

Casio's Social Initiatives: Action Plans and Performance

Theme	FY 2009 Targets	FY 2009 Performance	FY 2010 Targets & Plans
Corporate Governance	Maintenance and operation of internal controls compliant with Japan's Financial Instruments and Exchange Act	Constructed a monitoring system and rules for the early detection of risks that may impact financial reporting, for important operating processes at the main divisions and the group companies. Evaluated the maintenance and operation conditions for internal controls based on common evaluation standards.	Promote further improvement of internal controls based on the Financial Instruments and Exchange Act.
Compliance and Risk Management	Ensuring thorough compliance through the Risk Management Committee	Promoted risk management based on 20 major laws.	Monitor to confirm ongoing improvement, and implement simulations to confirm crisis response capabilities, related to major laws.
	Ensuring thorough compliance education	Revised the Casio Group Code of Conduct. Carried out education on the Code of Conduct at group companies in Japan. Conducted a corporate creed questionnaire.	Carry out education on the Casio Group Code of Conduct at group companies in Japan. Carry out education on the Charter of Creativity for Casio and Casio Common Commitment.
	Tightening information security	Strengthened subcontractor supervision. Developed personal information protection activities at group companies.	Promote measures to prevent unauthorized use or falsification of data in information systems. Strengthen information security controls at group companies.
Responsibility to Customers	Quality improvement	Addressed priority issues relating to the quality improvement established for each product (mainly new products). Implemented measures to prevent defect reoccurrence such as revising quality standards and strengthening the quality control system.	Set priority issues for quality improvement and carry out priority measures. Take thorough initiatives for defect reoccurrence prevention and improve technological ability to prevent problems.
	Thorough product safety	Verified safety by forced ignition testing and revised design and manufacturing standards. Performed general safety inspection and legal compliance for lithium-ion rechargeable batteries, newly covered by Japan's Electrical Appliance and Material Safety Act.	Implement the Product Safety Action Plan. Revise design and manufacturing standards with reference to accident cases at Casio and other companies. Ensure strict compliance with all laws and regulations related to safety.
	Improving customer satisfaction	Ensured that customer feedback was relayed to the relevant departments. Regularly carried out customer satisfaction surveys. Improved parts procurement, repair system, and repair technology operations with the goal of shortening repair times.	Promote ongoing improvement of service quality based on the enhancement of repair speed and quality. Promote ongoing improvement of product support websites. Promote activities to improve product functions based on customer feedback.
	Stable supply of products	Reduced the production lead time by 30% for watches and main consumer products. Implemented standardization for information management systems at production sites in China. Implemented multiple-item production in plants for import processing in China.	Combine management systems at production sites. Carry out integrated management of global logistics for the entire group, from the customer's standpoint. Reduce country risk.
Responsibility to Suppliers	Promoting CSR activities among suppliers	Conducted a questionnaire relating to corporate social responsibility (CSR) fulfillment among main suppliers in Japan. Provided the questionnaire results as feedback to main suppliers, along with information on Casio's approach to CSR fulfillment. Held Procurement Policies briefings in Southern China and Thailand.	Continue to hold material procurement policy briefings in Southern China and Thailand. Conduct CSR questionnaires in China and Thailand as well.
Responsibility to Employees	Promoting activities for the advancement of female employees	Established the Female Employees Advancement Working Group. Implemented an e-learning program to promote the advancement of female employees, and a female employee advancement seminar.	Continue the activities of the Female Employees Advancement Working Group. Continue seminars and education.
	Promoting the employment of persons with disabilities	Achieved the legally mandated employment rate of 1.8% (Casio Computer Co., Ltd.).	Meet the legally mandated employment rate at main group companies.
	Promoting the employment of seniors	Actively provided employment opportunities to retirees.	Continue to provide employment opportunities to retirees.
	Initiatives to help employees balance work and family responsibilities	As a labor-management initiative, established the Special Committee on Measures to Aid the Nurturing of the Next Generation of Children, and held 4 meetings. Expanded the scope of the child care leave system (permitting leave up until the child is 2 years old). Improved the percentage of eligible female employees taking child care leave (from 80% to 90%).	Take initiatives to help employees balance work and family responsibilities. Improve the nursing care leave system. Continue to improve the percentage of eligible female employees taking childcare leave (above 90%).
	Creating supportive workplaces that encourage employees to take on challenges	Promoted a career challenge system. Implemented a personnel recruitment system at the main group companies. Promoted skill selective training.	Promote the career challenge system. Implement a personnel recruitment system at main group companies. Promote skill selective training.
	Promoting health and safety along with health management	Established a training system for mental health issues, and offered training tailored for staff and managers.	Improve workplace environments and expand efforts to main group companies.
Responsibility to Local Communities	Promoting activities to nurture the next generation	Provided learning opportunities for a total of 759 students (Casio Computer Co., Ltd.). Hosted tours for 303 students and teachers (Kofu Casio).	Continue to visit schools and welcome school tours.
	Supporting cutting-edge science and technology research	Casio Science Promotion Foundation awarded a total of 43 research grants worth ¥53 million.	Continue to support research through the Casio Science Promotion Foundation.

