

CSR Management



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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 Casio Group Code of Conduct is 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 decarbonized 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.

In addition, the following target for Scope 3 emissions was added in FY2019.

1. Set greenhouse gas reduction targets for 70% of the main suppliers by FY2025 (addressing Category 1).

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. Living in harmony with nature

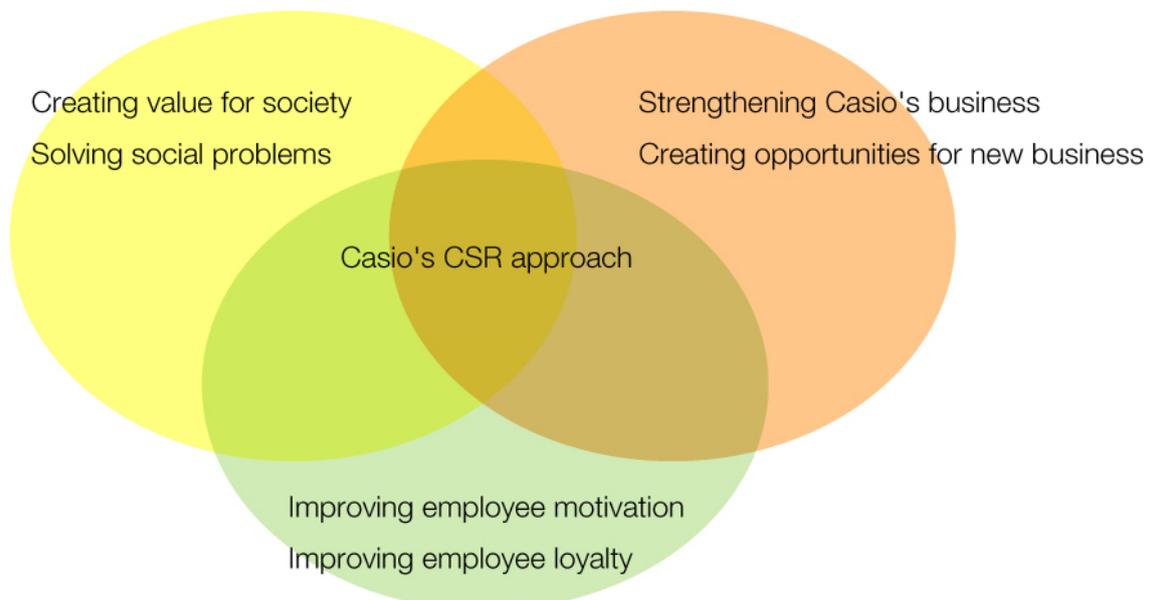
Medium-term target

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 (FY2020 – 2022)

Status of implementation of Medium-Term CSR Policy for past two years

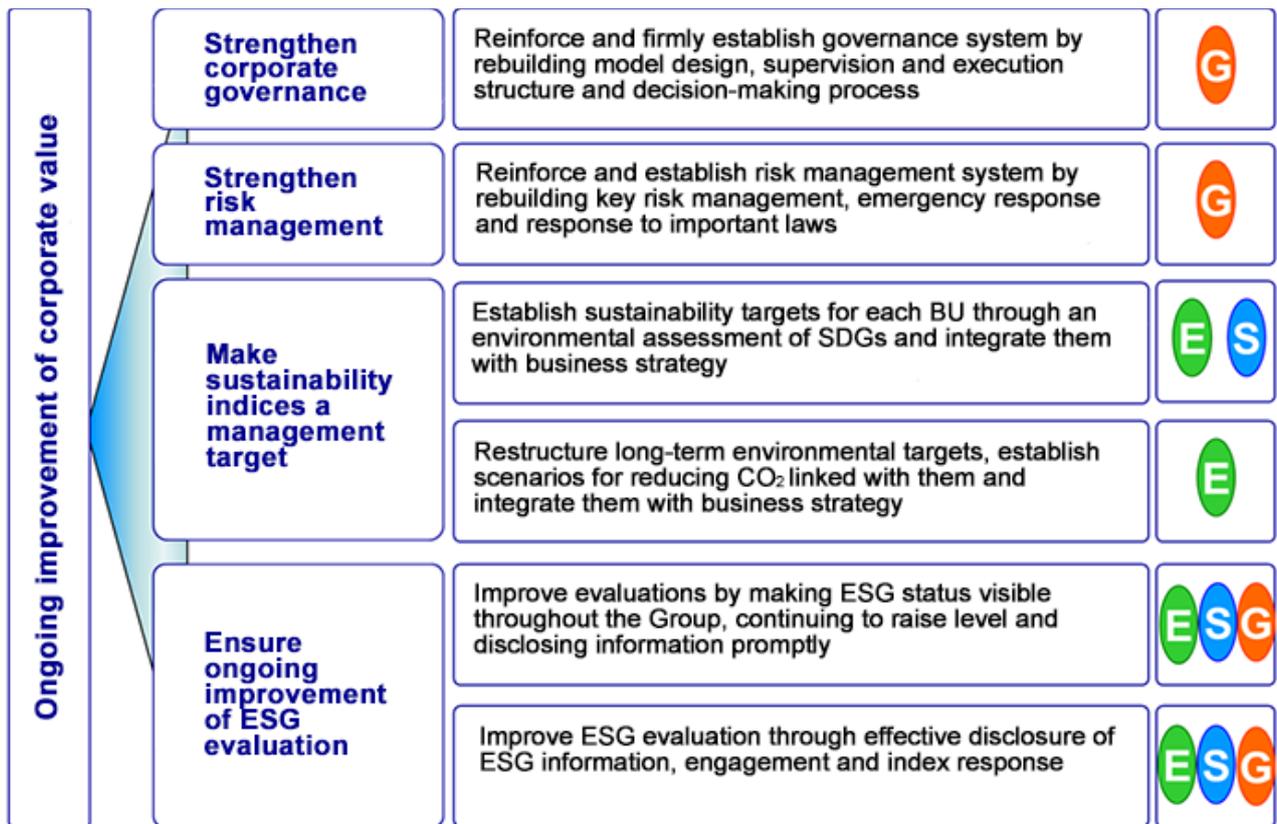
- Medium-Term Policy (FY2018-2019)
 1. Promoting concrete initiatives associated with the SDGs to solve social and environmental issues based on materiality linked with business management
 2. Establishing achievement scenarios linked to long-term environmental targets, and continually improving environmental performance through implementation of environmental management systems (EMS)
 3. Strengthening the business foundation by gathering compliance and ESG information from Casio Group companies and continuing to improve performance levels
 4. Raising the awareness of all Casio Group employees, and promoting behavioral changes
- Progress in addressing top-priority issues

Issues	Specific targets	Assessment
Initiatives based on SDGs	Establish sustainability targets for each BU	△
Initiatives to achieve medium and long-term environmental targets	Establish a scenario for achieving medium and long-term environmental targets	○
Initiatives for disclosure of corporate ESG information	Issue an integrated report	△

As a result of work on these top-priority issues, efforts to achieve the medium- and long-term environmental targets saw some good outcomes, such as the establishment of a scenario to reduce greenhouse gases and approval by the M1 Committee. The establishment of sustainability targets for each BU and the issuance of an integrated report were delayed by one year.

