal 2004.

In regard to measures concerning waste, Hamura Research and Development Center, Hachioji Research and Development Center and Casio Hitachi Mobile Communications Co., Ltd. (previously the Tokyo Office of Casio Computer Co., Ltd.) achieved zero emissions in fiscal 2004. Combined with seven other business sites that achieved the goal in fiscal 2003, a total of 10 sites have now met the goal.

As for Green Procurement, domestic sites achieved 97.4% and

overseas sites 77.4% as our efforts to respond to the RoHS Directive bore fruit. The domestic sites met their goals one year ahead of the target, which had been set for fiscal 2005.

#### Future Efforts

We will continue to respond to the European WEEE & RoHS Directives by staying in close touch with and exchanging information with our product departments, as well as Casio Europe GmbH and the Sales Department. We will also take steps steadily toward the construction of a recycling system in August 2005 and the ban on sale of products containing specified toxic substances (lead, mercury, cadmium, hexavalent chromium, PBB and PBDE) effective in July 2006.

With respect to CO<sub>2</sub>-related action to prevent the global warming, a focus of the Kyoto Protocol, we set our goal in terms of a reduction per basic unit of production in line with the policies set by the four electrical and electronic industry associations.\* This yardstick was chosen because an increase in production that results from a business expansion of a manufacturing company leads to an increase in CO<sub>2</sub> emissions. However, the Kyoto Protocol requires a reduction of the aggregate CO<sub>2</sub> emissions. Accordingly, Casio adopted the "Bank of Japan's Domestic Enterprise Price Index (Electrical Equipment)" in fiscal 2005 in conformity with the policies of the four electrical and electronic industry associations as a new management method of CO<sub>2</sub> reduction by objective to correct for the production volume. We will also consider the adoption of other supplementary techniques, including Kyoto mechanism's CDM (clean development mechanism) and emissions trading.

Please refer to the main body of the report for further information.

\*Four Electric and Electronic Industry Associations:

Japan Electronics and Information Technology Industries Association (JEITA), Communications and Information Networks Association of Japan (CIAJ), Japan Business Machine and Information System Industries Association (JBMIA), and Japan Electrical Manufacturer's Association (JEMA).

#### Environmental Action Plan "Clean & Green 21" Initiative

\*Rate of Achievement:The ratio of the actual results of FY2004 to the target fiscal year. ☆☆☆:100% of target achieved. ☆☆:80% achieved or higher. ☆:Below 80% achieved.

#### **Product-related Initiatives**

Item	FY2004 Targets	FY2004 Results	Level of Achievement*	FY2005 Targets	Page No.
Development targets for eco-products	To boost the sales of Green Products to be 50% of total sales by the end of FY2005	Green products grew to 59%. The C.G.P.50 was met one year ahead of the initial plan.	***	To raise Green Products sales in fiscal 2007 to 70% of total sales	40- 42
	To reduce the total volume of packaging materi- als used per unit of sales by 30% by the end of FY2007 compared to the FY2000	A 20.5% reduction was achieved. Progressing toward the goal of 30% reduction in the FY2005.	☆	Continuing.	50
Hazardous substances phaseout targets	To discontinue the use of RoHS Directive-speci- fied toxic substances, namely, lead (lead con- tained in finished products), cadmium, mercury and hexavalent chromium, by the end of 2005	Product certification and use commenced in accordance with the new Casio Green Procurement Standard Manual to comply with the RoHS Directive. Progressing toward the goal of discontinued use by the end of 2005.	**	Continuing.	52
	To discontinue the use of lead-based solder by FY2004	In FY2004, the Casio Group completed full phaseout of lead- based solder in manufacturing. *Some models (such as those that are to be discontinued) were excluded from the calculations.	***		45

#### **Business Sites-related Initiatives**

Item	FY2004 Targets	Level of Achievement*	FY2005 Targets	Page No.	
Energy Conservation Targets	To reduce the CO <sub>2</sub> emissions per unit manufac- tured by 10% by the end of FY 2005 compared to the FY1990 To reduce by 25% by the end of FY2010 com- pared to the FY1990	The actual FY2004 results on a per unit basis was a 14% increase over the FY1990, due to a rise in energy use that resulted from an increase in the production volume.	☆	Actual production* A 10% re- duction in CO <sub>2</sub> emissions per unit in FY2005, a 20% reduc- tion by the end of FY2010 compared to the FY2003	43
Resource Saving Targets	To reduce usage per unit of production at do- mestic manufacturing sites by 5% by FY2005 compared to the FY2000	The actual FY2004 results on a per unit basis was a 18.3% in- crease over the FY2000, due to a strong impact of water usage by increased production of Casio Micronics in spite of reduction ef- forts with the installation of a circulation system.	☆	Continuing.	46
Waste Reduction Targets	To achieve zero emissions by FY2005 (the vol- ume of landfill waste to be 1% or less of the to- tal waste)	In FY2004, three additional business sites, consisting of Hamura Research and Development Center, Hachioji Research and Devel- opment Center and Casio Hitachi Mobile Communications Co., Ltd., newly met the zero emission goal. As a consequence, total of ten business and manufacturing sites have achieved the goal.	☆☆	Continuing.	47
	To reduce the waste generation per unit by 30% by the end of FY2005 compared to the FY2000 results on a per unit basis was an approximate- ly 10% reduction over the FY2000, thanks to significant impact of various waste reduction efforts.			Continuing.	
Hazardous	To discontinue the use of hydrochlorofluorocarbon at all manufacturing sites, including other corpora- tions cooperating with Casio, by the end of 2004	ydrochlorofluorocarbon In FY2004, the 1-1-dichloro-1-fluoroethane use at a contractor's cluding other corpora- by the end of 2004 carbon use by the Casio Group.			
Substance Phaseout Targets	To detoxify PCB-containing equipment currently in storage by the end of FY2005 Regarding the PCB contents stored at Hachioji Research and De- velopment Center and Hamura Research and Development Cen- ter, agreements have been signed with a waste treatment contrac- tor. Disposal is awaiting a treatment facility to start up. The PCB stored at Kofu Casio is awaiting the completion of a facility.		☆	Continuing.	45
Green Procurement	To raise green Procurement to 95% of total pro- curement at domestic sites by the end of FY2005		☆☆☆	Green Parts response rate (the rate of recovery of sur- veyed parts) in FY2005: 100% at domestic sites	20
Implementa- tion Targets	To raise Green Procurement to 85% of total procurement at overseas sites by the end of FY2005	Green Procurement reached 77.4% at overseas sites in FY2004.	☆☆	Green Parts response rate (the rate of recovery of sur- veyed parts) in FY2005: 100% at overseas sites	
Green Purchasing Implementa- tion Targets	To raise Green Purchasing to 60% of total sta- tionery product, office supply and OA equip- ment purchases at domestic sites by the end of FY2007 (based on the number of purchases) 'At sites that have adopted the CATS e-P system		☆	Continuing.	39
Targets against Global Warming in Distribution	argets of FY2007 by 50% by improving the efficiency of domestic distribution compared to the FY2000     Achieved a 32% reduction.       Still progressing toward the goal of a 50% reduction by the end of FY2000		☆	The target is unchanged for domestic distribution A 5% reduction in CO2 emis- sions per unit of sales by the end of FY2007 compared to the FY2004 by improving the effi- ciency of overseas distribution	49
*Actual production this basic unit does basic unit denomina with the policies of t	output:CO2 emissions per unit of production were used for not properly reflect the realities, such as changes in busines itor (production value: in units of ¥1 million) with the Bank of he four electrical and electronic industry associations, startir lagan's Domestic Enterprise Price Index	Actual product output	ion= Nominal Production c Bank of Japan's Domestic Ente Index (Electrical Equipment): Yea comparison with the base year	output rprise Price arly ratios in of FY1990.	

Fiscal Year	1990	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2010
Price Index Corrected Values	1	0.77	0.77	0.74	0.72	0.69	0.62	0.58	0.54	0.54	0.54	0.57
2005 figures are Casio projections, 2010 figures are projections by the Japan Center for Economic Research												

figures are Casio projections. 2010 figures are projectio ns by the Jap

# Environmental Management

Casio has been promoting improvements through PDCA cycles under the Casio Environmental Conservation Committee System.

#### System of Promotion

The Casio Group has the Casio Environmental Conservation Committee System, which is chaired by the vice president and consists of five specialized committees and five implementation organizations. The Committee oversees environmental activities of Casio Computer Co., Ltd. and its Group companies. Under this system, Casio has been promoting environmental management by implementing continuous improvement of all of its environmental conservation activities through the Plan, Do, Check and Act cycle, based on the Casio Voluntary Plan for the Environment and the Casio's Environmental Action Plan.

Specifically, the Promotion Office and five special committees take charge of the Plan part, the five implementation organizations handle the Do part, whereas the environmental Audit Organization and the Promotion Office perform Checks, and the Casio Environmental Conference takes responsibility over Act part in the organization that is shown in the following diagram:

#### Functions and Overview of Individual Organizations

#### Casio Environmental Conference

- •Makes decisions on the direction of Casio Group's environmental policies, and establishes action plans and targets.
- •Examines the environmental policies of the implementation and specialized commit-

tees and reports their activities.

 Exchanges information about future environmental trends and among implementation organizations.

#### Specialized Committees

- •Each specialized committee consists of dedicated committee members who control strategic themes that should be tackled not by implementation groups alone but jointly by Group companies and divisions. Each committee chairman is appointed by the Chairman of the Casio Environmental Conservation Committee.
- •Each theme-based specialized committee is made up of the specialized committee chairman and implementation committee members who are appointed by implementation organization committee chairmen. The Promotion Office manages these committees.

#### Implementation Organizations

- •Promote environmental improvement activities in response to decisions made by the Casio Environmental Conference.
- •Construct an environmental management system for the entire Implementation Organizations.
- •Clearly establish the system and responsibilities for the implementation of the environmental management system. Define objectives and targets, control the operaion of the system, conduct self-audits and take remedial action.

#### **Promotion Office**

•Plans the direction of the Casio Group's environmental policies, its action targets and plans.

- •Controls the implementation of the Casio Voluntary Plan for the Environment and revises the environmental management guidelines.
- •Grasps environmental trends in Japan and abroad and forwards information to the Implementation Organizations, etc.
- •Manages the Casio Environmental Conservation Committee and the theme-based Specialized Committees.

#### **Environmental Audit Organization**

•Consists of internal auditors of the Promotion Office and those of the Implementation Organizations. Conducts environmental performance research in the Implementation Organizations and environmental selfaudits in manufacturing sites to improve the Group-wide environmental management.

#### ISO14001 Certification Status

Of Casio's major manufacturing sites, 12 domestic sites and 9 overseas sites have been ISO14001 certified. 15 Of these 21 sites have already completed a renewal review. Activities from this point onward will shift to continuous improvement of systems and performance.

Casio will also expand the acquisition of the certification to sales sites so as to build a system of environmental conservation for the entire Casio Group.

As of fiscal 2004, the certified business sites represented 78.2% of all employees.



#### Management System of the Casio Environmental Conservation Committee

#### ISO14001 Certified Manufacturing Sites

	Site Name	Date of Certification
	Yamagata Casio Co., Ltd.	November 1997
	Kofu Casio Co., Ltd.	January 1998
	Kochi Casio Co., ltd.	March 1998
	Casio Electronic Manufacturing Co., Ltd.	September 1999
	Casio Support System Co., Ltd.	January 2000
<u>.0</u>	Casio Micronics Co., Ltd.	March 2000
Domest	Hamura Research and Development Center of Casio Computer Co., Ltd.	October 2000
	Hachioji Research and Development Center of Casio Computer Co., Ltd.	October 2000
	Head Office of Casio Computer Co., Ltd.	December 2000
	Casio Soft Co., Ltd.	December 2001
	Casio Techno Co., Ltd.	May 2002
	Casio Hitachi Mobile Communications Co., Ltd.	June 2004
	Casio Korea Co., Ltd.	April 1998
	Jiu Shui Keng Casio Electronics Factory	September 1999
S	Casio Computer (Hong Kong) Ltd.	December 1999
rsea	Casio Electronics (Zhuhai) Co., Ltd.	September 2000
Qe	P.T. Asahi Electronics Indonesia	February 2001
	Casio (Thailand) Co., Ltd.	September 2001
	Casio Taiwan Ltd.	December 2001
	Casio Electronics (Shenzhen) Co., Ltd.	February 2002
	Casio Electronics (Zhongshan) Co., Ltd.	April 2002

#### **Environmental Audits**

Casio conducts internal and external audits in compliance with the environmental management system ISO14001 once every three years for continuous improvement. In addition, Casio conducts "Environmental self-audits system" annually in accordance with its own standards to supplement the triennial audits. The results have manifested themselves in the form of zero emissions at seven manufacturing sites. Casio also conducts product eco-designs assessment simultaneously with product development. Green Products account for 59% of all products currently. By fiscal 2007, the percentage is expected to rise to 70%.

#### Environmental self-audits system

In addition to the internal and external audits mandated by ISO14001, Casio conducts Environmental self-audits system annually at all domestic sites, starting in April 2004.

For these audits, Casio independently selects audit items and performs audits even at sites that have not yet been ISO14001 certified. These audits are positioned to augment the internal and external audits.

For each audit, the "Procedures for a environmental self-audits system" and the "Check list of environmental self-audits system" are prepared, and the audit is carried out in the six genres that are based on the Casio Voluntary Plan for the Environment. The six genres are: 1) environmental management system, information disclosure and social contribution; 2) energy conservation, resource savings, resource recycling and prevention of ozone layer destruction; 3) reuse of waste, recycling and reduction of landfill waste; 4) toxic substance reduction, optimal control; 5)water, air and soil pollution countermeasures; and 6) distribution and environmental accounting.

Casio sets the direction for its future measures by gaining clear understanding of current situations in each of the genre, based on the results of these audits.

#### Environmental Education and Awards

Casio promotes environmental education and awareness-raising activities so that every employee can be mindful of the environment on a daily basis.

New employees are first given general education about environment before they are assigned to their posts. In addition, general employees, managers and those who are responsible for the environment are provided with general and specialized education once a year depending on their responsibilities and their job ranks. By taking these steps, Casio endeavors to raise employees' awareness and their knowledge level about the environment.

In addition, Casio runs a program of suggestions for improvement at each manufacturing site, and gives awards twice a year to individuals or groups who submit excellent suggestions. Additionally, two manufacturing sites have their own award systems. Furthermore, Casio has various other award programs to encourage employees' commitment to conserve the environment. Included among these awards are the Eco Bonus Award (awarded on an as needed basis), President's Award (given twice a year), and the commendation program for compliance with the Workplace Action Guidelines (given twice a year).

#### Environmental Risk Management

Casio regards any accident that can lead to soil, water or air pollution that negatively affects the human bodies and biodiversity to be an environmental risk. A risk management system is established at each manufacturing site, and the Emergency Response Rules are established for the equipment and chemicals used. Furthermore, site-specific Emergency Response Rules are created at each manufacturing site and a drill is conducted annually by assuming an emergency situation.

#### Status of Compliance with Regulations Concerning the Environment

As the following table shows, Casio had no environment-related violations of laws or regulations, penalties, fines, complaints or lawsuit over the past five years.

### Violation of Regulations, Etc. over the Past Five Years

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Number of cases	0	0	0	0	0
Monetary value	0	0	0	0	0

#### Example of Efforts

#### Emergency Drill at Kochi Casio

In September 2004, Kochi Casio executed an annual test and a drill about emergency situations and accidents. The drill was organized by the Environmental Conservation Section of the Environmental Conservation Department. This year's scenario was that a chemical fluid leakage occurred inside an etching supply system in the chemical supply room. Between 3 and 11 employees took part at a time over a period of six days and received explanations about protective gear, the supply system, treatment methods and chemical soaked clothing.



A Training Scene

# Environmental Accounting

Casio compiles and analyzes data regarding the cost and the effect of environmental conservation activities in its business in accordance with the "Environmental Accounting Guidelines 2005" published by the Ministry of the Environment.

## Scope and Method of Data Compilation

The accounting figures for fiscal 2004 were treated under the same methods as in previous years. As for the scope of data compilation, the coverage was expanded to all Japanese and foreign consolidated subsidiaries starting this year pursuant to the Guidelines 2005.

Accordingly, the data for fiscal 2003 were recalculated to encompass the same scope as this year's to ensure their comparability with the data included in this year's report.

#### Actual Results of Fiscal 2004

As capital investment for the environment conservationn Kochi Casio has sitched COF\_2 gas from NF\_3 gas for the purpose of CVD

cleaning. The  $COF_2$  gas utilitization is worthly of ¥45 million. Kochi Casio is the company succeeded in mass producing of the  $COF_2$ gas. It has a global warming potential one 2,500th of NF<sub>3</sub> gas, which has been conventionally used as the CVD cleaning gas, and thus contributes to the reduction of greenhouse gases.

Among investment that is included in pollution prevention cost is an expansion of the dust collection equipment of Casio Electronic Manufacturing Co., Ltd. (¥8 million). This was beneficial in reducing the volume of dust dispersal that occurs during toner production. These expenditures raised the investment in environmental equipment by ¥195 million (a 44% increase) over the levels of fiscal 2003, to ¥641 million this fiscal year.

The environmental expense grew ¥23 million, to ¥1,135 million as large expenses were incurred for the reduction of waste volume.

As the result of such aggressive investment, coupled with expenses on a focused area, the environmental efficiency indicators relating to CO<sub>2</sub>, waste recycling, and countermeasures on specified toxic substances, which represent the locus of Casio's efforts, improved over the preceding fiscal year.

#### Focus of Future Policies

Casio plans to continue to raise the level of its environmental accounting and use it as a tool for making decisions on environmental management, and aims to further improve the environmental efficiency indicators, the main part of which are countermeasures on specified toxic substances.

Provide the Actual Results of FY 2004	* Please refer to page	1 for details of the business	units encompassed.
---------------------------------------	------------------------	-------------------------------	--------------------

												nvironmental Conservation Cost									
		Capital Investment												Env	ironm	Cost*					
	Items	Electro	onic Com Division	iponent	Electro	onics Equ Division	uipmen		Total		Major Works of This Year	Electr	onic Com Division	iponent	Electro	onics Eq Divisior	uipment 1		Total		Major Works of This Year
		2004	2003	Change	2004	2003	Change	2004	2003	Change		2004	2003	Change	2004	2003	Change	2004	2003	Change	
Со	sts within Business Areas	473	423	50	132	23	109	605	446	159		360	336	24	196	223	▲27	556	559	▲3	
UMC	Pollution Prevention Cost	314	238	76	8		8	322	238	84	Feed water and drainage treatment facilities, exhaust gas removal devices	205	151	54	12	3	9	217	154	63	Administrative and maintenance cost of environment-related facilities
eakdo	Global Environmental Conservation Cost	82	165	▲83	122	15	107	204	180	24	NF3 alternative gas using facilities and air conditioning equipment	7	14	▲7	7	21	▲14	14	35	▲21	Maintenance and inspection cost of energy conservation facilities, etc.
à	Resource Recycling Cost	77	20	57	2	8	▲6	79	28	51	Reduced capacity equipment, water circulation-using facilities	148	171	▲23	177	199	▲22	325	370	<b>▲</b> 45	Recycling and sorted disposal-related cost
Up Do	ostream and wnstream Costs	6		6	5		5	11		11	Chemical substance countermeasure facilities Soldering machines	12		12	265	184	81	277	184	93	Cost of Green Purchases Cost of recovery of products, etc. Cost of research on RoHS countermeasures
Ma	anagement Activity Cost											74	58	16	168	142	26	242	200	42	ISO administrative and maintenance cost Administrative activity personnel cost. Related cost
Re De	search and velopment Cost				25		25	25		25	X-ray analyzers	4		4	53	106	▲53	57	106	<b>▲</b> 49	Eco-products, Eco-packaging, etc. Research cost Research cost of discontinuing lead soldering
Infe So	ormation Disclosure and cial Contribution Costs												21	▲21	3	19	▲16	3	40	▲37	Greening of Neighborhoods
Otl	her Costs		[	[			[						23	▲23					23	▲23	[
Tot	tal	479	423	56	162	23	139	641	446	195		450	438	12	685	674	11	1,135	1,112	23	
	* Depreciation expense relating to fixed assets is not included in the computation of the environment-related cost																				

\* For personnel cost, the average unit cost was used for the computation.



