

# CSR Management



> Casio's Corporate Creed and Approach to CSR

> Social Trends and CSR Progress

> CSR Implementation System

> Material Issues for Casio

> Stakeholder Engagement

> Corporate Governance

> Corruption Prevention Initiatives / Compliance

> Risk Management

> External Evaluation

# Casio's Corporate Creed and Approach to CSR

**Making life richer and more convenient by creating innovative products—this was the aspiration of Casio's founders, and it is summed up in the corporate creed, "Creativity and Contribution." Casio believes that part of its social responsibility is to pass down this corporate creed to all of its employees without fail. Casio is determined to ensure that its businesses, which make something from nothing, or go from "0" to "1," continue to make a consistent contribution to a more sustainable global society.**

## Welcoming the challenge of helping to build a more sustainable global society

In recent years, there has been widespread concern over the sustainability of human civilization in its current form. While economic activity has enriched the lives of many people, it has also put great strain on the global environment and social systems. Cooperation is needed to overcome this global crisis and leave a sustainable global society to future generations. In order to achieve this, proactive initiatives need to be taken by individuals, companies, governments, and international organizations. A company has a much larger impact on society than an individual, and corporate activities are responsible for some of the current impact on the planet. This is why society now has much greater expectations for companies to actively implement their own initiatives to help resolve sustainability issues, or in other words, to fulfill their corporate social responsibility (CSR). In recent years, investment in enterprises based on environmental, social and governance (ESG) criteria has grown exponentially worldwide. Given this trend, companies that neglect their CSR initiatives and fail to fulfill their social responsibilities no longer hold any appeal for investors, and the continued existence of such companies holds no value for society.

Casio's corporate creed of "Creativity and Contribution" contains the company's founding idea of social contribution through the provision of innovative products that have never existed before. Everyone working at Casio fully appreciates this corporate creed, and the company is always striving to help build a more sustainable global society by pursuing business activities designed to make something from nothing, or go from "0" to "1." This is Casio's CSR approach.

The Charter of Creativity for Casio outlines the basic principles concerning the attitudes and conduct expected of Casio employees in order for the company to continue realizing its corporate creed. The company's 60th anniversary last year provided momentum for a review of the Charter of Creativity for Casio. The president feels strongly that the Charter should serve as an each employee's compass when the way forward is unclear, and that its content needs to reflect this purpose. A project team is now working on revising the Charter to ensure that the spirit of the current charter is maintained while creating something that is more practical and inspiring.

The Casio Group Code of Conduct is also used as a guide for all officers and employees of the Group, ensuring compliance with applicable laws and internal regulations and appropriate conduct from an ethical point of view. Based on changes in and outside the Casio Group, the Code of Conduct was revised in June 2013 and again in November 2016 to meet new standards in areas where the international community has high expectations and demands, such as human rights, supply chain management, and anti-corruption measures.

Casio has identified three material issues, shown below, to guide its efforts to address social and environmental issues that relate directly and indirectly to its business operations. By addressing these issues the company aims to help build a more sustainable global society.

The world today is faced with many complex economic, environmental and social problems of a very serious nature. Humanity as a whole needs to consider its own best future, and then find ways to move in that direction. If economic activities are to be maintained on this planet with limited resources, every member of society must try to help achieve sustainability.

Casio is determined to do its part to find solutions for social and environmental issues while continuing to provide new value to society, based on its corporate creed of "Creativity and Contribution." Casio will steadily pursue specific initiatives while always seeking to conceive of ideal solutions for each issue.

## **Casio's Environmental Materiality and Medium-Term Targets**

### **1. Realizing a low carbon society**

Medium-term targets

Reduce greenhouse gas emissions (Scopes 1 and 2) for the entire Casio Group:

1. Reduce emissions by 26% compared to FY2014, by FY2031.
2. Reduce emissions by 80% compared to FY2014, by FY2051.

### **2. Building a recycling society**

Medium-term targets

1. Aim for 100% waste recycling at business sites by FY2031.
2. Aim for a 90% sales ratio for Green Star products by FY2026.
3. Aim to perform life-cycle assessment (LCA) for all new product models by FY2026.

### **3. Living in harmony with nature**

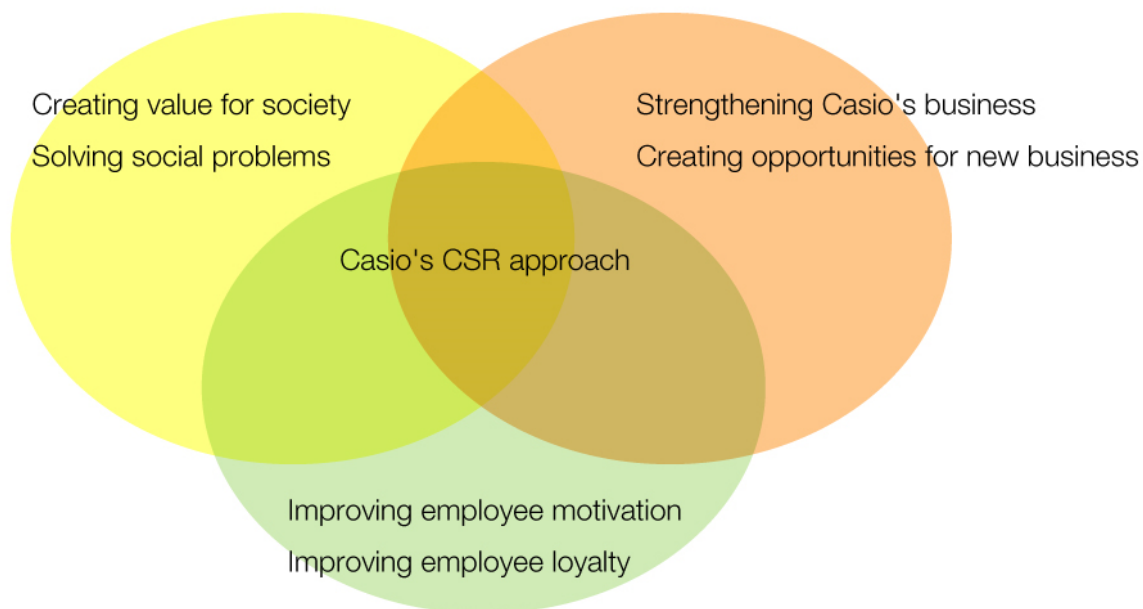
Medium-term target

Aim to use only sustainable paper by FY2031.

## Casio's CSR Approach

Casio's CSR approach is one where the group works to meet the expectations of society by helping to solve environmental and social issues through business operations, while achieving sustainable growth. Casio must continue to be useful to society, while also maintaining the respect of its employees.

### Promoting CSR activities to improve corporate value



## Medium-Term CSR Policy (FY2018 – 2019)

The Sustainable Development Goals (SDGs) were adopted at the United Nations in September 2015, while the Paris Agreement, the result of the 2015 United Nations Climate Change Conference (COP 21), entered into force in November of the same year. Given this background, along with the global trend toward investment based on economic, social, and governance (ESG) factors, Casio has formulated the following medium-term CSR policies for the next two years.

- Promoting concrete initiatives associated with the SDGs to solve social and environmental issues based on materiality linked with business management
- Establishing achievement scenarios linked to long-term environmental targets, and continually improving environmental performance through implementation of environmental management systems (EMS)
- Strengthening the business foundation by gathering compliance and ESG information from Casio Group companies and continuing to improve performance levels
- Raising the awareness of all Casio Group employees, and promoting behavioral changes

Following these medium-term policies, Casio will specifically address the following three issues as the top priority issues.

1. Initiatives based on SDGs
2. Initiatives to achieve medium and long-term environmental targets
3. Initiatives for disclosure of corporate ESG information

Casio will establish KPIs for each policy and will promote and manage initiatives using plan-do-check-act (PDCA) cycles.

### Casio's CSR Platform



## Charter of Creativity for Casio and Casio Common Commitment

In 2003, Casio adopted the Charter of Creativity for Casio and Casio Common Commitment, a promise from everyone working at Casio. They are designed to ensure that Casio employees will be aware of the corporate creed at all times, and act upon it. These promises cover the three key aspects of CSR—economy, environment, and society—as well as the company's approach to compliance.

### Charter of Creativity for Casio

#### First Chapter

We will value creativity, and ensure that our products meet universal needs\*.

#### Second Chapter

We will strive to be of service to society, providing customers with delight, happiness, and pleasure.

#### Third Chapter

We will back up our words and actions with trustworthiness and integrity, and work as professionals.

\* To create innovative products that everyone needs but no other company has ever produced. At Casio, this is the mission not only of product development, but of every other part of the business.

[> Charter of Creativity for Casio and Casio Common Commitment](#)

## Engaging employees in Casio's unique CSR approach

To ensure thorough application of these principles, the directors and department heads sign the Charter of Creativity for Casio and Casio Common Commitment every year, and together recite a pledge to abide by the Charter and Commitment and familiarize their subordinates with it. All employees also sign a card printed with these promises, to carry with them at all times.

There is also a site on the company intranet entitled CASIO STYLE which includes messages about the corporate creed and the Charter and Commitment from the four brothers who founded the company, along with other simple, compelling stories presented once a month. This helps all group employees to better understand and identify with Casio's essential character.

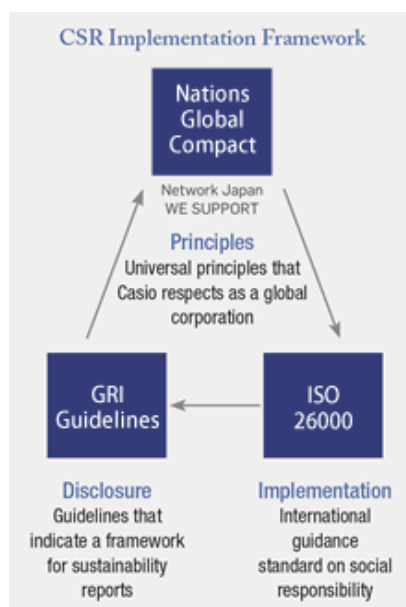
The CSR Communication Book has been issued mainly for employees every year since 2012. By presenting specific cases to illustrate each chapter of the Charter of Creativity, it helps employees better understand the charter.

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## CSR Implementation Framework

Casio joined the UN Global Compact in 2010. The company upholds the ten principles of the Global Compact, which concern human rights, labour, the environment and anti-corruption, and it has also fully adopted the corporate commitments.

Casio has been working to enhance its CSR programs to meet the requirements of the international community. The company draws on the ISO 26000 guidance standard on social responsibility in implementing CSR, and uses Global Reporting Initiative (GRI) Guidelines to select subjects for disclosure. The company is currently working to comply with the latest G4 version of the guidelines.



## United Nations Global Compact

Casio products are made through cooperation not just within the Casio Group, but with many other parts and consignment manufacturers. Through global distribution, over 100 million Casio products are sold each year in 140 countries around the world.

In order for consumers worldwide to purchase Casio products with confidence, the company believes that it must support and adhere to common global principles for sustainable growth for the international community, beginning with Casio's global supply chain.

This is why, in December 2010, the company president signed a letter of commitment to support the principles of the United Nations Global Compact. With that step, Casio joined the compact, and it has been making employees thoroughly aware of it ever since, group-wide. While pursuing specific initiatives for the realization of the Global Compact principles, Casio is also appropriately disclosing progress.

Casio is also active at the local network level of the UN Global Compact, serving as a member of the Japanese Global Compact Network Japan (GCNJ).

## 10 Principles of the UN Global Compact

### Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

### Labor Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor; and
6. the elimination of discrimination in respect of employment and occupation.

### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

10. Businesses should work against all forms of corruption, including extortion and bribery.

## FY2018 participation in Global Compact Network Japan (GCNJ) Subcommittees

- Human Rights Due Diligence Subcommittee
- Women's Empowerment Principles Subcommittee
- Reporting Research Subcommittee

Related Links: [United Nations Global Compact](#) 



## SDG-Based Initiatives

In September 2015, the United Nations Sustainable Development Summit was held at the UN Headquarters. With the participation of over 150 member countries, the 2030 Agenda for Sustainable Development was unanimously adopted by world leaders at the summit. This global agenda includes 17 SDGs and 169 targets.

The SDGs outline priority global issues to be resolved by 2030 and clarify shared objectives for the world. They indicate specific opportunities to put the planet on a sustainable path, including the elimination of poverty and hunger, and the achievement of clean energy, climate action, and peaceful societies.

