

# Responsibilities to Suppliers



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 such as biodiversity preservation and risk control of chemical contents 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

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 Environmental Vision and Casio's Environmental Declaration, 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 (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.

## Disseminating supplier guidelines

Casio carries out the majority of its production outside Japan at Casio plants and manufacturing subcontractors (electronic manufacturing services). 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 and asking them to undertake initiatives. Starting in fiscal 2010 however, Casio is using these briefings as an opportunity for interaction, for instance, by having a selected supplier present its own exemplary CSR initiatives. Through joint efforts with suppliers, Casio is aiming for continued improvement in the level of CSR performance.

Since fiscal 2011, Casio has been asking suppliers whose sites it had audited for CSR performance to present examples of their efforts to improve CSR activities. It is proving highly effective to share case studies and know-how when addressing CSR issues.



Briefing on Procurement Policies



Award ceremony at the Procurement Policies briefing



Presentation of exemplary CSR implementation and improvement by a supplier

## Comprehensive management of CSR performance

In fiscal 2008, Casio started conducting a questionnaire survey\* of principal suppliers in Japan on CSR performance in order to confirm the status of CSR procurement. In fiscal 2010, the survey was expanded to include suppliers in China and Thailand. Additionally, starting in fiscal 2010, Casio has been evaluating 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), in an effort to gain a better grasp of and visualize the situation.

In fiscal 2012, Casio again conducted a questionnaire survey of suppliers in and outside Japan. The results were sent back to all suppliers, along with information on Casio's approach and goals for CSR procurement, to help support suppliers' improvement efforts.

Since fiscal 2011, Casio has been conducting on-site audits of major suppliers in China and Thailand with local staff members of the CSR promotion project launched at sites in those countries. Starting in fiscal 2012, Casio also increased the number of sites visited from three to nine companies in China and from two to six companies in Thailand. Activities in Thailand were suspended from the second half of 2011 due to flooding, but were scheduled to recommence in the second half of 2012.

In Japan, the response rate to the questionnaire was a high 96%, similar to last year's rate of 95%, providing assurance that understanding of CSR is becoming entrenched. Moreover, following the Great East Japan Earthquake, attention has focused on business continuity planning (BCP) initiatives, and a survey of BCP efforts at suppliers was conducted in tandem with the CSR questionnaire. Casio is working in partnership with its suppliers to secure the functioning of BCP across its entire supply chain to ensure that the company can meet its responsibilities in the procurement and supply of goods.

\* 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

TAIYO YUDEN CO., LTD. takes an active approach to CSR implementation based on the TAIYO YUDEN Group Business Conduct Guidelines.

We support Casio's Procurement Policies, and will strive to fulfill and maintain the CSR performance items requested by Casio.



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### 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 2012, 3,361 Casio employees attended in-house seminars, and 60 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 provided employees with the knowledge they need.

Various efforts were made to encourage understanding, such as conducting training sessions with original teaching materials prepared to suit the unique transaction conditions of various group companies.

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 2011, group companies drew up their own action plans under the basic plan of the Subcontract Act Compliance Committee, establishing courses of action for maintaining proper subcontracting transactions using the PDCA cycle. In fiscal 2012, Casio encouraged the continuation of this process.

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