#### Important Indicators

Sales Environmental Efficiency (CO <sub>2</sub> ) (C	ales (In millions of yen) Environmental Impact O <sub>2</sub> emissions: tons-CO <sub>2</sub> )					
Represents sales per ton of CO2	emissions.					
	FY2004	FY2003				
Electronic Component Division	1.49	1.65				
Electronics Equipment Division	11.93	10.99				
Total	4.98	4.83				
Sales Environmental Efficiency (Waste) ( Represents sales per ton of was	sales (In millio Environmenta Waste emissions.	ns of yen) al Impact ons: tons)				
	FY2004	FY2003				
Electronic Component Division	25.50	22.97				
Electronics Equipment Division	145.17	147.55				
Total	75.09	66.40				
Sales Environmental Sales (In millions of yen)						

(PRTR) Efficiency (PRTR) (Volume of use of PRTR-specified substances: tons)

Electronic

Electronics

Total

GI Co

Oz Pr

Ot To 
 Represents sales per ton of PRTR-specified substance use.

 FY2004
 FY2003

Component Division	664.45	750.83
Equipment Division	28,525.03	18,622.68
	3,054.68	2,927.35

(Unit: ¥1 million)

Examples of Projects Achieving Results from Environmental Investment

At Casio, efforts to reduce environmental impact are made both at the corporate level and at the levels of individual business and manufacturing sites. Specific examples of investment that led to reductions in environmental impact which were implemented one a site-by-site basis in fiscal 2004 are shown here as the "Projects Achieving Results from Environment Investment."

Investment Theme	A formula to calculate the cost vs. effects (unit: ¥1,000) (Economic effects')	Implemented Work		
Free Cooling System	$= \frac{\begin{array}{c} \text{(The amount of reduction} \\ in power usage / year)}{6,000}  \text{(The amount of investment)} = 0.714$	Implemented as part of the re- modeling of the cold water sys- tem, including an additional instal- lation of freezers, which was part of an expansion of the Electronic Component Y3 Line.		
Installation of Volume Reduction Device	$=\frac{24,000}{43,000} \frac{\text{(Annual cost of development}}{\text{effluent disposal)}} = 0.558$	A reduced capacity device was in- stalled in order to reduce the cost of treating used development efflu- ent.		

\* The economic effects should ideally be at least 1. However, a project is deemed to be environmentally managed if the figure, when multiplied by the number of years of depreciation, is 1 or higher.

Investment Themes	Investment Amounts	Effects (Environmental Effects)	Implemented Work
A reduction of CO <sub>2</sub> and energy conservation through reconstruction of heat source system (cold and hot water generator)	35,870 (thousand yen)	<ul> <li>An annual reduction in the volume of CO: (from the previous years) 1,519 tons (5,492 → 3,973)</li> <li>An annual reduction in the cost of energy: ¥1,610 thousand</li> </ul>	The heat source system was up- graded and reconstructed to maintain the air conditioned envir- onment of a clean room (efficiency improvement and a fuel replace- ment from Special Bunker A fuel oil to city gas) to reduce environ- mental impact.
Introduction of an alternative gas for NF <sub>3</sub> (COF <sub>2</sub> )	45,000 (thousand yen)	Impact on global warming: a dras- tic reduction to one 2,500th.	$NF_{\rm 3}$ that had been used as a CVD cleaning gas was replaced with COF_{\rm 5} Global warming coefficient: 1, ozone layer destruction coefficient: 0)

(Unit: ¥1 million) \* "Differences" shown in the table may not match the results of the computations. This is due to rounding of fractions.

							Foonom	via offact	<b>^</b> *		Quantities							
	Cap	oital Investi	ment	Environ	ment-relat	ted Cost	LCOHOIT	no enecta	5				FY2	FY2004		003	Differ	rence
By Field	Results of the Electronic Component Division	Results of the Electronics Equipment Division	Total Actual Results	Results of the Electronic Component Division	Results of the Electronics Equipment Division	Total Actual Results	By Field	Results of the Electronic Component Division	Results of the Electronics Equipment Division	Total Actual Results		Unit	Electronics Equipment Division	Electronic Component Division	Electronics Equipment Division	Electronic Component Division	Electronics Equipment Division	Electronic Component Division
											Total Energy Input	Crude Oil Equivalent (KL)	10,965	41,497	9,384	39,266	1,581	2,231
obal Warming ounteractions	148	122	270	20	7	27	Reduction through Energy Conservation	<b>▲</b> 54	<b>▲</b> 94	▲94 ▲148	Water Resource Input	thousand M <sup>3</sup>	464	2,551	433	2,454	31	97
											Greenhouse Gas Discharge							
one Layer otection		8	8				Resource Saving	<b>▲</b> 14	9	<b>▲</b> 5	CO <sup>2</sup> SF <sub>6</sub>	ton-CO2 ton	37,548 0	74,607 16,551	36,894 0	71,503 15,248	654 0	3,104 1,303
mospheric vironmental onservation	28		28	23	5	28	Recycling	52	272	324	Specified Chemicals Emissions Total Waste Generation	ton (ton)	0 3.085	29 4.359	0 2.749	39 5.135	0 336	▲9 ▲776
bise and bration buntermeasures					1	1	Reuse Sell out of valuable resource	17 35	250 22	267 57	(the Landfill Disposal Portion) Total Effluent Volume	thousand M <sup>3</sup>	1,051 371	11 2,045	398 347	19 1,959	653 24	<b>▲</b> 8 86
tter, Soil and Foun- tion / Environmen- Conservation	254		254	164	7	171	Reduction of Waste Disposal Cost	19	2	21	BOD COD	ton ton	7 0	19 0	13 10	18 0	▲6 ▲10	1 0
astes and ecycling	43	4	47	147	373	520	Other		15	15	Other Emissions	ton	83	16	70	20	14	<b>4</b>
iemical Ibstances	6	28	34	3	89	92					SOx	ton ton	23 2	8	22	9	1	▲1 0
eservation of the tural Environment				7		7					Energy Consumption during Use Cyclic Usage Volume of Used and Recovered	GJ ton	2,871	0	3,074	0	▲203	0
her tal	479	162	641	86 450	203 685	289 1,135	Total	3	204	207	Products, Containers and Packages Volume of Containers and Packages Used	ton	11,676	483 607	11,654		▲/5 22	106

 $^{\star}$  Effects based on hypothetical calculations are not compiled.



# Material Balance

Casio strives to accurately grasp the input and output that go with business activities in an effort to further improve its environmental conservation activities.

#### Material Balance of the Casio Group

At Casio, the Electronic Component Division and the Electronics Equipment Division individually grasp their material and energy input, as well as the environmental impact that is discharged as the result, and uses the data to continue to improve their environmental conservation activities.

In recent years, CO<sub>2</sub> emissions of the Casio Group have been on a rising trend in step with its expanding business. Furthermore, water usage has also increased as the Electronic Component Division has grown in Japan. To offset the increased water use, Casio has endeavored to use recycled water.

As for wastes, Casio considers recycling to be an important task, and preferentially hires waste treatment companies that possess excellent recycling technology. In addition, Casio makes efforts to reduce chemical substances, including chemicals that are used for treatment in the electronic component processes. As these examples show, Casio takes various environmental measures in the course of its expansive business activities.

\* Please see the details of Casio's performance data on the following Website:

http://www.casio.co.jp/env/ activity/report.html (in Japanese)

#### Material Balance of the Electronic Component Division

In the Electronic Component Division, production has been growing rapidly since 1990, thanks to proliferation of such products as personal computers and cell phones. Accordingly, factory scales have expanded and facilities and equipment have been added. This has had an effect of boosting the total CO<sub>2</sub> emissions to 74,607 tons in fiscal 2004, a 3.7-fold increase from 20,144tons in fiscal 1990.

In this division, heat sources for clean rooms and the equipment that detoxifies effluent operate around the clock at a steady pace regardless of changes in production volumes, and constitute a major factor of energy and water consumption. All sites are making ongoing efforts to reduce CO<sub>2</sub> emissions. One solution is to switch to a

fuel that releases less CO<sub>2</sub> (from Bunker A fuel oil to light oil).

As for waste disposal, there has been a large increase in the chemical solutions used. For this reason, all sites strive to recycle wastes by selecting waste treatment contractors that have the best treatment facilities so as to reduce the volume of landfill wastes. As the result of these efforts, five sites out of a total of six that are subject to monitoring achieved zero emissions (or landfill wastes representing 1% or less of the total wastes) by fiscal 2004. (These five sites are Kochi Casio Co., Ltd., Kofu Casio Co., Ltd. (head office and Ichinomiya branch), Casio Micronics Co., Ltd. (in Yamanashi), and Casio Computer Co., Ltd. (Hachioji Research and Development Center).) The remaining one site, where the landfill wastes represent 1.23% of total wastes, is expected to reach zero emission during fiscal 2005.

#### Material Balance of the Electronics Equipment Division

In the Electronics Equipment Division, consumption of electricity decreased with the introduction of co-generation at Yama-gata Casio Co., Ltd. in 2002. On the other hand, an increase in the use of fuels has become the major cause of a rise in  $CO_2$  emissions. Total  $CO_2$  emissions grew from 13,891 tons in fiscal 2003, to 17,417 tons in fiscal 2004, an annual increase of over 25%.

On the basis of the unit of production, CO<sub>2</sub> emissions grew over 32% between fiscal 2003 and fiscal 2004, from 0.153 (tons-CO<sub>2</sub>/¥1,000,000) to 0.202 (tons-CO<sub>2</sub> /¥1,000,000). Recognizing that the Kyoto Protocol mandates Japan to reduce its CO <sup>2</sup> emissions by six percent on an absolute basis, Casio will continue to pursue energy-saving measures.

As with the Electronic Component Division, the Electronics Equipment Division strives to recycle wastes by selecting waste treatment contractors that have the best treatment facilities so as to reduce the volume of landfill wastes. As the result of these efforts, five sites out of a total of eight that are subject to domestic monitoring achieved zero emission by fiscal 2004. (These five sites are Yamagata Casio Co., Ltd., Casio Electronic Manufacturing Co., Ltd., Casio Computer Co., Ltd. (Head Office and the Hamura Research and Development Center) and Casio Hitachi Mobile Communications Co., Ltd.) The remaining three sites are pressing forward with continued improvements.

#### Input and Output of the Electronic Component Division

(Data were collected at six domestic sites



\*4 Material Input: Figures were estimated, based on the representative models of individual products.

#### Apology and Correction:

The Sustainability Report 2004 erroneously indicated that the Material Input contained "12,154.5 tons of packaging materials (including 10,052.6 tons of recycled materials)." This should have read "11,654.0 tons of packaging materials (including 8,625.0 tons of recycled materials)."

# Green Procurement and Green Purchases

Casio promotes Green Procurement that is consistent with the RoHS Directive. Furthermore, Casio strives to improve the Green Purchase ratio throughout the company.

#### Green Procurement Philosophy

In accordance with the Casio Group Green Procurement Standard Manual, which was created in November 2000, Casio evaluates the response to environmental conservation with respect to parts and materials that comprise Casio products and their manufacturing plants, and use the information in the selection of preferential sources of procurement.

Specifically, Casio defines "Green Production Plants" to be supplier plants that either are already ISO14001 certified, plan to be certified within the following year, or score at lease 70 points in Casio's item-by-item assessment of ISO14001-compatibility even if they have no plans to be ISO14001 certified. In addition, Casio regards parts that satisfy Casio's environmental standards with respect to energy conservation, resource saving, recyclability, and chemical content to be "Green Parts" and makes every effort to preferentially procure Green Production Parts that are manufactured at Green Plants.

In light of today's rapid changes in the mandate imposed by environmental laws and regulations, Casio currently considers compliance with the European RoHS Directive and other environmental laws and regulations to be the top priority procurement consideration, and is re-examining its standards for preferential Green Product procurement.

#### Fiscal 2004 Green Procurement Results

Casio set its goals for Green Procurement rate at 95% at domestic sites and 85% at foreign sites in fiscal 2005, and has worked toward these goals. It has achieved healthy results with the domestic rate reaching 97.4% and the foreign rate 77.4% in fiscal 2004.

In addition, Casio overhauled its Standard Manual in March 2004 to be consistent with the draft standards of the European RoHS Directive. Casio invited its Japanese and overseas business partners to an orientation meeting, where they were asked to show understanding and offer cooperation.





\* The new targets for FY2005 are Green Parts Response Rates (the response rates regarding parts that are subject to monitoring) of 100% for both domestic and overseas procurement.



Green Procurement Orientation Meeting



In the past, Casio's top priority target was preferential procurement of Green Parts. Green Procurement rates were viewed as indicators of the Green Procurement progress every fiscal year. At this point, however, compliance with the RoHS Directive is the highest priority consideration. Casio's current environmental action targets are to "discontinue the use of substances that are banned by the RoHS Directive by the end of 2005" and increase the Green Parts response rate to 100%. Casio is devoting its full efforts to achieve these goals.

To conduct a study of the contents of specified hazardous substances listed by the RoHS Directive, detailed data on chemical substances must be collected. This requires extensive work. For this reason, Casio will work on improving the efficiency of such work as research, input and search by adopting IT tools to use on databases.

Regarding preferential procurement of Green Parts based on the Casio standards, policies are currently under review. Casio plans to establish and promote new activities policies and indices once its action on environmental laws and regulations runs its course.

#### Efforts on Green Purchasing

Casio targets to raise its Green Purchasing rate at its domestic sites to 60% by fiscal 2007. As for intermediate goods, Casio strives to purchase Green Goods as a general rule. Accordingly, Casio ensures that at least 90% of the products that are listed in the catalogue on the CATS e-P System\* are Green Goods, and instructs Casio's purchasing agents to purchase goods from the catalogue. CATS e-P System is a centralized purchasing system for intermediate goods. As a result of these efforts, Casio achieved the domestic Green Purchase rate of 41.2% (based on the number of purchases) in fiscal 2004.

In addition, Casio is constructing a mechanism to compute actual purchases by individual departments, based on the purchase data provided by the CATS e-P System and in cooperation with the Environmental Center, to determine the current status and make an assessment. The company plans to use the data to urge preferential purchase of Green Goods when departments are found not to be adhering to Green Purchasing to the extent desirable.

Changes in the Actual Rate of Green Purchasing (Unit: %)



CATS e-P System: A system under which estimates are obtained from multiple suppliers for the same goods and the purchase is made from the supplier that offers the lowest price.

CASIO	ようこそからa Systemさん 単価のログイン	/2005年3月26日年後3時27分(475		
第日 道田山永田市 システム田市 システム田市 システム王 フォム王 フォム王	1000 力空ブの検索 1000 たりに入り (4年た年日 リング1次ファ(4分)(10年に日本県)	00 0000000 7<0000007 C #40007:0V bURLS:	~67	ARUNA
	カタログの表示	Burg B. St. Ac.	商品の正べせた	486 -
	00078-4-1-2> Catalline> B	<u>自然高</u> ) 2ヶイム) リング2六ファイル	182.11	
	<u>リングファイル 22mm 者</u> アプライト アプライト アプライトでの通道 246-453 約点ーカーの上部 別会ーカーの上部 別会ーカーの通信 2-4258 文庫 4400.07 電気が入出版 2	2018 Vングファイム 22mm 8	9	/18 (88)
	リングファイル 22mm 音 アフライモ フラライモ フラライモの品を 346-84 発達・クラー コクロ	202 (77977-66) 22mm 8	•	/ 6 (88)

A CATS e-P System Screen

# Consideration for the Environment in Product Development

Casio strives to promote the development of Green Products and an increase in their percentage in total sales, based on clear design standards and detailed assessment criteria.

Flow of Product Assessment

Standards and Format

Audits within divisions

Assessment of design and planning

ental Center's certification and approval of audits

Physical audits of products Proceeds to certification if the standards have been met, based on the verification of actual products and the audit sheet.

A Green Product certification, following approval of the Director of Environmental Center.

Product certification registration

Issuance of a Certification Number

Green Product registration/

System of Green

**Product Certification** 

At Casio, all new products are developed in

Disclosure on the Website

 $\mathbf{V}$ 

Assessment of design decisions

Assessment of overall design

#### Efforts on Product Assessment

Since 1993, Casio has been conducting product assessment on new products, based on the Casio Voluntary Plan for the Environment.

In 2001, the "Casio Guidelines for Green Product Development" were created to clearly establish the design standards for Casio Green Products, which are eco-products. Product assessment is conducted at each of the planning, design review and design in accordance with the Guidelines and the "Documented procedures for product environmental audits." During fiscal 2004, 65 product assessments were conducted in the Electronics Equipment Division and 61 assessments in the Electronic Component Division.

#### Product Assessment Results



#### Green Product Certification Criteria



line with the Casio Guidelines for Green Products Development. The results of a product assessment that is performed based on the guidelines are summarized in the "Product Environmental Audit Sheet." An assessment consists of an "Environmental Design Assessment" and an "Environmental compliance Assessment" with respect to eco-products of the product design.

The "Environmental Design Assessment" evaluates the extent to which basic ecoproducts design features are adopted. The "Environmental compliance Assessment" evaluates the extent to which advanced eco-products design features are incorporated. Products that meet the standards in both of these assessments are certified as Casio Green Products and are issued certification numbers.

## Fiscal 2004 Targets and Results

Casio initiated the "Casio Green Products (C.G.P.) Activity" in fiscal 2001 and has since worked toward the target of raising Green Product sales to 50% of total product sales by fiscal 2005.

In fiscal 2004, Green Product sales accounted for 59% of total sales, allowing Casio to achieve the goal one year ahead of schedule. With a new Green Product sale target set at 70% to be reached by fiscal 2007, Casio will plan to make assessment of individual items on the product environmental audit sheet, select technical tasks to be accomplished and make improvements on the focused areas so as to continue to raise the Green Product percentage.