The SDGs have made it easier for Casio to establish targets for its contribution to the world, as part of its corporate creed, "Creativity and Contribution."

Currently, Casio is looking for SDG collaboration opportunities for each of its business areas and is working with experts to determine the relevance of each SDG to its business activities. The SDG opportunities and risks for Casio business activities will be released together with materiality information in the 2019 Casio Sustainability Report.

Examples of opportunities that the SDGs bring to business activities are as follows.

➤ [Working to improve the math skills of children in developing countries](#)  
[Partnership with the GAKUHAN program](#)

### SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



# Social Trends and CSR Progress

Casio's CSR activities have evolved with social trends over the years. This section reviews that history, showing the increasing importance of management focused on social responsibility.

## 1990s: Establishing Environmental Management

The 1990s was a decade of growing public criticism of corporate practices, with repeated corporate scandals in Japan. Compliance measures were advanced, including the establishment of codes of conduct by large companies. Also, the issue of global warming came to light, and global environmental problems became apparent. Against this backdrop, many Japanese companies shifted to environmental management.

Casio established its Environmental Conservation Committee in 1991 and began to pursue environmental management. In 1993, the Casio Environmental Charter was established. This led to environmental activities across the Casio Group relating to both products and production/business sites.

As a company with a global presence, Casio understands that it is vital to comply with international norms as well as the applicable laws and regulations in each country and region. In 1998, the Casio Code of Ethics was created to ensure that all officers and employees act based on high ethical standards and sound judgement.

● CSR management reinforcement    ● Environmental initiative    ● Information disclosure    ● Social Trends

### Social Trends

1990	●	Action Program to Arrest Global Warming established
1991	●	Act for Promoting the Utilization of Recycled Resources takes effect
	●	Keidanren Global Environment Charter established
1993	●	Basic Environment Act takes effect
1994	●	United Nations Framework Convention on Climate Change takes effect
1996	●	ISO 14001 international environmental standard created
1997	●	Kyoto Protocol adopted by the third session of the Conference of the Parties (COP3)
1998	●	Act on Rationalizing Energy Use revised
	●	Act on Promotion of Global Warming established

## Casio Initiatives

1991	●	Casio Environmental Conservation Committee launched
1993	●	Casio Environmental Charter and Environmental Fundamental Policies established
1997	●	Environmental activities reported on the Casio website
	●	ISO 14001 certification acquired by Aichi Casio and Yamagata Casio
1998	●	Casio Group Code of Conduct established
	●	ISO 14001 certification acquired by Kofu Casio, Kochi Casio, Casio Korea, and Casio Electromex (Mexico)
1999	●	Green Procurement Guidelines established
	●	Environmental Report first published
	●	First exhibit at Eco-Products
	●	ISO 14001 certification acquired by Casio Electronics

## 2000s: Shifting to CSR Management

In addition to environmental efforts, CSR themes including human rights, labor relations, society, and product liability began to be discussed in the 2000s. CSR reports also started coming out as part of stakeholder communication efforts. A growing number of companies established CSR offices and appointed officers in charge of CSR. These efforts took place in the context of management strategy, as an indispensable element for sustainable development of the company.

In 2003, Casio reviewed its corporate creed, "Creativity and Contribution," in light of the times, and established the Charter of Creativity for Casio to set the course for CSR management. In 2004, Casio established its CSR Promotion Office and CSR Committee. In 2005, the Casio Group identified its key stakeholder segments and started issuing the CSR Report, which clearly described the Group's responsibilities to each segment.

- CSR management reinforcement
- Environmental initiative
- Information disclosure
- Social Trends

### Social Trends

2000	•	United Nations Global Compact initiated
	•	<i>Sustainability Reporting Guidelines</i> issued by the Global Reporting Initiative (GRI)
	•	Containers and Packaging Recycling Act established
2001	•	Green Purchasing Act established
	•	Act on the Promotion of Effective Utilization of Resources, the Waste Management and Public Cleansing Act, and the Basic Act on Establishing a Sound Material-Cycle Society established
2002	•	World Summit on Sustainable Development held in Johannesburg
	•	Act concerning Pollutant Release and Transfer Register (PRTR Act) established
2003	•	WEEE and RoHS Directives take effect
2005	•	Kyoto Protocol takes effect
2006	•	JEITA issues Supply Chain CSR Deployment Guidebook

## Casio Initiatives

2000	●	ISO 14001 certification acquired for production sites in Japan and four Casio Computer business sites
	●	Environmental accounting introduced
	●	Green Procurement Standards issued and business partner briefing sessions begin
2001	●	Casio Taiwan and Casio Software acquire ISO 14001 certification
2002	●	Casio Electronics (Shenzhen), Casio Electronics (Zhongshan), and Casio Techno headquarters acquire ISO 14001 certification
2003	●	The Charter of Creativity for Casio established
2004	●	CSR Promotion Office and CSR Committee launched
	●	<i>Environmental Report becomes Environmental Management Report</i>
2005	●	<i>Environmental Management Report becomes the CSR Report</i>
	●	RoHS compliance achieved for all products sold in Europe
2006	●	<i>CSR Report and Corporate Profile combined to create Corporate Report</i>
2009	●	Casio Environmental Charter becomes the Casio Environmental Vision, and the Basic Environmental Policy becomes the Casio Environmental Declaration

## 2010s: Integrating CSR into Management Strategy

In the 2010s, the attitude of external stakeholders toward companies has been changing dramatically. In particular, more companies are highlighting their own business activities based on how they address issues targeted under the Sustainable Development Goals (SDGs) adopted at the United Nations in 2015. Many investors have begun to look at corporate CSR activities as part of investment criteria, labeling them as environmental, social, and governance (ESG) information. As a result, companies are starting to actively promote CSR as part of their management strategies.

Casio has also worked to meet the expectations of society through participation in international frameworks such as the United Nations Global Compact and the ISO 26000 standards for social responsibility. In 2016, Casio established a process for identifying materiality in dialogue with various stakeholders and incorporating public expectations into its CSR management.

In 2018, Casio is looking at how it can help achieve the SDGs and has started to consider targets that can make a global contribution.

● CSR management reinforcement    ● Environmental initiative    ● Information disclosure    ● Social Trends

### Social Trends

2010	●	ISO 26000 standard created
2013	●	<i>G4 Sustainability Reporting Guidelines</i> released
	●	International Integrated Reporting Framework announced by the IIRC
2014	●	Fifth Assessment Report released by the United Nations Intergovernmental Panel on Climate Change (IPCC)
2015	●	Sustainable Development Goals (SDGs) adopted at the UN
	●	Japan's Government Pension Investment Fund (GPIF) signs the Principles for Responsible Investment (PRI)
	●	ISO 14001 standard revised
	●	Paris Agreement adopted
2016	●	GRI Standards released

## Casio Initiatives

2010	●	<i>Corporate Report becomes Sustainability Report</i>
	●	Joined the United Nations Global Compact
2011	●	Casio Group Biodiversity Guidelines established
2012	●	Analyzed current status for ISO 26000
	●	<i>CSR Communication Book</i> issued
	●	Replaced the Casio Environmental Vision with the Casio Environmental Vision 2050, and the Casio Environmental Declaration with the Casio Environmental Declaration 2020
2014	●	Casio Group Basic Policy on Respect for Human Rights established
	●	Joined the Consortium for Sustainable Paper Use
2015	●	Casio Group Paper Procurement Policy established
	●	CSR materiality studied
	●	CSR Leader system established at Casio Computer
2016	●	Material issues identified
2017	●	CSR Leader system expanded to group companies in Japan

# CSR Implementation System

## CSR Committee and CSR Promotion Subcommittee

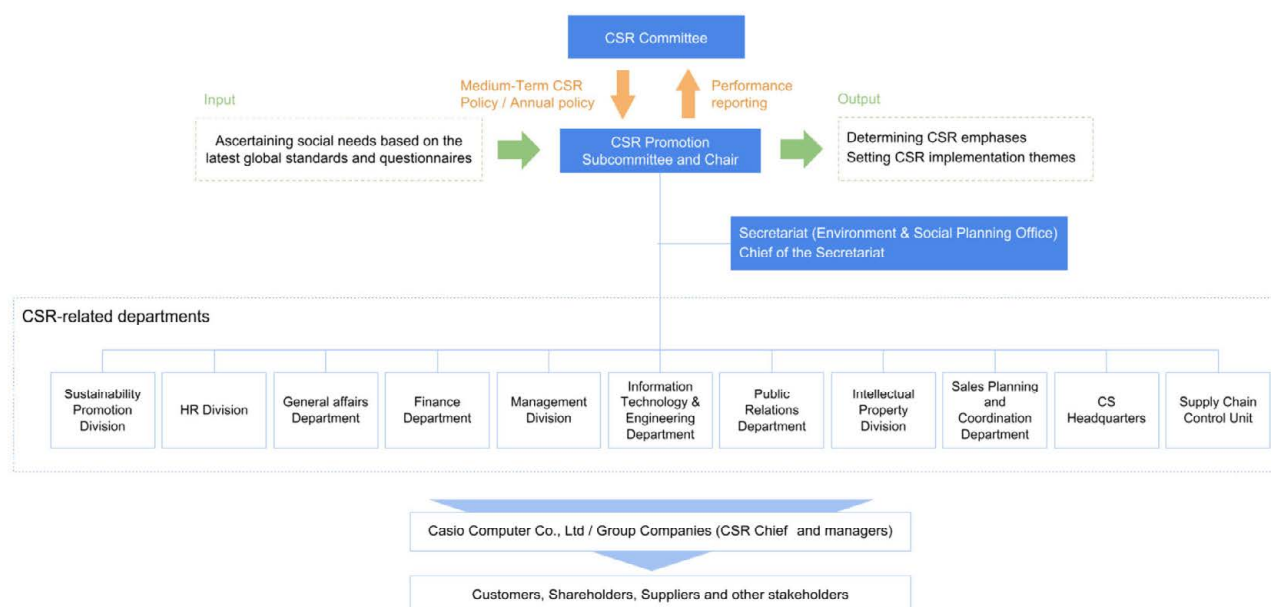
In fiscal 2018, Casio revised its CSR Committee system. Under the new system, the CSR Committee is chaired by Casio's president, and its members include all the company directors, audit & supervisory board members and executive officers. It has become the body that discusses and approves Casio's CSR activities, including the medium-term CSR policy, annual policy, and previous years' performance reports. In addition, the former CSR Committee was renamed the CSR Promotion Subcommittee.

In order to respond to the expectations of society, the CSR Promotion Subcommittee identifies social issues to be addressed, and implements measures to help resolve them. As the core CSR organization, the subcommittee is composed of CSR chiefs and managers from staff-related departments at Casio Computer Co., Ltd., and all Casio group companies worldwide, and is administrated by a Secretariat. A regular meeting is held every six months, and the subcommittee activities are promoted throughout the year based on the management cycle of the fiscal year.

At the start of the fiscal year, the Secretariat checks progress made on various CSR themes in the previous year. It then creates an overview of conditions for future progress, the expectations of society, and environmental changes. Priority themes for action are determined for each fiscal year, and a specific action plan is formulated. Under the action plan, ongoing themes are continued and new themes are introduced. New themes are established upon ascertaining the current situation and challenges, and also according to requests from CSR-related departments.

The CSR-related departments promote theme initiatives through programs formulated based on the original objectives and the plan for the year concerned. They also evaluate progress made on the initiatives at the end of the fiscal year, identify issues based on the results and achievements, and use them when planning improvements for the next fiscal year.

### CSR Implementation System



In fiscal 2018, Casio continued to address four CSR themes that it had been working on since the previous fiscal year: "respect for human rights," "fair business practices," "increase and utilize employee diversity," and "ensure no conflict minerals are used," which are core objectives of ISO 26000. Two new themes were also established: "create a global compliance system" and "comply with the EU General Data Protection Regulation (GDPR)." The following table outlines the progress made on these themes in fiscal 2018 and the results achieved.



