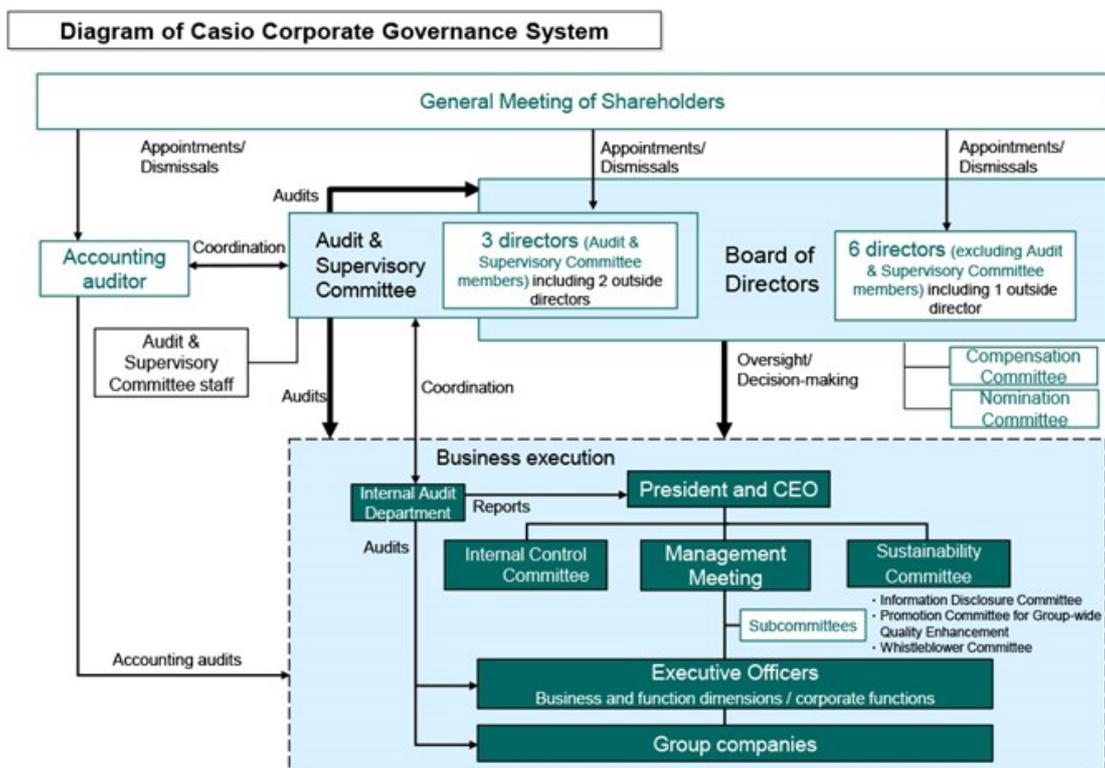


# Sustainability Management

## Sustainability Implementation System

### | Sustainability Implementation System

In fiscal 2021, Casio amended its existing CSR implementation system and established the Sustainability Committee. The Committee discusses important sustainability issues, including climate change, working closely with the Management Meeting. It also ensures that heads of each business and each functional headquarters fully discuss these issues, and then reports the results to the Board of Directors. Casio now has a system in place for appropriate oversight of management decision-making and monitoring of progress related to important sustainability issues.



Themes that were deliberated on by the Sustainability Committee from fiscal 2021 through the beginning of fiscal 2023 and put into practice are outlined below, along with plans for fiscal 2023.