The following CSR medium-term priority strategies were set for the next three years in response to the aforementioned two-year medium-term policies.

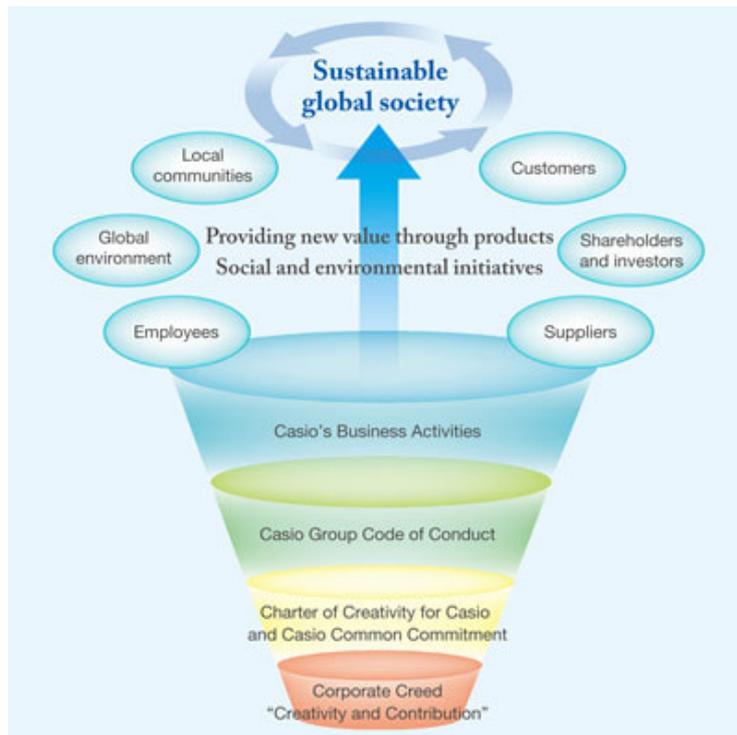
Medium-term priority strategies:



KPIs have been set for the above priority strategies, particularly for social (S) and environment (E) issues, as shown below.

Priority	Targets	KPI (FY2022 goal)
<i>Make sustainability indices a management target</i>	Restructure long-term environmental targets, establish scenarios for reducing CO ₂ linked with them and integrate them with business strategy	New long-term environmental targets established, and CO ₂ reduction scenario based on them devised; In addition, SBT certification completed, RE100 initiative joined early, and renewable energy adoption policies established for entire Group
	Establish sustainability targets for each BU through an environmental assessment of SDGs and integrate them with business strategy	SDG targets established for each BU, linked with medium-term business strategies, and first round completed Results evaluated based on KPI and utilized in setting targets for the next period
<i>Ensure ongoing improvement of ESG evaluation</i>	Improve evaluations by making ESG status visible throughout the Group, continuing to raise level and disclosing information promptly	In light of the status of progress with materiality in fiscal 2019, three-year plans established for new materiality to start fiscal 2021 during fiscal 2020, and results evaluated based on KPI
	Improve ESG evaluation through effective disclosure of ESG information, engagement and index response	Effective response to key indices such as FTSE, MSCI and DJSI continued, reselected for DJSI World index and stayed on FTSE and MSCI; selection ensured for ESG investment

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.

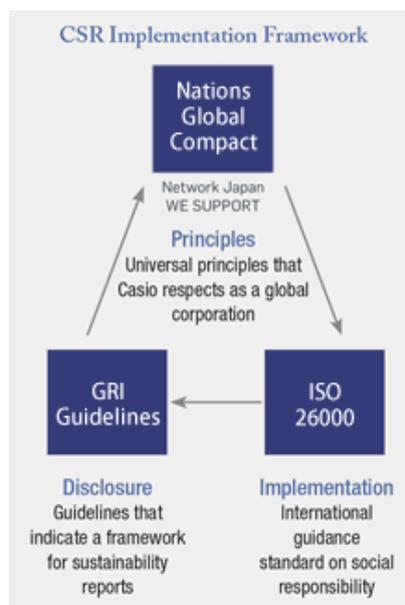
In addition, every year all employees of group companies in Japan are given a comprehensive questionnaire on the Charter of Creativity for Casio and Casio Common Commitment, the Casio Group Code of Conduct, and the Whistleblower Hotline. The results are used to analyze employees' familiarity with these principles. The results of the questionnaire are also used to develop various measures to ensure that employees have a good understanding.

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.

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.



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.

FY2019 Participation in Global Compact Network Japan (GCNJ) Subcommittees

- Human Rights Due Diligence Subcommittee
- SDG 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."



In order to incorporate SDG efforts into business operations, in 2019 Casio established sustainability targets for each business unit, along with the Medium-Term Management Plan. As part of this process, Casio identified which of the 17 SDGs it will focus on in 2019.

Going forward, Casio will set specific KPIs to be achieved under the Medium-Term Management Plan.

Sustainability Targets

Timepiece Business

- Promote user health by providing and supporting sporting experiences through watches and wrist devices
- Reduce environmental impact: Reduce resource use in business activities



Educational Scientific Calculator Business

- Promote even better math education by providing products designed to meet specific educational needs in different countries
- Help improve educational levels by training math teachers to use scientific calculators in their classrooms
- Reduce environmental impact: Reduce resource use in business activities



New Businesses

- Provide personal health and beauty support to individual customers through digital means
- Create social infrastructure that gives people greater peace of mind in their daily lives
- Use open innovation to create more experiences that offer innovative customer value



Business Needing Better Profitability

- Provide opportunities to acquire broad knowledge
- Use projectors to develop educational infrastructure and effective learning environments
- Reduce environmental impact: Reduce resource use in business activities



Company-wide

- Reduce environmental impact: Reduce resource use in business activities
- Reduce environmental impact: Reduce waste



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</i> becomes <i>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
2019	●	Integrated report published

