

Independent Opinion

▶▶ Independent Opinion on the Sustainability Report 2011

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

The report makes it reasonably clear that Casio's CSR initiatives have begun to use the plan-do-check-act (PDCA) management cycle with a focus on reducing the company's environmental impact.

Commendable efforts by Casio

- I commend the company for including efforts to build a low carbon society and protect biodiversity as themes in its medium- to long-term environmental policy. As Casio works toward these goals, I have high expectations for the progress of its initiatives across the entire product life-cycle. In addition to the company's efforts within the group and across its supply chain, I look forward to seeing how the company helps its customers to make the most eco-friendly use of its products, including improving recycling rates at the end of the product cycle. I also expect the company to disclose information on its progress.
- Regarding the CSR initiatives for suppliers, it is admirable that Casio is ascertaining, "visualizing," and sharing data about suppliers. For instance, feedback was

sent to 169 suppliers in China and Thailand based on the results of questionnaires on the reduction of environmental impact, initiatives to protect the human rights of workers, and other matters, plus onsite investigations of some companies. Casio also evaluates suppliers in Japan based on a five-point scoring system for all 340 items in the Supply-Chain CSR Deployment Guidebook, published by the Japan Electronics and Information Technology Industries Association (JEITA). Going forward, I hope that the company will further raise the visibility of its suppliers' initiatives and issues by providing specific examples, while continuing to build a system of dialogue for sharing case studies, rewarding outstanding suppliers, and resolving issues.

Points for improvement while commending progress to date

- Regarding efforts to make Casio a better place to work, the company deserves congratulations for achieving 3.96% in the percentage of employees who make use of leave and reduced working hours programs for childcare and nursing care. Now Casio needs to more proactively create opportunities for users of these programs to share their awareness of issues and how they overcame them.
- Regarding the improvement and utilization of human resources diversity throughout the group, Casio should be commended for giving consideration to different cultures and the environment at production sites and other sites. Now it is essential for the group to further globalize its business development. Casio should take a ten-year perspective, and plan a global personnel portfolio that goes beyond division and company boundaries. Along with the appointment of a global personnel officer to oversee and promote personnel hiring, training, and interaction, the group should build a human resources database for getting a comprehensive grasp of its personnel, including the national staff in each country. In these and other ways, Casio needs to establish strategies and systems that can make the most of its diverse workforce as a truly global company.
- Regarding the hiring of employees with disabilities, Casio deserves applause for exceeding the legally mandated employment rate within the consolidated group in Japan and for starting a follow-up program that makes it easier for persons with disabilities to keep working within the group and ensures cooperation between employment sites and the personnel department. Now the company should work at building community based on the different types of disabilities and occupations, and continue making Casio an easy place for persons with disabilities to work.
- Regarding the CSR initiatives for the entire group, Casio should be commended for the fact that many divisions started proposing initiatives following the reorganization of its CSR Committee in at the end of fiscal 2010 to allow each division to independently look into and pursue issues of concern to society. In the future, Casio will need to further promote bottom-up approaches like these.
- On a related matter, Casio should be praised for continuing to feature articles about CSR in its internal newsletter. I hope that the newsletter will continue to cover particularly important CSR issues and initiatives from diverse sites within the group, in and outside Japan, as well as from suppliers.

Points for improvement

- Regarding the environmental impact reduction data in this report, it is commendable that details are provided on the principal sites in and outside Japan including group companies. My hope, however, would be that Casio will continue to increase the level of accuracy of group reporting, not only for environmental data, but also for personnel and procurement initiatives and data.

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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.
<http://blog.canpan.info/iiohoe> (in Japanese)

Responses to the Independent Opinion on the 2010 Report

Points for improvement while commending progress to date

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Regarding the CSR initiatives for the entire group (pages 32-33), Casio should be commended for reorganizing its CSR Committee in March 2010, in order to allow each division to independently look into and pursue issues of concern to society. In the future, Casio will need to promote and establish bottom-up approaches to make the most of this new framework.

Casio's Response

In keeping with the reconsideration of the operation of the CSR Committee in fiscal 2011, Casio decided to operate the committee as follows from fiscal 2012:

- 1) In order to confirm society's expectations of Casio, the committee held a stakeholder meeting in April and extracted themes that Casio should address.
- 2) These themes were broadly grouped into four categories. Working groups made up of members from relevant divisions were established for each theme. The working groups delved into the specific issues that should be addressed in fiscal 2012 and set a priority order.
- 3) Based on the conclusions of these working groups, each division responsible envisioned how resolving these issues would change their operations, devised annual action plans, and committed to carrying out the plans in a concrete manner.