## Individual themes for fiscal 2018 and implementation status and fiscal 2019 plan

No	Theme	Fiscal 2018 performance	Status	Fiscal 2019 plan
1	Fair business practices: take action to prevent corruption	Promoted corruption risk assessment for eight sales group companies and implemented improvements based on feedback	Ongoing	Conduct corruption risk assessment at 29 production group companies and implement improvements based on feedback
2	Create system for checking respect for human rights	Checked human rights issues at 29 group sales companies and implemented improvement based on feedback	Ongoing	Check human rights issues at eight group production companies and implement improvements based on feedback
3	Increase and utilize employee diversity	Promoted initiatives for the advancement of women, carried out work style reforms, and revised the senior employee system	Ongoing	Improve the recruitment rates for women and people with disabilities, and plan support measures for veteran employees
4	Implement measures to ensure no conflict minerals are used	After an investigation policy was established, sent a survey to all material suppliers and collected the responses; increased suppliers that do not use 3TG conflict minerals and that completed the survey	Ongoing	Establish an investigation policy for the sixth-year initiative, share the policy within the Casio Group conduct a survey among all material suppliers, and collect the responses
5	Create a global compliance system	Analyzed the responses from the previous year's Global Compliance Survey and provided feedback	Ongoing	Conduct the second Global Compliance Survey and collect the responses
6	Comply with the EU General Data Protection Rules (GDPR)	Launched an internal project, ascertained the current handling of personal data, checked suitability, and created a to-do list	Ongoing	Following the priorities set in the to-do list created in the previous year, implement measures to meet the requirements

# Material Issues for Casio

## Approach

As a company with a global reach, it is extremely important for Casio to pursue initiatives that meet the expectations of the international community. The worldwide movement to build more sustainable societies continues to evolve, year by year. Companies today are expected to carry out strategic initiatives as part of their core business activities. Casio is no exception. Even more so, as a company known for “creating something from nothing,” Casio must strategically implement social contribution measures that are integrated with its business activities.

Responding to these trends, Casio has specified the issues with the greatest significance (materiality) to its practice of social responsibility, in accordance with the G4 Sustainability Reporting Guidelines issued by GRI in May 2013. Going forward, the company will take action on each of the specified issues, and will apply the plan-do-check-act (PDCA) cycle to these efforts to ensure the highest level of socially responsible management.

## KPI and Performance

Evaluation ◎: All targets met, ○: Most targets met, △: Remaining issues outweigh results, ×: No progress made

Material Issues for Casio	FY2018 Targets and KPI	FY2018 Performance	Evaluation	FY2019 Targets and KPI
Realizing a low-carbon society	Reduce the FY2018 CO <sub>2</sub> emissions for the entire Casio Group by 8.25% compared with FY2014	Achieved a 6.0% reduction	△	Reduce the FY2018 CO <sub>2</sub> emissions for the entire Casio
	Implement energy conservation diagnosis at major sites in Japan to clarify the energy savings potential, then create an energy reduction roadmap	Conducted energy conservation diagnosis at major sites in Japan and clarified the energy savings potential at the sites concerned, but an energy reduction roadmap has not yet been created	△	Create scenarios to reduce CO <sub>2</sub> emissions and achieve medium and long-term targets
Building a recycling society	Maintain the Casio Green Star product sales ratio at 60% or more	Casio Green Star Product sales ratio: 69%	◎	Maintain the Casio Green Star product sales ratio at 70% or more
	Promote the development of new Casio Super Green Star Products	No new certified models in FY2018 (35 certified models to date)	△	* Without performing target management, continue to promote the development of Casio Super Green Star products
	—	—	—	Achieve a recycling rate for business site waste of at least 92%

Living in harmony with nature	Ensure that 40% of product catalog paper used in Japan is FSC® certified paper	Ratio of certified paper in catalogs in FY2018: 65%	◎	Ensure that 65% of product catalog paper used in Japan is FSC® certified paper
	Set specific activity initiatives for biodiversity preservation based on the results of the biodiversity surveys at major sites in Japan, and launch activities	The Hamura R&D Center formed a team of employee volunteers to carry out observation and conservation activities for endangered species such as Golden Orchid and Silver Orchid that are native to Japan	○	* Without using target management, continue the employee volunteer activities
	—	—	—	Develop scenarios for achieving medium-term targets relating to usage ratios for sustainable paper
Promoting CSR procurement	Implement CSR education at Casio sites and at suppliers, and hold awareness raising campaign during one vendor meeting in China	Implemented CSR education at Casio sites and at suppliers, and held awareness raising campaign during one vendor meeting in China Presentation on human rights issues from headquarters	○	Implement CSR education at Casio sites and at suppliers, and hold awareness raising campaign during one vendor meeting in China
	Implement annual audit follow-up and confirmation prior to the annual audit	Conducted follow-ups for CSR audits requested by customers at 4 production sites In China, conducted onsite inspections at 8 suppliers In Thailand, conducted onsite inspections at 6 suppliers	○	Annual audit follow-up Continue audits requested by customers at production sites Carry out production site audit and document surveys Continue onsite audits at suppliers
Providing supportive workplace environments and promoting diversity	Achieve rate of employee return after childcare leave of 90% or more	<ul style="list-style-type: none"> <li>Achieved childcare leave usage rate for eligible employees of 100%</li> <li>Achieved a rate of employee return after childcare leave of 100%</li> </ul>	◎	Childcare support <ul style="list-style-type: none"> <li>Achieve childcare leave usage rate for eligible employees of 90% or more</li> <li>Achieve rate of employee return after childcare leave of 90% or more</li> </ul>
	Keep employee turnover at less than 5%	Company-wide employee turnover was 3.7%	◎	—
	Achieve implementation rate of follow-up measures of 80% or more by urging employees to reserve re-check up	<ul style="list-style-type: none"> <li>Follow-up measure implementation rate: 46%</li> <li>Implemented a health promotion incentive program where employees who are healthy, who improve their checkup results, or who undergo further examination concerning health findings can earn points redeemable for health-related products</li> </ul>	△	Follow-up measure implementation rate for annual checkups: 80% or more <ul style="list-style-type: none"> <li>Strengthen measures to urge those who have not received checkups to get them</li> <li>Implement a health promotion incentive program where employees who are healthy, who improve their checkup results, or who undergo further examination concerning health findings can earn points redeemable for health-related products</li> </ul>

	<p>Promote stress management</p> <ul style="list-style-type: none"> <li>• Ascertain the actual mental illness rate</li> <li>• Implement e-learning training for new employees and managers</li> <li>• Implement stress management seminars for managers</li> <li>• Implement work skill improvement training (including self-management) for young employees</li> </ul>	<ul style="list-style-type: none"> <li>• Ascertained mental health problem rate for consolidated group (fiscal year end)</li> <li>• Implemented e-learning for new recruits (including those who joined mid-career) and executives (in July and December)</li> <li>• Implemented job-specific level-up training for young employees (including self-management) (June)</li> <li>* Stress management seminars for managers have not yet been implemented for integration into manager training</li> </ul>	○	<p>Promote stress management</p> <ul style="list-style-type: none"> <li>• Ascertain the actual mental illness rate (analysis together with stress check results)</li> <li>• Implement e-learning training for new employees and managers</li> <li>• Implement work skill improvement training (including self-management) for young employees</li> </ul>
	<p>Implement stress checks</p> <ul style="list-style-type: none"> <li>• Ascertain the rate of employees with high stress</li> <li>• Ascertain the health risk rate (by department)</li> <li>• Implement industrial physician consultations to interested employees with high stress</li> <li>• Implement workplace analysis and feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Ascertained the rate of employees with high stress (November)</li> <li>• Consultations provided by industrial physicians to interested employees (November to February)</li> <li>• Ascertained health risk rates by department (March)</li> <li>• Implemented workplace analysis and feedback (March)</li> </ul>	○	<p>Implement stress checks</p> <ul style="list-style-type: none"> <li>• Ascertain the rate of employees with high stress</li> <li>• Implement industrial physician consultations to interested employees with high stress</li> <li>• Ascertain the health risk rate (by department)</li> <li>• Implement workplace analysis and feedback</li> <li>• Implement workplace improvement using stress checks</li> </ul>
	<p>Achieve female science graduate employment rate of 20% or more</p> <ul style="list-style-type: none"> <li>• Implement measures to strengthen recruitment of women for technical positions</li> </ul>	<p>Female recruitment rate: 25% (14% were female science grads)</p> <ul style="list-style-type: none"> <li>• Participated in recruitment seminars for female science students</li> </ul>	△	<p>Achieve female science graduate employment rate of 20% or more</p> <ul style="list-style-type: none"> <li>• Implement measures to strengthen recruitment of women for technical positions</li> </ul>
	<p>Maintain legally mandated employment rate of people with disabilities at 2% or more</p> <ul style="list-style-type: none"> <li>• Actively employ people with disabilities, including those with mental disabilities, and achieve the legally mandated employment rate</li> <li>• Implement measures for retaining employees with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Employment rate for the Casio Group (consolidated group in Japan): 2.13% (as of June 20, 2018)</li> <li>• Participated in joint interviews sponsored by Hello Work</li> <li>• Continued post-hiring follow-up system and commuting support system</li> </ul>	○	<p>Maintain legally mandated employment rate of people with disabilities at 2.2% or more</p> <ul style="list-style-type: none"> <li>• Actively employ people with disabilities, including those with mental disabilities, and achieve the legally mandated employment rate</li> <li>• Implement measures for retaining employees with disabilities, while seeking to employ people with diverse disabilities</li> </ul>

Respecting human rights	Check human rights issue and implement feedback: All sales group companies (100%)	Checked human rights issue and implemented feedback: Implemented at all 29 sales companies (100% complete)	○	Check human rights issue and implement feedback: All production group companies (100%)
	Implement human rights education for CSR leaders: Casio Group companies in Japan (100%)	Implemented human rights lecture and workshop by international human rights NGO, Amnesty International, on December 2017 at a leader meeting for group companies in Japan (94% completion from attendance rate)	○	Implement human rights education for CSR leaders: Casio Group companies in Japan, along with CSR leader replacement (100%)
	Develop a grievance mechanism a) In Japan: Raise awareness b) Outside Japan: Ascertain current situations and create grievance handling mechanisms	Carried out education at all group companies, mainly through e-learning, in order to raise awareness of the whistleblower hotline in April 2017	○	Develop a grievance mechanism; establish the mechanism and put into full operation
Preventing corruption	Develop anti-corruption educational materials and carry out specialized training.	Prepared an anti-corruption self-checklist and provided mechanisms to sales management departments	△	Conduct global corruption risk management (1) Manual preparation, dissemination, implementation, and evaluation
	Check corruption risk at all production group companies (100%)	Checked corruption risk at all 8 production group companies (100%)	○	

## Materiality specification process

### Step 1: Specification of issues with significance to the company

In fiscal 2015, Casio made a detailed list of CSR issues with reference to its business areas, and prioritized them based on relevance to its own activities.

### Step 2: Specification of issues with significance to stakeholders

In fiscal 2016, Casio sent a questionnaire to its stakeholders and conducted interviews in order to organize the issues by their significance to stakeholders.

### Step 3: Summarization and finalization

Based on the results of the processes in steps 1 and 2, in fiscal 2016 Casio formally specified its material issues with the approval of the director in charge of CSR.

### Step 4: KPI formulation and implementation

Casio formulated key performance indicators (KPI) with reference to the specified material issues, thereby enabling each responsible department to evaluate its CSR initiatives quantitatively. In fiscal 2017, Casio is implementing related activities using the plan-do-check-act (PDCA) cycle.

## Step 1: Specification of issues with significance to the company

Regarding the 46 “aspects” indicated in the G4 Sustainability Reporting Guidelines from GRI, Casio analyzed the risks to the company for each aspect and the degree of impact that they would have on Casio. The aspects were used to evaluate matters at various levels, including business segments, value chains for each segment, and regions of operation. This shaped the identification of the most significant aspects. The departments charged with CSR responsibilities also examined the identified aspects, and finalized them for use in their own processes.

## Step 2: Specification of issues with significance to stakeholders

Based on the G4 Sustainability Reporting Guidelines, the 46 aspects were divided into six areas: economic, environment, labor practices, human rights, society, and product responsibility. The importance of each area was then identified through dialogue with stakeholders closely related to Casio.

Questionnaires were also given to customers and employees, and aspects with high significance to stakeholders were identified. In addition, questionnaires and interviews with experts were carried out on the respective topics. These processes enabled Casio to identify society’s expectations, resulting in a list of issues with significance to Casio stakeholders.