CSR Implementation System

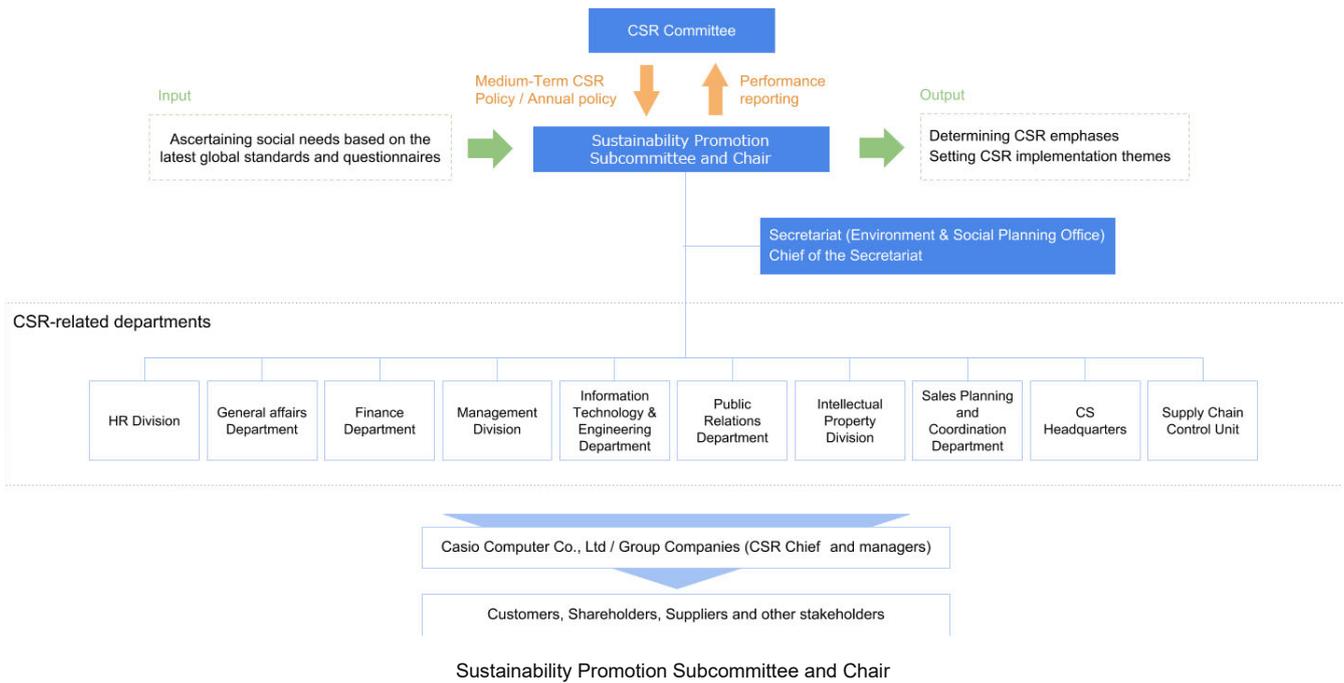
CSR Committee and Sustainability Promotion Subcommittee

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, before being renamed again in fiscal 2019. It is now called the Sustainability Promotion Subcommittee.

In order to respond to the expectations of society, the Sustainability 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 2019, Casio continued to address six 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,” “ensure no conflict minerals are used,” “create a global compliance system” and “comply with the EU General Data Protection Regulation (GDPR),” which are core objectives of ISO 26000. The following table outlines the progress made on these themes in fiscal 2019 and the results achieved.

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

No	Theme	Fiscal 2019 performance	Status	Fiscal 2020 plan
1	Fair business practices: take action to prevent corruption	Promoted corruption risk assessment for 29 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 eight group production companies and implemented improvement based on feedback	Ongoing	Check human rights issues at 29 group sales 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 structure	Studied adopting a system to implement a global compliance structure	Ongoing	Conduct the second Global Compliance Survey and collect the responses
6	Comply with the EU General Data Protection Rules (GDPR)	Continued to study a medium-term response plan, GDPR response rules, and data protection officer appointment, and worked to establish the structure	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	FY2019 Targets and KPI	FY2019 Performance	Evaluation	FY2020 Targets and KPI
Realizing a low-carbon society	Create scenarios to reduce CO ₂ emissions and achieve medium and long-term targets	Created reduction scenarios	○	Acquire SBT certification and obtain RE100 membership
	Reduce greenhouse gas emissions (Scope 1 and 2) for the entire Casio Group by 7.95% compared with FY2014	Reduced 8.08% compared with FY2014	◎	Reduce greenhouse gas emissions (Scope 1 and 2) for the entire Casio Group by 9.6% compared with FY2014
	-	-	-	Create a supplier survey

Material Issues for Casio	FY2019 Targets and KPI	FY2019 Performance	Evaluation	FY2020 Targets and KPI
Building a recycling society	Maintain the Casio Green Star product sales ratio at 70% or more	Sales ratio: 72%	◎	Maintain the Casio Green Star product sales ratio at 74% or more
	Achieve a recycling rate for business site waste of at least 92%	Recycling rate: 86.2%	△	Achieve a recycling rate for business site waste of at least 90%
	Reduce water consumption to 500,000 m3 or less.	Reduced to 417,900 m3	◎	Reduce water usage by 1% compared with FY2019
Living in harmony with nature	Ensure that 65% of product catalog paper used in Japan is FSC® certified paper	81.9%	◎	Ensure that 80% of product catalog paper used in Japan is FSC® certified paper
	Develop scenarios for achieving medium-term targets relating to usage ratios for sustainable paper	M3 Committee issued interim report on the definition of sustainable paper Gathered information on procurement status regarding product packaging (cardboard)	△	Develop scenarios for achieving medium-term targets relating to usage ratios for sustainable paper
Promoting CSR procurement	(1) 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	○	(1) Implement CSR education at Casio sites and at suppliers, and continue to hold awareness raising campaign during one vendor meeting in China
	(2) Implement annual audit follow-up On-site audit follow-up of manufacturing sites and suppliers	Performed CSR-related audits requested by customers at four manufacturing sites as well as follow-up In China, conducted onsite inspections at 8 suppliers In Thailand, conducted onsite inspections at 5 suppliers	○	(2) Implement 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

Material Issues for Casio	FY2019 Targets and KPI	FY2019 Performance	Evaluation	FY2020 Targets and KPI
Providing supportive workplace environments and promoting diversity	Achieve rate of employee return after childcare leave of 90% or more	Achieved childcare leave usage rate for eligible employees of 100% Achieved a rate of employee return after childcare leave of 100% (regular employees)	◎	Maintain childcare leave usage rate for eligible employees of 90% or more Maintain a rate of employee return after childcare leave of 90% or more (regular employees)
	Achieve a female employee recruitment rate of 20% or more * Reset target to encourage recruitment of women in all areas	14 of the 54 employees who joined the company in April 2019 were women (25.9%)	○	Achieve a female employee recruitment rate of 25% or more
	Maintain legally mandated employment rate of people with disabilities at 2.2% or more - Actively employ people with disabilities, including those with mental disabilities, and achieve the legally mandated employment rate - Implement measures for retaining employees with disabilities, while seeking to employ people with diverse disabilities	<ul style="list-style-type: none"> • Employment rate for the Casio Group (consolidated group in Japan): 1.99% (as of April 1, 2019) • Participated in recruitment interviews jointly sponsored by Hello Work and a company that provides employment support for people with disabilities • Continued post-hiring follow-up system and commuting support system 	△	Maintain legally mandated employment rate of people with disabilities at 2.2% or more <ul style="list-style-type: none"> • Hire nine people with disabilities at Casio Computer * Number of people determined by a point system

