

# 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.

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## 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

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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.

Initially, these briefings simply involved Casio explaining its business policies to suppliers and asking them to undertake initiatives. Since fiscal 2010, however, Casio has been using these briefings as an opportunity for two-way communication. Suppliers are invited to participate actively, for instance by asking those with exemplary CSR initiatives to present examples of their efforts to promote and improve CSR. This enables the sharing of useful case studies and know-how for addressing CSR. By working collaboratively with its suppliers in this way, Casio is continually improving the level of CSR performance in its supply chain.

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

### Voice of a supplier who presented a case study of improvement

At China Precise Hardware & Spring Manufacturing, CSR activities have increased employee loyalty, substantially improved production efficiency, and led to a lower turnover rate.

Our company will continue to actively engage in CSR efforts and create a manufacturing site that pursues sustainable development while strengthening our partnership with Casio.



Lan Li, Sales Manager  
China Precise Hardware & Spring  
Manufacturing

## 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.

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

The fiscal 2016 questionnaire was sent to 231 companies in Japan, and the response rate was 100% (99% in fiscal 2015), clearly indicating suppliers' high level of interest in CSR fulfillment. In China and Thailand, responses were received from 306 companies, also for a response rate of 100% (100% in fiscal 2015, as well). Again, the great concern for CSR fulfillment among suppliers is clear.

Casio compiles and analyses the response data, and shares the results with suppliers, along with Casio's approach to CSR procurement.

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 2016, Casio conducted onsite inspections at 8 companies in China, where it has cumulatively covered 60.8% of suppliers on a trade value basis since onsite inspections began. In Thailand, it conducted onsite inspections at 6 companies. Even with the suspension in inspections caused by the flooding, it has covered 40.2% of suppliers in Thailand on a trade value basis. Going forward, Casio will continue onsite inspections with the aim of instilling commitment to CSR throughout the supply chain.

Additionally, Casio underwent CSR-related audits at 5 of its production sites at the request of 4 major distribution customers.

\* 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.

[A list of the items included in each category of the questionnaire is available here.](#) ( PDF / 10.8KB )

### Questionnaire results

Questionnaire given to a total of 537 suppliers

Responses to all questions received from 537 suppliers (100% response rate)

### Status of responses by CSR category

Items	Score
0: Overall Promotion of Corporate Social Responsibility	4.1
I Human Rights and Labor	4.6
II Occupational Health and Safety	4.6
III Environment	4.6
IV Fair Trading	4.5
V Product Quality and Safety	4.7
VI Information Security	4.5
VII Contribution to Society	4.0
Total	4.5

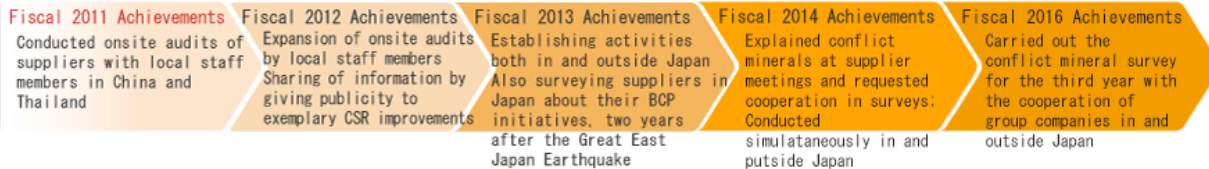
### Status of responses by CSR category



## Improving CSR across the supply chain



## Growing together with suppliers



## Supplier message

At the TDK Group, we aim to realize a sustainable society and company through the practice of our corporate motto: “Contribute to culture and industry through creativity.”

We have selected the following four matters as “important action items from the perspective of CSR” in light of their degree of impact on society and materiality, and we apply the PDCA cycle to them:

1. Contribution to the World by Technology
2. Development of Human Resources
3. Society and Environmental Considerations in the Supply Chain
4. Symbiosis with the Global Environment

Going forward, we will continue to leverage our strengths in materials with a medium- to long-term outlook, to contribute by providing socially and environmentally friendly products and services as a partner that plays a role in monozukuri activities that “create something from nothing.”



Takuma Nakamura  
 Manager  
 Sales Sec.3 East Japan Sales Department  
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 Japan Sales Division  
 Electronic Components Sales & Marketing  
 Group  
 TDK 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.

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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.

In fiscal 2014, Casio group companies surveyed suppliers worldwide about the use of conflict minerals, using the EICC & GeSI\* Conflict Minerals Reporting Template. Worldwide, 650 responses were received in fiscal 2016.

In the first year of the survey, many companies reported conflict mineral use as "unknown." In the second year, there was a noticeable shift towards "yes" or "no" responses, rather than "unknown." There are inherent difficulties in conflict mineral investigation, as strict survey implementation requires going all the way back up the supply chain to the smelters. Casio will continue to collect relevant information including customer reactions and industry trends in the US, EU and other regions.

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.