Percentage of Green Product Sales



Green Product Certification Results

(onter Harrison of History							
	FY 2001	FY 2002	FY 2003	FY 2004			
Consumer Product	2	61	55	50			
System Equipment Product	—	5	12	4			

#### **Global Environment and Casio**

### Consideration for the Environment in Product Development

#### Examples of Green Products

#### A high-performance, elegant, slim credit card size digital camera [EXILIM CARD EX-S500]

This is a digital camera that realized a slim credit card-size body with the use of a new slim 3X optical zoom lens and the high-density packaging technology. Thanks to low power consumption, it has an extended battery life, enabling approximately 200 still pictures and 1 hour and 20 minutes of video time. The signal process technology called "Anti-Shake DSP" used in the EXI-LIM engine enables high sensitivity shots, and the fast shutter speed reduces blurring from

#### A digital camera that saves energy and resources [EXILIM ZOOM EX-Z57]

Using the latest semiconductor process and large capacity batteries, as well as a low voltage driver system, this camera has a high-resolution 5 megapixel CCD, in addition to a 3X optical zoom lens and a large 2.7-inch display. Nonetheless, it has a longer life than the previous 2.0inch model (EX-Z4), and can take approximately 400 shots on a single battery charge. (EXZ-4 takes 144 shots.) (The battery life is about 2.7

#### hand motions and movements of the objects when still pictures are being taken.

#### [Green Product Technology Points]

[Green Product Technology Points]

outer case

terials

in the product

- "EXILIM Engine," a proprietary ultra-compact image processing module that achieves energy saving and a size reduction, is installed.
- A metal (SUS316) that is easily recyclable is used for the outer case. · No cadmium, mercury or hexavalent chromium is used
- in the product • No polyvinyl chloride (PVC) is used in the packaging ma-
- terials.

· An easily recyclable metal (aluminum) is used for the

· No cadmium, mercury or hexavalent chromium is used

. The volume of the package box is reduced by 51% (compared with Casio's QV-4000). • No polyvinyl chloride (PVC) is used in the packaging ma-



Digital Camera

EXILIM Zoom EX-Z57

Digital Camera

Pixel Count: 4 million

LC display: 2.0 inches

Number of shots: 144

EX-Z4

# times longer.)

#### Electronics dictionaries made with easily recyclable materials [EX-word Series]

Super-high resolution liquid crystal (HVGA) enables the industry's first 480 x 320 dot display, replacing the 320 x 240 dot display used in the company's earlier electronic dictionary models. Even small letters and Chinese characters with numerous strokes are displayed beautifully and smoothly. A variety of user-friendly features are added, including TAFCOT, a strengthening design that softens the shock of an accidental drop.

#### [Green Product Technology Points]

- · An easily recyclable metal (aluminum) is used for the outer case
- No cadmium, mercury or hexavalent chromium is used in the product · No polyvinyl chloride (PVC) is used in the packaging ma-

Paper Use Reduction Effects of Electronic Dictionaries If all the dictionaries that are contained in the electronic dictionaries that Casio sold in 2004 were to be converted to paper dictionaries. they would weigh 22,071 tons. Assuming that 50 kg of paper is produced from one tree, approximately 440 thousand trees (22,071 tons divided by 50 kg) were saved.



EX-Z57

Pixel Count: 5 million

LC display: 2.7 inches

Number of shots: 400

Ex-word Series of

**Electronic Dictionaries** 

#### Electronic musical instrument contributes to energy and resource savings [Privia PX-100]

Casio performed a computer-assisted strength analysis and built a resin-made body structure that combines a wood cabinet, a keyboard unit and a metal reinforcement board into a single unit, the very first in the industry. The company succeeded in an approximately 40% weight reduction and an approximately 20% reduction in depth in comparison with its conventional models. Capitalizing on the company's high-density packaging technology, the sound source board was also reduced in size at the same time. In comparison to previous models, the LSI count

was slashed by 50% and the board area was cut by 17%. With these improvements, Privia provided the basis for greening of future electronic pianos.

#### [Green Product Technology Points]

- · An approximately 40% reduction in weight
- An approximately 20% reduction in depth.
- A 50% reduction in the LSI count.
  A 17% reduction in the board area.
- \* In comparison with Casio's PS20.
- · No cadmium, mercury or hexavalent chromium is used in the product
- No polyvinyl chloride (PVC) is used in the packaging ma-



Electronic Musical Instrument

## A Solar-powered, radio-controlled watch with lower power use and smaller size [Oceanus]

Casio has worked on reducing the size of internal antenna and its power consumption, as well as performance improvement of solar recharge systems, since it adopted the technology to correct time by receiving standard radio waves through an antenna in its wristwatches. For Oceanus, a system that improves the efficiency of radio reception was developed and adopted, together with a reduction in the size of an antenna. In addition, low power consumption was realized with the use of a low power consuming motor and the SOI (rapid process low voltage transistor) technology. Together with a solar battery, the technology gives Oceanus a long life.

#### [Green Product Technology Points]

- Power consumption is reduced with the development of a low power consumption motor.An easily recyclable metal (SUS) is used for the outer
- An easily recyclable metal (bob) is used for the order case.
  No cadmium, mercury or hexavalent chromium is used
- in the product.No polyvinyl chloride (PVC) is used in the packaging materials.

## Compact, lightweight and energy efficient cell phone A5512CA

The compact body of approximately 89 cc holds a 1.28-megapixel camera. Shots of up to the SXGA size (1280 x 960 dot) are possible. Sub liquid crystal display comes loaded with a practical and fun watch. The screen is designed to display FLASH animation, using FLASH Lite.

#### [Green Product Technology Points]

 This cell phone was developed under the concept of a compact, lightweight and energy efficient. Semiconductors, which were conventionally packaged on a board, are integrated into on system LSI. By making parts' pad pitch narrow, the board was made smaller and the number of parts was reduced by 13%.

	A5406CA (2004 Model)	A5512CA (2005 Model)	Comparison with A5406CA
Size (when folded)	Approximately 51 (width) x 102 (height) x 28 mm (depth)	Approximately 49 (width) x 94 (height) x 25 mm (depth)	A 21% reduction in volume
Weight (including batteries)	Approximately 125 g	Approximately 105 g	A 16% reduction
Detter life	Continuous stand-by: Approximately 200 hours (when folded)	Continuous stand-by: Approximately 270 hours (when folded)	A 35% increase
Dattery ITe	Continuous talk: Approximately 160 minutes	Continuous talk: Approximately 180 minutes	A 12% increase

#### Evaluation of Casio Green Products (Cellular Phones) by the LCA

Casio Green Products A5406CA (2004 model) and A5512CA (2005 model) were evaluated, using Casio's LCA standards.



#### [Conclusions]

#### 1. Comparison at the material procurement stage

The environmental impact of A5512CA (2005 model) is smaller than that of A5406CA (2004 model) in terms of both relative energy consumption and  $CO_2$  emissions. This is the result of a reduction in the number of parts used in A5512CA and its weight reduction, which manifested themselves in the LCA evaluation.

#### 2. Comparison at the use stage

At the use stage, the environmental impact of A5512CA (2005 model) is smaller than that of A5406CA (2004 model) in terms of both relative energy consumption and CO<sub>2</sub> emissions. This is the result of reduced power consumption and the extended battery life of A5512CA, which manifested themselves in the LCA evaluation.

#### 3. Comparison of Recycling Effects

The recycling effects of A5406CA are greater than those of A5512CA in terms of both energy reductions and CO<sub>2</sub> reductions. This indicates the high content of recyclable materials in A5406CA, which raises its likelihood of post-disposal use as materials for other products.

#### \*1 Recycling Effects

When a product is reused for materials (recycled materials) for other products after the recycling stage, the materials are assumed to be used in the material procurement stage of the other products for computation purposes. In this example, the recycling rate of 100% was assumed with respect to recovery and recycling, based on the recycling system of KDDI Corporation to whom the end-of-life products were sold.

#### KDDI's Recycling System

Recovered end-of-life cell phones, etc.										
	Cellular Phone Body		ody	/ Batteries		Cł	narger			
Recycling	Comp	oany	Manual	Disa	ssem	bly and s	Sorting of	Mater	als	
	Plast	ic	Steel	A	Alumin	um (	Copper	Materi	als	Batteries
	¥		*				*			
	Refining by Individual Makers									
						- V				
Resources	Steel	Aluminum	Copper	Gold	Silver	Palladium	ABS Resin	Cobalt	Nickel	Cadmium

#### \*2 Inventory Analysis

Creating a list of the environmental impact input (energy, raw materials, parts, etc.) and the environmental impact output (CO<sub>2</sub>, waste, etc.) at every stage that are quantified. This enables quantification of environmental input and output.

Oceanus Watch

# Prevention of Global Warming

Casio tackles prevention of global warming from a number of different angles, including CO<sup>2</sup> emission reductions.

#### Reduction of CO<sub>2</sub> Emissions

Casio set out to reduce  $CO_2$  emissions per unit of production by 10% in fiscal 2005 and by 25% by fiscal 2010 from the levels of fiscal 1990. However, the company's  $CO_2$ emissions per unit of production in fiscal 2004 amounted to 0.48 ton  $- CO_2/\pm1$  million, a 14% increase over the FY 1990 levels.

Starting with fiscal 2005, the company will use  $CO_2$  emission figures per basic unit of actual production, which corrects the basic unit of production with Bank of Japan's Domestic Enterprise Price Index (electronic equipment) so as to more accurately reflect the realities of changes in business modes in line with the policies of the four electrical and electronic industry associations. Using the corrected emission figures per basic unit of actual production, Casio targets to reduce  $CO_2$  emissions by 10% in fiscal 2005 and 20% in fiscal 2010.  $\Rightarrow$  P32

#### Efforts to Reduce CO<sub>2</sub> Emissions

With respect to efforts to reduce  $CO_2$  emissions, Casio has switched to a fuel that generates less  $CO_2$  and adopted co-generation. In addition, individual sites are taking measures individually to reduce  $CO_2$  emissions.

The Kyoto Protocol mandates Japan to

cut its  $CO_2$  emissions by 6% between 2008 and 2012 from the levels of fiscal 1990. To comply with this mandate, Casio will study ways to reduce total emissions by taking part in emissions trading, etc.

#### Example of Efforts

#### Efforts of Casio Micronics Co., Ltd.

Casio Micronics Co., Ltd. remodeled its factory and installed a free cooling system (which uses cool outside air for air conditioning), and reduced power consumption, which in turn lowered CO2 emissions. At the company's head office (in Ome), Special Bunker A fuel oil was replaced with city gas as the fuel for air conditioning of its clean rooms. As the exhaust gas became cleaner,  $CO_2$  emissions were slashed by 2% from the levels of fiscal 2003.

#### CO<sub>2</sub> Emissions at Overseas Sites

In fiscal 2004, the new inclusion of P.T. Asahi Electronics Indonesia, which consumes large quantities of energy, in the study caused both the total  $CO_2$  emissions and the  $CO_2$  emissions per basic unit of sales to rise. The unit was computed by using as the denominator the sales figures after they were converted to yen.

#### Changes in the CO<sub>2</sub> Emissions and CO<sub>2</sub> Emissions per Unit of Sales at Overseas Sites



\* The data were collected from 16 sites, not including Casio (Shanghai) Co., Ltd.

#### Reduction of Other Greenhouse Gases

#### SF6 Reductions

Casio uses SF<sub>0</sub> in its manufacturing process. Until last year, Casio stated its SF<sub>0</sub> use efficiency to be 0.75. This year, the company hired a specialized contractor to perform a component analysis. The results found that the use efficiency was 0.5 or lower with some variance. Furthermore, the use efficiency rates fluctuate under different conditions. Consequently, past data are restated here, using the use efficiency of 0.5, a guidance value suggested by the Japan Electronics and Information Technology Industries Association.

### Changes in SF $_6$ Usage, Emissions, and CO $_2$ Equivalent Emissions



#### Total Discontinuation of NF<sup>3</sup> Cleaning Gas

In the past, Kochi Casio used NF<sub>3</sub> as a cleaning gas in its TFT LCD manufacturing process. NF<sub>3</sub> was replaced with  $COF_2$  by March 2005.

NF<sub>3</sub> is not among the six gases specified in the Kyoto Protocol. However, its warming coefficient is 10,800 times on a CO<sub>2</sub>converted basis. In comparison, the coefficient of COF<sub>2</sub> is 1, the same as CO<sub>2</sub>. Therefore, the effects on warming can be reduced to 1/2500 in spite of a four-fold increase in the volume of gas used.

#### Changes in CO<sub>2</sub> Emissions and CO<sub>2</sub> Emissions per Unit of Production at Domestic Sites CO<sub>2</sub> Emissions: Electronics Equipment Division





![](_page_43_Figure_29.jpeg)

# Prevention of Air Pollution

Casio promotes the reduction of SOx, NOx and dust emissions through facilities and energy conversions.

### Reduction of SOx, NOx and Dust Emissions

The emissions of SOx, NOx and dust are shown in the following graph.

In the Electronics Equipment Division, the emissions of SOx and NOx have increased substantially since fiscal 2003. This is due to the full-capacity operation of co-generation, which burns heavy oil, at Yamagata Casio Co., Ltd. as growing production necessitated an increase in electricity. The measured values of emissions at Yamagata Casio Co., Ltd. clear the ordinance standards.

Co-generation was introduced to lower  $CO_2$  emissions per unit of production. The  $CO_2$  emissions per unit of production were 0.038 ton- $CO_2/$ ¥1 million lower in fiscal

2004 than in fiscal 2001, which precedes the introduction of co-generation.

#### Efforts to Reduce Emissions

Regarding SOx, NOx and dust emissions, Casio will promote the use of turbo freezers, the gentlest kind of freezers to the environment, as a company-wide policy. In addition, Casio will promote the replacement of heavy oil with such fuels as kerosene and city gas to reduce emissions.

In fiscal 2004, fuel for absorption-type freezers was changed from heavy oil to kerosene in an effort to reduce SOx, NOx and dust emissions.

Furthermore, old boilers at Casio Hitachi Mobile Communications Co., Ltd. and Hachioji Research and Development Center were replaced with new models that emit little SOx, NOx or dust in the building that went through remodeling and additions, drastically reducing their emissions.

### Emissions of SOx, NOx and Dust at Overseas Sites

In fiscal 2004, Casio Korea Co., Ltd. and Casio Electronics (Zhongshan) Co., Ltd. were able to reduce their NOx and dust emissions, thanks to facilities alterations. However, SOx emissions at Casio Electronics (Zhuhai) Co., Ltd. increased as adequate measures were not implemented. The company plans to take action toward reduction of emissions in the future.

As of fiscal 2004, there are no facilities that emit NOx, SOx or dust at Casio's overseas sites with the exception of Casio Korea Co., Ltd., Jiu Shui Keng Casio Electronics Factory, Casio Electronics (Zhuhai) Co., Ltd. and Casio Electronics (Zhongshan) Co., Ltd.

#### Table of Comparison of Freezer Emissions Impact on the Environment (Calculations based on the operating conditions within Casio)

(Gaiodiation io babba o	balodiations babod on the operating containent within cable)							
Equipment Calculated		Main Energy Source C Emissions During						
Nama	Capacity	En annu Ca		Auxiliary Power	1 Hour of	Operation		
Inditie	(RT)	Energy 50	ource	Source	(KgC)	Ratio		
Turbo Freezer	500	Electricity	315 Kw	2.75 Kw	133.5	100%		
Cooling and Heating Machine (Standard)	500	City Gas	136 Nm³/h	9.95 Kw	295.6	221%		
Cooling and Heating Machine (Energy-saving)	500	City Gas	129 Nm³/h	11.75 Kw	281.4	211%		
Cooling and Heating Machine (Standard)	500	Kerosene	162 l/h	11.75 Kw	415.0	311%		
Cooling and Heating Machine (Standard)	500	Bunker A Fuel Oil	152.5 l/h	15.75 Kw	415.9	312%		

Changes in NOx, SOx and Dust Emissions at Overseas Sites

![](_page_44_Figure_19.jpeg)

![](_page_44_Figure_20.jpeg)

\* Turbo freezers exert the least environmental impact. Because they run electricity, they emit no NOx, SOx or dust in house.

![](_page_44_Figure_21.jpeg)

### Changes in NOx, SOx and Dust Emissions by the Domestic Electronics Equipment Division

![](_page_44_Figure_23.jpeg)

# Control of Chemical Substances

Casio exercises proper control of chemical substances in compliance with the PRTR Law and endeavors to reduce the volume of their use.

#### Control of Substances Subject to the PRTR Law

Regarding control of chemical substances, Casio has in place a system of environmental control organizations that are set up at sites where chemical substances are used. Built in these organizations are organizations that control chemicals. Under this system, Casio controls chemical substances that are subject to the PRTR Law and files reports as required.

At sites that use large quantities of chemical solutions, drills are held to be ready for such emergencies as chemical solution leakage.

### Efforts to Reduce Quantities Used/Transferred

There has been a large increase in the quantities of PRTR-controlled chemical solutions that are used, due to a massive increase in the volumes of production at electronic component manufacturing plants. At Kochi Casio Co., Ltd., Casio Micronics Co., Ltd. and Kofu Casio Co., Ltd., efforts are under way to recycle chemical solutions (amino ethanol, hydrogen fluoride and its water-soluble salts) so as to achieve reductions.

#### Recycling of Used Chemical Solutions

![](_page_45_Figure_9.jpeg)

#### Complete Discontinuation of Hydrochlorofluorocarbon Use

Casio set out to terminate the use of hydrochlorofluorocarbon by the end of 2004 at all of its manufacturing sites, including those of its contractors. This goal was met in March 2005 as all corporations cooperating with Casio ended the use of the substance.

#### Storage of PCB-containing Equipment

Casio targets to complete the proper disposal of all PCB-containing equipment by the end of fiscal 2005. Equipment that is currently included in the disposal plan consists of 19 capacitors condensers and 258 small ballast for fluorescent that were used in lighting fixtures, all of which are held at Hachioji Research and Development Center, Hamura Research and Development Center and Kofu Casio Co., Ltd.

Casio has stored these items under optimal conditions and filed reports in compliance with the law. Their disposal has been planned to mesh with prefectural plans for disposal facilities.

Casio has made reservations for disposal in Tokyo with Japan Environmental Safety Corporation to dispose of the items that are held at Hachiouji Research and Development Center and Hamura Research and Development Center, and are awaiting the startup of the treatment facilities. The items that are stored at Kofu Casio Co., Ltd. must be treated in Hokkaido because of restrictions on disposal placed by law in the Kofu region. The company is thus awaiting the completion of treatment facilities in 2007. None of Casio's overseas sites holds or controls PCB.

# Complete Discontinuation of Solder containing lead

Casio used lead-free solder in its Eco electronic calculators in 1999, the first such attempt for the company. Since then, the company has worked on curtailing the use of solder containing lead. In fiscal 2003, packaging technologies that are free of solder containing lead were established in all departments, and the use of solder containing lead ended at the end of fiscal 2004. There are, however, some models that were excluded from the change, including those models that are destined for discontinued production.

Use of solder containing lead at overseas sites changed over time as shown in the following chart. However, a switch to lead-free solder was completed at the end of fiscal 2004.

#### Changes in the Use of Solder containing lead at Overseas Sites (Unit: ton)

![](_page_45_Figure_21.jpeg)

(Unit: ton)

#### Transfers and Emissions of PRTR-controlled Substances \*Column totals in the table may not add up, due to rounding errors.