Independent Opinion of the Casio Corporate Report 2009

The opinion presented here was written based on the content of this report and interviews with Casio personnel responsible for human resources, procurement, environmental and CSR initiatives.

The report does not make it clear whether Casio is fully meeting its responsibilities to employees, who are vitally important stakeholders. For instance, it does not indicate whether the number of people working in the Casio Group including dispatch and contract employees was reduced as part of measures to deal with the global economic crisis that began last fall. Except for this point, it can be said that Casio's CSR initiatives are being promoted using plan-do-check-act (PDCA) management cycles with a focus on reducing the company's environmental impact.

Commendable efforts by Casio

- The utilization of geothermal exchange technology to heat and cool the new office building in Germany (page 38) is commendable. Casio should make the same efforts in other countries, even at production sites.

Points for improvement while commending progress to date

- The report provides good disclosure of environmental data for principal sites in and outside Japan, including group companies. However, Casio needs to provide more group-wide information on initiatives other than environmental protection in order to improve the accuracy of the report for the group as a whole.
- Regarding the reduction of greenhouse gases (page 41), Casio has made commendable progress on the development of processes that use F₂ as an alternative for SF₆, which has a high global warming factor, for dry etching during TFT LCD manufacturing. However, it is strongly recommended that Casio take immediate steps to collect and treat current emissions and introduce this alternative on mass production lines.
- Concerning CSR initiatives for suppliers (pages 24 and 25), it is praiseworthy that Casio has created opportunities for suppliers outside Japan to implement CSR initiatives such as the reduction of environmental impact and human rights measures for workers. Looking to the future, Casio should establish a system for "visualizing" the environmental and human rights initiatives and problems of its suppliers, as well as forums for sharing and honoring best practices, and resolving relevant issues.
- With regard to the promotion of employment for persons with disabilities (page 53), it is admirable that Casio Computer Co., Ltd.,

has finally achieved its goal of reaching Japan's legally mandated employment rate, which will remain a challenge over the long term. However, the company should work with the parties concerned to make it easier for employees with disabilities to continue working at the Casio group.

Points for improvement

- Looking at the group-wide CSR initiatives (page 12), Casio must quickly create a medium-term CSR strategy, treating this as an important element in its Medium-term Management Plan, and also establish a system for bottom-up promotion of the strategy.
- Although paper use is increasing along with Casio's growing number of sales sites worldwide (page 47), the company should accelerate initiatives to reduce the number of sheets used per site, based on a careful re-examination of paper consumption. Casio should study the examples of other companies, for example, introducing universal design fonts for its user manuals and other publications.
- Casio must take more sophisticated steps concerning reuse of the increasingly expensive rare metals used in high-performance products such as digital cameras and electronic dictionaries, for which recycling systems are not yet established. Measures could include recovery of rare metals in used products, which can be linked to sales promotion, and development of products that use recycled metals.
- Regarding the group-wide personnel portfolio (page 52), Casio should establish a long-term plan for building recruitment and training systems that can capitalize on a diverse workforce as a truly global company.

