

# 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 avoiding the use of conflict minerals, 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.

[Supplier Guidelines](#)

## 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.

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.

In fiscal 2013, Casio conducted onsite inspections at nine suppliers to confirm their CSR performance in seven areas: (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. Based on this, in fiscal 2013, Casio held a briefing where the best practice cases and the names of the suppliers concerned for each of these seven areas were announced. Suppliers who made exemplary CSR improvements also made presentations. Information about areas lagging behind in improvement measures were also announced, without singling out any particular supplier.

In June 2009, Casio revised the Basic Business Agreement it signs with suppliers in Japan. Clauses were added to require measures such as legal compliance, respect for human rights, and environmental protection. The new agreement is being rolled out steadily.



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, the yes/no format of the questionnaire for suppliers outside Japan was also changed to a five-point scoring system.

Based on the fiscal 2012 survey results and changes in society's expectations, the questionnaire for suppliers in Japan was revised in fiscal 2013. Overlapping questions were eliminated and a new theme, policies for avoiding conflict minerals, was added.

The questionnaire survey is sent every year to principal suppliers in Japan and China. Responses were received from 260 out of 267 companies in Japan, and all 159 companies in China. Casio compiles and analyses the response data, and shares the results with suppliers, along with Casio's approach to CSR procurement. The suppliers are given support to make improvements. Due to the flooding in Thailand in 2011, the survey was temporarily suspended in that country, but will resume in fiscal 2014.

Since fiscal 2011, Casio has been conducting onsite audits of major suppliers in China and Thailand with local staff members of the CSR promotion projects launched at sites in those countries. In fiscal 2012, the company started planning onsite inspections performed mainly by local Casio staff, and the number of visits is increasing.

In fiscal 2013, Casio conducted onsite inspections at ten companies in China. In the second half of 2012, the CSR promotion project was reorganized and resumed in Thailand, and one onsite inspection was performed.

In conjunction with the CSR questionnaire, in fiscal years 2012 and 2013, Casio surveyed its suppliers in Japan about their business continuity planning (BCP) initiatives. The results revealed that many suppliers are investigating or have started taking BCP measures. This includes preparing for a major earthquake centered in the Tokyo region, which is predicted as likely to take place sometime in the not too distant future. 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.

### Fiscal 2013 Achievements



### Supplier Message

All employees at CMK Corporation are continually promoting CSR activities, based on the CMK Group's CSR Charter.

The company supports Casio's Procurement Policies. While working to meet Casio's higher CSR procurement standards, we are striving to become a company worthy of Casio's strong support.

Mr. Yoshiaki Ishizaka, Deputy General Manager  
East Region Sales Div.  
CMK CORPORATION



## Avoiding any use of conflict minerals

Some minerals, such as tin, tantalum, tungsten, and gold, produced in the Democratic Republic of Congo (DRC) and neighboring African countries have become a source of funding for armed groups and anti-government forces carrying out atrocities. They are called conflict minerals because of their potential to promote conflict, human rights violations, and environmental destruction.

Wanting no part in human rights violations and environmental destruction, Casio's stance is to completely avoid the use of conflict minerals. The group will continue its efforts to avoid the use of such minerals by working closely with suppliers.

In January 2013, Casio revised its Procurement Policies and Supplier Guidelines, adding a ban on the use of conflict minerals. A question about policies to avoid the use of conflict minerals was also added to the CSR questionnaire sent to suppliers in Japan.

Starting in fiscal 2014, Casio plans to survey its suppliers worldwide about the use of conflict minerals, utilizing the EICC & GeSI\* Conflict Minerals Reporting Template.

Casio's policy is to permit use of minerals legally mined in the DRC and neighboring countries, as long as they have no connection to conflict in the region.

\* Global e-Sustainability Initiative (GeSI): An international strategic partnership to create and promote technologies and practices for economic, environmental and social sustainability, working with members from major information and communication technology (ICT) companies and organizations.

## 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 2013, 3,429 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. Since fiscal 2012, Casio has 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.