FY2003 FY2004 Class 1 Designated Chemical Substance Name Amount released Amount re Amount eased ing o Quantities Recycled Amount handled Quantities Consumed Amount handled Quantities Quantities Recycled No Atmosphere Public Waters Atmosphere | Public Wat Consume 9.37 Ethylbenzene 40 1 11.71 3.55 8.16 1 2.48 6.90 below 1 ton in fiscal 2004 by reviewing used chemicals Ethylene glycol\* 43 3.24 3.24 Decreasco 2 49.25 24.13 18.49 21.43 **Xvlene** 63 25.12 2 42.28 2.36 Octyl phenyl ether 308 1.18 3.15 3.15 1.18 6.53 2-ethoxyethyl acetate 101 3 16.99 6.87 10.12 3 17.17 10.64 181 15.36 0.00 23.59 Theouria 15.36 23.59 Water-soluble copper salt 207 1 16.89 0.04 16.85 1 23.98 0.01 0.04 23.92 No use within the Group as the processes that use the Toluene 227 1.47 1.47 controlled substances are contracted out Hydrogen fluoride and its water-soluble salts 283 1 13 30 0.07 2 59 10.62 1 9.60 1.92 7 68 2-amino ethano 16 29.83 0.03 0.03 29.77 36.86 0.07 0.04 1.87 34.88 2.67 75.61 41.57 2.00 94.74 155.9 36.12 169.24 27.42 2.36 42.56 Total

\*Ethylene glycol exceeded 1 ton in FY2004 again because of the start-up of a new business at Casio Micronics Co., Ltd. (head office)

# Reduction of Industrial Water Use and Prevention of Soil and Water Contamination

Casio strives to reduce the use of industrial water through such means as recycling of wastewater and prevent the release of contaminants to waterways, soil and subterranean water.

#### Reduction of Industrial Water Use and that of Waste Water

Casio targets to accomplish a 5% reduction in its industrial water usage per unit of production by fiscal 2005 over the levels of fiscal 2000. Casio's company-wide water usage in fiscal 2004 amounted to 14.2 thousand m³/¥1 million, an 18% increase over the fiscal 2000 usage of 12.0 thousand m3/¥1 million.

This was in part due to an increase in the use of water for cleaning, air conditioning and Yamagata Casio's co-generation, resulting from an increase in production volumes. The other reason was a fall in the sale price. The water use per unit of production, after adjustment for Bank of Japan's Domestic Enterprise Price Index (Electrical Equipment), amounted to 7.5 for fiscal 2004 for the entire company, an approximately 15% decrease over the levels of fiscal 2000.

#### Efforts to Reduce Water Use and the Waste Water Volume

With a rise in the production volume, water use in manufacturing processes also grew. The installation of facilities to reuse waste water at Kochi Casio Co., Ltd., Kofu Casio Co., Ltd., and Casio Micronics Co., Ltd., however, led to the Electronic Component Division's use of 1,747 thousand m3 of recycled water, representing 6.7% of the total water use in the preceding fiscal year, or 2,551 thousand m3. By striving to increase the use of recycled water, Casio hopes to continue to lower its industrial water use and the volume of its wastewater.

#### Industrial Water Usage at Overseas Sites

In fiscal 2004, such factors as the new inclusion of P.T. Asahi Electronics Indonesia, which uses large quantities of water, in this report and a production increase at Casio (Thailand) Co., Ltd. caused both the water usage and the water usage per unit of sales to rise. Notwithstanding, Casio is working to lower water usage per unit by organizing a water usage reduction campaign at all sites.

Changes in the Use of Water and those of the Water Use per Unit of Sales at Overseas Sites Water Usage Water Usage per Unit of Sales

![](_page_46_Figure_11.jpeg)

The data were collected from 16 sites, not including Montres Casio France S.A.

Prevention of Water Contamination

Casio steadfastly performs regularlyscheduled maintenance of its wastewater treatment facilities and water quality checks that are mandated by law, as well as files reports to government offices as required by law and ordinances. Casio has never experienced contaminants surpassing their standards-specified limits

With respect to facilities, Casio sets its voluntary standard values at 10 percent or more below the standards that are established by the national and local governments so as to ensure that Casio always clears such government-established standards. Casio installs equipment that is capable of clearing such values by consulting equipment makers.

#### Changes in the Usage of Water / Changes in the Water Usage per Unit of Production at Domestic Sites

Water Usage: Electronics Equipment Division Water Usage per Unit of Production: Electronics Equipment Division

![](_page_46_Figure_18.jpeg)

#### Prevention of Soil and Underground Water Contamination

With respect to prevention of soil and underground water contamination, no accidents, such as leakage, occurred at any of Casio sites during fiscal 2004. No contamination was found in soil or rivers in the vicinity of Casio sites, either.

#### Status in Fiscal 2004

Casio makes it a policy to preferentially examine soil of the premises on which the company has a manufacturing plant or conducts research and development for contamination. In the event contamination is found, the findings are disclosed.

Moreover, a contamination study must be completed and the absence of contamination confirmed before any land is newly purchased. In January 2005, land was purchased for the second plant of Casio Micronics Co., Ltd. This too was preceded by a soil study, which was conducted at the expense of the landowner, and the absence of problems was confirmed.

#### **Results of Soil Contamination** Studios in EV2004

Studies II11 12004	(Unit: numb	per of studies)
	Domestic	Overseas
Land on which a study was completed	4	1
Land that was revealed to have contamination	0	0
Land that has been cleaned	0	0

#### Efforts to Reduce Impact

As for wastewater facilities that may cause soil contamination, Casio implements such measures as a double structure for piping and enclosing chemical solution tanks with concrete that has been given anti-leakage treatment. Whenever suppliers deliver chemical solutions, a Casio supervisor is present on site so that immediate action can be initiated in the event of unanticipated accidents. The departments that use large quantities of chemical solutions that can contaminate soil conduct annual drills by simulating a chemical leakage to ensure full readiness.

# Reduction of Waste Generation and Landfill Wastes

Casio has been working to reduce emissions and promote recycling toward the goal of zero emissions at all Casio sites.

#### Zero Emission

Casio has set up targets in the area of waste generation curtailment to reduce waste generation per unit of production by 30% in fiscal 2005 from the levels of fiscal 2000, and achieve zero emission. \*

In fiscal 2004, Casio reduced its waste generation, partly by installing condensation equipment (through evaporation of water) for waste chemical solutions in the Electronic Component Division. The overall waste generation per unit of production was 30.1 tons/¥1 million, which was 85% of the level reported in fiscal 2000.

Regarding the zero emission target, 10 of the 14 sites that are subject to domestic monitoring achieved zero emission. The remaining four sites are taking various steps to reach the goal.

\* Casio defines "zero emission" to be landfill wastes representing 1% or less of the total wastes.

#### Reduction of Landfill Wastes

As the following diagram shows, waste treatment follows a series of steps taken by a contractor. These steps consist of sorting, intermediate processing, recycling and burial of the final residues in a landfill.

The ability of a waste management company to properly process waste is a prerequisite for the reduction of landfill wastes. Thus, sorting of wastes at the sites where such wastes are generated is extremely important. Accordingly, Casio has implemented activities to ensure that wastes are sorted properly at each of its sites.

Casio also promotes reduction of landfill

Changes in the Quantities of Wastes Generated and Quantities of Landfill Wastes at Domestic Sites

Quantities of Wastes Generated: Electronics Equipment Division Electronic Component Division Quantities of Landfill Wastes: Electronics Equipment Division Electronic Component Division (Unit: ton)

![](_page_47_Figure_15.jpeg)

Changes in the Quantities of Wastes Generated per Basic Unit of Production

Electronics Equipment Division

Component Division

Total

![](_page_47_Figure_17.jpeg)

![](_page_47_Figure_18.jpeg)

![](_page_47_Figure_19.jpeg)

waste by promoting contracts with the most suitable contractors for the specific types of wastes at each Casio site.

#### Status of Wastes at Overseas Sites

Starting with fiscal 2004, P.T. Asahi Electronics Indonesia was newly included in this report. As a result, both the total volume of wastes and their volume per unit increased. At present, measures to reduce the total volume of wastes and their unit are being examined.

#### Changes in the Quantities of Wastes Generated / the Quantities of Landfill Wastes / the Quantities of Wastes Generated per Unit of Sales at Overseas Sites

Quantities of Wastes Generated

#### Quantities of Landfill Wastes

![](_page_47_Figure_26.jpeg)

\* The data were collected from 15 sites, not including Casio (Shanghai) Co., Ltd. or Casio India Co., Pvt. Ltd.

#### Promotion of Recycling

Recognizing that improvement of the recycling rate is an important theme of corporate social responsibility, Casio has been devoting its efforts to sorting of wastes and discovery of new recycling contractors. As the result of these activities, Casio achieved a 57% recycling rate on a companywide basis in fiscal 2004.

![](_page_47_Figure_30.jpeg)

![](_page_47_Figure_31.jpeg)

# Communication about the Environment and Disclosure

Casio strives to actively disclose information through various opportunities and media

# Participation in Exhibitions

Casio has participated in the Eco-products Exhibition since it started. The Eco- products Exhibition is the largest exhibition of environmentally conscions products, services and activities in Japan. In fiscal 2004, Casio sought to build communication with its stakeholders about the environment by introducing Casio products that were developed under the concept of "compact, lightweight, slim, and energy efficient," and also by making a video presentation of Casio's environmental conservation activities.

Casio plans to take part again in the Eco-Products 2005 Exhibition.

![](_page_48_Picture_6.jpeg)

Eco-Products 2004

#### "Sustainability Report Reading Session" Held

On August 3, 2004, Casio invited seven teachers from elementary and middle schools in the Tokyo area to its Hachioji Research and Development Center and held the "Sustainability Report Reading Session."

Casio personnel gave a presentation of Casio's environmental activities, using the Sustainability Report 2004 as the main reference material, and had the participants hold a Casio Green Product (digital camera) and examine it while explanations were provided.

The participants gave the following comments and opinions:

 I felt the need to educate my students about how corporations approach environmental issues.

![](_page_48_Picture_13.jpeg)

Sustainability Report Reading Session

- I felt that it would become necessary for schools to publish what might be called a school management and environmental report so that school education can be evaluated and improved on.
- I was able to develop clear understanding of the concept of LCA (life cycle assessment) and how corporations use it.

#### Publication of Environmental Reports

Casio began to publish its environmental report in 1999. The old reports, together with the latest report, can be viewed at Casio's Website.

![](_page_48_Picture_19.jpeg)

URL http://world.casio.com/env/

![](_page_48_Picture_21.jpeg)

Again in fiscal 2004, Kofu Casio Co., Ltd. published its annual site report. In addition, Kochi Casio Co., Ltd. and Casio Micronics Co., Ltd. published their site reports for the first time. These reports provide details of their site-specific efforts on environmental conservation, resource saving, energy saving, and eco-communication.

![](_page_48_Picture_23.jpeg)

Site Reports 2004 (From left, Kofu Casio, Kochi Casio and Casio Micronics)

#### Information Release on the Environmental Website

In connection with the overall environmental

activities of the Casio Group, a home page has been set up to provide the latest information on the company's environmental activities.

#### http://www.casio.co.jp/csr/ (in Japanese)

![](_page_48_Picture_29.jpeg)

Environment Home Page

#### Participation in the Sustainable Management Forum of Japan

Starting in fiscal 2004, Casio has taken part in the Sustainable Management Forum of Japan by having Mr. Wakao, Section Chief of Casio's CSR Operation Section serve as a director of the forum. His responsibilities include providing manpower assistance to the Sustainable Management Rating Reviews, which are conducted annually by the Sustainable Management Rating Institute, an external organization of the forum, and contributing to the sustainable growth of the society.

URL http://www.smf.gr.jp/index.htm

#### Outside Awards

Yamagata Casio Co., Ltd. received recognition by the Environmental Conservation Council of the Prefecture of Yamagata in fiscal 2005 for its environmental conservation activities over the past three years, including the achievement of zero emission, a reduction of  $CO_2$  emissions with the adoption of a co-generation system, and a reduction of wastes with the development of a defect generation system. The company was conferred with the

"Yamagata Prefectural Governor's Award for Excellence in Promotion of Environmental Conservation."

![](_page_48_Picture_37.jpeg)

Award Certificate

# Consideration for the Environment in the Area of Distribution

Casio endeavors to lower CO<sup>2</sup> emissions that result from the transport of its product by improving the efficiency of distribution through such means as a modal shift.

#### CO<sub>2</sub> Emission Reductions in Domestic Distribution

Casio has a policy of "targeting for distribution that is gentle to the environment, given the mission to improve the levels of distribution services to its customers and users." Based on this policy, Casio strives to reduce the environmental impact of its distribution.

Specific targets in the area of domestic distribution include a 50% reduction in  $CO_2$  emissions (per unit of sales) by 2007 over the 2000 levels.

A look at CO<sub>2</sub> emissions in fiscal 2004 by route reveals that reductions progressed on the formal delivery routes (central distribution center  $\rightarrow$  distribution center  $\rightarrow$ customer) that had been monitored closely. On the other hand, increases occurred along direct shipment routes from a central distribution center to customers, an area that had not been kept track of before. As a consequence, total emissions were 104% and emissions per unit of sales were 93% of the preceding year.

#### Efforts to Reduce CO<sub>2</sub> Emissions

Casio has been pressing forward with the following three action plans in order to realize its target to reduce  $CO_2$  emissions

that result from distribution:

- Reduction of the total transportation distance and the CO<sub>2</sub> emissions while lowering the distribution cost through relocation, elimination and integration of domestic distribution centers.
- (2) Promotion of a modal shift in favor of JR rail containers.
- (3) Promotion of a switch from chartered freight transport to shared deliveries and route services.

#### Example of Efforts

### Relocation, elimination and Integration of Domestic Distribution Centers

#### Delivery of System Goods

In July 2005, production of page printer bodies and toner was transferred from Japan to China. The system distribution center will then be relocated from Kofu to Yokohama. The purpose to reduce the distance of truck transportation from ports by bringing the distribution center closer to the bay area.

#### Delivery of Consumer Goods

In 2005, distribution efficiency improvements will be made by relocating distribution centers to areas near ports and also by promoting their integration with Suzuka Central Distribution Center.

Eastern Distribution Center: Adachi Ward→ Koto Ward (Scheduled for August)

Western Distribution Center: Yodogawa Ward, the City of Osaka → Minato Ward, the City of Osaka (Scheduled for October)

#### Changes in CO<sub>2</sub> Emissions and CO<sub>2</sub> Emissions per Basic Unit of Sales Resulting from Domestic Distribution System Products:

Factory, Seaport, Airport→System Distribution Center Consumer Products:

Factory, Seaport, Airport→Suzuka Central Distribution Center Suzuka Central Distribution Center→Distribution Center Suzuka Central Distribution Center→Customer

■Distribution Center→Custome

#### Per Unit of Sales

![](_page_49_Figure_26.jpeg)

![](_page_49_Figure_27.jpeg)

#### Conventional scope of data compilation

- Routes that are newly included
- In data compilation
   Boutes not vet encompassed
- for data compilation

### Delivery Flow of System Products Domestic Factory Seaport/Airport

![](_page_49_Figure_33.jpeg)

![](_page_49_Figure_34.jpeg)

#### Example of Efforts

#### Promotion of a Modal Shift

A modal shift means a switch in the method of transporting products from trucking, which exerts large environmental impact, to freight transportation by railroad.

Looking at the distribution of consumer goods, where a modal shift was made. CO<sub>2</sub> emissions between central distribution centers and distribution centers in fiscal 2004 decreased by 75 tons-CO<sub>2</sub> over the levels of fiscal 2003. The breakdown shows a decrease in deliveries by trucks and an increase in JR container deliveries. This suggests that a switch to JR containers contributed to CO<sub>2</sub> reductions.

#### Reductions of CO<sub>2</sub> Emissions

![](_page_49_Figure_40.jpeg)

#### CO<sub>2</sub> Emission Reductions in Overseas Distribution

In the past, Casio set its targets only with respect to domestic distribution. Starting with fiscal 2005, however, targets are set newly for overseas distribution too.

Targeting to reduce CO<sub>2</sub> emissions per unit of sales by 5.0% by fiscal 2007 from the levels of fiscal 2004, efforts will be focused on the following themes:

- Integration of Malaysia Distribution Sites
- Printer Packing Box Improvement
- Digital Piano Packing Box Improvement
- Relocation of PA Distribution Site to China
- Stepped-up Use of Chinese Ports instead of H.K. Port
- Relocation of CCP's Delivery Sites to Areas near Ports
- Use of ALLWATER SERVICE for shipping to the East Coast (New Jersey) of the United States (Railroad → Sea)
- Concurrent use of SEA & AIR SERVICE for shipping to Europe

CO <sup>2</sup> Emissio	ons by l	Region	and		
by Route in	FY200	4		(Unit: to	on)
					_

	Boat	Air Transport	Railroad	Total
North America	9,504	35,218	1,303	46,025
Europe	8,854	29,849		38,703
Japan	2.960	7,338	1	10,299
China	132	521		653
ASEAN	79	0		79
Total	21,530	72,926	1,303	95,759

"Differences" shown in the table may not match the results of the computations. This is due to rounding of fractions.

# Consideration for the Environment in Connection with Packaging Materials

Working to successfully develop "environmentally conscious packaging" through our Special Committee on Packaging

#### Reduction of the Environmental Impact of Packaging Materials

Casio is ever in pursuit of the "optimal packaging design for transportation" that is most suitable for specific products and the method of distribution as part of the company's efforts to use environmentally conscious packaging. Casio has been pressing forward to reduce the amount of packaging materials used and that of packaging materials that are discarded through such efforts as the development of structures and shape of packaging themselves and reductions in size and weight of packaging, based on the understanding of product strengths. In addition, the company has been moving aggressively toward using reclaimed resources for packaging and recycling used packaging materials.

#### Special Committee on Packaging

Casio's activities concerning environmentally conscious packaging are run primarily

### Action Policies of the Special Committee on Packaging

#### Main Objectives

Volume reduction of packaging wastes takes up an important part of environmental conservation activities for a sustainable society. The key philosophy of packaging is that either the amount of packaging waste must be reduced or packaging that is gentle to the environment must be created. Casio believes that this is a responsibility that makers should accept willingly.

#### Policies

- Establishment, implementation and evaluation of action targets for environmentally conscious packaging.
- 2.Development of environmentally conscious packaging, and sharing and commercialization of technologies.
- Compliance with laws and regulations of various countries regarding environmentally conscious packaging.
- 4.Ascertainment of the total quantities of packaging materials used by Casio.
- 5. Establishment of packaging quality guidelines.

#### Operation

The Special Committee on Packaging meets on a quarterly basis.

#### **Description of Actions**

Reduction of packaging materials: weight reductions and size reductions Safety of materials: compliance with regula-

tions concerning hazardous substance contents.

**Recyclability:** Use of a single material, Ease of disposal, Compliance with regulations concerning package labeling.

Use of resource-saving materials and reclaimed resources: use of reclaimed paper, reclaimed plastics and non-wood paper. by the Special Committee on Packaging, which is organized by Casio's Environmental Conservation Committee. The committee sets environmental action targets and checks on responses to and management of environment-related matters.

Since fiscal 2000, packaging material usage volumes have been tracked in a database. Targets were set up through fiscal 2003 and efforts made for reductions. In fiscal 2004, along with Casio's business expansion, a new reduction target was set for the total packaging material usage per unit of sales through the end of fiscal 2007. Casio is working toward this goal, which is to reduce packaging material usage by at least 30% by the end of fiscal 2007 from the levels of fiscal 2000.

#### Changes in the Total Packaging Materials Used and Those in the Total Packaging Materials Used per Unit of Sales Total Packaging Materials Used

![](_page_50_Figure_26.jpeg)

\*The figures for Total Packaging Materials Used paperbased, cardboard, polystyrene foam and plastic materials.

