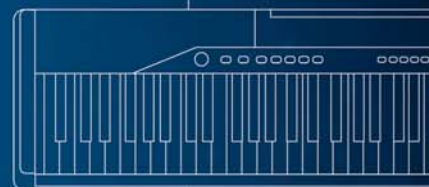


Casio Corporate Report 2006

Successful Business for a Sustainable World



CASIO

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Editorial Policy

Casio began publishing its *Environmental Report* in 1999. In 2004, the publication was changed to the *Sustainability Report* with the addition of social and economic content. In 2005, the content was further improved to create the *Corporate Social Responsibility Report*. In 2006, it has been renamed the *Corporate Report*, and now includes the previously separate *Corporate Profile*. By also adding a Web version to the printed publication, offering more detailed data, Casio is striving to provide more accessible information to all of its stakeholders.*

- The report has been presented in an easy-to-understand format, so that all stakeholders,* including the consumers who love Casio products, can easily read the material.
- In this report, the name "Casio Computer Co., Ltd.," refers only to the parent company, while "Casio" is used to indicate the entire Casio group of companies.
- Beginning with this report, Casio has changed the way it designates the fiscal year to match the other reports it regularly publishes:
 In this report: FY2006 means from April 1, 2005 to March 31, 2006
 Previous reports: FY2006 meant from April 1, 2006 to March 31, 2007
- Graphs and diagrams have been designed so that they are easy for everyone to view, including those with different visual and color perception.

*Stakeholders

Stakeholders of Casio include customers, suppliers, investors, shareholders, employees, local residents, NGOs, NPOs, the mass media, financial institutions, researchers, and government agencies.

Forecasts and Forward-looking Statements

The future forecasts and forward-looking statements published in this report for Casio Computer Co., Ltd., and Casio are based on information available at the time of publication. These forecasts and statements include potential risk and uncertainty, and the reader should be aware that the actual results of business activities may differ from these predictions.

Issued December 2006

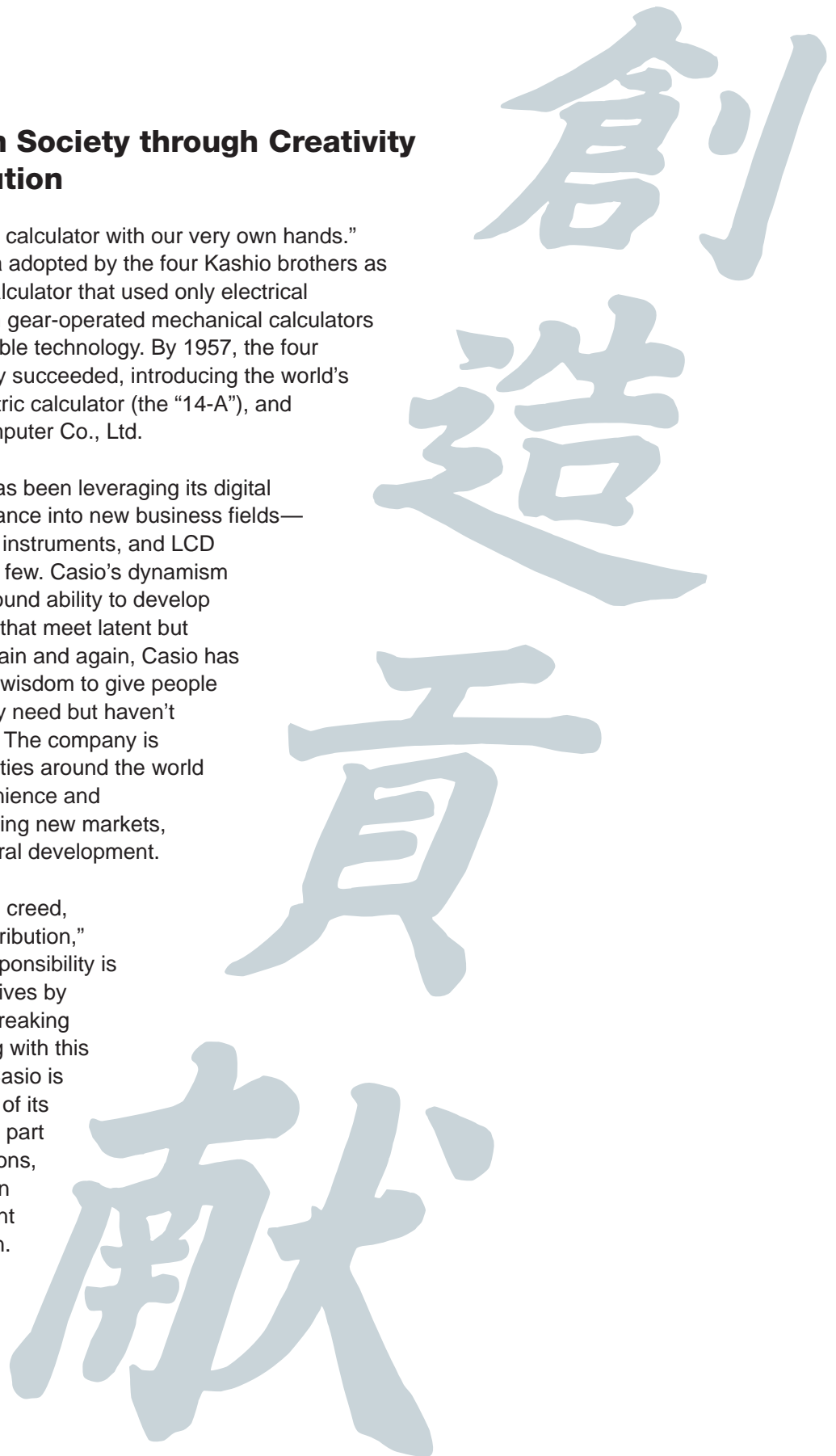
- Previous publication
 December 2005: *Corporate Social Responsibility Report 2005*

