

# Philosophy and Management

## CSR Implementation System

Via its communication with stakeholders, Casio has determined the issues it must address to meet social expectations. The company is implementing management cycles to improve performance in these areas.

### CSR Implementation System

Since the establishment of its CSR Operations Section in 2004, Casio has been implementing CSR activities while expanding the themes to be undertaken and the scope of their impact. In the initial stage, there was an emphasis on protecting corporate value. Now however,

the company is working to generate new corporate value from a global perspective. In fiscal 2012, Casio revised its system for CSR implementation to make it even more global, by incorporating all Casio Group companies worldwide.

### CSR Committee

A CSR Committee headed by the director responsible for CSR has been established under the board of directors. The committee is the central body for implementation of CSR.

Operations conducted by the CSR Committee are based on the use of management cycles. A stakeholder meeting is held at the beginning of the fiscal year, after which the annual initiative themes are established and/or updated. The departments mainly responsible for each theme establish goals for their themes and set annual plans to achieve the goals before implementing the necessary programs. At the end of the fiscal year, the departments review and evaluate their own results, in addition to an objective evaluation by the Internal Audit Department. Based on this, issues are then re-defined and used to establish the themes and plans for the next fiscal year.

In fiscal 2011, Casio worked on 11 themes, including those continued from the previous year. There were eight relating to CSR, and three relating to compliance risk. The details are shown below.

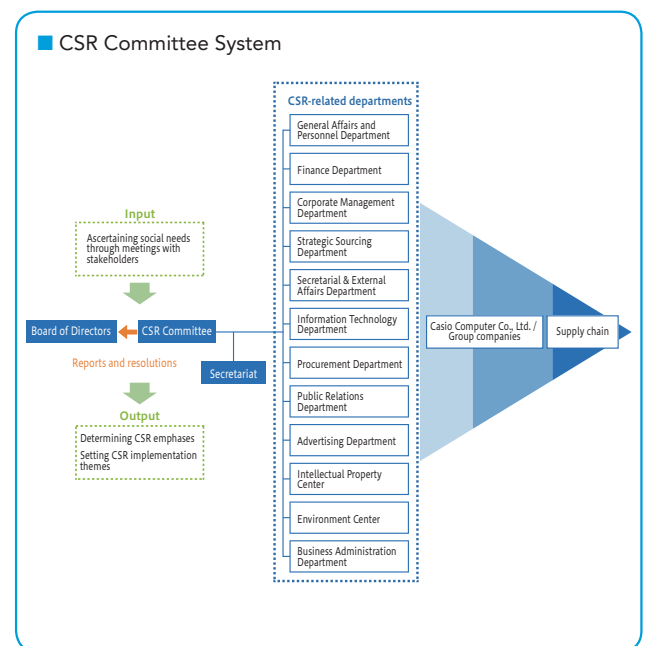
#### Fiscal 2011 Themes

- Themes relating to employees: 4
- Themes relating to brand value: 1
- Themes relating to social contribution: 1
- Themes relating to BCM: 1
- Themes relating to supply chain: 1
- Themes relating to compliance risk: 3

Targets were achieved for five of these themes in fiscal 2011. The remaining six themes were carried over

and continued as fiscal 2012 themes.

To choose the fiscal 2012 themes, in addition to those continued from the previous fiscal year, four working groups discussed theme proposals from the CSR-related departments, after the stakeholder meeting outlined below. When looking at proposals, they considered the CSR contribution level, return on investment, and similarity to other proposals. The proposals were then ranked within categories, before a balanced set of new themes was selected for fiscal 2012.



## Stakeholder Meeting

The fiscal 2011 stakeholder meeting was held prior to setting the themes for the coming fiscal year. Hideto Kawakita of the International Institute for Human, Organization and the Earth (IIHOE) was invited to come and give a talk on the latest CSR trends and examples of leading initiatives. This was followed by a Q&A session, which also deepened the understanding of the CSR Committee members.

In the CSR Committee meeting at the start of fiscal 2012, Hideto Kawakita was invited in again. He and the committee members discussed how to reflect the arrival of ISO 26000 and the consequences of the Great East Japan Earthquake in the setting of fiscal 2012 initiative themes.

After the meeting, each CSR-related department

selected new theme proposals that Casio ought to pursue in fiscal 2012, submitted them to the Secretariat. The proposals were then divided up and discussed by the working groups mentioned above.



Mr. Kawakita, who has provided the Independent Opinion for some years now, offers ever more in-depth advice and proposals.

## Corporate Governance

To increase corporate value, Casio always strives to improve management integrity and transparency. True to this commitment, Casio works to ensure that management decision-making is quick and that all operations are executed properly and efficiently.

### Corporate governance framework

Casio constantly strives to improve corporate governance.

The board of directors is tasked with making prompt, reasonable management decisions. Board meetings are attended by directors and corporate auditors, who discuss and make decisions on important business issues. Furthermore, in order to clarify the management responsibility of directors and to ensure a prompt response to changes in the business environment, the term of office of directors was changed from two years to one, as of June 2007.

At the regular General Meeting of Shareholders in June 2011, a new external director and a new external auditor were appointed, with the intention of further strengthening the management supervisory function.

In accordance with audit policies approved by the board of corporate auditors, the corporate auditors (all external auditors) attend board of directors' meetings, meetings of the corporate officers, and other important meetings. In addition, they perform careful audits by gathering information and receiving reports from directors and others, and by reviewing resolution documents relating to important decisions. The external director and external auditors are independent officers registered with the Tokyo Stock Exchange in compliance with regulations. In addition, Casio has full-time staff that provide support for corporate auditors.

Accounting auditors perform external audits according to generally accepted Japanese auditing standards, and they also provide recommendations for operational improvement. The Internal Audit Department carries out audits to ensure that all Casio Group operations are being carried out in conformity with laws and regulations as well as internal standards.