#### Efforts to Reduce Packaging Materials

In fiscal 2004, efforts were made to make packaging boxes smaller and lower the quantities of materials used by determining the anti-shock strengths of products and packages. Moreover, attempts were made to reduce the size of packaging boxes and improve the packaging ratio (= volume of a box/volume of a product). In addition, such packaging reduction efforts as a re-examination of packaging materials and a study of efficient dimensions for cutting materials resulted in the total packaging material use per unit of sales in fiscal 2004 to be 2.20, a 5% decrease from the preceding year.

In addition to continuing to conduct these activities, Casio will tackle the following themes in the future:

- Improvement of the ratio of reclaimed plastic material used in plastic packaging, in response to increased demand for the use of plastic in packaging materials stemming from the diversification of packaging design and the growth of sales promotion displays.
- Active promotion of "returnable packaging" that uses shuttle boxes in a move aimed toward resource-recycling distribution.
- Re-examination of the packaging quality assessment standards (specifications related to falls and vibrations), in recognition of the decreased number of delivery routes resulting from efficiency improvements made to the distribution process and the consequential decline in cargo handling frequency.
- Pursuit of "Universal Packaging," which offers ease of opening boxes, ease of taking products out and ease of waste disposal to consumers.
- Reduction of CO<sub>2</sub> emissions with a reduction in the number of containers and the frequency of transportation through improvement of the shipping container loading efficiency, resulting from a reduction in the size of outer boxes for shipment.
- Continued efforts to reduce the amount of polystyrene foam used.

#### Example of Efforts

#### Reduction of Polystyrene Foam Use

The major part of polystyrene foam use is for packaging of large products. In fiscal 2004, polystyrene foam shock absorbers that were used in the packaging of musical instruments were replaced with paperbased materials. In the future, Casio plans to gradually switch over to paper-based pulp molds, mainly for the packaging of (standard) keyboards.

### Changes in Polystyrene foam Used and Those in Polystyrene foam Used per Unit of Sales

![](_page_50_Figure_41.jpeg)

# Recovery and Recycling

Casio believes that its responsibility extends all the way to disposal and recycling of its products. It thus establishes recovery and recycling routes individually for each of its products.

#### Domestic Targets and Actual Results of Fiscal 2004

Casio strives to promote recycling of Casio products by establishing recovery and recycling routes for individual products.

Regarding the actual recovery results and recovery methods, efforts for thorough information are made through such means as publication on Casio's Website.

#### Recovery of Information Devices from Corporate Customers

Casio began to recover and recycle information and communications devices from corporate customers in February 2002, targeting to surpass the recycling target rate that is set by the Law for Promotion of Effective Utilization of Resources (the revised Recycling Law). The company has been working to improve recycling rates by employing such tools as a trade-in campaign for page printers.

#### Recovery of PCs from Households

Casio has been working on the recovery and recycling of end-of-life PCs and monitors that are released from households, targeting to surpass the recycling target rate that is set by the Law for Promotion of Effective Utilization of Resources (the revised Recycling Law).

#### Recovery of Information Devices from Corporate Customers (FY2004)

		Main Body	Monitor	Printer	ECR/Other
		PC/OC	PC/OC CRT/ DO		ECR/POS/ UPS/Other
D	Amount Recovered	11.72tons	7.44tons	27.27tons	4.06tons
Amount Recycled	Amount Recycled	9.94tons	5.77tons	23.66tons	3.51tons
č	Percent Recycled	84.8%	77.6%	86.7%	86.4%
Target Recycling Rate		50%	55%	_	_

#### Recovery of PCs from Households (FY2004)

		Desktop PC	Notebook PC	CRT/LCD
D	Amount Recovered	189kg	13kg	119kg
ecyclin	Amount Recycled	138kg	5kg	98kg
Percent Recycled		72.9%	36.2%	82.7%
Target Recycling Rate		50%	20%	55%

#### Recovery of Portable Rechargeable Batteries

Since becoming a member of JBRC, a limited liability intermediate corporation (formerly Japan Battery Recycling Center) in September 2001, Casio has cooperated with the recovery and recycling of portable rechargeable batteries.

#### Recovery of Drums and Toner-Sets

Since 2000, Casio has been recovering spent drums and toner sets by using contract carriers.

Recovered drums and toner sets are disassembled at the Eco Center of Casio Electronic Manufacturing Co., Ltd. to reclaim reusable parts. Parts that cannot be reused are converted into materials. At present, the recycling rate<sup>\*1</sup> is 100%. Casio will continue to strive to maintain this recycling rate in the future.

### Recovery of Label Printer Tape Cartridges

Casio recovers and recycles used label printer cartridges and DISK title printer ink ribbons that are widely used by corporations and households.

#### Portable Rechargeable Battery Recovery Results

	FY2003	FY2004
NiCd Battery	436kg	289kg
Nickel Hydrogen Battery	20kg	654kg
Lithium Ion Battery	84kg	748kg
Small Sealed Lead Acid Battery	0kg	Okg

#### Drum and Toner Cartridge Recovery Results

			FY2003	FY2004
Amount Processed		ount Processed	235.0tons	717.0tons
Heused Reused Material Recycling		Reused	42tons	83tons
		Material Recycling	193tons	634tons
Percentage Recycled		entage Recycled	100%	100%

#### Label Printer Tape Cartridge Recovery Results

	FY2003	FY2004
Amount Recovered	57,200pieces	77,430pieces
Weight	1.82tons	2.46tons

#### Status of Overseas Recovery and Recycling

#### Casio, Inc.

In the state of California, the California Electronic Waste Recycling Act (SB20) came into effect in September 2003. Under the law, retailers are required to collect recycling fees from consumers when selling electronic products that are subject to this Act for the purpose of proper recycling or disposal. The Act was revised to "SB50" in September 2004 and the scope of covered products expanded.

Casio, Inc. is taking steps to inform consumers the proper ways to dispose of products and file annual reports with the state of California.

In addition, the company is conducting a study of hazardous substances that are contained in products along with the construction of its Green Database.

#### Casio Europe GmbH

The Law concerning Containers and Packaging of Products Sold in Germany (German Container and Packaging Law) that was enacted in 1991 (and most recently revised in 1998) mandates business operators to recover and recycle packaging wastes.

Casio Europe GmbH furnishes DSD<sup>+2</sup> AG a monthly report of actual shipments, and pays licensing fees commensurate with the actual performance to use the "grüne Punkt (Green Dot)," the DSD logo. In Austria, too, licensing fees are paid to ARA<sup>+3</sup> although the shipping volumes are small. The licensing fees in fiscal 2004 were €62,000 in Germany and €3,982.6 in Austria.

- \*1: Recycling rate = (Weight of reusable parts removed + Weight of parts converted to materials) + Weight of goods rendered for recycling.
- \*2: DSD AG: Acronym for Duales System Deutschland AG \*3: ARA: Acronym for Alstoff Recycling Austria

# Response to the WEEE & RoHS Directives

#### System of Promotion

Both the WEEE and RoHS Directives are legal requirements of the European Union (EU). The WEEE Directive mandates the construction of a recovery and recycling system for electric and electronic equipment. The RoHS Directive bans the use of specified hazardous substances (lead, mercury, cadmium, hexavalent chromium, and PBB and PBDE, both of which are bromine-containing flame retarders) that are contained in electric and electronic equipment. European countries are expected to enact and implement laws that are in conformity with these directives

All Casio products are subject to both the WEEE and RoHS Directives. Accordingly, all companies in the Casio Group that are affected by the directives are pressing forward with efforts to be in compliance with these legal requirements. To promote such efforts, the WEEE & RoHS Promotion Work Group was created in 2004 with members from the International Sales dept., the European and American Sales dept., the Overseas System Sales dept., the Development dept., the Distribution dept. and various materials depts. of the Material Control dept., various item depts., and the Environment Center (administrative office)

![](_page_52_Figure_4.jpeg)

![](_page_52_Figure_5.jpeg)

#### Efforts on Response to the WEEE Directive

Casio is in the process of selecting local recycling companies to sign alliance agreements that take into consideration their collection and recycling capabilities, capability to process wastes into renewed resources, and cost of such processing while exchange information with Casio Europe GmbH (Germany) about the contents of laws that are enacted by the legislatures of various countries so as to construct a recovery and recycling system in Europe prior to the deadline for the implementation of the WEEE Directive (i.e., August 13, 2005).

With respect to products that are sold on or after August 13, Casio is moving

#### Trends of Legislation in European Countries

The EU member countries are moving forward at a rapid pace toward the legislation of the WEEE Directive by establishing the mechanics of recovery and recycling systems that are aimed at consumers. In particular, such details as the number of category containers (sorting containers for end-of-life electrical and electronic equipment) to be installed are being examined because of restrictions on recovery locations. (A German category container is shown in the photo.)

In France, an experiment on the recovery and recycling of end-of-life electric and electronic equipment was conducted over a 2-year period between July 2002 and June 2004 in Nante in the North Western region of France. The exforward with preparations to place a designated marking of the WEEE Directive on the main body (handling manual, warranty) of the products.

CEZ

An Example of a Marking on an Alarm Clock

periment was financed by 41 groups in the affected industrial sectors and ADEME (Agence de l'Environnement et de la Maitrise de l'Energie - French Agency for Environment and Energy Management). Nante has a population of approximately 550 thousand. The experiment conducted verification of the re-

covery amounts, recov erv routes and recycling rates. Similar studies for the operation of the directive are under way in many other countries

![](_page_52_Picture_17.jpeg)

#### Efforts on Response to the RoHS Directive

Regarding Casio's efforts to respond to the RoHS directive, Casio hopes to completely eliminate the six specified hazardous substances from products that will be released in the European market on or after July 1, 2006. In the company's environmental action targets, the timing of discontinuation is set at the end of December 2005.

As for specific steps, Casio revised its Green Procurement Standard Manual and incorporated all study data furnished by Casio's suppliers in a Green Database in order to conduct a study of the content of the six specified hazardous substances (percentages contained in homogenous materials) in purchased parts. The Green Database contains a total of 26 substance groups, consisting of the six substances that are specified by the RoHS Directive and other substances that Casio designated.

Designers use this Green Database when selecting parts to verify their compliance with various laws and regulations and their safety. In addition, the Green Database is used in environmental audits of chemical substances prior to product shipment approval is issued. (In these audits, all parts that comprise a product are checked against Green Procurement data and absence of any problems is confirmed as the final step.)

Casio has also constructed a system that enables in-house content analyses by installing a fluorescent X-ray analyzer so that physical verification of parts can be made as needed.

		Fluo
Chemical Substance DB	District Listen         District Listen         Note           Note         6/2         Note         6/2           Note         6/2         Note         6/2	
Chemical Substance Environmental Audit Sheet		

![](_page_52_Picture_26.jpeg)

Fluorescent X-ray Element Analysis

# Employees and Casio

respecting the human rights of individual employees. Casio strives to maintain a comfortable and safe working environment where all employees can realize their capabilities satisfactorily.

![](_page_53_Figure_3.jpeg)

![](_page_53_Picture_6.jpeg)

# Creation of Employment Opportunities

Casio strives to continually create and expand employment opportunities while respecting the human rights of individual persons and not discriminating them on the basis of their gender or disabilities.

## Employment Philosophy and Policies

Casio Code of Conduct states that "We respect others and value cooperation that is free of discrimination. We hold in high regard every individual's human rights, eliminate harassment, remarks and behaviors that are discriminatory on the basis of gender, beliefs, religion, ethnicity, social status or physical handicap, and protect the privacy of individuals." This is one of the most important standards of value judgment in Casio's hiring. Casio will thus strive to continually create employment opportunities to the extent possible under this philosophy.

At the same time, Casio has been working to "secure employment within the Group" by bringing inside the Group work that used to be contracted to companies outside the Group.

#### Number of Employees by Gender (Casio Computer Co., Ltd.) FY2004

![](_page_54_Figure_7.jpeg)

Changes in the Average Number of Service Years by Gender (Casio Computer Co., Ltd.) Male Female (Unit: Year) 20 16.00 **16.30** 15.20 15.10 14.40 13 50 15 11.40 **12.00** 9.80 10.20 8.70 10 7.50 F١ F FY 2000 2001 2002 2003 2004 1999

#### Efforts Relating to Employment

Based on the philosophy and policies described above and while responding to changes in the environment that surrounds the labor market and the society, Casio respects every individual's human rights as well as individuality, hiring individuals who are highly motivated to work regardless of their gender, creed, religion, ethnicity, social status or disability.

Casio Computer Co., Ltd. supports Nippon Keidanren (Japan Business Federations)'s "Charter of Corporate Ethics for Screening and Employing New Graduates" and minimizes the impact on students' learning of hiring them at extremely early stages of the hiring season. In addition, Casio holds its interviews on Saturdays or other hours that are easy for students to take part in so that many students are extended an opportunity to be interviewed. Casio is determined to help students seek employment without sacrificing their school work and thus will continue to improve its hiring activities without being limited by corporate logic. In fiscal 2004, the activities were energetically promoted. Casio website was updated to include enriched hiring information. At the same time, hiring for specific job types increased and interviews were held in multiple regions. As a consequence, hiring of foreigners and women dramatically grew. Fifty nine new graduates, including four foreigners and ten women (consisting of 49 engineers and 10 administrative workers) joined the company in the spring of 2005. In addition, six people, including one woman, making career changes were hired. (Five are engineers and one is an administrative worker.)

#### Changes in Regularly-scheduled Hiring (Casio Computer Co., Ltd.)

![](_page_54_Figure_14.jpeg)

#### Hiring Disabled Workers

Casio hopes to work with individuals who courageously keep on tackling challenges with strong determination to materialize dreams. Casio therefore seeks people with a spirit of challenge and willingness to work exercising their creativity regardless of their disabilities.

Casio is improving the internal environment so that disabled workers would capitalize on their abilities and aptitude to the maximum extent possible.

Examples of such work are the con-

struction of lavatories for disabled workers at both Hamura Research and Development Center and Hachioji Research and Development Center; implementation of commuting by car by disabled workers at the Head Office, Hamura Research and Development Center and Hachioji Research and Development Center; and remodeling at the Head Office and Hachioji Research and Development Center to make the workplace barrier free. Looking ahead, Casio will continue to promote the construction of a work environment that is pleasant for anyone to work in.

#### http://www.casio.co.jp/ saiyou/career2/

![](_page_54_Picture_21.jpeg)

Hiring Information Website for Disabled Applicants

#### Hiring Older Workers

Since 2001, Casio has run the Casio Senior Staff Program (CSP). Its purpose is to provide employees who reach the mandatory retirement age with employment opportunities and to effectively utilize the skills and know-how that these employees have accumulated within the Group.

Under this program, employees who reach the mandatory retirement age register with Casio Information Service (CIS), which is the outsourcing company within the Group, as long as they have the desire to continue to work, are healthy and possess knowledge and skills that are deemed to be usable within a Group company. After finding a new job through CIS, they conclude an employment contract. As of the end of fiscal 2004, 21 retired workers were still working within the Casio Group by taking advantage of CSP.

### Changes in the Employment of Senior Workers (Casio Computer Co., Ltd.)

![](_page_54_Figure_27.jpeg)

# Appointment and Effective Posting of Qualified Workers

Casio creates a sound corporate climate by appointing qualified workers in a fair and equitable process, based on the "merit system" and "results orientation."

#### Philosophy and Policies

At the base of Casio's human resource system are the "equity and fairness" and the materialization of "Creativity and Contribution," the corporate creed. The company reviews the system as it continually seeks a better way in response to changes in the surrounding environment.

Under the "merit system," workers are recognized fairly for their competence that they manifest through their work irrespective of their academic backgrounds, age or length of service. The "results orientation" determines the grade and compensation of workers based on the results they actually achieved in the roles they are assigned to. The objective of Casio's human resource system is to strike a balance between the growth of employees and the company's growth at the most optimal level.

#### Structure of Human Resource Systems

As shown in the diagram below, Casio's human resource system consists of three subsystems: the Grade System, Appraisal System and Compensation System.

The "Grade System" forms the base of Casio's human resource system. The "Qualification System" applies to non-managerial employees, who are promoted based on the growth of their ability to perform their duties. The "Professional System" applies to managers and specialists, who are graded

#### Diagram of the Structure of Human Resource Systems

![](_page_55_Figure_10.jpeg)

#### and ranked, based on their individual functions and accomplishments.

In the "Appraisal System," employees are evaluated along three scales, consisting of the evaluation of the extent that they attained the objectives set under the management by objective program, evaluation of their work in their job type, and the evaluation of the extent of contribution they made toward department goals. The evaluation is relative and made on a 5-point scale. The results are reflected in bonuses, pay increases and promotions. The appraisal results are explained to employees to their highly understandings and satisfaction through feed-back interview with their supervisors.

The "Compensation System" applies a salary range that is based on job-grade under the principle of "merit-based competitive salary." Pay raises are given in harmony with performance evaluation and salary levels. Bonuses are distributed with modulation, based on semiannual performance evaluation.

#### Topics

#### Invention Prizes

In 1968, Casio created its "Award Program" to recognize employees' contribution to inventions and creative work. By providing incentive to inventors and creators, the program serves to motivate company's engineers to tackle new technology.

In addition, Casio revised its regulations concerning inventions and added a discussion process to allow inventors to express their opinions and a program to allow inventors to protest the amount of prizes in compliance with the provisions of Article 35 of the new Patent Law (employee inventions), which came into effect in April 2005.

#### Topics

#### Presentation of "The President's Award and the President's Award for Cost Ratio Reductions"

Casio Computer Co., Ltd. recognizes employees who made significant contributions to the expansion and growth of its business by conferring the President's Award.

In fiscal 2004, evaluations were made with attention to "significant contribution to the attainment of corporate-wide targets through creative work and activities for improvement to expand and develop business, accompanied by development of techniques and mechanisms that are innovative and have potential for growth" in such areas as (1) product development, (2) sales promotion (3) research and development. (4) control improvement and (5) image improvement. The review resulted in a total of eight awards, consisting of two most outstanding performance awards, two outstanding performance awards, and four encouragement awards.

Furthermore, the President's Award for Cost Ratio Reduction was established with the goal of making substantial improvements in the company's cost structure, stabilizing the business and improving the profit ratio between fiscal 2004 and 2005. The objective of this award is to lower the company-wide cost ratio by three percent (over the level of fiscal 2003) during the award period, which is limited to two years. In fiscal 2004, the initial year of this award, "themes that significantly contributed toward cost ratio reductions in individual product businesses and which also contributed toward this year's cost ratio reductions" were selected. Two outstanding performance awards and three encouragement awards for a total of five awards were conferred

#### System of Human Resource Development

Casio has various systems for human resource development with the intent to "develop creative human resources that are eager to take on challenges" and "train professionals with early selection of specialized fields."

The "professional human resources" in Casio's concept have two profiles. One is that of "strategic generalists that pass on the company's corporate culture." The other is that of "specialists that pass on the company's intrinsic technology and know-how."

Casio approaches the nurturing of these workers with the philosophy that "people

grow through their work" and that "the source of growth is one's will." Based on this belief, Casio supports growth and skill improvement of its workers by providing them with an environment in which new abilities are constantly demanded and by giving the workers opportunities to overcome challenges by relying on their own determination and efforts.

For this reason, Casio's system of human resource development is anchored in skill improvement through actual work, or OJT. Various training programs that are offered as offthe-job training (Off-JT) are positioned as supplementary training, such as the systematic learning of theories.