Material Issues for Casio	FY2019 Targets and KPI	FY2019 Performance	Evaluation	FY2020 Targets and KPI
Providing supportive workplace environments and promoting diversity	<p>Follow-up measure implementation rate for annual checkups: 80% or more</p> <ul style="list-style-type: none"> - Strengthen measures to urge those who have not received checkups to get them - 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 	<ul style="list-style-type: none"> • Ascertained mental illness rate on a consolidated basis (fiscal year end) • Provided e-learning for new employees (including mid-career hires) and for managers, in July and December • Delivered work skill improvement training for young employees (including self-management) in June 	○	<p>Ascertain the actual mental illness rate</p> <p>Implement e-learning training for new employees and managers</p> <p>Implement work skill improvement training (including self-management) for young employees in August</p>
	<p>Implement stress checks</p> <ul style="list-style-type: none"> - Ascertain the rate of employees with high stress - Implement industrial physician consultations to interested employees with high stress - Ascertain the health risk rate (by department) - Implement workplace analysis and feedback - Implement workplace improvement using stress checks 	<ul style="list-style-type: none"> • Ascertained the rate of employees with high stress (November) • Consultations provided by industrial physicians to interested employees (November to February) • Ascertained health risk rates by department (March) • Implemented workplace analysis and feedback (March) 	○	<ul style="list-style-type: none"> • Ascertain the rate of employees with high stress (February) • Consultations provide by industrial physicians to interested employees (February to April) • Ascertain health risk rates by department (April) • Implement workplace analysis and feedback (May)

Material Issues for Casio	FY2019 Targets and KPI	FY2019 Performance	Evaluation	FY2020 Targets and KPI
Respecting human rights	(1) 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)	○	(1) Check human rights issue and implement feedback: All sales group companies (100%)
	(2) Implement human rights education for CSR leaders: Casio Computer Co., Ltd. (100%)	Not implemented in 2018 (0%) * Implemented in June 2019 due to replacement of CSR leaders following organizational change	×	(2) Implement human rights education for CSR leaders: Entire Casio Group in Japan (100%), following the replacement of CSR leaders
	(3) Develop a grievance mechanism a) In Japan: Raise awareness b) Outside Japan: Ascertain current situations and create grievance handling mechanism	Carried out education at all group companies, mainly through e-learning, in order to raise awareness of the whistleblower hotline in April 2017	○	(3) Develop a grievance mechanism; establish the mechanism and put into full operation
Preventing corruption	Conduct global corruption risk management (1) Manual preparation, dissemination, implementation, and evaluation	Conducted anti-corruption checks at 29 sales companies and provided feedback (100%), confirmed manuals were in place at all except one company	○	-

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



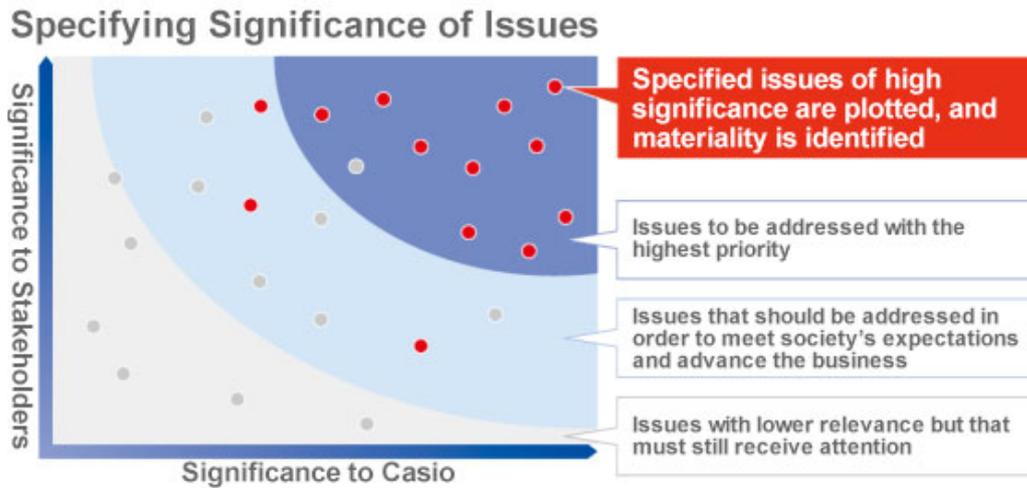
Kikuko Tatsumi, Executive Advisor
Nippon Association of Consumer Specialists

[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	•	•

Material Issues for Casio	Material Aspects	Boundary	
		Internal	External
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	•	•

Material Issues for Casio	Material Aspects	Boundary	
		Internal	External
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

Reviewing the material issues specified in fiscal 2017, Casio looked at its efforts over the three years through the end of fiscal 2019. Based on this review, Casio decided to continue to address the same issues, other than “preventing corruption,” for one more year.

In order to incorporate SDG efforts into business operations, in 2019 Casio established sustainability targets for each business unit, along with the Medium-Term Management Plan. As part of this process, Casio identified which of the 17 SDGs it will focus on in 2019. In fiscal 2020, Casio will again review the material issues and re-prioritize social responsibilities in a way that reinforces the sustainability targets.

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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Daily sales activities Customer Support Center Customer satisfaction surveys Casio's official website
Suppliers	<ul style="list-style-type: none"> Fair and equitable transactions Requesting CSR implementation and providing support 	<ul style="list-style-type: none"> Daily procurement activities Holding vendor conferences CSR questionnaires
Shareholders and investors	<ul style="list-style-type: none"> Timely and appropriate information disclosure Appropriate profit returns 	<ul style="list-style-type: none"> General Meeting of Shareholders Briefings for investors Investor Relations website Issuing financial reports (shareholder newsletter) Responding to CSR questionnaires from socially responsible investors

Main Stakeholder Group	Main Casio Group Responsibilities	Main Dialogue Opportunities / Information Disclosure
Employees	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Casio intranet Group Workers' Labor-Management Conference Occupational Safety and Health Committees Career challenge system Internal newsletter
Local communities	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Factory and workplace tours School visit program Internships Employee participation in local community events
Global environment	<ul style="list-style-type: none"> Environmental consideration in product development Environmentally responsible production activities Complying with environmental laws Protecting biodiversity 	-
NPO/NGO	<ul style="list-style-type: none"> Protecting the environment, human rights, and biodiversity Support for local communities and cultural activities 	<ul style="list-style-type: none"> 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
Quality Assurance Activities to Improve Customer Satisfaction Intellectual Property Initiatives	Supply Chain Management Respect for Human Rights	Investor Relations
Employees and Casio	Local communities and Casio	Environmental Activities
Making the Most of Human Resources and Maintaining Optimal Workplace Environments Occupational Safety and Health Respect for Human Rights	Social Contribution Activities	Realizing a Decarbonized Society Building a recycling society Living in harmony with nature

Corporate Governance

Corporate Governance System

To achieve sustainable growth and enhanced corporate value over the medium to long term, Casio has positioned the strengthening of management oversight along with prompt decision-making and effective business execution as priority issues. Accordingly, as of June 27, 2019, Casio Computer Co., Ltd. moved from a company with a board of corporate auditors to a company with an Audit & Supervisory Committee.