International Institute for Human, Organization and the Earth (IIHOE)



Responses to the Independent Opinion of the 2008 Report

Independent Opinion Looking to the future, Casio should establish a system for "visualizing" the environmental and human rights initiatives and problems of its suppliers, as well as forums for sharing and honoring best practices, and resolving relevant issues.

Casio's Response In fiscal 2010, Casio will not only convey the Casio CSR approach at vendor meetings overseas, it will also promote information exchange and the sharing of model CSR initiatives by suppliers. The company also conducted a supplier questionnaire and ascertained the status of CSR initiative implementation. Casio is looking into ways to "visualize" initiatives by analyzing the questionnaire results.

Independent Opinion In this report, Casio should present more detailed data on group companies in Japan and overseas, and improve the accuracy of the report from the point of view of the group as a whole.

Casio's Response In the 2009 *Casio Corporate Report*, Casio endeavored to incorporate many topics that related to the entire group, along with group company initiatives and messages from group company employees. In the future, the company will work more closely with relevant sites, in order to improve the accuracy of coverage regarding the entire group.

Independent Opinion Casio must take more sophisticated steps concerning reuse of the increasingly expensive rare metals used in high performance products such as cellular phones, digital cameras and electronic dictionaries for which recycling systems are not yet established. Measures would include recovery of rare metals and development of products that use recycled metals.

Casio's Response In order to resolve the core of this problem, Casio has been working to replace rare metals and reduce the amount used in the upstream processes. The company participates in a joint industry-academic research project commissioned by Japan's Ministry of Economy, Trade and Industry in fiscal 2008, and from NEDO in fiscal 2009, in order to develop an alternative for indium. Through this initiative, the project succeeded in developing a manufacturing process for transparent electrodes for TFT LCDs based on zinc oxide. Casio is also reducing the amount of rare metals used through the minimization of semiconductor chip size, while carrying out development for solder-less manufacturing based on high-density EWLP mounting technology. The company also collects, recycles and reuses recycled materials from cellular phones through the Mobile Recycle Network (MRN), mainly

operated by the Communications and Information Network Association of Japan (CIAJ).

Independent Opinion Casio should establish a groupwide personnel portfolio based on a long-term plan, building recruitment and training systems that can capitalize on a diverse workforce as a truly global company.

Casio's Response Casio is striving to create workplaces that respect the diversity, character, and individuality of employees. The company is promoting the hiring of local employees at affiliated companies outside Japan in order to encourage globalization of the group, and is working to develop global personnel and promote them to management positions. Along with the growth of Casio's overseas business, opportunities for non-Japanese employees are increasing, and the company is working more actively to hire and develop global human resources from a medium and long-term perspective.

Independent Opinion Rather than dividing the company's emergency response systems between the relevant departments according to the type of emergency such as accidents, infectious diseases, and IT-related incidents, Casio should establish an integrated framework. In addition, Casio must also position support for the local communities around Casio offices as an important social element of its business continuity plan, and prepare to provide this support.

Casio's Response Although Casio is building a separate system for each type of emergency, such as unexpected incidents, accidents, and natural disasters, it is working to integrate its crisis management systems from the perspective of business continuity management. The main sites of Casio Computer Co., Ltd., are working together with community representatives and government officials to build cooperative systems for disaster response, for instance, for participation in disaster prevention drills, and preparing emergency supplies. The same activities will be promoted at group companies in the future.

Independent Opinion Casio has not yet achieved Japan's legally mandated employment rate for persons with disabilities. In order to fulfill this requirement, the company must study the measures taken by other companies and promptly carry out more active development of suitable job types.

Casio's Response As of April 1, 2009, Casio had achieved the legally mandated employment rate of 1.8% for persons with disabilities (page 55).