#### Career Challenge Program

Casio Computer Co., Ltd. initiated the Career Challenge Program in 1998 with the goal of realizing career development that takes into account individual employees' careers, skills and wishes. In this program, an employee provides a statement of his/her career history and accomplishments and requests the types of jobs he/she wishes to have while his/her supervisor (department head) makes a suggestion as to the future course of career growth, all through the intranet website. The information is used in such human resource development-related measures as the determination of future job placements and training opportunities.

#### Internal Job Postings

Casio Compute Co., Ltd. has constructed an "internal job posting system" to recruit workers from within the company. When the company determines that appointment of workers who have specific skills or those who have specialized training of a certain level is necessary for starting a new business operation or staffing key business operations, it publicizes the job openings by clearly stating the knowl-

Diagram of Human Resource Development System

OJT	Off-JT
Measures to train existing workers into professionals Assessment of Job Performance (Behavioral assessment that articulates the job performance that is expected of a professional in each of the job types, checks the actual per- formance of a worker against the expectations every six months to produce a self assessment and an assessment by his/her supervisor to en- courage the attainment of such expectations)	Executive Training (Nurturing of entrepreneurs who can dramatically reform the busi- ness and maximize the organiza- tional strength.)
OJT-MAP (A tool that effectively supports OJT between a younger employee and his/her direct supervi- sor by clearly indicating the basic skills re- quired of younger workers in each of the job types, and by placing them into different levels of annual skills targets.)	Skill Selective Training and efficiently acquire needed skills.)
Career Road Map (A basic system that clearly presents the ca- reer course an employee should follow to be- come a professional employee in any of the career paths, such as sales and engineering, and serves as reference for an employee's ca- reer orientation and his/her supervisor's place- ment policies.)	Career Development Training (A training program that aids younger workers develop career orientation.)
Career Challenge Program (An employee periodically provides the compa- ny with information on his/her career, skills and	
Willing tess to take on of taken liges. His/her super- visor also provides a clear suggestion for individ- ual subordinates' courses of future growth. The information serves as an important reference for future placement of individual employees.)	Newly-hired Engineer Education (The aim is to let newly-hired engineers acquire basic engineering skills.)
Open Job Posting Program (The program aims to support the business needs of the company and employees' career orientation at the same time. Applicants to open job postings are reviewed and those who fit the job requirements best are transfer- red preferentially to the new positions.)	Introductory Training of New Employees (Provides new employees with the basic knowledge about being Casio employees.)

edge, work experience, skills or specialization required for the jobs and seek gualified applicants widely from within the company. All applications are reviewed along such factors as "whether or not their skills, abilities and aptitude meet the needs of the hiring departments," "relative merits of having the applicants join the new departments in relation to the demerits of removing them from their current organizations," and the "willingness of the applicants to take on new challenges." The review is followed by an interview by an officer responsible and the manager of the hiring department, and by the human resource department. The officer in charge of personnel makes the final decision.

In fiscal 2004, Casio recruited in three areas: "overseas sales," "public relations" and "human resources." Over 40 employees applied, and eight were given new assignments. The program has been implemented on a trial basis for three times since 2002. However, the board of directors approved formal implementation of the program as a system starting with fiscal 2005. The company hopes to actively use this system in the future to energize employees and build a climate that accepts challenge while striking a balance between the company's business needs and individuals' career formation.

#### Education and Training Programs

Casio offers various education and training programs that provide knowledge and skills required for the performance of jobs so as to meet the desire of its employees for growth.

To start, newly hired employees and other younger workers are provided with basic skills training and career development support in "job grade-based training." To follow, the company is expanding "skill selective training," which effectively and efficiently supports acquisition of required skills by workers who target to become professionals in charge. In addition, Casio offers "self improvement training" to back up the desire of employees for growth from various angles with English and Chinese language classes and a wide assortment of crrespondence courses.

![](_page_56_Picture_14.jpeg)

Training Scene

# Creation of a Worker-friendly Work Environment

Casio is pressing forward with the construction of an environment and a system that permit all employees to demonstrate their full capabilities.

#### Policies concerning Construction of a Work Environment

Casio strives to build a work environment that is friendly to all workers so that every one of them can demonstrate their full capabilities. As part of such efforts, we are working to shorten the total annual hours worked by employees and expand support programs that give consideration to family demand that workers face, such as child care and nursing care.

#### Vacations

Toward the goal of shortening the annual working hours by employees, Casio is pressing forward with the construction of an environment and climate that enable employees to actively take paid vacations.

In fiscal 2004, 21.8 paid vacation days were given, and 55.3% of them were claimed. The number of days of paid vacation taken was 9.9 days and the number of half-day vacations claimed was 4.4 times. (Based on sole Casio Computer Co., Ltd.)

In 1997, Casio started its "Vacation Day Accumulation Program." Under the program, part of unclaimed paid vacation days that otherwise would expire is carried over and made available for use in case an employee faces personal situations, injuries or illness that prevents him/her from working. Furthermore, employees with at least 10 years of service are granted five days of vacation to get refreshed.

Casio established its "Rules concerning Child Care Leaves" in 1996 in accordance with the company's employment regulations. The rules are applicable to employees with a child or children younger than one year, and have been revised in response to changes in laws and the environment. In addition, employees who have a family member requiring care are covered by the "Rules concerning Nursing Care Leaves." The rules also have been revised as necessary since their establishment in 1999.

#### Changes in the Number of Employees Taking Child Care Leaves

![](_page_57_Figure_13.jpeg)

#### Continued Promotion of Support to Achieving a Balance between Work and Family -In Preparation of the Law Concerning the Promotion of Measures to Aid the Nurturing of the Next Generation of Children-

Casio has always worked on establishing various vacation programs, including child care leaves and nursing care leaves, so that all employees may demonstrate their full capabilities in a work environment that accommodates their needs.

In preparation of the implementation of the Law Concerning the Promotion of Measures to Aid the Nurturing of the Next Generation of Children in April 2005, Casio had held numerous discussions at its labor-management committee level so that the company may provide further assistance to permit its workers to balance work and family. At the Central Labor-Management Council meeting in April 2005, the Special Committee on Aid to the Nurturing of the Next Generation of Children was set up and the following action plan was established:

Objectives of the Special Committee on Aid to the Nurturing of the Next Generation of Childr

- To create a work climate in which all employees understand the importance of "helping workers achieve a balance between work and family, and show understanding and offer cooperation to the employees who seek to receive the benefit of various programs.
- To provide support to employees who request a leave for child care or nursing care so that the workers can retain and improve their professional skills and return to work smoothly.
- To disclose to employees, who wish to receive the application of laws and regulations as well as the company's various systems of support in connection with "aid to the balancing between work and family," the workings and procedures relating to such laws, regulations and company's various systems in a way that is easy to understand.
- To advise the Labor-Management Council as to the direction of improvement concerning various systems for the "support of the balancing between work and family," based on the employees' needs and industry trends.

#### Targets

Target 1: Creation of an environment that permits employees to claim vacations easily. (1) Advance planning of paid vacation requests. (2) An expansion of leaves with a specific purpose.

- Target 2: Creation of an environment that permits employees to gain time off for child care or nursing care (leaves or shorter hours workdays), and improvement of acquisition status. (During the planned period, at least one male employee gains a child care leave, etc. (including shorter hours workdays) and usage raito of female employees' child care leaves reach at least 70%.)
- Target 3: To enable workers returning from child care leaves to be reintegrated smoothly. Target 4: To construct a system that reflects the opinions of employees on the action plan.

#### Schedule

- Apr. 2005 Central Labor-Management Council (Organization of the Special Committee and discussion of the action plan)
  - An expansion of reasons for gaining paid vacation time carryovers (An addition of doctor visits by pregnant workers and family nursing care).
     An expansion of shorter hours workdays for childcare by employees (from
    - 3 years of age to until entry in elementary school). - An expansion of a special leave of absence for a child delivery by an em-
  - ployee's spouse from one day to two days. - An expansion of the number of times that paid vacation days can be split into half days (from 12 times to 18 times).
- Jun.2005 The first Special Committee meeting (Confirmation of the action plan) Jul. 2005 Information to employees regarding a plan on planned paid vacations and
- encouragement of taking vacations. Aug.2005 Gathering of opinions at a meeting between labor and management at the
- Sales Department Chapter (- September). Aug.2005 The second Special Committee meeting (Discussion of a manual, an office
- for employees to contact, and management education Sep.2005 Preparation of a manual on the program of child care and nursing care
- leaves, and procedures for claiming them; information dissemination about the program; creation of an office for employees to contact about child care and nursing care leaves; and implementation of management education.
- Oct. 2005 The third Special Committee meeting (Discussion of an HP, and confirmation of the results of the opinion gathering)
- Jan. 2006 Start-up of an HP concerning measures to aid the nurturing of the next generation of children.
- Feb.2006 The fourth Special Committee meeting (Summarization of this year and confirmation of the tasks for next year)

![](_page_57_Figure_39.jpeg)

#### Expansion of Fringe Benefits

#### Casio Group Benefit Association

Casio strives to provide all employees of the Casio Group with a full range of fringe benefits, as well as maintain and improve these benefits. The benefit program is administered mainly by the Casio Group Benefit Association. Specifically, the association issues various congratulatory or condolence payments relating to its mutual benefit work to its members on such occasions as wedding, child birth, wedding anniversary, graduation of a member's child from middle school, hospital admission and death. In addition, the association runs a pension program for surviving families, a lending program (of small amounts), and arranges for group insurance.

In fiscal 2004, the association consolidated information on all of its services and placed it on a company HP so as to ensure that its benefit activities are well known. This replaced the sending of information that used to be done on an individual basis. As a result, the recognition level of the association's activities among employees was raised, and more employees began to participate in the program.

#### Topics

#### Introduction of the Care Provider Discount Program

The Casio Group Benefit Association adopted a care provider coupon program in April 2002. This program allows members of the association and their families to use nursing care coupons to receive services at a discounted rate when a care provider is needed for temporary childcare, illness or nursing care at home. Individuals using the program receive nursing care coupons from the association's office, selects an agency that is a member of the Japan Clinical Nursing Housekeeping Association from the "list of agencies" that is furnished with the coupons, and applies.

#### Recreational Activities

At Casio, the labor union plans, organizes and runs various recreational activities and furnishes information on distant learning classes for life-long education as a way to help employees and their families enjoy healthy and fulfilling lives.

In fiscal 2004, a trout fishing competition, clam digging, beach seining and a sports day were held. Each of these events was attended by many employees and their families and was instrumental in deepening friendship among them. Regarding distant learning classes for life-long education, guidebooks were distributed. Eleven employees took classes.

![](_page_58_Picture_11.jpeg)

Sports Day

#### Communication among Employees

Casio has taken steps to build a Web-based environment to activate two-way communication among employees.

In 2002, Casio Computer Co., Ltd. started up an in-house portal called "C's\$Cafe" for company-wide dissemination and sharing of information. The portal contributes greatly to the sharing of information within the company, productivity improvement and reduction of paper use by making available a wide range of information, including not only business communication within the company but also messages from the company president, communication between the sales people on the forefront and the development staff, various application-related work, pay slip information, indirect commodity purchase, and travel expense reimbursement.

In fiscal 2004, "Blog technology" was introduced so information can be sent out more easily. This reduced the content creation time to a quarter of what it used to take. In addition, an English language portal was started up to enable sharing of information at a global level. The target of 90 thousand hits per day was surpassed greatly. In the future, contents directed at overseas employees will

	Top   Ufe   Hy Job   Community   Unit	1088	
NCL	【後秋の後時に更新】【こかべージゼスター) トップ・ニュース	ページに設定!1 第33	20064 67076 1641129 XW
社員ホームページ カンパル日本家	社長 原価単価通について調話		
12/180031112 - ABRANIEN - 2181 - 12/18004444	1月回日、1月17日出版工作開発工程に生産通知工程の社員の2006月1日的に、代知社員の普遍平在10月22日で 1月回日、東京 2月20日	MERCS	
・9節5二a - ス ・WERREA ・27月2,40K ・金藤原豊二a - ス		-9410'20	w TVPE-RJ EL63047.7-9480'
107.07-949-0 -00496.0019 FLADA -00496.0019466	(注)、資源する新規(資料)まございません。		
	・研究2日1時ににビュータウルを入加したみの目前現在のためらせば用用用の ・研究2日1に回りカー・ダーシック用したために、~10の原始時のの問題を展示についている20		**** : 10730
	・5月28日は小さ時に2~12月ンであり時後日の回家業が多期が行ちたご案内パンクは時時間) ・5月28日は小さ時に2~12月上やおりな内を見たり使うしたが大いたご案内パンクすた日 ・5月28日は小さ時に2~12月上やおりな内を見たり使うしたが大いたご案内パンクすた日		*##56 CD-7#56
X3.94	・1月21日「第二日回日からステールご知らう」が「第二日は日本の発見」への時で回げられる単体はトランクス3	-10.8	「おかけある「メールアドレス

In-house Portal "C's☆Cafe"

be expanded, and a new target of 120 thousand hits per day is hoped to be achieved by the end of fiscal 2005.

## Communication between Labor and Management

Through regular communication between the management and the labor union, Casio hopes to raise the awareness of employees about participating in the company's management, and establish close communication between labor and management.

At the core of this labor-management communication is the Japan Federation of Workers' Labor-Management Conference," which is held twice a year (in September and February). At these conferences, opinions of the management and labor, both representing the entire Casio Group, are exchanged. In addition, close communication is maintained at various levels and in varying scopes, including the Central Labor-Management Meeting, the Division Labor-Management Meeting, and Sales Chapter Labor-Management Meeting.

As of the end of fiscal 2004, 4,637 of the 7,035 employees of Casio Computer Co., Ltd. and its domestic Group companies were members of the labor union.

#### Efforts on the Protection of Employees' Personal Data

In response to the Personal Information Protection Law, which came into full effect in April 2005, Casio has devoted its efforts on constructing a mechanism to protect personal data on employees. In time with the full enforcement of the law in April 2005, the company issued a memo entitled "Handling of Personal Information of Employees" to thoroughly educate employees about the definition of personal information, rules that govern the acquisition of such information, purpose for using it, considerations to be paid when sharing the information with third parties and the rights of employees. In addition, an office was created within the Human Resource Department at the company's head office for employees to contact and reauest disclosure.  $\rightarrow$  P18

# Efforts on Occupational Safety and Health

Casio promotes various measures through maintenance and promotion of employees' health and prevention of occupational injuries.

#### **Basic Philosophy**

The entire Casio Group promotes the construction of a work environment where employees can work without worries in compliance with the Occupational Safety and Health Law and various other laws, in addition to Casio's employment regulations so as to "maintain and promote employee's health" and "prevent the cause of occupational injuries and their recurrence."

In overseas Group companies, similar measures are adopted in compliance with the laws and regulations of the countries to which they belong.

#### Activities of the Occupational Safety and Health Committee

Casio Computer Co., Ltd. has an Occupational Safety and Health Committee at its head office in accordance with Article 18 of the Occupational Safety and Health Law. The committee meets monthly pursuant to the "Casio Computer Co., Ltd. Head Office Safety and Health Regulations" and promotes various measures to keep employees physically and mentally healthy and ensure occupational safety.

In fiscal 2004, (1) promotion of health, (2) improvement of mental health, and (3) improvement of awareness about occupational safety were selected to be the key tasks and the following activities were carried out:

#### Promotion of Employees' Health

Casio offers annual physical exams to all employees. The company endeavors to increase the items checked in the examination and also devotes its efforts on secondary exams and follow-ups. A clinic (internal medicine and dentistry) is open at the head office of Casio Computer Co., Ltd. and staffed by a full-time doctor who looks after the health of Casio employees.

In fiscal 2004, a physical exam was conducted in July (on 890 employees), which had 100% participation. In 2000, Casio started a "Walking Campaign" for the maintenance and promotion of health and prevention of lifestyle-related diseases. The campaign was run at various locations between September and November, and was participated by many people, including families of employees. Casio also signed an agreement with a sport club and began to offer opportunities for employees to promote their health.

#### Oral Health Education

In April 2003, a column entitled "Diseases Originate in the Mouth," written by the head office clinic's dentist, began to be published on the company's internal Web site. This oral hygiene education activity was continued into fiscal 2004.

Actual Results of the Annual Safety and Health Promotion Plan for FY 2004 (Casio Computer Co., Ltd.)

Item	Key Goals	Results of Activities
Nationwide Activities	To implement various measures to correspond with nationwide activities.	Safety Week (July 1 ~ 7) Industrial Health Week (October 1 ~ 7)
Physical Exams and Health Building	To strive to keep the participation in physical ex- ams at the 100% level and promote efforts to be healthy.	Regular Physical Exams (July 13 ~ 22) Follow-up (consultation about health) Walking Campaign (September ~ November)
Health Promotion Seminar	To hold seminars on promoting health and furnish information.	"Promotion of Health and the Role of Supervisors" Seminar May 13: Head Office, November 18: Hamura
Mental Health	To arrange for the use of telephone consultation in cooperation with the health insurer as necessary.	Determined the status of use and reported at a Safety and Health Committee meeting
Smoke Cessation Measures	To strive to conduct education activities and fur- nish information.	Posted smoking cessation education posters
Anti-Obesity Measures	To strive to conduct education activities, furnish in- formation, and promote exercises to prevent obe- sity.	Created a new healthy menu in the employee cafeteria Offered health promotion opportunities under an agree- ment with a sports club
Infectious Disease Measures	To furnish information from time to time as needed (on SARS, influenza, etc.)	Raised awareness about influenza (October 28) Provided information about thoroughness in influenza prevention (January 27)
Training of Health Management Personnel	To train on a regular basis.	Training under way with an enrollment in a distant learn- ing class.
Social Contribution Activity (Blood Donation)	To implement twice a year.	Assistance with blood donation July 2 and November 19 Marrow donor registry November 19
Work Site Inspections	To implement to correspond with the Industrial Health Week.	Implemented on all floors.
Measurement of the Work Environment	To measure temperature, humidity, air flow, carbon monoxide, carbon dioxide, dust, noise and illumin- ation intensity.	Measurements were taken on the 20th day of even numbered months.
Committee Activities	To hold Occupational Safety and Health Commit- tee meetings regularly.	Held consistently on a monthly basis.
Other	To promote health and offer health education, and expand the scope of the internal Web site.	Publication of a dental column

![](_page_60_Figure_0.jpeg)

Column "Diseases Originate in the Mouth"

#### Employee Cafeterias

Casio's employee cafeterias offer a healthy menu with attention paid to calories and nutritional balance. The menu includes information on the energy, salinity and fat contents to ensure safety of dining, as well as to improve and prevent obesity and lifestyle-related diseases.

In March 2005, a "Company-wide Employee Cafeteria Conference" was held to strengthen cooperation among the company, Casio Health Insurance Union, and the employee cafeterias. The conference was attended by on-site supervisors, a nutritionist, and a nurse to provide support to the education campaign about obesity and lifestyle-related diseases. The employee cafeterias also hold health promotion fairs at each site and promote their health promoting menus.

#### Mental Health Care

Anxiety, worries and stress about work and workplace conditions have become important social issues in recent years. Construction of an environment for mental health care within corporations is now being sought. This can be seen among other places in the 2000 publication of the Ministry of Labour (currently the Ministry of Health, Labour and Welfare), entitled the "Guidelines for Sound Mental health and physical care program."

