

## Building Strong Partnerships

Casio procures various materials from a large number of suppliers in and outside Japan. In order to develop long-term business relationships based on its Procurement Policies, Casio is working to strengthen CSR activities across its entire supply chain, while improving measures for proper transactions.

### Socially responsible procurement at Casio

Casio has established Procurement Policies in order to execute its social responsibility to conduct fair and equitable transactions throughout the supply chain. The policies cover matters including legal compliance, respecting human rights, labor, safety, and health, as well as environmental protection and information security. Casio constantly improves its socially responsible procurement by obtaining the understanding and support of suppliers for the policies and building strong partnerships.

#### Procurement Policies

##### Procurement Policies

Casio aims to fulfill its social responsibilities, including compliance with relevant laws and social norms, and protection of the environment, through fair and equitable transactions throughout the supply chain by strengthening partnership with suppliers.

##### 1. Fair and equitable transactions

Casio carries out fair and equitable transactions by providing equal opportunities to all suppliers (and candidates) in and outside Japan in accordance with its internally established procedures.

##### 2. Compliance with laws and social norms

Casio's procurement activities comply with all relevant laws, social norms, standards and treaties worldwide, including the protection of human rights, the prohibition of child labor, forced labor and discrimination, and respect for freedom of association, the right to associate, and the right to collective bargaining, as well as ensure that absolutely no contact is made with organized criminal elements. Therefore, Casio requires its suppliers to observe the same legal and social requirements.

##### 3. Environmental protection

Casio helps to protect the global environment through environmentally friendly procurement, which is based on the Casio Environment Charter and Fundamental Policies, in cooperation with suppliers.

##### 4. Strengthening partnership with suppliers

Casio builds up relationship of trust with its suppliers through reciprocal efforts, such as merging and complementing mutual technological development abilities, supply chain cooperation, compliance with laws and social norms and protection of the global environment, which will benefit both parties.

##### 5. Policies on supplier selection and transaction continuation

Casio initiates and continues transactions with suppliers based on comprehensive evaluation criteria, which include compliance with laws and social norms, environmental protection, proper information security, respect for intellectual property, sound and stable corporate management, superior technological development ability, right price and quality, stable supply capabilities and electronic transaction systems.

##### 6. Securing right price and quality

Casio endeavors to secure right price and quality in order to provide its customers with stable supply of optimal products, which ensures that Casio gains the full confidence of customers around the world.

##### 7. Prohibition of personal-interest relationships

Casio does not allow any employees to have personal-interest relationships with any suppliers.

### Fulfilling social responsibilities together with suppliers

In order to ensure compliance with the Procurement Policies together with its suppliers, Casio has established the Supplier Guidelines summarized (available at link below). All of Casio's suppliers in Japan and elsewhere have agreed to these guidelines to help Casio fulfill its social responsibilities.

Casio is also managing its supply chain more successfully by introducing a regular monitoring system that ensures that these guidelines are properly fulfilled.

Supplier Guidelines <http://world.casio.com/csr/exchange/exchange01/>

## Disseminating supplier guidelines

Over 80% of Casio's production activities are in China and ASEAN. Every year, Casio holds briefings on its Procurement Policies in Southern China and Thailand.

In the past, these briefings simply involved Casio explaining its business policies to suppliers. Starting in fiscal 2010 however, Casio is using these briefings as an opportunity for mutual communication, including presentations on model CSR initiatives by a selected supplier.

Casio is aiming for continued improvement of the CSR implementation level, through joint efforts with suppliers.



Briefing on Procurement Policies



Award ceremony at the Procurement Policies briefing

## Managing guideline fulfillment

In fiscal 2008, Casio started conducting a questionnaire survey\* on corporate social responsibility (CSR) for principal suppliers in Japan. In fiscal 2010, the survey was expanded to include overseas suppliers.

As over 80% of Casio's production activities are in China and ASEAN, materials procurement is also being expanded in these regions. Ascertaining actual conditions at overseas suppliers is an important issue for CSR initiatives across the entire supply chain. Casio surveyed overseas suppliers using the same questionnaire items used for suppliers in Japan in fiscal 2009.

Responses were received from 161 suppliers in China and Thailand. The compiled and analyzed results were sent as feedback to all the suppliers, along with information on Casio's approach and goals for CSR procurement.

A questionnaire survey was carried out, targeting principal suppliers in Japan, including those of Casio group production companies, and 278 responses were received.

In the past, the survey consisted of questions on implementation conditions for 39 CSR items (implemented, planned, or not planned). In fiscal 2010 however, the questionnaire was revised with a five-point scoring system for 340 CSR fulfillment items relating to management policies, promotion system, training, and self evaluation of the supplier's situation.

The questionnaire results were sent by email to each supplier as feedback. The results included the average response rate of all suppliers, and the response rate for each supplier, in table format for easy comparison.

The theme for the fiscal 2011 survey will be to ascertain the actual conditions at suppliers using onsite inspection. Therefore, a CSR Promotion Project was launched at overseas sites using mainly local staff.

\* The questionnaire was prepared in accordance with a Supplier Checklist for CSR Procurement based upon the Guidebook for Supply Chain Implementation of CSR Procurement published by the Japan Electronics and Information Technology Industries Association (JEITA). It covered: (1) human rights and labor conditions; (2) health and safety; (3) the environment; (4) fair transactions and ethics; (5) quality and consumer safety; (6) information security; and (7) social contribution.

## ■ Improving CSR across the supply chain



### Supplier Message



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**Masahiro Tani**

Murata Manufacturing endorses Casio's CSR procurement system. Murata Manufacturing supports Casio's Procurement Policies, and is actively participating in the improvement of CSR fulfillment as a member of the supply chain. We will strive to fulfill and maintain Casio's CSR requirements.

## Subcontract Act compliance initiatives

Casio has established a Compliance Committee on Japan's Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors (Subcontract Act) which includes group companies, and is striving to ensure all transactions comply with the law.

In particular, employees that deal directly with suppliers and outsourcers are provided with the necessary knowledge through in-house seminars and classes sponsored by the relevant government authorities.

In fiscal 2010, 3,615 Casio employees attended in-house seminars, and 59 people also participated in classes sponsored by the Japan Fair Trade Commission and by the Small and Medium Enterprise Agency. This training helped to raise compliance awareness and provide employees with the necessary knowledge.

At the in-house seminars, understanding was further enhanced through specific training relating directly to business, using case studies of actual subcontract situations. Casio also invited instructors from Japan's Small and Medium Enterprise Agency, and took various other measures in each department in order to improve employee compliance knowledge.

The Compliance Committee also obtains the latest information from government websites and email notification services, and sends the information directly to committee members. The news is also posted on the committee's website, and shared with the entire group.

In offices where subcontract transactions are handled, independent audits are carried out on an ongoing basis. Casio confirms that proper, compliant transactions are executed, by inspecting the document record of the entire series of transactions from ordering to payment. The goal is to ensure that no problems occur.

In fiscal 2010, Casio revised the Subcontract Act compliance system at its group companies, in order to create a more efficient system for maintaining proper subcontract transactions.

Casio will continue to promote understanding of the Subcontract Act among its employees, and work to strengthen its system for even better compliance.