
Environmental Compliance

Worldwide, environmental regulations are being strengthened to preserve the beauty of the Earth. Whether global or local, compliance with environmental regulations has become an integral part of the corporate mission. Companies today recognize the need to address issues such as risk management and environmental information disclosure, while complying with greenhouse gas emissions regulations, the prohibition of products containing harmful chemical substances and ISO 14001 legal requirements. Here is an overview of Casio's environmental compliance initiatives.

Standards management and audits: Regular internal audits and third-party audits

There are 13 Casio sites which have obtained ISO 14001 certification.

Each of these sites regularly implements conditions management and improvement activities by measuring concentrations of dust, SO_x, and NO_x in exhaust emissions, based on voluntary standards and standards established by national and local governments. They also measure wastewater quality (water containing harmful substances). Moreover, the sites measure and report usage conditions for harmful atmospheric pollutants, as well as handling quantities and atmospheric emissions of volatile organic compounds (VOCs).

Each site trains internal environmental auditors and environmental provisional auditors. In addition to carrying out internal audits, third-party audits by external organizations are also regularly performed, and improvement activities are carried out.

Going forward, Casio will work to improve the environmental risk detection skills of its internal environmental auditors, as a way to improve its overall environmental audit capability. Casio will also seek to improve auditors' understanding of various environmental laws, and provide training in worldwide laws relating to chemical substance control and information management. Casio intends these auditors to lead the way in environment compliance, starting at the local site, by discovering issues and proposing ways to improve.

Compliance Audits in the Phases of Product Development, Design, and Manufacturing

In recent years, laws and regulations on the environmental performance of products have become stricter. In addition to stricter regulations in EU nations and US states, stronger laws are also being discussed and enacted in the newly emerging economies of Asia and Latin America, referencing those already established by developed countries. In some cases, the newer laws are based on the established ones, but they often have small differences in the specific requirements. It is vital for Casio to interpret these regulations properly, and make whatever product adjustments are needed.

Casio has established an Expert Sub-Committee on Environmental Law within its Product Regulation Committee. The sub-committee includes representatives from the environmental management, technology, development/design, and

sales departments. It studies measures to ensure compliance with environmental laws and regulations. The members share information, establish reasonable response policies, and confirm response progress not only for currently established laws and regulations but also for new laws and regulations currently being considered. Through these activities, they provide support for development, design, manufacturing, and sales departments. They also share information on product regulations other than those related to the environment (such as electrical safety, radio, and wireless regulations), in an effort to comprehensively rationalize Casio's response to product regulations.

The Expert Sub-Committee on Environmental Law performs the following:

1. Gathering and sharing legal information from and with sources such as industrial associations, sales companies in each region, information services, and other companies in the same industry
2. Analyzing and interpreting legal information
3. Ensuring obligations are met by manufacturing, import, export, and sales entities
4. Creating development and design standards, and conducting inspections
5. Improving the usage efficiency for design support tools (database of chemical substances contained in products, etc.)

With the enactment of some regulations carrying severe penalties, Casio also recognizes the need to keep strengthening risk management.

Casio carries out environmental assessments of each product before new products ship to market, to check to ensure environmental design that complies not only with laws and regulations but also with the Casio Green Star Plan. The environmental management departments also conduct environmental audits.

The group also conducts audits of chemical substances to check whether products comply with laws and regulations on chemical substances in various overseas markets. Products are cleared for shipment on confirmation that all parts and materials satisfy standards on chemical substances.

Compliance Relating to Chemical Substances Contained in Products

Countries around the world have implemented new laws pertaining to chemical substances contained in electrical and electronics products, while existing laws continue to be strengthened each year. Individual laws and regulations vary in terms of the applicable chemical substances, regulated applications, exempt applications, threshold values, scope, and requirements (content restrictions, labeling, and information provision, etc.).

Casio has consolidated the requirements of various laws on chemical substances contained in products and has incorporated them into the Casio Green Procurement Standards. The development and design departments are then able to comply with regulations worldwide by checking a database to see whether a part or material to be included in a product meets the Casio Green Procurement Standards.