Through the establishment of the above system, Casio is promoting a bottom-up approach to resolving issues.

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On a related matter, Casio should be praised for continuing to feature articles about CSR in its internal newsletter. I hope that the newsletter will continue to cover particularly important CSR issues and initiatives from diverse sites within the group.

Casio's Response

In fiscal 2011, Casio continued to introduce CSR initiatives undertaken by group companies in and outside Japan using an internal website in addition to articles in the internal newsletter. A total of 73 articles on CSR were published, taking up issues such as the creation of comfortable work environments at production sites, cooperation in community development events, site tours and other educational support, and relief efforts for areas stricken by the Great East Japan Earthquake.

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It is also admirable that Casio cut paper usage by 39% compared to the previous year by reducing the size and number of pages for user manuals for products such as electronic dictionaries and other measures. Now the company should make an even greater contribution by

introducing universal design fonts and other such steps.

Casio's Response

Casio began using universal design fonts, mainly for the new models of multifunction watches such as OCEAN-US, EDIFICE, and PROTREK, making increased clarity the highest goal.

This effort resulted in the user manual for the OCEAN-US winning an award for excellence in the 1st category of booklet operational manuals in the Japan Manual Contest 2011.

The number of pages increased with additional product functions, but from here on the company will strive to reduce the number of pages through measures such as improving the heading organization and wording. These efforts will then be expanded to other products.

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Regarding the environmental impact reduction data in this report, it is commendable that details are provided on the principal sites in and outside Japan including group companies. My hope would be that Casio will continue to increase the level of accuracy of group reporting, not only for environmental data, but also for personnel and procurement initiatives and data.

Casio's Response

In the 2011 report, Casio worked hard to disclose data on group company initiatives, to the extent currently possible, in the area of social activities in addition to including a special feature on the initiatives of Casio (Thailand) Co., Ltd., which is one of the group's principal production sites.

The company will continue striving to improve the level of its reporting.

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Regarding the employment of persons with disabilities (page 68), Casio deserves congratulations for maintaining the legally mandated employment rate, which had been an issue for many years. Now however, the company must work with the parties concerned to make it easier for persons with disabilities to keep working within the Casio group.

Casio's Response

In fiscal 2011, the entire group in Japan reached Japan's legally mandated employment rate for persons with disabilities. Going forward, the group will continue with proactive hiring of all persons, regardless of level of ability, who are ready for a challenge and have the will to work and demonstrate creativity.

Points for improvement

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Casio must take steps to promote reuse of the rare metals used in high-performance products such as digital cameras and electronic dictionaries, for which recycling systems have not yet been established. Measures could include further studies with other companies in the same industry and recovery of rare metals in used products. This, in turn, could be linked to sales promotion, and to development of products that use recycled metals.

Casio's Response

In recent years, study groups looking into the recycling of rare metals contained in cellular phones, digital cameras, and other used small electronic devices have been launched, mainly by Japan's Ministry of Economy, Trade and Industry and Ministry of the Environment. These groups are studying the issue, including facilitating recovery demonstration pilots by local governments.

The Mobile Recycling Network operated jointly by cellular phone network carriers is already recovering and recycling cellular phones. Digital cameras are collected and disposed of as general waste by local governments and there are also secondhand markets. Accordingly, the industrial associations concerned are jointly establishing study sessions on the recycling of used small electronic devices and looking into how to handle this issue.

Furthermore, the Ministry of the Environment is putting together the outline of a new recycling program, creating a system with intermediate processors and refining companies centered on municipalities, and moving ahead with plans to extract metals such as gold, silver, copper, zinc, and palladium. Also, a bill on other rare metals is anticipated to be submitted into a regular session of the Japanese Diet in 2012. Casio will therefore closely monitor these developments and consider how to respond.

(Main products: Cellular phones, digital cameras, electronic dictionaries, calculators, and AC adapters)

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The improvement and utilization of human resources diversity throughout the group is essential for the company to further globalize its business development. Casio should take a ten-year perspective, and plan a global personnel portfolio that goes beyond division and company boundaries. Along with the appointment of a global personnel officer to promote this goal through various channels including personnel hiring, training, and interaction, the company needs to establish recruitment and training systems that can make the most of a diverse workforce as a truly global company.

Casio's Response

In fiscal 2011, the company began needs-analysis and other preparatory studies regarding the development and implementation of a human resources management system befitting a global company. First, the company identified the issues and needs not only of the personnel department, but also the relevant departments and each of the Casio sites in and outside Japan. Based on these efforts, Casio then began implementing specific measures for the building of a global human resources management system. Going forward, the company will continue to strengthen these efforts.