No.	Theme	Fiscal 2021/2022 performance	Fiscal 2023 plan
1	Amend medium- and long-term greenhouse gas emissions reduction targets and join related global initiatives	At the end of fiscal 2022, received validation that Casio's greenhouse gas reduction targets are aligned with the SBT scenario of "Well below 2 °C." In October 2021, joined RE100 to demonstrate Casio's firm commitment to reduction activities.	Continued efforts to reduce greenhouse gas emissions
2	Announce support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and disclose relevant information	Announced support for TCFD recommendations and began disclosing climate-related information regarding governance, strategy, risk management, indices, and targets in April 2021	Perform scenario analysis and formulate strategy based on analysis of risks and opportunities Disclose them on the Sustainability site
3	Formulate an action plan (scenario) for greenhouse gas emissions reduction by FY2031	Formulated a scenario for scope 1 & 2 emissions reduction by FY2031  Switched to renewable energy-derived electricity at six major business sites in Japan	<ul style="list-style-type: none"> <li>• Promote measures for reducing scope 1 &amp; 2 emissions based on a FY2031 scenario</li> <li>• Verify actual conditions of scope 3 emissions and formulate a reduction scenario</li> </ul>
4	Reconstruct the environmental vision/environmental policy	Formulated environmental philosophy system and plan consisting of an environmental vision, environmental policy, and action targets in October 2021	Coordinate with each functional headquarters to formulate an environmental philosophy system and identify specific promotion themes
5	Reestablish sustainability goals	Implemented target-based organization of SDGs to aim for according to business unit/function	Specify SDGs and targets according to business unit/function and formulate KPIs based on their mid-term business plans

# History of Sustainability Management

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 judgment.

● 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
	●	Sustainability Reporting Guidelines 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
	●	Environmental Report becomes Environmental Management Report
2005	●	Environmental Management Report becomes the CSR Report
	●	RoHS compliance achieved for all products sold in Europe
2006	●	CSR Report and Corporate Profile combined to create Corporate Report
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.

Since 2018, Casio looking at how it can help achieve the SDGs. In 2019, in tandem with its Medium-Term Management Plan, Casio identified which of the 17 SDGs that it will contribute to and set sustainability goals for each business to address.

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

### Social Trends

2010	●	ISO 26000 standard created
2013	●	G4 Sustainability Reporting Guidelines 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
2016	●	Paris Agreement adopted
	●	GRI Standards released

### Casio Initiatives

2010	●	Corporate Report becomes Sustainability Report
	●	Joined the United Nations Global Compact
2011	●	Casio Group Biodiversity Guidelines established
2012	●	Analyzed current status for ISO 26000
	●	CSR Communication Book 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	●	Transitioned from a "Company with a Board of Corporate Auditors" structure to a "Company with an Audit & Supervisory Committee" structure
	●	Established sustainability goals for each business to address
2020	●	Reset medium-term greenhouse gas emissions reduction targets
2021	●	Greenhouse gas emissions reduction targets validated by SBTi
	●	Endorsed recommendations of the Task Force on Climate-related Financial Information Disclosures
	●	Generally reassessed the Casio Environmental Vision 2050 and Casio Group Environmental Policy and restructured them to create the Casio Group Environmental Principles

# 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 sustainability 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	Developing and providing high-quality products and services that are socially useful Ensuring stable product supply Providing proper, customer-oriented information that is easy to understand Improving customer satisfaction Providing fast and accurate support to customers Properly managing customer information	Daily sales activities Customer Support Center Customer satisfaction surveys Casio's official website and social media Exhibitions and events
Suppliers	Fair and equitable transactions Requesting CSR implementation and providing support	Daily procurement activities Holding vendor conferences Sustainability questionnaires Whistleblower hotline for suppliers
Shareholders and investors	Timely and appropriate information disclosure Appropriate profit returns	General Meeting of Shareholders Financial result briefings Management briefings Investor Relations website Integrated report Financial reports (shareholder newsletter) Responding to questionnaires from ESG evaluation organizations
Employees	Respecting human rights Promoting diversity and inclusion Promoting balance of work and family life Human resource recruitment and utilization Fair evaluation and treatment Industrial health and safety and employee health promotion	Casio intranet and internal newsletter Group Workers' Labor-Management Conference Occupational Safety and Health Committees Career challenge system Whistleblower hotline for employees Employee training Employee questionnaire
Local communities	Respecting and preserving regional cultures Activities that contribute to local communities Preventing accidents and disasters at sites Providing support to disaster-stricken regions where sites are located	Factory and workplace tours School visit program Internships Employee participation in local volunteer activities and community events
Global environment	Environmental consideration in product development Environmentally responsible business activities Complying with environmental laws Protecting biodiversity	—
NGO/NPO	Protecting the environment, human rights, and biodiversity Support for local communities and cultural activities	Responding to questionnaires Holding dialogues Implementing social contribution programs together with NGOs and NPOs