Compliance Relating to the Proper Collection, Recycling, and Disposal of Used Products

Countries around the world also have regulations for the collection and recycling of used electrical and electronics products, packaging materials, and batteries. Companies must comply with the requirements of each law including product design to save resources and facilitate recycling, labeling and information provision to promote user participation in the sorted collection of products for recycling, as well as information provision for proper product disposal.

Casio evaluates products in terms of resource savings, ease of dismantling, recycling potential, and recycled material content. Confirmation is also made to see whether the recycling labels and displayed information meet legal requirements worldwide.

In response to the enactment of Japan's Small Electronic Devices Recycling Act in April 2013, Casio has put together a project team including employees involved in every product category (such as designers), aiming to ensure products being developed are easily recyclable. Casio is asking intermediate processors and metal smelters who recycle used small household appliances to participate in interviews regarding dismantling methods and other issues. The lessons learned are being incorporated into internal design manuals, helping Casio to develop products that are easy to recycle.

Compliance Relating to Power Consumption

There are also regulations on power consumption and efficiency for electrical and electronics products including external power supplies and chargers, based on product categories and power source types. Companies must also meet various requirements relating to power consumption and efficiency, including regulations that require the meeting of minimum standards and those that mandate the display of power consumption information. Casio confirms the applicable regulations for each of its products, and carries out product development and design to meet the requirements. Approval applications and reports are made to the relevant agencies as necessary.

Compliance Relating to Energy Saving and the Prevention of Global Warming

Casio is committed to further consideration and strengthening of its voluntary efforts, such as the targets included in the Casio Group's Environmental Action Plan, to reflect laws and regulations related to energy-saving and the fight against global warming.

Casio has measures addressing regulations around the globe, but this section focuses on the steps Casio is taking to comply with the laws and regulations in Japan that apply to its relatively large business facilities.

1. Act on the Rational Use of Energy

Pursuant to the requirements of the Energy Conservation Law, Casio is separately evaluating the rational use of energy at the business level. Casio Computer Co., Ltd. and Yamagata Casio are both currently designated as specified businesses. Since fiscal 2010, Casio has been regularly submitting reports and medium and long-term plans on this issue, and in accordance with the determination standards relating to the rational use of energy at plants and facilities,

has been promoting the development of management systems, such as creating the new position of energy management supervisor.

2. Act on the Promotion of Global Warming Countermeasures

Casio does not exceed the standards for emissions of greenhouse gases other than CO2 arising from energy use set by Japan's Act on the Promotion of Global Warming Countermeasures. It is complying with requirements for the reporting of greenhouse gas emissions, by regularly submitting reports under the Act on the Rational Use of Energy.

3. Environmental Regulations in Tokyo

Based on the results for fiscal 2015, the energy usage for small and medium-sized facilities on a crude oil equivalent basis (energy usage below 1,500kl/year on a crude oil equivalent basis) within the Tokyo Metropolis exceeded 3,000kl/year, and Casio submitted reports to the Tokyo Metropolitan Government in fiscal 2016.

The results for fiscal 2016 were below 3,000kl/year, but Casio will continue to take measures to counter global warming based on ordinances of the Tokyo Metropolitan Government.

Compliance relating to environmental information disclosure

There is a growing international movement calling for the creation of information disclosure standards for companies.

Along with the need for Japanese standards to coincide with the International Financial Reporting Standards (IFRS), there is a movement calling for the provision of Management Commentaries (MC) as a form of disclosure of non-financial and corporate forecast information. In other words, companies will need to disclose non-financial data which describes the connections between the company's current situation, business strategy, risks, and financial performance, and other relevant information.

In order to provide its stakeholders with the proper environmental information in a way that it is easy to understand, Casio has the following aims.

1. To adopt more accurate indices relating to environmental impact, and to provide comparable information
2. To provide non-financial information including environmental information that indicates the connections with corporate strategy
3. To explain the capability of environmental information to improve corporate performance

Along with working to disclose environmental information, Casio will promote international disclosure standards for non-financial information, and work towards standardization.