Casio too strives to raise awareness about "mental health" through such channels as a seminar for managers. Furthermore, Casio encourages workers to have off-hour physical exams by an occupational health physician so as to prevent health problems resulting from excessively heavy work. Consultation is also given at clinics and the "Mental health and physical care program," an outside consultation office.

#### Promotion of Health and the Role of Supervisors" Seminar for Managers

A seminar for managers, entitled "Promotion of Health and the Bole of Supervisors." was held at the Head Office (in May) and at Hamura Research and Development Center (in November). Both sessions were attended by many managers. The occupational health physician from the Head Office clinic gave a lecture, systematically encompassing diverse subjects, including physical exams, taking steps to be healthy, excessive work and health hazards, duty to pay attention to safety, and mental health. In particular, he stressed the role that supervisors should play in the health management of workers. Participating managers listened attentively.

![](_page_60_Picture_11.jpeg)

Seminar for Managers

#### Prevention of Occupational Injuries

Casio has been working toward "Zero Occupational Injury" and engaged in safety activities that target to achieve no accident or injury at each of the work sites. In addition, each site provides disaster prevention training and conducts evacuation drills to prepare for emergencies.

The number of employees taking time off for reasons of occupational injuries (over the past five years) (Casio Computer Co., Ltd.)

	Number of Workers	Number of Days
FY2000	0	0
FY2001	0	0
FY2002	1	73
FY2003	0	0
FY2004	0	0

#### List of Disaster Prevention and Fire Drills Conducted in FY2004 (Major Sites)

Names of Major Sites	Date of Implementation
Casio Computer Co., Ltd. – Head Office Building	Sep. 2004
Casio Computer Co., Ltd. – Hamura Research and Development Center	Mar. 2005
Casio Computer Co., Ltd. – Hachioji Research and Development Center	Dec. 2004
Casio Computer Co., Ltd. – Ome Site (Casio Micronics Co., Ltd.)	Dec. 2004
Casio Hitachi Mobile Communications Co., Ltd.	Feb. 2005
Kofu Casio Co., Ltd.	Sep. 2004
Kochi Casio Co., Ltd.	Jul. 2004
Yamagata Casio Co., Ltd.	Oct. 2004

\* Fire drills are held at other affiliate companies too by mocking real fires so as to raise awareness about disaster prevention.

#### Emergency Relief Training at Hamura Research and Development Center

On December 3, 2004, firemen from the Hamura fire station within the Fussa Fire Department were invited to Hamura Research and Development Center to conduct emergency relief training.

Approximately 150 workers, including the fire warden at the center, members from the notification and communication group, evacuation guidance group, fire extinguishing group, electricity and machinery group, and voluntary firemen of the medical office, participated in the training. Under the guidance of the firemen from the Hamura fire station, they received over one hour of training in life-saving first aid.

![](_page_60_Picture_23.jpeg)

Training in Life-saving First Aid

![](_page_61_Picture_0.jpeg)

#### **Chapter IV**

# Society and Casio

Casio makes social contribution in unique ways so as to achieve sustained growth of both the society and the company itself. Casio conducts various activities to contribute to local, civic and international communities.

![](_page_61_Picture_4.jpeg)

61

# Social Contribution Activities

Casio fulfills its broad responsibility to the society by capitalizing on its proprietary know-how and management resources.

#### Policies regarding Social Contribution Activities

Sustained growth of a corporation is possible only when sustained development of the global society takes place. Casio's wish is to make social contributions in unique ways that is possible only for Casio in accordance with the company's management philosophy of "Creativity and Contribution" and by capitalizing on its proprietary know-how and management resources that are represented by Casio's core competence, namely, "small size, light weight, thinness and low power usage."

Casio will continue to make dedicated social contribution efforts in five key areas. They are "environmental conservation" to protect the irreplaceable global resources and environment; "education" to fulfill our responsibility to the next generation of people, who will bolster the future of the world; "culture and arts" to provide people with joy and inspirations; "academics and research" that contribute to the development of cutting-edge science and technology that are indispensable for the society to grow; and "community activities" as a member of the community.

Furthermore, Casio strives to be a corporation that is trusted by voluntarily setting its responsibilities to the society based on its communication with all of its stakeholders, and fulfilling these responsibilities as a good corporate citizen in accordance with the Charter of Creativity for Casio and the Casio Common Commitment.

# System of Promoting Social Contribution Activities

In the area of Casio's social contribution activities, individual departments promote separate themes that heed the unique features of individual companies and business sites. The CSR Operations Section, which was created in April 2004, promotes common themes and provides overall control, as well as accept inquiries about donations and contributions. In addition, the CSR Operations Section deliberates on the policies, plans and budgets of Casio's social contribution activities. In fiscal 2004, the CSR Operations Section conducted a survey of domestic and overseas sites to gain understanding of the current status and the committee adopted policies on future activities.

The main focus of Casio's future activities will be on the environmental conservation and interaction with children, who will form the next generation. In addition, levels of activities at various sites will be coordinated through periodic information gathering and information exchange on social contribution activities so as to promote further activities.

#### Contribution to Local Communities

#### Factory Tours for 10,000 people

"The Factory Tours for 10,000 people" program was initiated in February 2004. The concept is to plant the "strength for living" in children by taking them on a tour of a Casio plant.

The children may come to realize the bonds of their families as they watch their parents work. They may understand the functions of a product and be awakened to the wonder of science by observing a production line or by doing a simple assembly of a product. They may listen to passionate talks of employees and find that dreams do come true when you keep on working hard without giving up. And hopefully they become motivated to cherish the global environment when they come across Casio's environmental activities. Casio hopes to contribute to the nurturing of people who will be the integral members of the future society by offering these opportunities for "awareness."

In fiscal 2004, students from five schools were invited, mainly to Kofu Casio Co., Ltd. Approximately 140 people, including the board of education chairmen from various municipalities, visited. In fiscal 2005, this program will be expanded with

cooperation from production sites so that tours will be open to visitors from all over Japan.

![](_page_62_Picture_17.jpeg)

Factory Tour Scene

Participation in "Kids' ISO" Program "Kids' ISO" is an environmental education program for children that was developed in 2000 by the International Art and Technology Cooperation Organization (ArTech), a non-profit organization. The program is conducted in various places in the world in cooperation with UN organizations and ISO. The goal of the program is to educate children to develop hope and confidence about the future while building strength for living through contributions to global environment and exposures to opportunities that let each one of them develop "awareness." In Japan, the program is implemented at the prefectural and municipal levels, as well as by an increasing number of corporations. Over 300 schools and approximately 70 thousand children throughout Japan have participated in the program.

Casio supports "Kids' ISO" program, and began to introduce it to various elementary schools by taking the opportunity of their factory visits in fiscal 2004. Our staff that has earned the instructor's certification guide the children with environmental activities based on the ISO philosophy. Casio's program has received immense appreciation from local communities. Starting in fiscal 2005, Casio plans to expand the program nationwide with the cooperation of its production sites. In addition, the government of Tokyo started to take the "Kids' ISO Program" to elementary schools as part of its environmental education and global warming countermeasures that apply to homes. In fiscal 2005, the program will be used with the 5th and 6th graders, and targets to encompass 150 schools in Tokyo (approximately 10,000 students). Casio supports this program and will participate in it as a sponsoring corporation.

![](_page_62_Picture_21.jpeg)

Kids' ISO

### Society and Casio Social Contribution Activities

#### Hosting CASIO WORLD OPEN Golf Tournament

Since 1981, Casio has held CASIO WORLD OPEN Golf tournament at Ibusuki Golf Club in the prefecture of Kagoshima, aiming to make social contribution through sport promotion. Casio donates Casio products to the city of Ibusuki and the town of Kaimon, where the tournament is held, for use in school education. Casio contributes actively to the local communities in other ways too. For example, the company hosts golf lessons for junior golfers from the local areas, and donates the proceeds from a charity event that is held during the tournament.

Starting with fiscal 2005, which will mark the 25th anniversary of the golf tournament, the location of the tournament will change to the prefecture of Kochi, the birthplace of Casio's founder and where Casio has a major manufacturing subsidiary. The company will build closer ties with the local community with the relocation of the golf tournament.

![](_page_63_Picture_4.jpeg)

Local junior golfers receive lessons

#### Cooperation with the "Survival Walk Home Drill" in Shibuya Ward

On the Disaster Prevention Day, which falls on September 1 of every year, the Shibuya Ward government conducts a "Survival Walk Home Drill" as part of its disaster preparedness program in anticipation of people who will face difficulties going home in the event of a disaster. Since 2003, Casio has assisted with the drill like this by offering its head office building, which is on the course, to be used as an "aid station" for resting and information.

![](_page_63_Picture_8.jpeg)

Participants resting in front of the Head Office building

In fiscal 2004, 37 participants walked the

approximately 4.5 km-long course from Yoyogi Park to Sasazuka Middle School in a little over one hour. They stopped at a temporary station, set up in front of the Head Office building, to drink some water and use rest rooms. After a 15-minute rest, the re-energized participants took off again as Casio employees cheered on.

#### Foster Parenting Tulips

In the city of Hamura, Tokyo, where Casio's Hamura Research and Development Center is situated, tulips are grown in rice paddies during the off season to preserve "rice paddies before rooting." Every April, the "Tulip Festival" is held in the second half of the "Hamura Festival of Flowers and Water" and visited by many tourists.

In November 2004, Casio participated in the planting and planted 15,000 bulbs in approximately 990 m2 of idle rice paddies, thus becoming a foster parent to tulips. Thanks to the care given by local volunteers, colorful tulips bloomed in the spring of 2005.

![](_page_63_Picture_15.jpeg)

Field of Tulips, Foster Parented by Casio

# Contribution to the Civic Society

#### Supporting the "Fourth Dolphin & Whale Eco-Research Network" Project

Casio participated in the "Fourth Dolphin & Whale Eco-Research Network" project – FEEL THE TIME OF NATURE –, held in 2004. In support of this effort, which assists to boost the level of cetacean watching at ten watching points spread across Japan, including Shiretoko and Nemuro (Hokkaido), Ogasawara (Tokyo), and Oogatacho (Kochi), Casio donated part of the proceeds from sales of G-SHOCK and Baby-G.

In addition, Casio promotes the recognition of I.C.E.R.C. activities by displaying exhibits of the Cetacean in the antenna shop at Odaiba and at retail stores of Casio Distribution.

![](_page_63_Picture_21.jpeg)

G-SHOCK A model of the "Dolphin & Whale Eco-Research Network"

#### Support of a Tropical Rain Forest Protection Organization

In support of Rainforest Foundation Japan (RFJ), which works for the preservation of Amazon rain forests and survival of the indigenous people's culture, Casio donates part of the proceeds from sales of its Rainforest watches.

\*See photo at the bottom left on the front cover.

#### Activities of Casio Science Promotion Foundation

Casio Science Promotion Foundation was established in 1982 by four Kashio brothers, in addition to the late former chairman Shigeru Kashio, to contribute to the growth and promotion of academic research in Japan.

The foundation's main focus is on "assisting leading-edge, creative research that is at the sprouting stage and conducted especially by young researchers." Every year, assistance is given to approximately 40 projects. In addition, approximately 10 grants are awarded to send researchers abroad and to host research meetings.

In fiscal 2004, 39 research projects received grants, and a combined total of 14 grants were awarded to send researchers abroad and to host research meetings, for a total of 53 grants in the amount of approximately ¥55 million. The cumulative total amount of grants awarded since the establishment of the foundation is approximately ¥1.1 billion.In fiscal 2004, 39

#### Changes in the Number and Amount of Research Grants Awarded by Casio Science Promotion Foundation

![](_page_63_Figure_31.jpeg)

\*Excludes grants awarded to researchers studying abroad and research groups. research projects received grants, and a combined total of 14 grants were awarded to researchers studying abroad and research groups, for a total of 53 grants in the amount of approximately ¥55 million. The cumulative total amount of grants awarded since the establishment of the foundation is approximately ¥1.1 billion.

### Cooperation with "Teacher's Business Training Program"

Casio participates in the "Teacher's Business Training Program," which is part of the program to promote communication between the business world and the education world, as a corporation that accepts teachers.

This program, which is sponsored by Keizai Koho Center (Japan Institute for Social and Economic Affairs), provides elementary, middle and high school teachers an opportunity to experience corporate activities and share their experience and what they learned with their students in their curriculum. The program started in 1983 and teachers are assigned to corporations during their summer breaks.

In fiscal 2004, which was the first year of participation for Casio, the company offered a 3 day-long program, from August 2 to 4, in which seven teachers from elementary and middle schools received training. The teachers who participated were surprised at the way Casio works with private corporation's goals and dreams and were very pleased with what they saw, saying that they would apply in their classrooms what they learned in Casio.

![](_page_64_Picture_5.jpeg)

#### Training of Teachers

#### "Conference for Corporations and People"

Keizai Koho Center sponsors conferences between corporations and people to enhance mutual understanding between people who are members of the center and corporations. Already 83 conferences have been held at corporations in various industries.

Casio held one such conference on January 17 at its Head Office building as the company considered this conference to "provide a great opportunity to listen to the frank outside voice and communicate the company's activities to ordinary people." Casio welcomed twenty participants on the day. Following a brief explanation given by the General Affairs Department, a conference was held with the participation of the center personnel, who was the master of ceremony, and Casio personnel representing CSR Operations Section, Public Relations Department, and the Customer Support Center. Not only was Casio able to gain extensive information through questions and requests that came from people's perspective, but also had the participants develop deep understanding about Casio. The conference was thus mutually highly meaninaful.

![](_page_64_Picture_10.jpeg)

A Conference Corporations and People

#### Participation in the "Next Generation Office for the Ubiquitous Society" Symposium

The Japan Business Machine and Information System Industries Association, with the backing of the Ministry of Economy, Trade and Industry, held a symposium in July 2004, upholding the "Ubiquitous Corporation" as the concept of the next generation offices. This symposium advocates for the next generation office that simultaneously strengthens individuals and teams by fully utilizing the network environment, which "enables optimal collaboration any time, any place with any one." Casio's managing director took part in the symposium as a panelist, and provided support from the technical side.

#### Donations to Niigata-Chuetsu Earthquake Victims

Many offices within Casio voiced their desire to see Casio organize a companywide donation drive to help the victims of the Niigata-Chuetsu earthquake that struck on October 23, 2004. Responding to this request, Casio's Labor Union and the CSR Operations Section took leadership in coming up with a decision to run a "Sympathy Ad," whose advertising cost became a donation, and to organize a joint Casio Group labor-management donation drive. Casio president quickly promised that the company would match the collected donation money.

On November 4, the announcement of the donation drive was made. Specific methods of collection were discussed among Casio's Labor Union, benefit association and the management, and the details of how to make a donation were announced on the Website and sent out by e-mail on the tenth of the month. By the 30th of the month, ¥2,490,667 was collected. The money was donated to the Japanese Red Cross Society and JAM as a donation from the Casio Group. In turn, Casio Computer Co., Ltd. gave the same amount (rounded up to ¥2.5 million) to the Japanese Red Cross Society.

In addition, Casio donated some products. Three hundred each (waterproof) pocket TV sets with a radio and adapters were given to meet the needs for information tools at the disaster-struck area. As a member of Japan Clock and Watch Association, Casio also donated 1,000 alarm clocks and 500 wall clocks.

### Award for Contribution to the Next Generation Technology

On June 23, 2005, Shinichi Matsui of the Second Development department of Casio Computer's Reseach&Development Center received commendations from the Telecommunication and Technology Committee for his outstanding achievement regarding Advanced video coding for generic audio visual services.

![](_page_64_Picture_21.jpeg)

Letter of Commendation

# Social Contribution Activities

#### Contribution to International Communities

#### Cooperation with the "Video Letter Exchange Project" of the People for the Advancement of Cambodian Education

In support of the Video Letter Exchange Project that was implemented between June and November of 2004 by the People for the Advancement of Cambodian Education (PACE), a non-profit organization, Casio provided projectors to show video letters.

The project was designed to provide Japanese and Cambodian children, who live in different cultures, with opportunities to have exchanges that have "faces" with

#### the use of video letters with the hope that they would feel closer to each other and develop a more informed view of the world and build their value systems accordingly.

#### Cooperation with the "Joint FASID/GRIPS International Development Studies Program"

On September 28, Casio received a visit by 42 graduate students from Asia and Africa who are studying in Japan. The visit was a part of the joint international development program by the Foundation for Advanced Studies on International Development (FASID) and the National Graduate Institute for Policy Studies (GRIPS).

The program offers students who study international development support opportunities for field study and observation. The purpose of the graduate students' visit was to "inquire directly into the history, background and process of the growth of Japanese corporations, observe Japan's technological power first-hand, and examine their findings." They attentively listened to the presentation about Casio's history and product development process.

Casio plans to actively seek these opportunities to play a role in cultivating hu-

man recourses capable of making a global contribution in the future.

