

Environmental Executive Message

Increasing Corporate Value by Integrating Environmental and Business Activities

Addressing Global Environmental Issues with a Medium- to Long-term Perspective

Under the Casio Environmental Vision 2050, a long-term environmental management policy with a target year of 2050, Casio has identified three material environmental goals—realizing a low carbon society, building a recycling society, and living in harmony with nature—through which it is aiming to contribute to a sustainable global society. Under this long-term vision, we have also established medium-term goals for fiscal 2031 and are carrying out environmental activities based on annual action goals.

Recently, the international community has been accelerating environmental measures as transnational global issues. The year 2015 witnessed several epoch-making events: adoption of the Sustainable Development Goals (SDGs) at the United Nations and a consensus on the Paris Agreement, which seeks to keep a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels. In response, international initiatives such as Science Based Targets (SBTs) for setting corporate goals in line with the Paris Agreement's target of 2 degrees Celsius and Renewable Energy 100% (RE100) for running business operations on 100% renewable energy are attracting more and more attention. Even in Japan, which got a late start, the winds are shifting, and the number of companies committing to these initiatives is increasing rapidly.

The public today expects for companies to incorporate environmental initiatives into their business operations while keeping a close watch on global trends. At present, Casio is exploring how to link each of its businesses with the SDGs. Our three material environmental goals—realizing a low carbon society, building a recycling society, and living in harmony with nature—are closely related to SDGs 6, 7, 12, 13, 14, and 15: namely, clean water and sanitation, affordable and clean energy, responsible consumption and production, climate action, life below water, and life on land, respectively. These will be important keys for us to take into account in our future business planning.



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Moreover, in February 2017, we revised our goal for the reduction of greenhouse gas emissions, which requires an ultra-long-term perspective. Our new and higher goal is an 80% emissions reduction by fiscal 2051, compared with fiscal 2014. We also adjusted our medium-term goal. Aligning with the Japanese government's goal adopted in response to the Paris Agreement, our new goal is a 26% emissions reduction by fiscal 2031, compared with fiscal 2014. This is an extremely challenging goal. To achieve it, Casio is reviewing all of its businesses on a company-wide basis and is working hard to strengthen environmental measures. I am confident that Casio—which has a long track-record of “creating something from nothing”—will leverage creativity to contribute to the environment with original initiatives, and that this will, in turn, also drive up Casio's corporate value.

Pursuing Three Material Environmental Goals Company-Wide

In order to pursue its three material environmental goals in a company-wide framework, Casio has reformed its environmental management system (EMS) and has been operating under the new system since April 2017. During that time, we integrated the individual ISO 14001 certifications for three main sites—Hatsudai Headquarters, Hamura R&D Center, and Hachioji R&D Center—and acquired certification under the latest 2015 revised standards. We also established three committees tied to each of our three material environmental goals and are strengthening our initiatives from a macro perspective that drives shared goals and objectives company-wide and across departments.

For our goal of realizing a low carbon society, we conducted energy-saving assessments of business sites, in order to get an accurate understanding of our greenhouse gas emissions from the manufacturing and distribution processes and tie that into formulation of a reduction roadmap. In Japan, among our three main sites, buildings and equipment are aging, especially at the Hamura R&D Center, which opened in 1979. There are big issues with energy efficiency for the Center as a whole. It needs to be rebuilt, and so we are now examining how to incorporate environmental measures into a new facility.

While our long-term goal of an 80% emissions reduction by fiscal 2051, compared with fiscal 2014, includes making reductions in scope 1 and scope 2 (activities at production sites and offices in and outside Japan) emissions, in fact approximately 80% of emissions due to our business are scope 3 emissions (resulting from activities in the supply chain, including suppliers' manufacturing sites). How we face up to this challenge will be a major key to our future success.

It is also vital that we reduce energy used by products. We will continue to focus on developing energy-saving products, which we have done for a long time. Meanwhile, we will turn our attention to greenhouse gas emissions that can be reduced by using Casio' products. For example, in March 2018, Casio started selling a 2.5D printing system, which is able to recreate fine irregularities and hues of materials such as wood, cloth, stone, and metal on special sheets without making a die. Making various kinds of design prototyping drastically more efficient will likely contribute to a reduction in energy consumption in the manufacturing process. Going forward, we will redefine our contribution through products and technologies, taking this new way of thinking into account.

For our goal of building a recycling society, we have continued to develop environmentally friendly products in every aspect of planning and design, in order to minimize the environmental impact of our products. Casio Green Star Products and Casio Super Green Star Products, which have met certain standards, accounted for 69% of our total sales in fiscal 2018. Going forward, we will keep working aggressively on new development in this area.

In goal setting, on the other hand, the two classifications of “recycling through products” and “recycling at plants/sites” are ill defined and, in terms of products, initiatives follow convention. This has shed light on the issue of ambiguity in progress management. We must therefore reconsider our KPIs based on a proper understanding of the present condition.