## Details of activities

| Customers and Casio

Quality Assurance

Activities to Improve Customer Satisfaction

Intellectual Property Initiatives

| Employees and Casio

Making the Most of Human Resources and  
Maintaining Optimal Workplace Environments

Human Resource Development

Occupational Safety and Health

Respect for Human Rights

| Suppliers and Casio

Supply Chain Management

Respect for Human Rights

| Local communities and Casio

Social Contribution Activities

| Shareholders and investors and Casio

Investor Relations

| Environmental Activities

Building a Recycling Society

Realizing a Decarbonized Society

Living in Harmony with Nature

## External Evaluation

### Independent Opinion on the Sustainability Report 2022

The opinion presented here was written based on the content of this report, interviews with Casio personnel responsible for procurement, human resources, environmental and Sustainability /CSR initiatives.

Casio implements CSR initiatives at the frontline level, with a focus on reducing the company's environmental impact and ensuring socially responsible procurement. Casio is now at a stage where top management can be expected to lead the efforts to address important medium- and long-term issues such as decarbonization and human rights.

#### | Commendable efforts by Casio

- Regarding CSR initiatives at its suppliers, Casio has adopted a five-point scale for the response options on its questionnaire on CSR implementation in the supply chain in order to ascertain more accurately how suppliers are reducing their environmental impact and protecting the human rights of workers and added questions related to greenhouse gas emissions. The company received responses from 433 of 434 suppliers in Japan, China and Thailand and provided feedback based on the overall results. 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. Moving forward, I hope that improvements will be made to the questions to improve the accuracy of responses regarding greenhouse gas (GHG) emissions reduction and human rights, including harassment, and promote suppliers' initiatives, and that their CSR initiatives will effectively evolve to reach a higher level, with sharing of specific cases, introduction of electric power suppliers, and so on.

#### | Points for improvement while commending progress to date

- 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 review this status. Looking to the future, I continue to strongly hope that an implementation framework for human rights due diligence will be established based on the commitment of the company's senior management, including its Sustainability Committee, in order to prepare for demands for the expansion of initiatives mainly from Europe. I look forward to seeing the company build a compliance promotion system with integrated daily management, such as incorporation of compliance efforts into the performance evaluation criteria for managers.
- With regard to anti-corruption and compliance, Casio has established the Casio Business Conduct Guidelines to replace the Casio Group Code of Conduct. The guidelines clearly state that Casio "respects human rights in all aspects of business activities" and that "senior management and heads of organizations are responsible for setting a good example of leadership by fully observing the guidelines and ensuring they are completely known to everyone." I commend the company for this and also for disclosing the results of whistleblowing. I hope that the guidelines will become firmly established throughout Casio, for example as the company provides opportunities to understand and share the practices of senior management and heads of organizations.