This will strengthen the monitoring function of the Board of Directors, and speed up and streamline business execution under their appropriate supervision.

Board Structure

Chaired by the president and representative director, the Company's Board of Directors is comprised of eight members, including three outside directors. There are:

- Five directors including one outside director (excluding directors who are Audit & Supervisory Committee members); and
- Three directors who are Audit & Supervisory Committee members (including two outside directors).

To ensure that management responsibilities are clearly defined and that changes in the business environment can be responded to quickly, terms for directors (excluding those who are Audit & Supervisory Committee members) are set at one year.

The Board of Directors is tasked with management decision-making and oversight of business execution. It discusses and decides important management issues as stipulated by laws and regulations, the Articles of Incorporation, and the rules governing the Board of Directors. To enhance the efficiency and responsiveness of business operations, the Board's authority is delegated to executive officers for matters that do not meet the agenda criteria as stipulated in the relevant laws and regulations, Articles of Incorporation, or the rules governing the Board of Directors.

Audit & Supervisory Committee

The Audit & Supervisory Committee is made up of three members — two outside directors and an internal director who serves as chair of the committee.

To ensure the soundness and transparency of business operations, the Audit & Supervisory Committee members attend Board of Directors and other important officer meetings and committee sessions. They also express their opinions at these meetings as necessary to ensure proper decision-making. In addition to holding regular meetings with the president, the Audit & Supervisory Committee members conduct careful audits through interviews with, and reports from, directors (excluding their fellow Audit & Supervisory Committee members), and through inspection of documents pertaining to important Board resolutions.

Nomination Committee

The Nomination Committee assists the Board of Directors in discharging its responsibilities relating to proposals to be submitted to the General Meeting of Shareholders for the appointment or dismissal of directors, and in formulating selection criteria for director candidates.

Compensation Committee

The Compensation Committee assists the Board of Directors in discharging its responsibilities relating to director compensation proposals to be submitted to the General Meeting of Shareholders, and in setting the determinants of director compensation.

Outside Directors

Outside directors are appointed with the aim of enhancing corporate transparency by incorporating external perspectives into management and further strengthening operations oversight. The Company invites experts who can provide diverse opinions and advice, including from a social contribution viewpoint to the Board of Directors meetings and other meetings.

The three outside directors make suggestions as needed to ensure the validity and appropriateness of decision-making by the Board.

Roles of outside directors and reasons for appointment

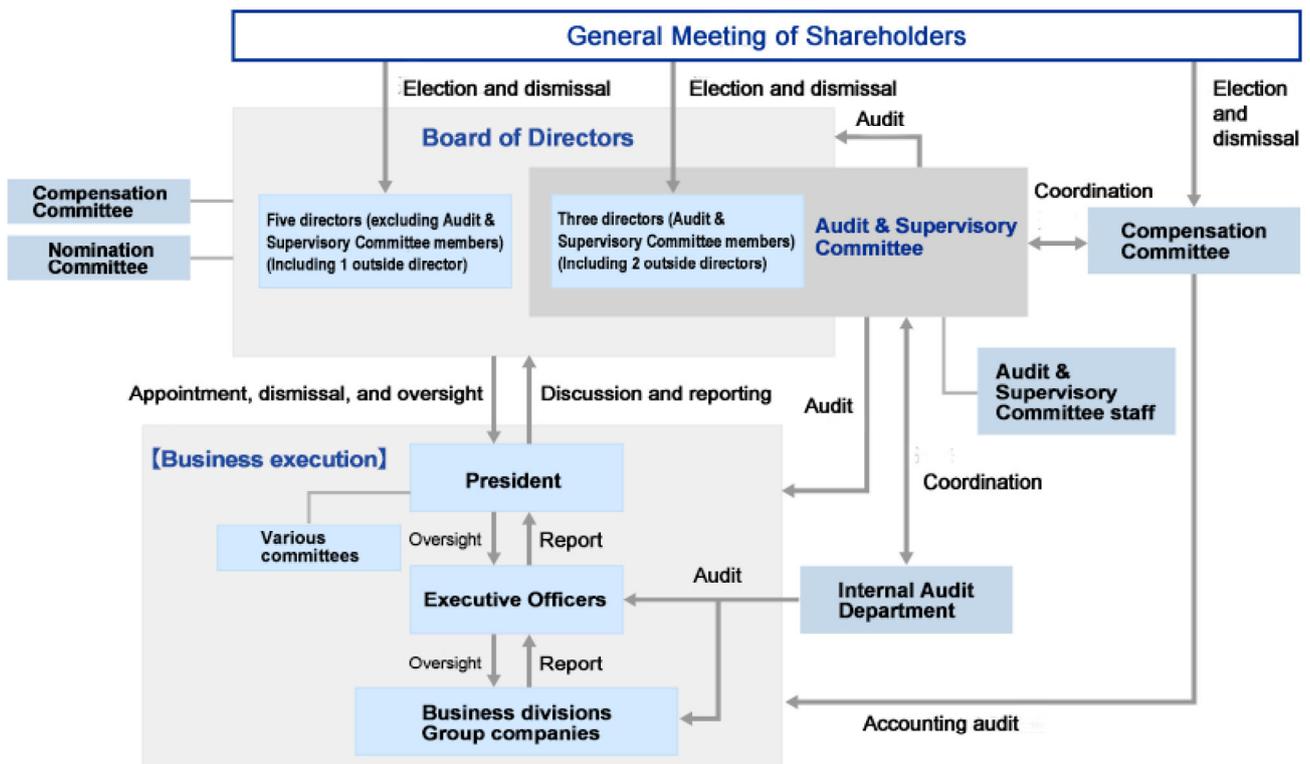
Motoki Ozaki	Outside Director	Nomination Committee Chair	Mr. Ozaki has a wealth of management experience and deep insight into the Company's operations, based on many years as a chief executive of a major corporation.
Michiko Chiba	Outside Director	Audit & Supervisory Committee Nomination Committee Compensation Committee	As a certified public accountant, Ms. Chiba has extensive auditing experience along with expertise in finance and accounting. She was appointed for her ability to serve as an objective outside director and exercise the duties in a fair and neutral way.
Hiroto Abe	Outside Director	Audit & Supervisory Committee Compensation Committee Chair	Mr. Abe has far-reaching overseas business experience working for a general trading company, as well as specialized legal knowledge and experience as a graduate school professor. He was appointed as someone who can objectively fulfill the role of outside director from a standpoint of fairness and neutrality.

Executive Officer System

In accordance with policy set by the Board of Directors, executive officers are delegated authority and run the company's business under the Board's supervision. Important matters related to business execution are discussed by the relevant executive officers and directors.

Candidates for executive officers are selected based on their talents and achievements, and their ability to further enhance the company's consolidated management. The term of office is one year.