As for our goal of living in harmony with nature, in fiscal 2018, we completed biodiversity surveys at each of our business sites based on our Biodiversity Guidelines. At present, we are exploring the possibility of linking our projects in this area with marketing and sales based on the analysis of the surveys. Casio has demonstrated a presence as a brand that makes outdoor activities more fulfilling, such as with our outdoor watches. We will keep seeking ways to help people live in harmony with nature by making distinctively Casio contributions.

We have also continued to work at expanding utilization of FSC®-certified paper in our product catalogues and packaging. While the switchover in the use rate has moved ahead to the point that 65% of the paper in our product catalogues for the Japanese market is FSC® certified, it is not enough to just have “using FSC®-certified paper” as the goal. It is important to deepen awareness that using paper based on Casio’s Paper Procurement Policy leads to protection of forest resources and conservation of biodiversity and to then tie that into enhancement of our corporate value and disseminate that message appropriately in and outside the company.

Future Issues Brought to Light by Our New EMS System

After the initial year of efforts under our new EMS system, my sense is that we have laid out a course for achieving our medium-term goals in fiscal 2031 and realizing the Casio Environmental Vision 2050. Then again, issues have emerged in some areas, such as where we are not producing the envisioned performance. One issue is the difficulty of changing the conventional system, which involved department-based initiatives, as we move to the new committee system. While establishing the three committees gave us a viewpoint for thinking about company-wide environmental activities along the axis of material goals, the committees are still very much lacking the organizational power to strongly lead each department. We plan to address this by establishing a setup that enables the committees to exercise leadership.

Additionally, it has been three years since we identified our material goals, and now changes in the external environment have revealed aspects where the goals themselves do not exactly fit the current situation. For example, although we set the goal of realizing a low carbon society, the world is already moving beyond “low carbon” to “decarbonization.” We recognize that we must scrutinize the validity of our material goals and establish measures that allow us to implement our EMS at a higher level based on revised goals and KPIs.

We also understand how important it is to think about impact throughout the supply chain. Due to its business characteristics, Casio has never had sites or business processes with extremely large environmental impacts. Given that fact, if we are to keep reducing greenhouse gas emissions, increasing recycling, and conserving biodiversity, cooperating with the suppliers that provide products to Casio is critical. In the past, we have given Responsible Business Alliance (formerly EICC) questionnaires to our primary suppliers to foster CSR procurement, but the question now is how to influence those suppliers based on a grasp of the current situation.

In my view, what is needed to obtain the understanding of diverse suppliers and ensure we share the same goals is not to cast the significance of initiatives as a “request from Casio,” but rather to make the appeal that they are “unsurprising demands within the broad framework of society.” Even in reducing greenhouse gas emissions, it is crucial to clearly establish the point that it is obvious that today’s global current demands this. We want suppliers to work on that issue together with us as a matter of course.

Toward that end, we must first of all demonstrate Casio’s commitment to environmental friendliness. Committing to international initiatives like RE100 and SBTs should be powerful expressions of our determination to promote company-wide efforts. We will fully participate in these initiatives on the way to a more strategic environmental contribution under global standards.

Pursuing Further Evolution in Our Environmental Management

In recent years, I have sensed the rising interest in environmental friendliness even in dialogues with institutional investors. Then again, we are often asked regarding Casio's various measures, "How is what you are doing any different from mere risk management?" I realize that it is not enough for individual initiatives to just prevent risks that could occur if those initiatives were not taken and that what we are being asked to do is to create positive value that is distinctive of Casio.

I also recognize that we need to articulate, not only for the world outside the company but also for members of the company, how environmental contributions are tied to Casio's corporate value, and to promote understanding of their significance. It is essential to tell the story in terms of daily business activities so that all employees can embrace these matters as their own concern and take action.

The SDGs set out as common goals by the international community express Casio's aims, laid on top of global currents, and they will hopefully be of great use in aligning awareness throughout the company. At present, we are identifying what kinds of opportunities and risks for Casio's sustainable growth will be caused by social issues related to the SDGs. We will finish that first, and then attempt to coordinate the SDGs with our business. The protagonists of our initiatives are none other than each and every employee, and we will examine systems to encourage behavioral transformation tied to the SDGs and our material goals.

In the company-wide organizational reforms we made in April 2018, we changed the name of the CSR Promotion Division, which had led our environmental activities thus far, to the Sustainability Promotion Division, and merged it with the Governance Department, which had been in the General Affairs Division, and the Human Resources Division. As the ESG Headquarters, these organizations will make use of environmental, social, and governance (ESG) factors in their role of strategically enhancing Casio's corporate value.

Under the new organization, we will organize and analyze the progress of and issues with our past initiatives and further increase our capacity to respond to global challenges. Going forward, we will maximize the functions of our EMS across the entire company to advance our environmental management in steady pursuit of the Casio Environmental Vision 2050.