- With regard to its medium- to long-term environmental management policy and environmental management promotion system, Casio revised its long-term target for GHG emissions to a 38% reduction by fiscal 2031 and net zero emissions by fiscal 2051, as well as a 30% reduction in Scope 3 emissions by fiscal 2031, all compared to fiscal 2019. I admire its introduction of renewable energy at major sites in Japan and its receipt of third-party verification of renewable energy usage as initiatives based on SBT, RE100, and TCFD membership. I also commend the implementation of scenario analysis and planning of countermeasures based on the TCFD guidelines, mainly at the management level of each business unit. Looking forward, I hope the company will do more to encourage GHG emissions reduction efforts by raw materials suppliers, by sharing case studies and collaborating with other companies in the industry, based on minimum customer impact at the stage of use, which is a unique characteristic not seen in other companies. I also hope the company will disclose the figures on which the introduced case studies are based and increase their accuracy.
- Regarding biodiversity preservation, I applaud Casio for introducing more collaborative watch models made with NGOs, and for continuing some conservation efforts and restarting others based on surveys conducted at major sites in Japan, while taking care to prevent the spread of infectious disease, as well as its links with NGOs. 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, regarding efforts to procure paper with an emphasis on sustainability and to reduce plastic waste, which has a substantial impact on rivers and marine ecosystems, I hope the company will advance its efforts in areas outside Japan, which represent Casio's main markets, to at least the same level as in Japan.
- 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 7.4%. It is particularly commendable that the percentage of male employees who utilize childcare leave has reached 36%. 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, as well as working to advance analytical and management approaches so that the diverse work styles that were promoted due to COVID-19 measures can be tied to higher productivity and value creation. I appreciate that Casio's rate of employment for persons with disabilities has returned to the level of Japan's legally mandated rate. 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.

## | Points for improvement

- Looking at the group-wide CSR implementation structure, it is admirable that Casio established high material goals and KPIs and is managing progress. Going forward, I recommend that the scope of discussions by the Sustainability Committee be expanded mainly to human rights and GHG emissions reduction. In addition, in order to encourage value creation for the near-term future and to encourage initiatives on the front lines by Sustainability 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.
- 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.

## | Points requiring progress in efforts as a global company

- Regarding corporate governance, especially the role of the Board of Directors, I commend the company for positioning prompt decision-making, appropriate business execution, and the strengthening of management oversight as important issues, and for structuring and operating the Board of Directors in a manner that will help achieve these goals. At the same time, I hope that the Board will evolve so that its structure and operation demonstrate the initiative that may signal a vision and policy for long-term value creation required by TCFD and other organizations.
- In the area of increasing and making the most of employee diversity across the entire Casio Group, I find it commendable that Casio appointed a Chief Human Resource Officer (CHRO) and has started to establish a skill registration system, but 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 2030s. Casio needs an integrated system to promote the development, exchange and evaluation of human resources recruited worldwide, and to expand its human resource database including information on staff hired in each country. I hope that Casio will develop strategies and systems for the proactive utilization of human resource diversity and make human rights the core of its human resources development system.

### **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.

[International Institute for Human, Organization and the Earth \(IIHOE\)](#) (in Japanese)



## **Inclusion in Environment, Social and Governance (ESG) Indices**

### | 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.



FTSE4Good

### | SOMPO Sustainability Index

In June 2017, Casio Computer was selected for inclusion in the SOMPO Sustainability Index created by Sompo Japan Nipponkoa Asset Management Co., Ltd. Based on this unique active index, SNAM launched the SOMPO 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 SOMPO Sustainability Index. In addition, the Government Pension Investment Fund (GPIF) has been applied to the three components listed below among the environmental, social, and governance (ESG) indices selected in July 2017.



In addition, Casio has been included in the four components listed below among the environmental, social, and governance (ESG) indices selected by Japan's Government Pension Investment Fund (GPIF) in July 2017.

## | FTSE Blossom Japan Index

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

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



**FTSE Blossom  
Japan**

## | FTSE Blossom Japan Sector Relative Index

Developed by FTSE Russell, the FTSE Blossom Japan Sector Relative Index is designed to be sector-neutral, reflecting the relative performance of Japanese companies with superior environmental, social, and governance (ESG) performance in their respective sectors. In order to promote the transition to a low-carbon economy, companies with particularly high greenhouse gas emissions are included in the index only if they are recognized for their improvement efforts based on the TPI Management Quality Score.



**FTSE Blossom  
Japan Sector  
Relative Index**

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 Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

## | 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.

**2022 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)**

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## | S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient is designed to measure the performance of companies in the Tokyo Stock Price Index (TOPIX), while overweighting or underweighting those companies that have lower or higher levels of carbon emissions per unit of revenue.