### Economic



Takeshi Mizuguchi, Professor  
Takasaki City University of Economics

[More detail](#)

### Environment



Sadayoshi Tobai  
Conservation Director, WWF Japan

[More detail](#)

### Labor Practices



Hiroki Sato, Professor  
Chuo Graduate School of Strategic Management

[More detail](#)

### Human Rights



Makoto Teranaka, Visiting Professor  
Tokyo Keizai University

[More detail](#)

### Society



Kaori Kuroda, Executive Director  
CSO Network Japan

[More detail](#)

### Product Responsibility



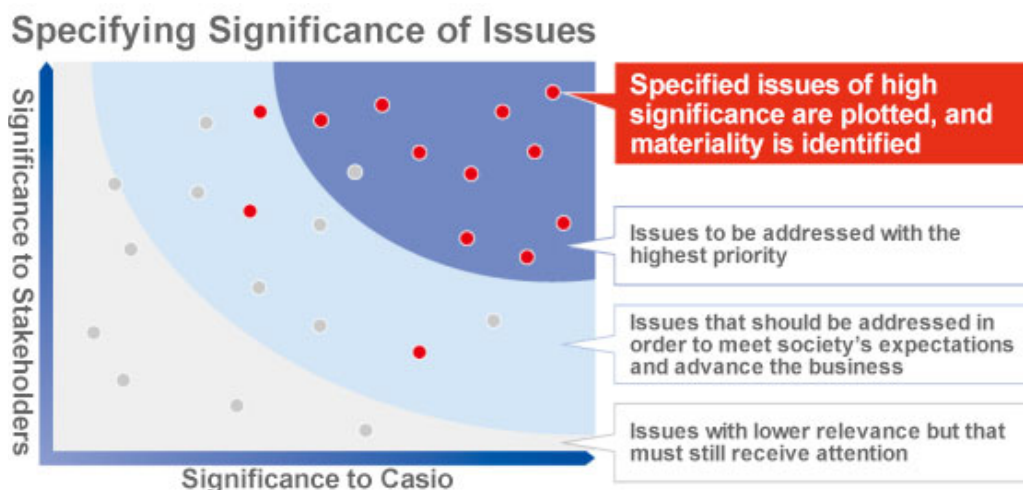
Kikuko Tatsumi, Executive Advisor  
Nippon Association of Consumer Specialists

[More detail](#)

### Step 3: Summarization and finalization

By mapping the aspects identified in steps 1 and 2, Casio specified eight material issues, with a focus on aspects given a high priority. Finally, with the approval of the director in charge of CSR, the issues with medium-term materiality to the Casio Group were defined.

#### Material Issues for Casio



Material Issues for Casio	Material Aspects	Boundary	
		Internal	External
Building a recycling society	Products and services	•	•
Realizing a low-carbon society	Energy	•	•
	Emissions	•	•
Living in harmony with nature	Biodiversity	•	•
Promoting CSR procurement	Supplier environmental assessment	•	•
	Supplier assessment for labor practices	•	•
	Supplier human rights assessment	•	•
	Supplier assessment for impacts on society	•	•
Providing supportive workplace environments and promoting diversity	Employment	•	
	Diversity and equal opportunity	•	

Respecting human rights	Investment	•	•
	Non-discrimination	•	•
	Freedom of association and collective bargaining	•	•
	Child labor	•	•
	Forced or compulsory labor	•	•
	Human rights assessment	•	•
	Human rights grievance mechanism	•	•
Preventing corruption	Anti-corruption	•	•
Maximizing economic performance	Economic performance	•	•

## Step 4: KPI formulation and implementation

### KPI Formulation

Casio investigated key performance indicators (KPI) with reference to the specified material issues, in order to enable the responsible departments to evaluate their initiatives quantitatively. With the approval of the CSR Officer, the KPI were finalized, and efforts are underway in fiscal 2017 to ensure high performance.

[For more information on KPI, see "KPI and Performance" above.](#)

## Materiality Review

For the materiality of the next fiscal year, Casio plans to review the last three years of initiatives to address the company's material issues, and make adjustments based on the evaluation results and changes in business and social trends.



# Stakeholder Engagement

## Main stakeholders of the Casio Group

Casio strives to ascertain and understand how its operations impact the environment and society and what kind of contributions it can make. It then identifies stakeholder groups and strives to implement appropriate measures for each.

Companies must not become complacent in their efforts to pursue social responsibility and maintain social trust. The first step in earning stakeholders' understanding and trust for the initiatives of the company is listening to what they have to say. Good communication is a necessity, and it is not a one-way street. Companies must find solutions that benefit both their stakeholders and their business, as well as the global society as a whole. By actively disclosing information to stakeholders, and creating opportunities for dialogue with them, Casio finds out what stakeholders expect, evaluates its existing activities, and plans future initiatives.

Main Stakeholder Group	Main Casio Group Responsibilities	Main Dialogue Opportunities / Information Disclosure
Customers	Providing appealing, safe, and reliable products Ensuring stable product supply Providing the proper information regarding products Improving customer satisfaction Providing fast and accurate support to customers Properly managing customer information	Daily sales activities Customer Support Center Customer satisfaction surveys Casio's official website
Suppliers	Fair and equitable transactions Requesting CSR implementation and providing support	Daily procurement activities Holding vendor conferences CSR questionnaires
Shareholders and investors	Timely and appropriate information disclosure Appropriate profit returns	General Meeting of Shareholders Briefings for investors Investor Relations website Issuing financial reports (shareholder newsletter) Responding to CSR questionnaires from socially responsible investors

Employees	Respecting human rights Promoting diversity and inclusion Promoting balance of work and family life Human resource recruitment and utilization Fair evaluation and treatment Industrial health and safety and employee health promotion	Casio intranet Group Workers' Labor-Management Conference Occupational Safety and Health Committees Career challenge system Internal newsletter
Local communities	Respecting and preserving regional cultures Activities that contribute to local communities Preventing accidents and disasters at sites Providing support to disaster-stricken regions where sites are located	Factory and workplace tours School visit program Internships Employee participation in local community events
Global environment	Environmental consideration in product development Environmentally responsible production activities Complying with environmental laws Protecting biodiversity	—
NPO/NGO	Protecting the environment, human rights, and biodiversity Support for local communities and cultural activities	Responding to questionnaires Holding dialogues Implementing social contribution programs together with NGOs and NPOs

## Details of activities

Customers and Casio	Suppliers and Casio	Shareholders and investors and Casio
<ul style="list-style-type: none"> <li>➤ <a href="#">Quality Assurance</a></li> <li>➤ <a href="#">Activities to Improve Customer Satisfaction</a></li> <li>➤ <a href="#">Intellectual Property Initiatives</a></li> </ul>	<ul style="list-style-type: none"> <li>➤ <a href="#">Supply Chain Management</a></li> <li>➤ <a href="#">Respect for Human Rights</a></li> </ul>	<ul style="list-style-type: none"> <li>➤ <a href="#">Investor Relations</a></li> </ul>
Employees and Casio	Local communities and Casio	Environmental Activities
<ul style="list-style-type: none"> <li>➤ <a href="#">Making the Most of Human Resources and Maintaining Optimal Workplace Environments</a></li> <li>➤ <a href="#">Occupational Safety and Health</a></li> <li>➤ <a href="#">Respect for Human Rights</a></li> </ul>	<ul style="list-style-type: none"> <li>➤ <a href="#">Social Contribution Activities</a></li> </ul>	<ul style="list-style-type: none"> <li>➤ <a href="#">Building a recycling society</a></li> <li>➤ <a href="#">Realizing a low-carbon society</a></li> <li>➤ <a href="#">Living in harmony with nature</a></li> </ul>

# Corporate Governance

## Corporate Governance System

Casio is a company with an Audit & Supervisory Board. In addition to the management oversight function of the Board of Directors and Audit & Supervisory Board, Casio is working to further strengthen its corporate governance by expanding the role of outside directors and enhancing the executive officer system.

### Board of Directors and Directors

To enable rapid management decisions and maintain an appropriate management structure, the Board of Directors is comprised of seven directors, two of whom are external directors, and the term of a director's appointment is set at one year.

The Company believes that the Board of Directors must consist of members that possess diverse perspectives, experiences, and skills in order to fulfill its management oversight function effectively. The Board of Directors therefore includes outside directors who possess broad insight and extensive experience in addition to internal directors from the company who are highly knowledgeable about the Company's business.

### Outside Directors

Outside directors bring in external perspectives and increase management transparency. The Company also appoints multiple outside directors to further strengthen the oversight function in regard to the execution of business. They are experts who can provide opinions and advice from a wide variety of perspectives and from the perspective of social contribution and are invited to Board of Director meetings and other meetings.

The two outside directors comment and state their opinions as necessary to ensure adequate and appropriate decision-making by the Board of Directors. To enable them to function and fulfill their role, the Secretariat for the Board of Directors provides outside directors with advance explanation and other assistance on agenda items for Board of Directors meetings. The Secretariat also arranges opportunities for plant and office tours, information exchange with key divisions, and many other opportunities, as needed, to enable them to understand the circumstances of the Casio Group.

#### Reason for appointment as an outside director

Hirokazu Ishikawa (Independent Officer)	Mr. Ishikawa has been involved in financial services for many years and has experience in corporate management. Casio has appointed him as an outside director to reflect his extensive experience and broad insights in the management of the Company.
Makoto Kotani (Independent Officer)	Mr. Kotani has academic experience as a university professor and management experience as the president and director of a university. Casio has appointed him as a director to reflect his extensive experience and broad insights in management of the Company.

## Audit & Supervisory Board and Audit & Supervisory Board Members

There are currently three Audit & Supervisory Board Members, two of whom are outside Audit & Supervisory Board Members. In order to ensure the soundness and transparency of business management, Audit & Supervisory Board Members attend Board of Directors meetings and other important meetings and committee meetings and voice their opinions, as necessary, to ensure appropriate decision-making. This is done in accordance with audit policies and allocation of responsibilities set out by the Audit & Supervisory Board. Audit & Supervisory Board Members also exercise strict oversight by meeting regularly with the president of the company to ensure a common understanding, soliciting information and reports from directors and others, and reading the documentation for resolutions on important matters.

Half or more of Audit & Supervisory Board Members must be outside Audit & Supervisory Board Members. The Audit & Supervisory Board includes members who are knowledgeable in finance and accounting to strengthen the audit function.

### Reason for appointment as an outside Audit & Supervisory Board Member

Michiko Chiba (Independent Officer)	Ms. Chiba possesses expertise finance and accounting and extensive auditing experience as a certified public accountant. Casio has appointed her as an outside Audit & Supervisory Board Member to reflect her expertise in Company audits.
Kazuhiko Tozawa (Independent Officer)	Mr. Tozawa has expert knowledge and extensive experience gained over many years as a prosecutor and attorney. Casio has appointed him as an outside Audit & Supervisory Board Member to reflect his expertise in Company audits.

## Director and Audit & Supervisory Board Member Training

The Company's directors and Audit & Supervisory Board Members believe that they must continually increase their knowledge and skills in order to fulfill their roles and fully execute their responsibilities, and therefore work to educate themselves. The Company provides information and opportunities, and provides ongoing support by assuming expenses and providing other types of support. To be specific, we continually plan and provide outside directors with opportunities to attend important internal meeting, tour plants and offices in Japan and overseas, attend internal research presentations, and participate in other company activities to acquire knowledge about Casio's business. These opportunities are not only provided when they accept their positions but throughout their terms as directors as well. Audit & supervisory board members also gather information and attend seminars and other events through the Japan Audit & Supervisory Board Members Association and other venues to improve their knowledge to the extent necessary for fulfilling their role and responsibilities.

## Executive Officer System

Executive officers are delegated certain authorities to execute business according to the policies established by and under the supervision of the Board of Directors. Matters important to the execution of business are discussed at executive officer meetings that are attended by the relevant executive officers, directors, and Audit & Supervisory Board Members. This structure enables seamless sharing of information, company-wide coordination, and implementation. The detailed procedures for execution are set out in the rules on business execution and decision-making authority.

## Internal Auditing

The Internal Audit Department consists of four auditors who audit the status of organizational management based on common group standards and work to strengthen internal controls. Dedicated staff have been allocated to department members (including outside Audit & Supervisory Board Members) to assist them in their work and they hold regular quarterly meetings and exchange information on a daily basis. They also plan internal audits, provide a summary report based on the items audited after internal audits have been conducted, and work together to improve the efficiency and effectiveness of the audit function. The results of internal audits are reported to directors.

## Nomination Committee and Compensation Committee

The Company has established a Nomination Committee and a Compensation Committee to better ensure the transparency and adequacy of the decision-making process on nomination and compensation of directors and executive officers. The Nomination Committee deliberates on and selects officer candidates, and also formulates plans for successors to the president and other executive management. The Board of Directors has delegated authority to the Compensation Committee for discussing and determining the compensation of directors and executive officers.