![](_page_65_Picture_12.jpeg)

Company visit

Category		Theme Name	Content	Implementing Organizations
	Disaster Prevention	Assistance with the "Survival Walk Home Drill" of the Shibuya Ward	→ P63	Casio Computer Co., Ltd. (Head Office)
	Traffic Safety	Participation in a traffic safety campaign	Cooperation with the Manseibashi Police Station and the Japan Traffic Safety Association during the national traffic safety weeks in the spring and the fall, and participation in guiding pedestrians at intersections.	Casio Techno Co., Ltd.
		Cooperation with a traffic safety campaign	Safety Association during the national traffic safety weeks in the spring and the fall, and participation in guiding pedestrians at intersections.	Casio Information Systems Co., Ltd.
	Social Education	Factory Tours for 10,000 people	→ P62	The Casio Group
		Kids' ISO	→ P62	Casio Computer Co., Ltd.
		Implementation of the Clean-up Day	Cleaning of the areas around the premises, the neighboring Higashi Hanawa station, and streets twice a year (in summer and winter).	Kofu Casio Co., Ltd. Casio Micronics Co., Ltd. (Yamanashi)
Local Community		Beautiful Yamagata and Mogami River Forum	Activities to support the cherry tree planting and conservation by municipalities in cooperation with forums and prefectural governments for the revitalization of local communities.	Yamagata Casio Co., Ltd.
		Community cleaning in the areas around sites	Efforts to keep the environment esthetically pleasing by regularly cleaning the areas around business sites as part of the activities to contribute to local communities.	Casio Micronics (Ome)
	Environment	Smoking manner improvement campaign	A campaign to improve smoker manners by urging smokers not to smoke while walking around or toss away their cigarette butts to make it possible for smokers and non-smokers to live side by side in peace.	Casio Computer Co., Ltd. (Hamura Research and Develop- ment Center)
		Early morning cleaning in the vicinity of sites	People are asked to voluntarily clean the areas around the compa- ny sites all across Japan. Under way at major sites, such as the Head Office and Ochanomi- zu (Tokyo).	Casio Techno Co., Ltd.
		Participation in the grass burning along the Kokubu River	Cooperation with community activities by sending employees to the Kokubu River (Kochi Prefecture) clean-up (grass burning) event in February.	Kochi Casio Co., Ltd.
	Disaster Relief	A drive to solicit donations to the victims of the Niiga- ta-Chuetsu earthquake	→ P64	The Casio Group
	Education	Charity events and other social contribution activities at the Casio World Open golf tournament	→ P63	Casio Computer Co., Ltd.
		Sending lecturers to a program that invites special part-time lecturers	A lecturer was sent to Suzaki High School to cooperate with a pro- gram of the Kochi Prefectural board of education to invite special lecturers. A two hour-long lecture was given to 168 freshmen.	Kochi Casio Co., Ltd.
Civic	Wolfaro	Cooperation with a blood donation drive	173 employees at the Head Office and 288 employees at Hamura Research and Development Center cooperated.	The Casio Group
Community	wenare	Jobs offered to physically or mentally handicapped workers	Product disassembly, parts sorting and other types of light work are offered on a contract basis.	Casio Support System Co., Ltd.
		Support of education and research activities in con- nection with dolphins and whales of the world	→ P63	Casio Computer Co., Ltd.
	Environment	Support of the activities of a tropical forest protection group	→ P63	Casio Computer Co., Ltd.
		Support of the Sustainable Management Forum of Japan protection group	Casio employees serve as a director and the assistance manager of the Executive Office of the Sustainable Management Forum of Japan, and support Forum activities.	Casio Computer Co., Ltd.
International	Disaster Relief	A drive to solicit donations to the victims of the mas- sive offshore Sumatra earthquake	Solicitation of donations for disaster restoration.	The Casio Group (Overseas)
	Welfare	IMASA (the in-house Muslim club)	Assistance to an employee group that sends foods to poor people and orphans on isolated islands.	P.T. Asahi Electronics Indonesia
	Environment	Participation in a tree planting festival in the city of Shenzhen	Participation in the greening program of the city of Shenzhen.	Casio Electronics (Shenzhen) Co., Ltd.
	Traditional Culture	Aids to the preservation of traditional dances from the regions that workers are from at company events	Assistance to employees from regional areas by allowing them time for practicing their traditional dances and paying for costumes.	P.T. Asahi Electronics Indonesia

#### Major Social Contribution Activities in FY 2004

#### Major Donation Activities in FY 2004

Category	Project Title	Donee	Implementing Organizations
	Support of the global-scale action on environmental and social problems by the "Think the Earth Project" FY2004	Think the Earth Project (NPO)	Casio Computer Co., Ltd.
Environment	Support of education and research activities concerning dolphins and whales of the world	I.C.E.R.C. Japan (NPO)	Casio Computer Co., Ltd.
	Sponsorship of the activities of a tropical forest protection group $\rightarrow$ P63	Rainforest Foundation Japan (NPO)	Casio Computer Co., Ltd.
	Donation to the Japan Industrial Waste Management Foundation	Japan Industrial Waste Management Foundation	Casio Computer Co., Ltd.
Education/Social Education	Sponsorship of the International University of Japan	International University of Japan	Casio Computer Co., Ltd.
	Sponsorship of NHK Symphony Orchestra	NHK Symphony Orchestra	Casio Computer Co., Ltd.
Culture and Arts	Sponsorship of Tokyo Philharmonic Orchestra	Tokyo Philharmonic Orchestra	Casio Computer Co., Ltd.
	Donation of Select Products to the JIDA Design Museum Exhibition	JIDA Design Museum	Casio Computer Co., Ltd.
	Sponsorship of the Fruit Nation Higashine - Cherry Marathon	Fruit Nation Higashine Cherry Marathon Executive Committee	Yamagata Casio Co., Ltd.
	Sponsorship of the 2nd Kaze no Owara	The City of Hamura	Casio Computer Co., Ltd. (Hamura Research and Development Center)
Local Community	Foster Parenting of Tulip Bulbs for the Preservation of Rice Fields before Rooting $\rightarrow P63$	The City of Hamura	Casio Computer Co., Ltd. (Hamura Research and Development Center)
	Assistance with the installation of a multi-purpose station-front air dome in the square in front of the East Exit at Ozaku train station	The City of Hamura	Casio Computer Co., Ltd. (Hamura Research and Development Center)
	Donation of Wave Clocks to Gomen-Machi Station (nicknamed "Arigato Station") on the Gomen-Nahari Line of Tosa Kuroshio Railway	The City of Nangoku and Tosa Kuroshio Railway	Kochi Casio Co., Ltd.
	Donation to local community activities	Hie and Kokubu burakus, the city of Nangoku	Kochi Casio Co., Ltd.
Disaster Deliaf	Monetary donations to the victims of the massive offshore Sumatra earthquake	The Japanese Red Cross Society, etc.	The Casio Group
Disaster Relief	Donations to the victims of the Niigata-Chuetsu earthquake, and a gift of clocks and pocket TV sets $\rightarrow$ P64	The Japanese Red Cross Society, JAM, etc.	The Casio Group
	Cooperation with the Video Letter Exchange Project of the People for the Advancement of Cambodian Education $\rightarrow$ P65	The People for the Advancement of Cambodian Education (NPO)	Casio Computer Co., Ltd.
International	Sponsorship of the Expo 2005 Aichi, Japan	The Expo 2005 Aichi, Japan Association	Casio Computer Co., Ltd.
Exchange/ Cooperation	Sponsorship of the Friends Association, MAISON DE LA CULTURE DU JAPON À PARIS	The Friends Association, MAISON DE LA CULTURE DU JAPON À PARIS	Casio Computer Co., Ltd.
	Donations to the Tree Planting Ceremony of the City of Shenzhen	The Tree Planting Committee, the City of Shenzhen	Casio Electronics (Shenzhen) Co., Ltd.
Social Welfare	Sponsorship of the Special Olympics Games	The 2005 Special Olympics World Games Executive Committee	Casio Computer Co., Ltd.
Sports	Sponsorship of the 2005 FISA World Rowing Championships	The Organizing Committee of the 2005 FISA World Bowing Championships	Casio Computer Co., Ltd.

#### Major Disclosure and Communication Activities in FY 2004

Category	Theme Title	Description	Implementing Organizations
	Lecture at the Kitamurayama principals' meeting	A lecture was given to 37 elementary school principals about "Yamagata Casio's business and corporate management, and what is expected of school education by corporate executives."	Yamagata Casio Co., Ltd.
	Receiving of internship students	Actively accepts internship, which many universities offer as part of vocational training. 21 interns were accepted in FY 2004.	Kochi Casio Co., Ltd.
	Internship Partnership	One or two students are accepted every year and receive approximately two week-long OJT.	Casio Information Systems Co., Ltd.
Local	Receiving of visitors to the company	Students visit Casio as part of their integrated study, usually during their school excursion tours. During FY 2004, 130 students from 21 schools visited Casio.	Casio Computer Co., Ltd. (Head Office)
Community	Opening of factories for tours	Factory tours are given as part of the children's social learning experience. In FY 2004, approxi- mately 350 pupils from ten schools took tours.	Kochi Cashio Co., Ltd.
	Goods making network for energetic people	An active program that is built on the business-academia-government cooperation. Small busi- ness owners and entrepreneurs of the city of Iruma play the central role with the involvement of the government and universities.	Casio Electronic Manufacturing Co., Ltd.
	Information exchange meeting about disaster pre- vention, etc	In recognition of the critical importance of disaster prevention, Casio meets regularly with the residents, government administrators, and fire and police bureau personnel from the community in which the Head Office is located and exchange information. Three meetings were held during FY 2004.	Casio Computer Co., Ltd. (Head Office)
	Participation in the "Teacher's Business Training Program"	→ P64	The Casio Group
Civic Community	Hosting of a "Conference for Corporations and People"	→ P64	Casio Computer Co., Ltd. (Head Office)
	Participation in the "Next Generation Office for the Ubiquitous Society" Symposium	→ P64	Casio Computer Co., Ltd.
International Community	Cooperation with the "Joint FASID/GRIPS Interna- tional Development Studies Program"	→ P65	Casio Computer Co., Ltd. (Head Office)
	Acceptance of student interns	Received high school students from Batam and Surabaya for tours and internships.	P.T. Asahi Electronics Indonesia
	Acceptance of students participating in "Work Study Programs in Private Corporations" offered by various universities	Casio cooperates with universities' work-study curriculum (between approximately two and three months) and offers practical training to about ten students every year.	Casio (Thailand) Co., Ltd.

#### Major Awards and Commendations in FY 2004

Year	Month	Site	Award and Commendation	Main Awarding Organization
0004	May	Casio Computer Co., Ltd.	Commendation as a corporation practicing excellent CSR management	The Sustainable Management Forum of Japan
	June	Casio Micronics Co., Ltd.	Award of excellence for electrical safety and rationalization promotion	Tama Electric Association
2004	November	Casio Micronics Co., Ltd.	Letter of appreciation from administration for fire prevention (group recognition)	Ome Fire Station, Tokyo Fire Department
	November	Casio Micronics Co., Ltd.	Efforts on promotion of hazardous substance handlers' work (personal recognition to Tamotsu Endo)	Ome Fire Station, Tokyo Fire Department
2005	January	Kochi Casio Co., Ltd.	Recognition by Kochi Prefecture as an environmentally conscious business operator	Kochi Prefecture
	February	Kochi Casio Co., Ltd.	Commendation of the Shikoku Bureau of Economy, Trade and Industry for achievement in energy management in the electrical division	Shikoku Bureau of Economy, Trade and Industry
	February	Hachioji Research and Development Center	The highest award from the Kanto Regional Electrical Use Rationalization Committee	Kanto Regional Electric Use Rationalization Committee

#### **Independent Opinion**

This year, Casio has issued its first CSR report to directly address its corporate social responsibility. It is noteworthy that the company presents its management philosophy through the top management's voices, makes efforts to disclose detailed information in the environmental area and is attempting to expand the scope of its efforts and reporting to its overseas operations, which account for 40% of the company's total sales.

I would like to make the following suggestions to make the report better in the future:

The definition of CSR varies from one organization to another. Casio should take a close look at the question of how Casio interprets CSR and communicate its basic stance. In addition, it should understand that stakeholders are not limited to today's customers, business partners and employees. The ecosystem and future generations are also important stakeholders.

In the communication aspect, the company seems to aim for comprehensiveness. I would like to see more efforts devoted to making the report easy to understand. The report can give a "human" touch by sharing actions in the processes, accomplishments, problems, challenges, and lessons learned from failures as well as negative information. It is also possible to make the report come alive by creating feature sections of especially important topics. In the sections relating to environmental accounting and LCA analysis, what Casio sees beyond the numbers and what it plans to do as a result should be communicated. By doing so, the connection between philosophy and actions will become clear. Additionally, the interactive communication with stakeholders should constitute a part of PDCA cycle to improve the efforts on CSR. As for market, I would like to see the company discuss how its next generation products that are under development will impact CSR and sustainability, and what its thoughts are on new business models for creating sustainable values so as to move beyond environmental efficiency improvements through reductions in the size and weight of its products.

With respect to the environment, there is room for improvements. Its report on greenhouse gases emissions is not easy to understand. The company's substantive efforts on renewable energies are not readily observable though in this century Japan is said to have to reduce 80 percent of its emissions.

In the section about employees and the society, efforts in such areas as employees' safety, support to the nurturing of the next generation of people, human resource development, factory tours and Kids' ISO14001 can be valued. The report would be better by having voices of employees and people from local communities. It is troublesome that the company does not report on equal employment for both genders, such as data on the breakdown of managers by gender, statement of philosophy on promoting women, and recogni-

![](_page_67_Picture_8.jpeg)

tion of the current situation and efforts. I request and remain hopeful that Casio achieve improvements in its various activities on CSR and make continuous efforts for "communication and listening."

Junko Edahiro, Co-Chief Exective Japan for Sustainability

#### Message from the Auditor ···· Reflection on the Publication of the CSR Report

The publication of the CSR Report this year affords Casio opportunities for communication with a wider scope of multistakeholders than the traditional stakeholders interested in the environmental issues. I am hopeful that this will enable Casio to determine tasks for sustained growth and to acquire valuable insights for solving them.

At the same time, I recognize the necessity and importance for Casio to strengthen the system to respond precisely to the opinions and questions from multi-stakeholders regarding broad aspects of CSR. I request all stakeholders to offer continuous support and cooperation for Casio to become an enterprise that can co-exit and

![](_page_67_Picture_15.jpeg)

prosper with the society. In my capacity as the corporate auditor, I will help enhance the internal control system that centers on CSR management so that Casio's corporate governance is steadfastly executed.

Yoshinobu Yamada, Auditor

#### From the Editors

This report was presented as CASIO CSR report. Particular emphasis was placed on readability and comprehensive coverage of the Casio Group's entire CSR activities, from the perspectives of market, environment, employee and society.

Continuing the tradition that started last year, a discussion among Mr. Mita, Chairman of the Sustainable Management Forum of Japan, Casio's president and its vice president is once again included with the hope that we convey Casio's philosophy toward CSR management through the direct voices of its top management to the best of our abilities.

Some suggestions for improvement were received regarding last year's "Stakeholder Dialog to Read Sustainability Report," the "Independent Message" and the "Questionnaire." We incorporated these suggestions as much as possible in our editorial policies in response. Nevertheless, there are some points that were pointed out in the past which we have not yet been able to address. These will be among the tasks for this fiscal year, along with the points raised by Ms. Junko Edahiro of Japan for Sustainability, who expressed her third party opinion in this year's report.

We editors hope to hear frank views and opinions from many readers and reflect them on Casio's CSR activities. We therefore ask for your assistance and understanding.

![](_page_67_Picture_24.jpeg)

In conclusion, we would like to express our deepest gratitude to all individuals who helped us prepare this report.

Editors of the CSR Report

### **GRI** Content Index

#### 1. Vision and Strategy

	Item	Corresponding page numbers
1. 1	Statement of the organization's vision and strategy regarding its contribution to sustainable development	PP5-6·P13·P31
1. 2	Statement from the CEO describing key elements of the report	PP7-8

#### 2. Profile

Item		Corresponding page numbers
Organiza	ational Profile	
2. 1	Name of reporting organization	P5
2. 2	Major products and/or services	P5
2. 3	Operational structure of the organization	P5·P14
2.4	Description of major divisions, operating companies, subsidiaries, and joint ventures	P1·P6
2.5	Countries in which the organization's operations are located	P6
2. 6	Nature of ownership; legal form	PP5-6
2.7	Nature of markets served	PP5-6
2. 8	Scale of the reporting organization	P5
2. 9	List of stakeholders, key attributes of each, and relationship to the reporting organization	P19·P29·P53·P61
Report S	Scope	
2.10	Contact person(s) for the report	Back Cover
2.11	Reporting period for information provided	P1
2.12	Date of most recent previous report	P48
2.13	Boundaries of report	P1
2.14	Significant changes that have occurred since the previous report	P1·PP5-6
2.15	Basic matters for comparison from period to period, and/or between reporting organizations	P1·PP5-6
2.16	Re-statement of information provided in earlier reports	P38·P43
Report F	Profile	
2.17	Descriptions not to apply GRI principles or protocols in the preparation of the report	P1
2.18	Criteria/definitions used in any accounting for costs and benefits	PP35-36
2.19	Significant changes in measurement methods since the previous report	P35
2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness and reliability	P67
2.21	Policy and current practice with regard to providing independent assurance	P48·P67
2.22	Means by which report users can obtain additional information and reports	Notation of a URL on each page

#### 3. Governance Structure and Management Systems

	Item	Corresponding page numbers
Structure a	nd Governance	
3. 1	Governance structure of the organization	PP14-15
3. 2	Percentage of the board of directors that are independent, non-executive directors	P14
3. 3	Process for selecting and appointing board members	Omitted (See PP 14-15)
3. 4	Board-level process for oversight	P17
3.5	Linkage between executive compensation and achievement of goals	Omitted
3. 6	Organizational structure and key individuals responsible	PP14-15·P24·P33
3. 7	Mission and values statements (codes of conduct, principles, performance	PP13-16·PP20-21·PP23-24·
	policies, etc.)	PP27-28.P30.P39.
		P50.PP54-55.P57.P62
Stakeholde	r Engagement	
3. 8	Mechanism for shareholders to provide recommendations or direction	P14·P28
3.9	Definition of major stakeholders	P19·P29·P53·P61
3.10-12	Approaches to stakeholder consultation, type of information generated by	PP25-28.P58.P63.
	consultation and its use	PP64-66
Overarchi	ng Policies and Management Systems	
3.13	Precautionary approach or principle	PP15-18·PP25-26·P34
3.14-15	Charters, sets of principles, various associations, etc. which the organization	P48·P65
	subscribes to, endorses or participates in	
3.16	Policies and/or systems for managing upstream and downstream impacts	P20·P24·P27
3.17	Approach to managing indirect impacts	PP5-6·P28·P38·PP65-66
3.18	Changes in the location or operations during the reporting period	PP5-6
3.19	Programs and procedures regarding performance	P15·PP32-34·P62
3.20	Status of certification regarding management systems	P17·P25·P33

#### 4. GRI Content Index

		Item	Corresponding page numbers
4.	1	A table indicating location of each element of the GRI Report Content, by section and indicator	P68

#### 5. Performance Indicators

Item	Co	rresponding page number
Integrated Indicators		PP5-6·P32
Economic Performanc	e Indicat	ors
Customers	EC1	PP5-6
	EC2	P6
Providers of Capital	EC6	P28
Public Sector	EC10	PP63-66
Environmental Perform	nance Inc	licators
Materials	FN1	P38
matorialo	FN2	P38
Enerav	EN3	P38+P43
Water	ENI18	D26+D28+D42
	ENIO	P301F301F42
	ENIS	P42
	EIN5	P38+P46
	EN22	P38
Emissions, Effluents a	and Wast	e
	EN8	P38·P43
	EN9	P45
	EN10	P38·P44
	EN11	P38·P47
	EN12	P38
	EN13	P34·P46
	FN30	P38.P43
Products and	FN14	P38
Services	EN15	D28
Compliance	ENIIG	D24
	ENIO	P04
Iransport	EIN34	P49
Overall	EN35	PP35-36
Social Performance Inc	dicators	
Labor Practices and De Employment	ecent Wo	k
	LA1	P5·P54
	LA12	P58
Labor/	LA3	P58
Relations	LA4	P58
	LA13	P12·P58
Health and Safety	LA5	PP59-60
	LA6	P59
	LA7	P60
	I A14	PP59-60
	LA15	P58
Training and Education	1 40	DD55 56
		DD55 50
	LAID	PP00-00
	LA17	PP55-56
Diversity and	LA10	P54
Opporturnity	LA11	P54
Human Rights		
Strategy and	HR1	P16·P54
Management	HR2	P27
	HR3	P27
	HR8	P16
Non-discrimination	HR4	P16·P54
Freedom of Associati	on and C	ollective Bargainin
	HR5	P58
Child Labor		D16, D07, D54
		D10 D07 D54
		P10°P27°P34
Disciplinary Practices	HR9	P16
	HR10	P16
Society		
Community	SO1	P16·PP65-66
	SO4	P34 · P48 · P64 · P66
Bribery and Corruption	SO2	P16
Product Responsibility		
Customer Health and Safety	PR1	PP24-26
Products and	PR2	PP24-26
Services	PR8	P26
Popport for D-		D10
HESPEULIUI MIVACV	E MO	110

Contact Information

### Casio Computer Co., Ltd.

http://www.casio.co.jp/

## CSR Operations Section (regarding CSR in general)

(regarding CSR in general) 1-6-2 Honmachi, Shibuya-ku Tokyo 151-8543 Tel.: +81-3-5334-4901 Fax: +81-3-5334-4547 Email csr-report@casio.co.jp

#### **Environment Center**

(regarding environmental issues) 3-2-1 Sakae-cho, Hamura-shi Tokyo 205-8555 Tel.: +81-42-579-7256 Fax: +81-42-579-7718 Email eco-report@casio.co.jp

Published: December 2005