

External Evaluation

Independent Opinion on the Sustainability Report 2018

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-CO₂ 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)



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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 continually 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.



FTSE Blossom
Japan

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.



2017 Constituent
MSCI Japan ESG
Select Leaders Index

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.



2017 Constituent
MSCI Japan Empowering
Women Index (WIN)

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.