Officer category, total amount of compensation, etc., total amount by type of compensation, etc., and number of officers eligible for compensation

Total amount for directors (excluding outside directors): 370 million yen (basic salaries: 258 million yen; bonuses: 112 million yen); number of directors, 9

Total amount for Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members): 13 million yen (basic salaries: 13 million yen), number of Audit & Supervisory Board Members: 2

Total amount for outside officers (directors/Audit & Supervisory Board Members): 34 million yen (basic salaries: 34 million yen); number of officers, 4

Notes:

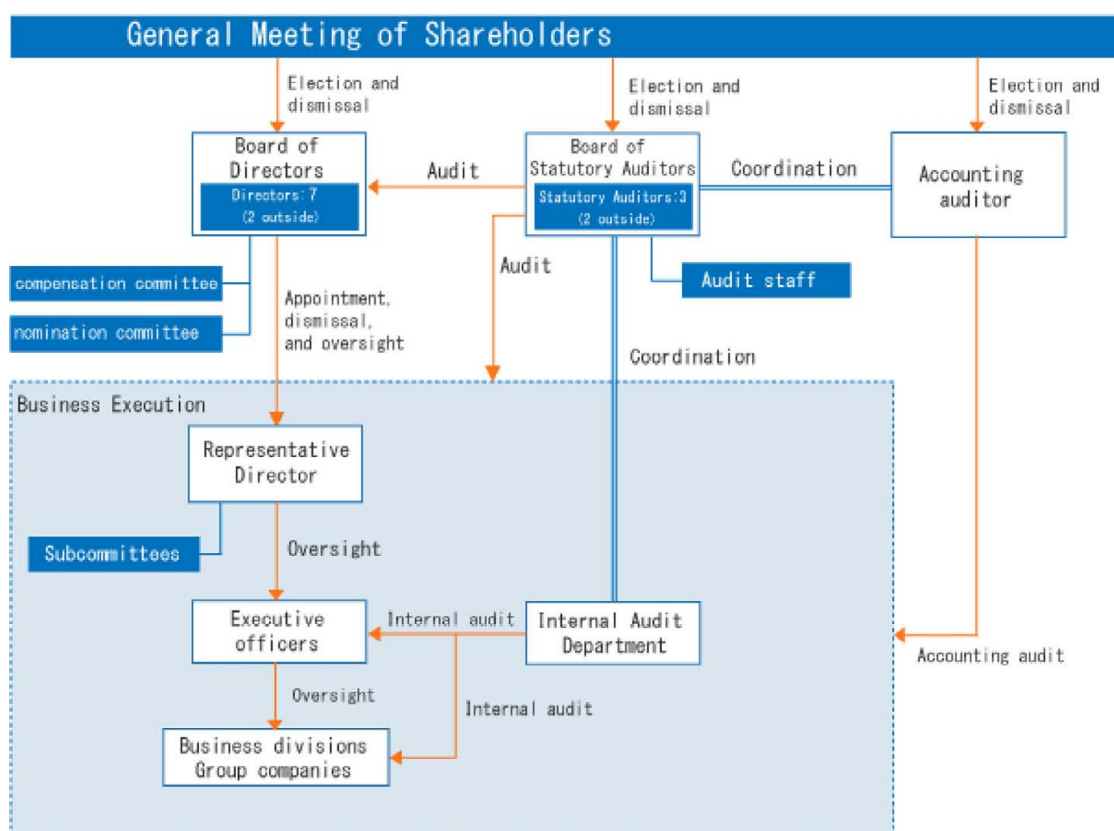
1. The amount paid to directors does not include the employee salaries for directors who are also employees.
2. The maximum limit on director compensation was set at 700 million yen a year by resolution of the 53rd Ordinary General Meeting of Shareholders held on June 26, 2009. (However, the employee salary and officer retirement bonus reserve amounts are not included in this).
3. The maximum limit on Audit & Supervisory Board Member compensation was set at 70 million yen a year by resolution at the 51st Ordinary General Meeting of Shareholders held on June 28, 2007. (However, this does not include the officer retirement bonus reserve amount).

The consolidated compensation, etc. of each officer of the Company is shown below:

Name, total consolidated compensation, etc., officer category, company category, amount by type of consolidated compensation, etc.

Kazuhiro Kashio, director; submitting company, total amount: 141 million yen (basic salary: 99 million yen; bonus: 42 million yen)

Note: The total amount of consolidated compensation, etc. is listed only for officers earning 100 million yen or more are listed.



## Basic Views on Internal Control System and Progress on System Development

The Casio Group has established the Charter of Creativity for Casio, Casio Common Commitment and Casio Code of Conduct based on the corporate creed of “Creativity and Contribution.” The following systems have been implemented to ensure proper business operation.

1. System to ensure that performance of duties by directors and employees of the Company and group companies comply with the Articles of Incorporation and relevant laws and regulations
  - a. Based on laws, the Articles of Incorporation, and rules for the Board of Directors, the Board of Directors decides important issues relating to legal requirements and management of the Company and group companies, and prevents violations of the law or the Articles of Incorporation by monitoring the performance of duties by the directors.
  - b. In order to comply with relevant laws and regulations regarding the performance of duties, specific documents such as policies and rules are prepared. Awareness of these are promoted throughout the Company and each group company after various committees, such as the CSR Committee, have examined and deliberated on them.
  - c. The Whistleblower Hotline has been established with internal and external channels and operates as the point of contact for inquiries and reporting on problems related to legal violations and other compliance matters. The Company ensures that whistleblowers are not penalized.
  - d. The Company and group companies are not involved with antisocial forces, which pose a threat to social order and public safety, in any way, and the entire organization is resolute in refusing any improper demands.
  - e. The validity and operational adequacy of the above-mentioned rules are improved through internal audits and continual review, in order to prevent any misconduct.

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2. System for retaining and managing information relating to performance of duties by directors and employees of the Company and group companies  
Each department retains and manages information relating to the performance of duties by the directors and employees concerned, based on the Document Management Rules and other rules.
  3. Risk management rules and other systems at the Company and group companies
    - a. The Company and group companies have a system to manage risks that can have a significant impact on management. The system is promoted in a unified way by the relevant departments and the Secretariat for the CSR Committee, based on the Risk Management Rules.
    - b. Fundamental Policies on Product Safety and an implementation system have been established with an understanding that maintaining customer confidence in product safety is an important management issue.
  4. System to ensure the efficient performance of duties by directors and employees of the Company and group companies
    - a. Board of Directors meetings are held and attended by the Company's directors and Audit & Supervisory Board Members to discuss important management issues facing the Company and group companies and make decisions swiftly and in a reasonable manner. Such meetings are held at least once a month in principle.
    - b. The Company's executive officers, directors, and Audit & Supervisory Board Members attend meetings of the executive officers to discuss and decide on the execution of important business matters. They ensure group-wide coordination and smooth implementation of measures.
    - c. Detailed execution procedures are outlined in the Executive Decision Making Authority Rules and the Group Company Decision Making Authority Rules.
    - d. Group companies have created a system for performance of duties based on consolidated management plans, the Group Company Decision Making Authority Rules, and various basic group policies.
  5. System to ensure proper operations at the Company and group companies
    - a. To ensure proper operations, the Company and group companies have various rules based on the Charter of Creativity for Casio, Casio Common Commitment, and Casio Code of Conduct.
    - b. The Company assigns certain directors or executive officers based on a system under which directors and officers are responsible for specific group companies. The relevant directors and executive officers perform group company management through a system that requires reporting to and approval by the Company, in accordance with the Group Company Decision Making Authority Rules. They also perform monitoring as necessary.
    - c. The Company and the group companies have built a system to ensure the adequacy and reliability of financial reporting. After internal controls related to business flow and financial reporting are inspected, they are documented and evaluated, and revised to improve them.
  6. System for employees that assist Audit & Supervisory Board Members in the performance of their duties, and the independence of those employees from the directors
    - a. Employees are appointed to assist Audit & Supervisory Board Members in their duties.
    - b. Matters concerning the appointment, transfer, evaluation or discipline of employees who assist Audit & Supervisory Board Members require prior consent from the Audit & Supervisory Board.

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7. System for the Company's directors and employees and group companies' directors, auditors, and employees to report to the Audit & Supervisory Board Members; other systems for reporting to the Audit & Supervisory Board Members; and systems to ensure that audits by the Audit & Supervisory Board Members are performed effectively
- a. Whenever something that is likely to cause significant damage to the Company or group companies, facts pertaining violation of the law or the Articles of Incorporation, or facts pertaining to illegal conduct of business are discovered, the Company's directors and employees must immediately report it to the Audit & Supervisory Board Members.
  - b. Whenever something that likely to cause significant damage to the Company or group companies, facts pertaining to a violation of the law or the Articles of Incorporation, or facts pertaining to illegal conduct of business are discovered, the directors, auditors and employees of a group company must immediately report it to the Company officer in charge of the group company, and that officer must immediately report it to the Audit & Supervisory Board Members.
  - c. Whenever a group company's directors, auditors and employees determine that a management action or guidance from the Company may violate the law, or may present a compliance issue, they must report it to the Audit & Supervisory Board Members.
  - d. The Company's directors and employees and the directors, auditors and employees of group companies will provide reports and information in response to requests from Audit & Supervisory Board Members.
  - e. The Company's Internal Audit Department periodically reports the results of audits of the Company and group companies to the Audit & Supervisory Board Members.
  - f. The Whistleblower Hotline Secretariat reports the status of whistleblower reports and measures taken to the Audit & Supervisory Board Members.
  - g. The Company and group companies ensure that people who have made a report to the Audit & Supervisory Board Members are not penalized.
  - h. The Company promptly processes any requests it receives for the prepayment or reimbursement of expenses arising from the performance of duties by the Audit & Supervisory Board Members.
  - i. Audit & Supervisory Board Members may attend any important internal meeting of the Company.
  - j. Important ringi approval documents of the Company and group companies are reported to the Audit & Supervisory Board Members after approval.



# Corruption Prevention Initiatives / Compliance

## Casio Group Code of Conduct

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Casio established the Casio Group Code of Conduct to make explicit its expectations that all executives and employees follow international norms, laws and ordinances applicable in each country and region, as well as all company rules, and also act with high ethical standards and good sense in their day-to-day work. On June 1, 2013, Casio revised the code, in order to better meet the expectations of the international community and capture trends in the social environment including the issuance of ISO 26000, the international guidance standard on social responsibility, in November 2010; Casio having joined the UN Global Compact in December 2010; and Casio having adopted the UN's Guiding Principles on Business and Human Rights in June 2011. Since then, Casio has been working to ensure everyone is fully aware of the revised code, group-wide. Here are the three main revisions to the Code of Conduct.

1. Points concerning issues of high concern to the international community such as human rights, supply chain management, and anti-corruption were revised
2. The respective roles of executives and employees were clearly stipulated
3. Content was improved to indicate common policies that apply to the worldwide group.

Also, on November 1, 2016, Code of Conduct provisions for "respect for human rights" were partially revised. This was based on changes to international norms concerning human rights that affect the Casio Group, including enforcement of the UK's Modern Slavery Act in 2015.

The revised Code of Conduct was prepared in Japanese, English, and Chinese, and is translated into other employee languages as necessary. Education on the new code is carried out across the entire group, with the aim of further deepening understanding of its content. Along with this education, a compliance questionnaire is conducted once every two years. The results and identified issues then are shared group-wide to promote continued improvement.

## Provisions of the Casio Group Code of Conduct

### I. General Provisions

1. *Purpose*
2. *Scope*
3. *Compliance*

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## II. Code of Conduct

### 1. *Enabling Value Creation*

1-1. Provision of Products and Services Beneficial to Society

### 2. *Fulfilling Our Corporate Social Responsibilities*

2-1. Respect for Human Rights

2-2. Environmental Conservation

2-3. Sound Initiatives across the Entire Supply Chain

2-4. Harmony with Society

### 3. *Building Customer Trust*

3-1. Provision of Safety and Peace of Mind to Customers.

### 4. *Establishing Sound Workplaces*

4-1. Establishment of Employee-friendly Workplace Environments.

### 5. *Ensuring Correct Actions*

5-1. Compliance with Laws

5-2. Prohibition of Bribery and Restrictions on Business Entertainment and Gift-giving

5-3. Fair Competition and Transactions

5-4. Prohibition of Insider Trading

5-5. Thorough Security Trade Control

5-6. Prohibition of Involvement with Anti-social Forces

5-7. Separation of Personal Affairs from Business

5-8. Information Protection

5-9. Protection and Utilization of Intellectual Properties.