Corporate governance framework



Executive Compensation

The Company's basic policy for executive remuneration is to maintain market competitiveness and provide incentives for sound entrepreneurship with the goal of sustainable corporate growth. In principle, fixed compensation in the form of monthly salary makes up 60% of individual remuneration, while performance-based pay, such as bonuses and stock options, is 40%.

For performance-based compensation, bonuses are determined based on the degree of sales and operating profit target achievement and the actual figures, and by taking into account qualitative factors such as business conditions. Regarding stock options, the Ordinary General Meeting of Shareholders passed a resolution for restricted stock compensation on June 27, 2019. Outside directors only receive fixed monthly compensation.

Compensation in Fiscal 2019

Officer category	Total amount of compensation, etc.	Total amount by type of compensation, etc.	Number of officers eligible for compensation
Directors (excluding outside directors)	197 million yen	Fixed: 151 million yen Performance-based: 45 million yen	9
Auditors (excluding outside auditors)	13 million yen	Fixed: 13 million yen	1
Outside directors	33 million yen	Fixed: 33 million yen	5

Director Training

The Company believes that directors need to constantly improve their skills and knowledge through self-study to fully execute their responsibilities and roles. By continually providing study information and opportunities while covering expenses, the Company is giving its directors the necessary support. In particular, outside directors sit in on important internal meetings, visit plants and offices in and outside Japan, and attend internal research presentations. The Company continuously plans and implements such activities so directors can obtain information and knowledge about the Company's business during their term. By gathering information and participating in seminars offered by the Japan Audit & Supervisory Board Members Association and other sources, directors who are Audit & Supervisory Committee members also work to further enhance the skills necessary for their role and responsibilities.

Internal Auditing

The Internal Audit Department consists of four staff members who audit the status of organizational management based on common group standards, and work to strengthen internal controls. Dedicated staff have been allocated to directors of the Audit & Supervisory Committee (including outside directors) to assist them in their work, and they hold regular quarterly meetings and exchange information on a daily basis. The staff members also plan internal audits, provide summary reports 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 (excluding directors of the Audit & Supervisory Committee).

Takeover Defense Measures

Takeover defense measures have not been implemented.

Board Effectiveness Analysis and Assessment

While recognizing that the Board of Directors' role has changed, the Company evaluates the Board's effectiveness and performs any revision necessary to further enhance governance over company organizations and operations. In fiscal 2019, the directors and Audit & Supervisory Board members were interviewed on ways to improve the role, function, and operation of the Board of Directors. Some of them indicated a need to revise the agenda criteria and enhance document content. Going forward, the Company will strive to further augment the Board's effectiveness based on the results of this evaluation, and make ongoing improvements.

Dialogue with Shareholders

The Company believes it is important to actively communicate with shareholders in order to build long-term relationships of trust as part of efforts to continually increase corporate value. The executive officer responsible for investor relations oversees IR activities under the direction of the representative director.

Organization

Based on a shared understanding of the importance of shareholder dialogue, the Company gathers the necessary information using a network of relevant departments and promotes coordinated response. In conversations with shareholders, the relevant director or executive officer responds as needed according to the theme and content. Shareholder opinions obtained through dialogues are reported as necessary to the Board of Directors. The information is also shared with the executive officers' committee, and is used to enhance measures for corporate value improvement.

To prevent the disclosure of insider information during stakeholder dialogue, the Company has established rules, which are strictly enforced, for the handling of important facts not yet publicly disclosed. As a practical measure, multiple company representatives handle interviews.

In addition to individual interviews to promote shareholder dialogue, quarterly financial briefings are provided to institutional investors and securities analysts. The representative director or the executive officer responsible for investor relations presents a summary of the company's financial results and future outlook. Business briefings are also held. To further enhance public understanding of the Company, a range of IR information is shared on the company's website, and there are contact points for shareholder inquiries. The aim is to establish even better communication with shareholders.

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.
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 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 (including Audit & Supervisory Committee 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 Committee in the performance of their duties, and the independence of those employees from the directors (excluding directors who are Audit & Supervisory Committee Members)
 - a. Employees are appointed to assist Audit & Supervisory Committee in their duties.
 - b. Matters concerning the appointment, transfer, evaluation or discipline of employees who assist Audit & Supervisory Committee require prior consent from the Audit & Supervisory Committee.
 7. System for the Company's directors and employees and group companies' directors, auditors, and employees to report to the Audit & Supervisory Committee; other systems for reporting to the Audit & Supervisory Committee; and systems to ensure that audits by the Audit & Supervisory Committee 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 Committee.
 - 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 Committee.
 - 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 Committee.
 - e. The Company's Internal Audit Department periodically reports the results of audits of the Company and group companies to the Audit & Supervisory Committee.
 - f. The Whistleblower Hotline Secretariat reports the status of whistleblower reports and measures taken to the Audit & Supervisory Committee.
 - g. The Company and group companies ensure that people who have made a report to the Audit & Supervisory Committee 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 Committee.
 - i. Directors who are Audit & Supervisory Committee 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 Committee after approval.

Corruption Prevention Initiatives / Compliance

Casio Group Code of Conduct

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*

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. Since then, the departments under the CSR Committee have developed themes and carried 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.

Risk management system



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 2019, in addition to global CSR trends and resolving social issues through business, the programs put the spotlight on the SDGs and focused on materiality (significant CSR issues)—namely, Respect for Human Rights, Corruption Prevention Initiatives, Realizing 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.

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 2019, seven issues were reported to the Hotline. One of these was a deplorable act of fraud involving the fraudulent resale of Casio products and sales promotion goods. The details of this case were uncovered, and steps were taken to prevent a reoccurrence. Two cases involved violations of internal rules, and there were three reports of harassment. Two of these harassment reports were found not to be factual, and the other one was resolved by reprimanding the person reported on. Another case involved erroneous information provided in an internal announcement on final tax returns, and the problem issues reported by the whistleblower were promptly corrected and the matter resolved.

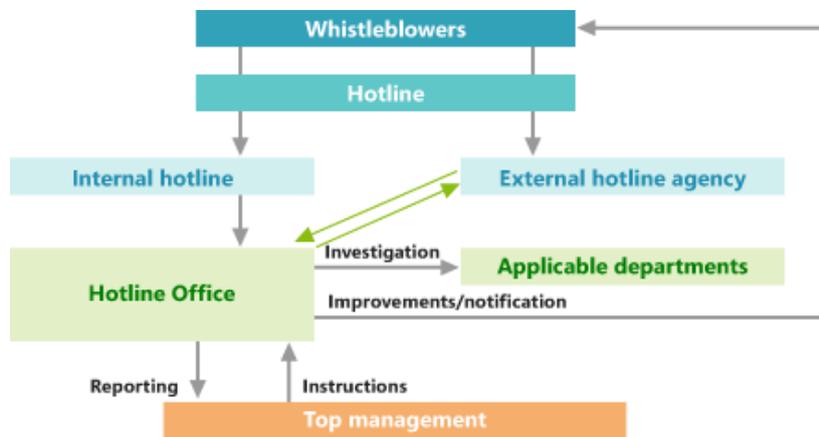
The contractor operating the external contact point of the Whistleblower Hotline was changed in April 2015. Now Casio employees can utilize online whistleblower consultation and report filing in English and Chinese, and telephone consultation and reporting is also available in English. This has given 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 2019 cases reported to Whistleblower Hotline

Breakdown of whistleblower report	Harassment	Fraudulent resale of Casio products and sales promotion goods	Internal rule violation	Erroneous information in internal announcement
No. of cases	3	1	2	1

Whistleblower Hotline



Export Control

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.

