

Outside Opinion on the Casio Corporate Report 2006

The following opinion was written based on the content of this report. In the area of corporate social responsibility, Casio has begun to promote the PDCA (plan, do, check, action) management cycle for a wide range of issues, such as reducing environmental impact and encouraging suppliers to take similar efforts.

Commendable Efforts by Casio

- In consideration of people with visual disabilities, this report uses barrier-free design in graphs and diagrams.
- Active initiatives in the development of products that reduce environmental impact, such as “electronic dictionaries,” “Tough Solar” and other wristwatches with energy-saving LSI, and next-generation fuel cells (pages 6 to 8, and 15).
- Active provision of opportunities for the families of employees and local elementary and middle school students to experience and learn about the workplace, through the “Factory Tours for 10,000 People” program (page 18).
- Provision of more detailed CSR information on the Web including material balances for each business area.

Points for Improvement

- Casio has not achieved its targets for the amounts of carbon dioxide emissions, water usage and waste for two consecutive years. It appears that the targets are either too difficult or that the management systems are not functioning properly (pages 20 and 40). Based on the active incorporation of changes in business performance and market value, Casio needs to disclose its annual targets and details of actual measures

taken for initiatives to be completed by 2010. In particular, it needs to disclose both the basic units and overall amounts of actual production of carbon dioxide emissions.

The company must also actively learn from successful cases and thoroughly promote methods for energy saving in daily operations at production sites. Furthermore, the committees and departments operating under Casio Environmental Conservation Committee have to go beyond the reporting of results, to the promotion of initiatives based on future forecasts.

- Casio should actively support the establishment of the proper foundation for EHS (environment, health & human rights, safety) for its supply-chain, including group companies and principal suppliers.

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Profile of IIHOE
International Institute for Human, Organization and the Earth (IIHOE) is a nonprofit organization (NPO) that has been supporting NPO management and CSR capacity building since 1994.
URL: <http://www.iihoe.com/> (in Japanese only)

Response to the Independent Opinion—Points for Improvement

Casio asked Hideto Kawakita, Chief Executive Officer of the International Institute for Human, Organization and the Earth (IIHOE) to provide an independent opinion for this report. IIHOE has a record of successful consulting to organizations concerning the promotion of CSR as well as environmental and social communication.

We have endeavored to incorporate into this report various suggestions from Mr. Kawakita that could be

immediately implemented. These concerned the method of reporting responsibilities toward suppliers, employment of persons with disabilities, and efforts to help prevent global warming.

In response to Mr. Kawakita's points for improvement however, Casio is addressing these items as future issues, and is working to reflect them in its current activities as outlined below.

Environment

The greater than expected increase in production and decrease in costs for the Electronic Components segment had a major impact on the achievement of Casio's environmental targets. Therefore, Casio is now making a priority of setting targets for each electronic component production site, while clarifying the achievement plans and individual measures, in order to facilitate progress management.

The company will also set targets for the individual sites of the Electronics segment in addition to the existing group targets, while sharing information that shows the action plans and promotion policies for each site, as well as the progress conditions and results. In particular, Casio is constructing mechanisms to clarify the site policies, including equipment introduction, investigation of new environmental technologies, and verification of successful cases, which suit the characteristics, role and functions of each production site.

In this way, Casio intends to realize its group targets, by raising planning accuracy at each site.

Preparation of an EHS Foundation

While group companies continue to share the corporate creed and the Charter of Creativity for Casio, and have broadly kept pace with Casio Computer Co., Ltd., individual companies have carried out initiatives according to their individual circumstances, based on individual policies. In the future, Casio Computer Co., Ltd. will establish an EHS (environment, health, human rights, and safety) foundation on which to promote CSR improvements for the entire group.

Based on the Material Procurement Policy that includes provisions for the environment, health, human rights, and safety, Casio is ascertaining and evaluating the conditions at each supplier. The company will then provide education and guidance for those suppliers that need assistance, thereby raising the CSR level of the entire supply chain.