### 6. *Building a Relationship of Trust with Society*

6-1. Promotion of Communication with Society

## III. Maintenance

### 1. *Establishment, Revision and Abolishment of this Code of Conduct*

### 2. *Reporting of Violations*

### 3. *Handling Violations*

➤ [Casio Group Code of Conduct](#)

## Compliance Risk Management

Based on its Basic Risk Management Policies, Casio has built a system for efficient management of risks, with an emphasis on compliance risk.

To build this system, Casio identified 70 laws relating to its businesses and listed measures being taken to comply with each law. Casio determined priorities based on the possibility of a risk materializing and its potential impact on company management. Casio then planned and implemented individual measures and developed an overall management system.

In the risk management process at Casio, departments responsible for certain risks develop measures in a planned way to avoid and reduce these risks. The Risk Management Secretariat performs comprehensive management through the use of plan-do-check-act (PDCA) cycles. The Internal Audit Department also audits this entire mechanism. Accordingly, as of the end of fiscal 2011, it was confirmed that the relevant departments had the necessary measures in place for management of all risks, and an overview of the entire situation was obtained. Now, however, Casio is changing its method of implementing risk management for Japanese laws. It is transitioning to a system in which the Secretariat checks new and revised laws, develops themes and carries out measures on important issues.

Complementing this, the Secretariat takes inventory of risks as necessary, regularly monitors the risk management measures implemented to date, and confirms whether there are any deficiencies in their implementation. In addition, based on Japan's revised Companies Act that entered into force in May 2015, Casio is shifting the focus of risk management to overseas compliance.

## Education and Awareness Raising

Casio provides e-learning and other educational programs on corporate social responsibility (CSR) once a year to group employees worldwide. The objectives are to promote and instill understanding of the corporate creed and CSR and to ensure awareness of and compliance with the Casio Code of Conduct. In fiscal 2018, the programs put the spotlight on the SDGs and focused on materiality (significant CSR issues)—namely, respect for human rights, anti-corruption including prohibition of bribery, realization of a low-carbon society, and living in harmony with nature, which are commitments that Casio will promote in connection with the SDGs.

Casio will continue to improve the CSR literacy of employees while promoting the corporate creed, through group-wide education and awareness raising activities.

### Risk management system



## Whistleblower Hotline

As a way to help ensure compliance, including respect for human rights, Casio set up a Whistleblower Hotline in April 2006. The hotline has been functioning with neutrality and fairness across all of its internal and external contact points

Operating on a basis of impartiality, the hotline follows up on all whistleblower reports and consultations, and takes resolute measures against any improper behavior discovered. Effort is put into preventing issues before they grow into real problems.

In fiscal 2018, seven issues were reported to the Hotline. Two of these had to do with suspicions of a criminal act of embezzlement, but investigations did not find instances of embezzlement in either case. However, the investigations did reveal that work processes left room for potential misconduct, so measures were taken to improve workflow and prevent any illicit action. There were also four reports of harassment. One of these was found not to be factual, and the other three were resolved by reprimanding and educating the persons reported on, who then apologized to the whistleblowers.

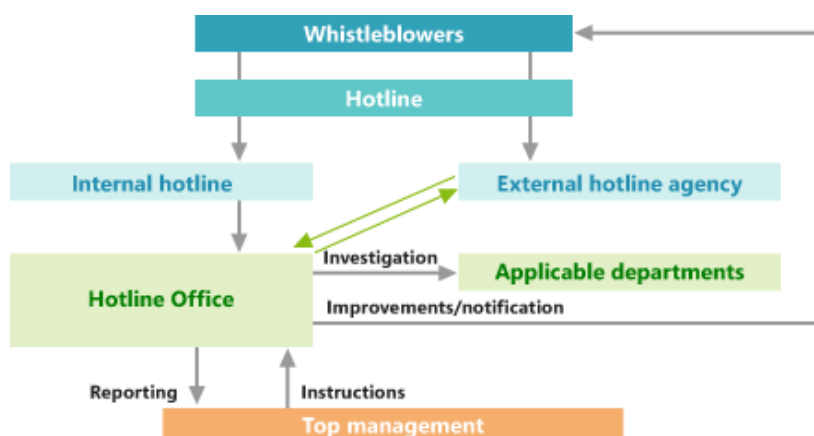
The contractor operating the external contact point of the Whistleblower Hotline was changed in April 2015. Now Casio employees can utilize online whistleblower consultation and report filing in English and Chinese, and telephone consultation and reporting is also available in English. This has given employees at group companies outside Japan better access to the hotline. To ensure even greater hotline awareness, Casio will strive to further increase group-wide understanding of the system in fiscal 2016, using a special intranet site with information on whistleblower protection in Japanese, English, and Chinese.

In addition to internal hotlines, in fiscal 2018, an external whistleblower hotline was established exclusively for suppliers in October 2017.

### Fiscal 2018 Report Details

Sexual harassment or power harassment	(Suspicion of) embezzlement	Privacy violation
4	2	1

### Whistleblower Hotline



## Export control

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Export control, or security trade control, aims to maintain international peace and security. It involves regulations on the export of goods and technology that could be diverted for the development of weapons of mass destruction or other weaponry. The regulations are designed to prevent such goods and technology from reaching countries and regions of concern or terrorist organizations.

In 1987, the Export Control Security Program of Casio Computer Co., Ltd. (a compliance program) was established in order to make sure proper measures are taken to ensure the security of exports. The program has since been continually updated along with changes in the Japanese Export Control Regulation.

Casio has appointed employees responsible for export control in relevant departments as part of an internal system to ensure observance of the program.

As the Exporter Compliance Standards took effect in April 2010, Casio has been striving to maintain and manage its system by conducting voluntary annual audits while ensuring thorough legal compliance, in response to the revision of applicable laws and regulations. Efforts include the strengthening of training activities at group companies in Japan.

Casio has also established a management system for complying not only with Japanese export laws but also with US Export Administration Regulations. The company is working to improve global export management, including the implementation of export management training in fiscal 2013, at group companies in the UK and Germany, and in fiscal 2014 at a group company in the US.

By meeting with officials at various export control organizations, government agencies, and major companies, Casio is participating in a social contribution activity that gathers useful information for export managers in Japan. In July 2015, it was discovered that Casio headquarters exported one covered item (with a total value of US\$37.62) to Iran without permission. Casio immediately reported this to the Ministry of Economy, Trade and Industry (METI). At the same time, Casio investigated the causes of the violation and launched measures to prevent a recurrence. It was determined that the causes of the violation were a problem with the operation of the company's IT system and human error on the part of the person who took the order. Steps were taken to prevent a recurrence and a final report was given to METI in September. The issue was brought to a conclusion with the submission of a report in the president's name in November. Casio sincerely regrets this violation and will strive to ensure that no similar violation ever occurs again.

In October 2016, Casio received an onsite inspection by METI to check for compliance with laws and regulations. Despite a few indications to improve management methods concerning transaction audits and customer checks, the inspection confirmed Casio's good management and operations company-wide.

In response to the findings, in June 2017, Casio modified its Export Control Security Program (a compliance program) and revised its detailed rules, which were accepted by METI.

## Initiatives for compliance with fair trade and advertising laws

In order to promote proper transactions as well as fair, transparent and free competition, it is essential for sales employees to have a proper understanding of Japan's Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and Act against Unjustifiable Premiums and Misleading Representations. The sales offices of Casio Computer Co., Ltd., in Japan are strengthening their measures to ensure compliance with these laws.

A revision of Japan's Act against Unjustifiable Premiums and Misleading Representations in 2014 required companies to maintain and strengthen internal management systems. Casio Computer Co., Ltd. established a committee with members from all relevant departments tasked with ensuring compliance with the revised Act throughout the company. Casio is striving to ensure proper product representations and labeling through the establishment of rules for self-regulation and awareness-building programs such as intranet education. Internal guidance is also being provided by a consultation desk and improvement examples are being shared.

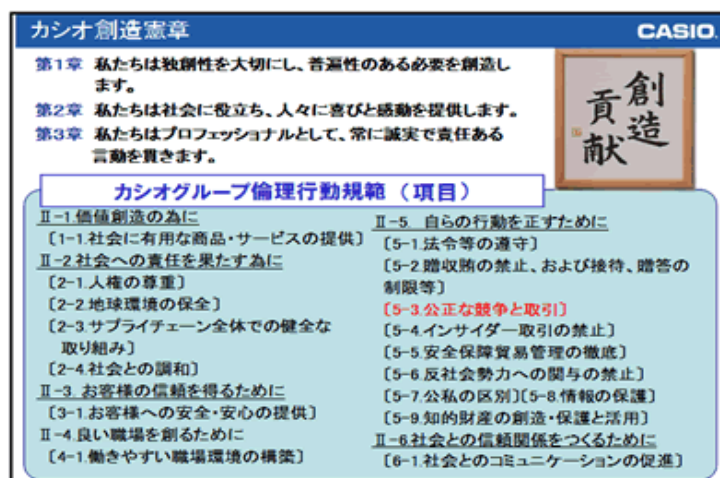
Sales departments at Casio have distributed a Sales Compliance Card to their employees as a tool to promote appropriate and fair competition and trade. These employees are required to carry the card, to help ensure understanding and familiarity with fair competition and trade. In addition to the Charter of Creativity for Casio and excerpts from the Casio Group Code of Conduct, the card contains a compliance test, as well as contact information for a consultation service, and the number for the Whistleblower Hotline. Whenever a salesperson is in doubt over a course of action during daily sales activities, he or she can use this card as a guide to quickly perform a self-assessment or consult with a knowledgeable expert.

Additionally, training sessions by internal instructors are held at sales locations in Japan, and persons transferred to sales departments outside Japan are given internal training to ensure compliance with competition laws for markets outside Japan. This training is implemented continuously.

A dedicated department conducts internal inspections to make sure that there is no unfair trade or action being taken not compliant with Japan's Antitrust Act and other laws, as a means of regular monitoring.

The department also strives to ensure that Casio provides appropriate product information by checking to make sure that there are no representations that could cause misunderstanding on the part of customers regarding product information, including in advertisements, catalogues, websites, and other messages from the company.

### Casio Sales Compliance Card (revised version)



## Subcontract Act compliance initiatives

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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. Under the annual basic plan of the Committee, each group company in Japan drafts its own action plan, and maintains proper transactions with subcontractors based on the use of PDCA cycles. 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 2018, 3,885 Casio employees attended in-house seminars, and 33 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.

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

The company will strive to promote even sounder transactions and create value with suppliers, based on revisions to the Subcontract Act compliance standards in fiscal 2017, along with the revised Act on the Promotion of Subcontracting Small and Medium-sized Enterprises and its standards, etc.

In fiscal 2018, Casio received no warnings or fines under the Subcontract Act.

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## Corruption Prevention Initiatives

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Based on ISO 26000, the international guidance standard for social responsibility, from 2012 to 2013 Casio took stock of the main CSR challenges facing each group company in and outside Japan, assessing and analyzing the status of their initiatives. The issue that rose to the surface as a challenge warranting priority attention alongside respect for human rights was fair business practices—in other words, corruption prevention initiatives.

The Casio Group Code of Conduct prohibits bribery and sets restrictions on business entertainment and gift-giving. Still, in light of recent developments including the ongoing globalization of business, the tightening of regulations, and more robust efforts to detect bribery, there is a need to further strengthen the handling of bribery risks throughout the Casio Group. Accordingly, Casio issued the Casio Guidance on the Prohibition of Bribery (for the Casio Group) in July 2014 and the Manual on the Prohibition of Bribery (for Casio Computer Co., Ltd.) in October 2014.

The Casio Guidance on the Prohibition of Bribery articulates the Group's basic stance and philosophy on the prohibition of bribery, including the prohibition of facilitation payments. The Manual on the Prohibition of Bribery specifies the structure and mechanisms for the prevention of bribery, including the designation of persons responsible for compliance, education and training, auditing, and the Whistleblower Hotline, as well as specific rules such as a limit on the monetary amount of business entertainment and gift-giving. Additionally, Casio headquarters encourages each site to produce local rules and manuals in an effort to strengthen the mechanisms for the prohibition of bribery throughout the group.

Utilizing the knowledge of internal and external experts, in fiscal 2016 Casio prepared its own Corruption Risk Check Sheet with reference to the FCPA guidelines, and Bribery Act guidance, etc. The aim was to ascertain the corruption risk in each country where Casio operates, and to ensure thorough understanding of anti-corruption measures within group companies.