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.

In February 2018, Casio invited an instructor from the Japan Machinery Center for Trade and Investment and held a class on safe and secure export management at Yamagata Casio, a group company. Fourteen people from nine divisions involved in exports attended, and they learned the fundamentals and deepened their understanding of the key changes to compliance programs in 2017.

Under today's increasingly sophisticated trade situation, Casio always collects the latest information and strives to ensure safe export control.

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.

(Casio Group Code of Conduct: 5-3. Fair Competition and Transactions)

Casio Computer Co., Ltd. established a committee with members from all relevant departments tasked with ensuring compliance with Japan's Act against Unjustifiable Premiums and Misleading Representations. Casio is striving to ensure proper product descriptions and labeling through internal education provided via e-learning, guidance on compliance provided with a consultation desk, and the use of feedback from customers.

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.

As part of its sales education program, Casio continues to dispatch internal instructors to sales locations in Japan and offers internal courses to ensure compliance with competition laws for markets outside Japan.

In addition, a dedicated department conducts internal inspections to make sure that no unfair trade or action violating Japan's Antitrust Act and other laws are being taken and that product labeling and information would not cause misunderstanding on the part of customers, as part of regular monitoring.

Casio Sales Compliance Card (revised version)

The image shows a 'Casio Sales Compliance Card' with a blue header and a white body. The header includes 'CASIO' and 'カシオ創造憲章'. The main text is organized into sections:

- 第1章 私たちは独創性を大切にし、普遍性のある必要を創造します。**
- 第2章 私たちは社会に役立ち、人々に喜びと感動を提供します。**
- 第3章 私たちはプロフェッショナルとして、常に誠実で責任ある言動を貫きます。**

Below this is a section titled 'カシオグループ倫理行動規範 (項目)' (Casio Group Code of Conduct (Items)), which is divided into two columns:

II-1 価値創造のために [1-1 社会に有用な商品・サービスの提供] II-2 社会への責任を果たすために [2-1 人権の尊重] [2-2 地球環境の保全] [2-3 サプライチェーン全体での健全な取り組み] [2-4 社会との調和] II-3 お客様の信頼を得るために [3-1 お客様への安全・安心の提供] II-4 良い職場を創るために [4-1 働きやすい職場環境の構築]	II-5 自らの行動を正すために [5-1 法令等の遵守] [5-2 贈収賄の禁止、および接待、贈答の制限等] [5-3 公正な競争と取引] [5-4 インサイダー取引の禁止] [5-5 安全保障貿易管理の徹底] [5-6 反社会勢力への関与の禁止] [5-7 公私の区別][5-8 情報の保護] [5-9 知的財産の創造・保護と活用] II-6 社会との信頼関係をつくるために [6-1 社会とのコミュニケーションの促進]
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On the right side of the card, there is a logo with the characters '創造' (Creativity) and '貢献' (Contribution) in a stylized font.

Subcontract Act Compliance Initiatives

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 2019, 3,887 Casio employees attended in-house seminars, and 59 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, and will take all necessary steps to address the consumption tax hike in Japan, which went into effect in fiscal 2020.

In fiscal 2019, Casio received no warnings or fines under the Subcontract Act.

Corruption Prevention Initiatives

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 production-related group companies in fiscal 2018, this tool was used to assess the corruption risk at 30 sales-related group companies in fiscal 2019. 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.

This survey also raises understanding of the corruption risk in one's own country based on the Corruption Perceptions Index of Transparency International, as well as the need for education to prevent corruption and risk analysis and assessment. Casio will continue to promote anti-corruption efforts using this mechanism in the future.

Tax Affairs

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

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 (currently the Corporate Governance Group in the General Affairs Department) in a company-wide reorganization in June 2018, which will oversee and drive the establishment of the following three systems:

1. Basic system

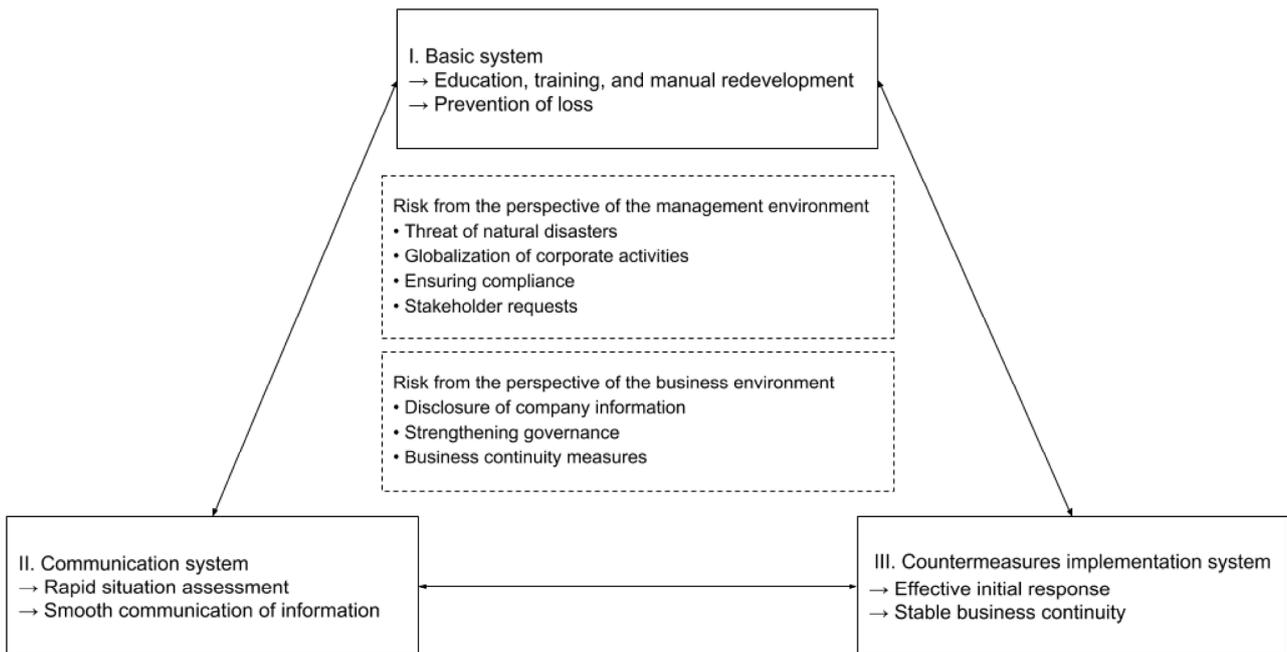
The education, training, and various manuals that are the foundation of company-wide risk management will be redeveloped in an effort to prevent the occurrence of loss and to minimize effects on the company's business in the event a loss does occur.