Following a survey of sales-related group companies in fiscal 2017, this tool was used to assess the corruption risk at eight production-related group companies in fiscal 2018. Issues were identified and analyzed by the secretariat, and feedback on the results was provided in order to promote improvements at the group companies concerned.

The recent survey revealed some variation between group companies concerning recognition of corruption risk in their own countries based on the Corruption Perceptions Index of Transparency International, use of education opportunities to prevent corruption, and awareness of facilitation payments. However, Casio will continue to promote anti-corruption efforts using this mechanism in the future.

## Tax Affairs

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The Casio Group Code of Conduct stipulates that all officers and employees in the Casio Group must comply with international norms, applicable laws in each country and region, and company rules in their daily activities as the Casio Group engages in its global business.

This also applies to tax affairs. The Group strives to maintain its tax compliance by paying taxes appropriately in compliance with each country's tax laws, including transfer pricing taxation and anti-tax haven measures, as well as international rules and other statutes.



# Risk Management

## Risk Management

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### Basic Policy

Casio is making efforts to ensure management stability and safety by responding appropriately to the various risks surrounding the company. These efforts are carried out under the leadership of the officer responsible for risk management in line with Casio's basic policy to "forecast risk and seek to ensure business continuity and improve corporate value through prevention measures that minimize losses brought by risk and through effective ex-post measures when a loss occurs."

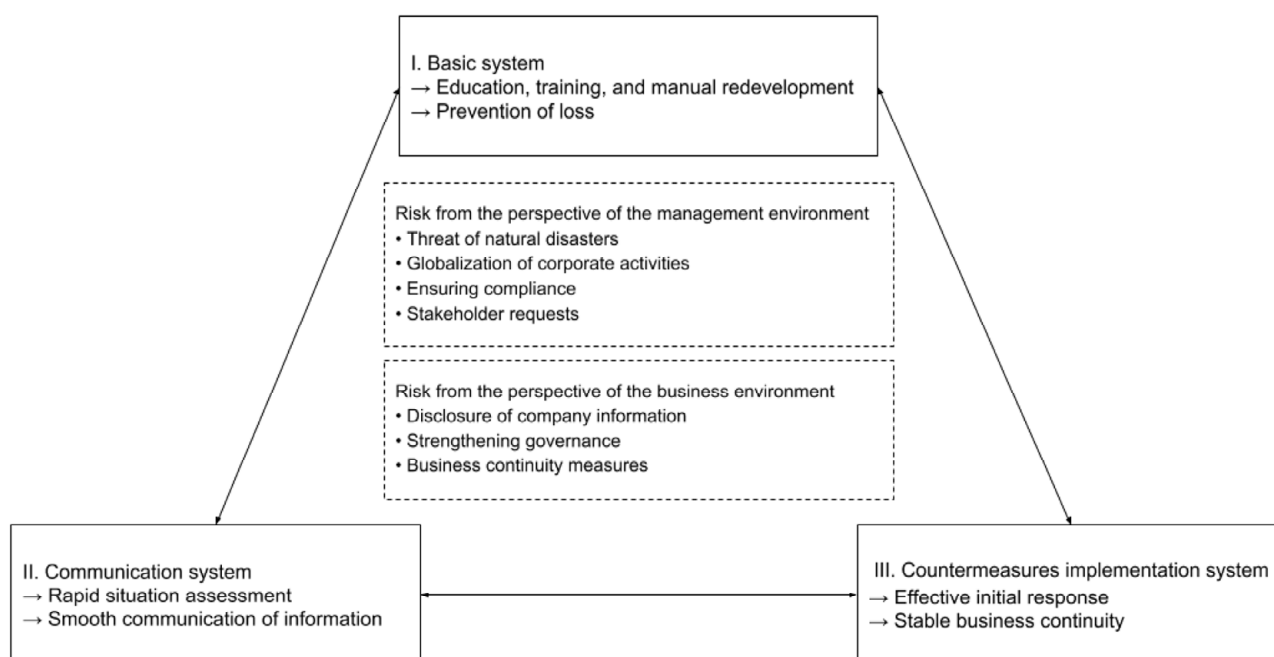
### Risk Management System

- (1) Casio has established an appropriate risk management system under which relevant departments proactively carry out risk management activities based on Risk Management Rules under the administration of the CSR Committee.
- (2) In order to respond to unforeseen circumstances as a corporate organization, Casio has issued and operates a Crisis Management Manual with the main aims of ensuring the safety of officers, employees, and their families and safeguarding corporate assets.
- (3) Based on Fundamental Policies on Product Safety, Casio has established, carries out, and continually improves independent action plans related to product safety, with each business division undertaking quality assurance activities such as visualization of quality, sharing of quality information, and deciding on quality policies and measures.
- (4) Casio has established a secretariat, which is responsible for overall implementation as well as progress management and assessment, and an auditing department, which audits the appropriateness of risk management activities.

### Creating a Future System

In addition to the above risk management system that has been in operation for a long time, Casio newly established the Corporate Governance Division in a company-wide reorganization in June 2018, which will oversee and drive the establishment of the following three systems:

1. Basic system  
The education, training, and various manuals that are the foundation of company-wide risk management will be redeveloped in an effort to prevent the occurrence of loss and to minimize effects on the company's business in the event a loss does occur.
2. Communication system  
Structures for ensuring business continuity and meeting stakeholder requests will be put in place by smoothly and quickly assessing the situation and enabling prompt communication of information to management and relevant departments.
3. Countermeasures implementation system  
Stable business continuity will be ensured by envisioning and establishing a watertight system for making an effective initial response in the event of a loss occurring and for implementing appropriate decision-making.



## Business Continuity Plan (BCP) initiatives

In order to respond to emergencies with the resources of the company organization, Casio has created a Crisis Management Manual for securing the safety of all employees, executives, and their families, preserving corporate assets. Sequential updates of the manual keep pace with changes in the business environment, and the company is taking practical initiatives at the same time. Specifically, the following measures have already been undertaken:

- Implementation of regular evacuation drills and general lifesaving classes for employees
- Distribution of emergency assistance kits to employees and additional disaster stockpiling
- Disaster prevention drill with the local community and provision of an open area for a temporary evacuation site

However, in the Great East Japan Earthquake, which struck in March 2011, circumstances were encountered that far exceeded previous expectations. Casio used the lessons learned to identify various points for improvement. These points were reflected in a largely-revised Crisis Management Manual based on the premise of responding to a major earthquake with Tokyo at its epicenter. Casio also produced the Disaster Handbook for the families of its employees to deepen understanding of disaster countermeasures in the home and promote disaster readiness.

Together with the initiatives above, Casio is working to enhance its business continuity plan (BCP). In the event of an emergency that interrupts business operations, such as a major earthquake with an epicenter in the Tokyo area, the plan outlines measures for the rapid confirmation of executive and employee whereabouts and well-being, as well as damage conditions, and the quick recovery and maintenance of operations. This mechanism is focused on Casio's global supply chain. For example, if the headquarters suffers a disaster, an emergency headquarters is set up at the appropriate key site, based on a priority determined in advance. Under the direction of the headquarters, the aim is to minimize damage by continuing to provide products and services to customers worldwide based on limited resources. Through rapid restoration of business operation, the confidence of business partners and customers is maintained.

## Information system disaster response measures

To ensure business continuity, it is vital to protect information systems against earthquakes and other disasters. In addition to an internal data center, Casio utilizes a secure external data center that features seismic construction and self-contained power generation.

As a measure to reduce disaster risk, Casio finished moving all its important servers, including those for mission-critical tasks, to external data centers and established an environment that can continue to operate even after a disaster. It also moved its e-mail system, an important means of communication, to an external provider.

The company also performs disaster drills in conjunction with the group-wide business continuity plan.

## Information security

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Casio strives to appropriately manage and handle all of its information assets, including information that it collects from customers and suppliers.

Casio has established Information Security Rules and implemented regular education for employees to continuously raise awareness of information security and ensure the implementation of safety measures.

Additionally, Casio follows the EU's General Data Protection Regulation (GDPR) regarding the handling of personal information of European users.

## Education and Awareness Raising

Information security cannot rely only on technical measures; it is also important for everyone handling information to know the required safety procedures, and to incorporate them into their work habits. At Casio, all officers and employees receive regular information security training through e-learning. The training covers general information security, as well as protection of personal information and other compliance matters, based on changes in society and in the company's business environment. Information security is being improved by providing this training content in a timely manner.

In addition, an information security handbook summarizing basic matters in clear, concise content for users has been issued to raise awareness throughout the Casio Group. The handbook has been translated and is used for training and awareness building by companies outside Japan.

## Initiatives to prevent information leakage

As an initiative to prevent information leakage, Casio ensures, as an organizational measure, that all employees handling information understand and follow necessary safety procedures. Casio has established internal rules regarding such matters as limitations on taking information or information devices off company premises and on sending emails externally, as well as proper information disposal. Training is provided on these rules in an effort to raise awareness and strengthen measures to prevent information leakage.

As a technical safety measure, Casio is strengthening its ability to monitor unauthorized access to its websites and suspicious transmissions on its internal network, in order to upgrade its preparedness against the recently growing threat of targeted attacks and other external attacks such as those from malware.

Internal measures include the installation of security software and patches on company PCs, and a multi-layered defense has been created.

## Information security certification and initiatives

Casio has focused on established a system for prioritizing the protection of personal information, publically disclosed its Privacy Policy on its website, and remains committed to the safe and appropriate handling of personal information. In December 2005, Casio Computer Co., Ltd. obtained Privacy Mark<sup>\*1</sup> certification and has maintained it since.



Casio's Information Systems Department obtained information security management system (ISO 27001)<sup>\*2</sup> certification in November 2007. The aim of applying for certification was to evaluate fulfillment of responsibility by the department, which takes care of information assets for the entire company. Since then, the department has made continual improvements using PDCA cycles. The fitness and effectiveness of Casio's information security management system was reconfirmed with a certification renewal audit in January 2017. This included an expansion of information security activities to cover all group companies.



JQA-IM0536

Information Technology & Engineering Department Casio Computer Co., Ltd.

Internal information systems at Casio Computer Co., Ltd. and each group company, and the network infrastructure of the Casio Group

<sup>\*1</sup> Privacy Mark: A program where the Japan Information Processing Development Corporation, a public-service foundation, evaluates the adequacy of corporate protective measures related to the handling of personal data. Companies that are found to have adequate protective measures in place are certified and permitted to display the Privacy Mark.

<sup>\*2</sup> A program whereby a company establishes a system for using, maintaining, and protecting information within the applicable scope (e.g., business, locations) based on international standards for information security management systems, and a certification body conducts audits of the system and issues certifications.

## Stable Supply of Products

### Approach to stable product supply

Delivering a stable supply of products to consumers is one of the most important responsibilities of a manufacturer, and is required to ensure customer satisfaction and loyalty.

As part of Casio's mission to provide delight, happiness, and pleasure to customers through its innovative products, the company is promoting the following policies.

### Policies on Stable Product Supply

1. We strive to shorten production lead-time and improve planning and execution accuracy by using IT to optimize the supply chain (procurement-production-logistics-sales-service).
2. We build good relationships with component suppliers to ensure stable procurement.
3. We maintain the flexibility needed to address various risks involved in manufacturing by:
  - building a production system with at least two production sites for each product;
  - producing multiple products and improving capacity for high-mix/low-volume production at each Casio Group production site
  - maintaining in-house production and inlining of key devices and components.

## Supply network is highly responsive to changes in demand

Casio uses supply chain management (SCM) at production sites in response to changes in market conditions and demand for high-mix/low-volume product offerings, seeking to speed up the planning cycle and provide a stable supply of salable products.

Specific initiatives include efforts to standardize work processes such as parts delivery controls, materials warehouse management, and manufacturing process management. Casio aims to achieve integrated manufacturing (total optimization) by using the same systems and same methods at different production sites. These initiatives are necessary to increase shipment precision, shorten production lead times, and shrink unused assets, and are already becoming mission-critical systems. The timepiece business in particular, which conducts production at multiple sites, in Yamagata (Japan), China, and Thailand, must respond rapidly to the changing environment in each region. Smooth operation of SCM enables the deployment of standardized IT tools and production equipment as well as the appropriate distribution of supply capacity.

Casio will move to multisite production in other product categories in the future and build an even more sophisticated SCM system.

## Diversifying production risk and producing core components in-house

Casio maintains a stable supply of products by having each production site manufacture multiple product items, and by ensuring that two different sites can produce any given Casio product.

The company is also increasing the internal production of components in order to protect newly created technologies and to reduce parts procurement risk.

### Production sites for individual products

#### Contract manufacturers

Timepieces, Calculators, Musical Instruments,  
Systems equipment,

#### Casio Electronic Technology (Zhongshan)

Timepieces, Calculators, Electronic Dictionaries,  
Musical Instruments, Data Projectors

#### Casio Electronics (Shaoguan)

Timepieces

#### Casio Timepiece (Dongguan) Co., Ltd.

Metal parts for watches

#### Yamagata Casio

Timepieces  
Data Projectors, Smart Outdoor Watches

#### Yamagata Casio (Yamanashi Office)

Systems equipment

#### Contract manufacturers

Calculators

#### Contract manufacturers

Electronic cash registers

#### Casio (Thailand)

Timepieces, Calculators,  
Electronic Dictionaries,  
Component Production

## Production Sites

### Casio (Thailand) Co., Ltd

Casio's new plant in Nakhonratchasima, Thailand, is located on high ground, making it less susceptible to floods. Casio has added the new plant to its existing major production sites with a view to enhancing business continuity planning (BCP) and diversifying risk through global manufacturing. Casio will continue to expand the plant's production scale and functions. In fiscal 2015, Casio started production of calculators and electronic dictionaries at a new third plant on the site, in order to provide a more stable, high-mix supply of products.



### Casio Timepiece (Dongguan) Co., Ltd.

Casio Timepiece (Dongguan) Co., Ltd. was launched in 2015. Located in the city of Dongguan, Guangdong Province, China, it supplies metal cases for watches to group sites in Japan, Southeast Asia, and China. As the Casio Group's first plant processing metal components, it is working at accumulating processing technology (cutting and polishing) and developing new technology. It mainly produces cases for high-end products.

### Casio Electronics (Shaoguan) Co., Ltd.

Launched as a watch assembly plant in 2016, this company is located in Shaoguan, Guangdong Province, China. As one of Casio's main watch factories in China, it is helping to maintain a stable production scale, mainly for regular and popularly priced digital mode

## Social Initiatives: Action Plans and Performance

Evaluation ◎: All targets met, ○: Most targets met, △: Remaining issues outweigh results, ×: No progress made

FY2018 Targets & Plans	FY2018 Performance	Evaluation	FY2019 Targets & KPIs
<p>Continually promote reduction of China-concentration risk to ensure a stable supply of products.</p> <p>Enhance manufacturing at Casio production sites to achieve optimum global production (automation and efficiency improvement).</p> <p>Expand in-house part production.</p>	<p>In order to stabilize watch production in China, established Casio Shaoguan and started production.</p> <p>Meanwhile, due to the expansion of factories in Thailand and production in Japan to reduce China concentration risk, the China production ratio decreased from 83% in fiscal 2014 to 63% in fiscal 2018.</p> <p>Promoted in-house processing of watch metal cases at Casio Dongguan, which contributed to the stable supply of parts and the accumulation of processing know-how.</p>	○	<p>Continually promote reduction of China concentration risk to ensure a stable supply of products.</p> <p>Commence operations at a new plant dedicated to watches at Yamagata Casio (the mother plant), and expand streamlining of production in Japan as an automatic assembly line.</p> <p>Expand self-manufacture of parts in all areas.</p>

# External Evaluation

## Independent Opinion on the Sustainability Report 2018

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The opinion presented here was written based on the content of this report, interviews with Casio personnel responsible for procurement, human resources, environmental and CSR initiatives, and visits to Yamagata Casio. The plan-do-check-act (PDCA) management cycle is used for Casio's CSR initiatives, with a focus on reducing the company's environmental impact and ensuring socially responsible procurement. Casio is now at a stage where it is expected that these efforts will expand into company-wide initiatives that include top management and human resource departments.

### Commendable efforts by Casio

- [Regarding CSR initiatives](#) at its suppliers, Casio revised the scale of response choices on its questionnaire to a five-point scale to ascertain supplier situation for reduction of environmental impact and measures to protect the human rights of workers. The company received responses from all 225 suppliers in Japan and provided feedback based on the overall results. It also visited 14 companies in China and Thailand based on the results of the previous year's responses and has continued to ascertain the situation and make it transparent, while introducing awards and case presentations at meetings to explain material procurement policy to suppliers. The revision of the scale of response choices on its questionnaire is especially commendable as it represents a level that could become the industry's de facto standard. In the future, I hope that Casio's system will evolve so that feedback can be provided with greater precision according to the level of each supplier's CSR initiatives.
- Casio has established a Basic Policy on Respect for [Human Rights](#) and has its own tool for checking the status of human rights, and it continues to provide feedback to group companies concerning the overall survey results. In addition, Guidance on the Prohibition of Bribery and a Manual on the Prohibition of Bribery have been established, and the company has started to ascertain the actual status of efforts against corruption at group companies outside Japan. It has expanded its whistleblower hotlines to give access to suppliers and discloses the number of reports to these hotlines. In order to make the guidelines and tools more effective on the frontlines in the future, I recommend that they be incorporated into goals for managers and evaluation criteria, and also that they be linked with the CSR Leader system. I look forward to seeing the company build a compliance promotion system integrated daily management.

## Points for improvement while commending progress to date

- Looking at the group-wide [CSR implementation structure](#), it is admirable that Casio upgraded the members of its CSR Committee to directors, Audit & Supervisory Board members, and executive officers, that it established high material goals and KPIs and is managing progress quantitatively, that it is appointing CSR Leaders at major group companies worldwide, and that it is increasing cooperation with NGOs in and outside Japan. Going forward, I recommend that the scope of discussions by the CSR Committee be expanded. In addition, in order to encourage value creation for the near-term future with a view to the SDGs and to encourage initiatives on the front lines by CSR Leaders, I recommend that messages from top management be translated into multiple languages and delivered to workplaces around the world. This will increase opportunities for diverse front-line employees to get a more immediate and deeper understanding of CSR trends at the head office and at sites in various countries.
- With regard to its medium- to long-term [environmental management policy](#) and [environmental management promotion system](#), Casio has specified the long-term goals of an 80% reduction in greenhouse gas (GHG) emissions by fiscal 2051 and a 26% reduction in GHG emissions by fiscal 2031, both compared to fiscal 2014. Casio is also carrying out initiatives to address its three material goals of realizing a low carbon society, building a recycling society, and living in harmony with nature by preserving biodiversity. It is especially admirable that Casio employees in Thailand achieved an annual emissions reduction of 1,567 t-CO<sub>2</sub> by taking buses to work. However, I am concerned that there were no new certifications of Super Green Star products in the period under review. Looking ahead, I strongly hope that Casio will establish a roadmap for long-term GHG reduction, expand its use of renewable energy, broaden the categories of Green Star products, and achieve its medium- and long-term goals with the help of customers, including by improving the recycling rate at the time of product disposal.
- I applaud Casio for introducing new models of cooperation with NGOs regarding the preservation of [biodiversity](#) and for starting preservation activities based on surveys conducted at major sites in Japan. Going forward, however, I hope that it will roll out models that tie into preservation of nature and biodiversity in different regions worldwide and, with a view to preserving biodiversity close to home, I hope that it will encourage cooperation with employees and local residents.
- In terms of [making workplaces more supportive](#), it is commendable that Casio has a 100% rate of return by employees who took childcare leave and that the percentage of employees of Casio Computer Co., Ltd., who utilize leaves of absence or the shorter working hours system for childcare or nursing care has reached 4.85%. I hope, however, that Casio will improve the follow-up implementation rate for employees who were found to have a health risk based on regular health checkups.
- It is estimable that Casio has established a system for developing and assessing advanced skills in women who work on premium production lines as an initiative at Yamagata Casio. In the future, however, I hope that the system will be used to research the effect on productivity of improving the traffic path and lighting, and I also hope that it will be used to promote bottom-up environmental and safety initiatives by all employees.



## Points for improvement

- In the area of [promoting employee diversity](#) across the entire Casio Group, I am concerned that policies, targets, plans, and persons responsible have not been established, no global HR meetings have been held, and KPIs are no more than defensive indicators. Going forward, I recommend concrete planning for portfolio-based global human resources management that crosses departmental and company boundaries, to be achieved within the 2020s. Casio needs an integrated system to promote the development, exchange and evaluation of human resources recruited worldwide, and to expand its human resource database to enable access to information on staff hired in each country. I hope that Casio will develop strategies and systems for the proactive utilization of human resource diversity.
- In the area of [employing persons with disabilities](#), I am glad to see that Casio exceeded the legally mandated rate of employment. I hope that Casio will continue to make improvements by holding employee interviews each quarter and introducing a staggered working hours system. I also continue to have strong expectations that Casio will pursue community-building efforts based on disability and job types and continue making workplaces more supportive in the future.
- 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, by proactively disclosing not only environmental data, but also governance, personnel and procurement initiatives and data.

Hideto DeDe Kawakita, Chief Executive Officer International Institute for Human, Organization and the Earth (IIHOE)

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.

➤ <https://blog.canpan.info/iihoe/> (in Japanese)



## Inclusion in SRI Indexes

### Dow Jones Sustainability Indices

The Dow Jones Sustainability Indices (DJSI) evaluate the sustainability of numerous companies from the perspectives of economic, environmental, and social responsibility performance. They were developed jointly by S&P Dow Jones Indices, a provider of global financial indices, and RobecoSAM of Switzerland, which conducts surveys and rates companies as socially responsible investments. Casio Computer Co., Ltd., was selected for inclusion in the DJSI Asia Pacific indices in September 2018.



### FTSE4Good Index

The FTSE4Good Index, developed by FTSE Russell, an index and data provision services company capitalized by the London Stock Exchange Group, evaluates corporate sustainability in terms of environmental, social, and governance aspects. Casio Computer Co., Ltd., has been included in the FTSE4Good Index since June 2016.



### MSCI ACWI ESG Leaders Index

MSCI ACWI ESG Leaders Indexes, developed by MSCI (Morgan Stanley Capital Investment), consist of companies that are excellent in environmental, social and governance (ESG) aspects. Casio Computer Co., Ltd., had been included every year in its predecessor, the MSCI Global Sustainability Indexes\* since September 2014.



\* The MSCI Global Sustainability Indexes were re-named in 2017.

### Morningstar Socially Responsible Investment Index (MS-SRI)

Casio Computer Co., Ltd., has been continuingly included in the Morningstar Socially Responsible Investment Index (MS-SRI) since September 2004. Morningstar Japan selects 150 companies from among all listed companies in Japan based on their social responsibility track records, and indexes their stock prices.



### SNAM Sustainability Index

In June 2017, Casio Computer was selected for inclusion in the SNAM Sustainability Index created by Sompo Japan Nipponkoa Asset Management Co., Ltd. (SNAM). Based on this unique active index, SNAM launched the SNAM Sustainable Investment Fund in August 2012. This is a responsible investment product for pension funds and institutional investors that invests in a wide range of companies with high ratings based on factors. After the companies are selected with a focus on the results of ESG surveys by research firms, the portfolio weights are determined based on the SNAM Sustainability Index.



In July 2017, the Government Pension Investment Fund, Japan, selected Casio Computer for inclusion in all three of its ESG indexes.

## FTSE Blossom Japan Index

Developed by FTSE Russell, the FTSE Blossom Japan Index tracks the performance of firms with outstanding compliance activities that meet diverse standards for ESG performance.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that CASIO COMPUTER CO., LTD. has been independently assessed according to the FTSE Blossom Japan Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.



## MSCI Japan ESG Select Leaders Index

Created by MSCI Inc., the MSCI Japan ESG Select Leaders Index is made up of companies with high ESG performance from among the top 500 Japanese corporations by market capitalization.



## MSCI Japan Empowering Women Index

Created by MSCI Inc., the MSCI Japan Empowering Women Index is made up of members of various industries with excellent records in promoting and maintaining gender diversity. The companies are selected from among the top 500 Japanese corporations by market capitalization.



## Other

### Excellent Enterprise of Health and Productivity Management

Conducted by Japan's Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (Japan Health Council), this system recognizes corporations including large companies as well as small- to medium-sized enterprises that practice especially exceptional health and productivity management based on initiatives to address community health issues and health-promotion initiatives advocated by the Nippon Kenko Kaigi. Casio was certified on February 20, 2018.