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

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, publicly 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^{*1} certification and has maintained it since.



Casio's Information Systems Department obtained information security management system (ISO 27001)^{*2} 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 PDCA cycle is used to make ongoing improvements, and since the certification renewal audit in January 2017, the applicable scope has covered all group companies' IT systems, and certifications continue to be renewed.



JQA-IM0536

Scope of application/operations for ISO27001 certification:

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

Planning, development, maintenance and operation of internal information systems supporting the manufacture, sale and service operations for electronic devices at Casio Computer Co., Ltd. and each group company, and the development, maintenance and operation of network infrastructure for the Casio Group

^{*1} 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.

^{*2} 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 improve the efficiency of manufacturing and ensure stability by:
 - Improving manufacturing at the mother plant; and
 - Promoting manufacturing reforms (automation).

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

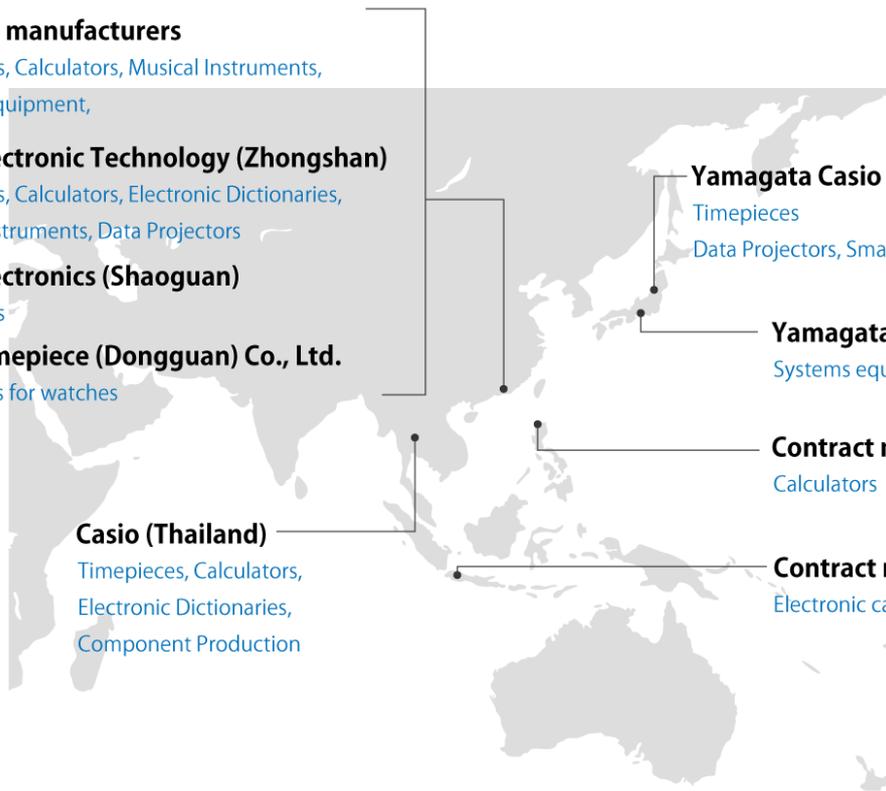
Calculators

Contract manufacturers

Electronic cash registers

Casio (Thailand)

Timepieces, Calculators,
Electronic Dictionaries,
Component Production



Production Sites

Yamagata Casio Co., Ltd.

Yamagata Casio, Casio's only manufacturing site in Japan, plays a key role as the Casio Group's "mother plant." Aiming for reforms to overseas production (by establishing manufacturing that is not overly affected by labor costs) through technical expansion from Japan (Yamagata), Yamagata Casio has a completely automated line for watches, and has automated sensitivity testing and introduced high-precision molding as well as strengthened its core technology by refining its processing technology and quality process. The company aims to create the Casio version of the smart factory, including at overseas plants.

Casio Electronic Technology (Zhongshan) Co., Ltd.

Casio Electronic Technology (Zhongshan) is located in the Huanan region of China. It is one of the central hubs for manufacturing the main Casio products. As labor costs and production costs rise, the company is automating production and reorganizing by adopting technology from Yamagata Casio (the mother plant), striving to cut manufacturing costs. The company is taking steps to become a Casio-style smart factory.

External Evaluation

Independent Opinion on the Sustainability Report 2019

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.

Casio uses management cycles for its CSR initiatives, with a focus on reducing the company's environmental impact and ensuring socially responsible procurement. Casio is now at a stage where we can expect 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 515 suppliers in Japan, China and Thailand and provided feedback based on the overall results. It also visited 13 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, in order for feedback to be utilized with even higher accuracy based on the level of supplier CSR initiatives, I hope that Casio will provide more opportunities and offer better methods for suppliers to learn best practices from one another, and that the company will consider and take action to help promote a circular economy.
- 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. 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 policies, tools and systems more effective on the frontlines in the future, I again 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 established high material goals and KPIs and is managing progress quantitatively. Going forward, I recommend that the scope of discussions by the CSR Committee be expanded based on the Medium-Term Management Plan. 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 would like to repeat my recommendation 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. While the efforts to prepare for science-based target (SBT) certification and for joining the RE100 (Renewable Energy 100%) initiative are commendable, I strongly urge Casio to create a long-term GHG reduction roadmap, and in particular, scenarios for dramatic reduction of GHG emissions over entire product life cycles. I also hope that these medium and long-term measures will be realized with the support of customers, including improvement of the recycling rate at the time of product disposal.
- I again applaud Casio for introducing more G-SHOCK models based on collaboration with NGOs to [preserve biodiversity](#), and for continuing to expand preservation activities based on surveys conducted at major sites in Japan. I have high expectations that, going forward, Casio will continue to release models that will help conserve nature and biodiversity worldwide. At the same time, I hope the company will advance efforts to procure paper with an emphasis on sustainability while reducing plastic waste, which has a substantial impact on rivers and marine ecosystems.
- 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 6.69%. I would also like to give Casio credit for improving the rate of employees following up on health risks identified during regular checkups, and for holding seminars to share home care leave cases with employees as part of the nursing care leave support system. At the same time, I recommend setting KPIs for initiatives related to lifestyle-related diseases, smoking, and mental health, and sharing with employees and workplaces the progress made against them.

Points for improvement

- In the area of [promoting employee diversity](#) across the entire Casio Group, I have continued concerns that policies, targets, plans, and persons responsible have not been established, no global HR meetings have been held, and KPIs continue to be 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 during 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.
- I am concerned that Casio did not meet Japan's legally mandated rate of [employment for persons with disabilities](#) in 2019. Along with regular interviews of employees every quarter, I hope the company will continue to build communities for each type of disability and occupation, while promoting even more supportive workplaces.
- 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 do more than just explain its programs. It should 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.

<http://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 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.



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.