Growing with Society through Creativity and Contribution

“Let’s build the ideal calculator with our very own hands.” This was the mantra adopted by the four Kashio brothers as they developed a calculator that used only electrical circuits—back when gear-operated mechanical calculators were the only available technology. By 1957, the four brothers had already succeeded, introducing the world’s first small, fully electric calculator (the “14-A”), and founding Casio Computer Co., Ltd.

Ever since, Casio has been leveraging its digital technologies to advance into new business fields—timepieces, musical instruments, and LCD monitors, to name a few. Casio’s dynamism comes from its profound ability to develop innovative products that meet latent but universal needs. Again and again, Casio has defied conventional wisdom to give people the things they really need but haven’t even thought of yet. The company is contributing to societies around the world by delivering convenience and entertainment, creating new markets, and facilitating cultural development.

True to its corporate creed, “Creativity and Contribution,” Casio’s greatest responsibility is improving people’s lives by developing groundbreaking new products. Along with this core commitment, Casio is proud to say that all of its employees have, as part of their job descriptions, determined their own personal commitment to social contribution. The goal of the company and all of its people is to grow by helping society to grow.



“Casio has been pursuing ‘Creativity and Contribution’ since the beginning. These unchanging values define our commitment to fulfilling our corporate social responsibility.”

Our Corporate Creed: “Creativity and Contribution”

Casio's corporate creed has been “Creativity and Contribution” since we established Casio Computer Co., Ltd., after inventing a small, fully electric calculator in an era when mechanical calculators were the norm. Ever since, our commitment has been to contribute to society by offering the kind of original, useful products that only Casio can.

We have accomplished this over the years by identifying latent needs that people have yet to discover, and then meeting those needs with innovative products and services, which soon become an integral part of people's daily lives. In doing so, we always strive to think bigger than the mere provision of new technology, products, or services—our real goal is to inspire new lifestyles and contribute to culture.

Times may change, but our commitment to “Creativity and Contribution” is unwavering. This creed defines the company's very reason for being. Looking to the future, Casio has its sights set on bringing joy and wonder to people everywhere and continuing to make a real difference in the world. To earn its place in a sustainable global society, Casio must keep demonstrating the meaning of “Creativity and Contribution.”

CSR Initiatives

In Japan, 2004 has been called the dawn of the “age of CSR,” as many companies introduced a variety of CSR initiatives. Many also came out with their own definitions of CSR, but these definitions are by no means universal. The scope of CSR and the role companies expect themselves to play differs with each organization's perspective.

In 2004, Casio inaugurated its CSR Operations Section, and set up a CSR Committee comprised of the company directors and auditors. These steps have provided a forum for discussion of a broad range of CSR issues. Also in that year, we added a section on social contributions to our *Environmental Report* (published since 1999) to create the expanded *Sustainability Report*.

Since 2004, we have promoted a wide range of CSR initiatives, including strengthening our compliance system, obtaining Privacy Mark certification for personal data protection, achieving zero emission standards in Casio's main operations sites in Japan, taking steps to comply with environmental regulations, promoting CSR procurement, and issuing the *Corporate Social Responsibility Report* in 2005.

Pursuing CSR-driven Management

Despite all of these achievements, Casio—like all other companies today—is subject to ever stronger demands and higher expectations from society. In order to secure fair and transparent management and continue to improve corporate value, we recognize the need to once more return to the founding principles of “Creativity and Contribution.” In doing so, we intend to find and exploit synergies between our everyday business activities and CSR initiatives.

We shall make CSR a core driver of management by faithfully executing on the following commitments.

- To continue realizing the unchanging, foundational principles of “Creativity and Contribution,” Casio will adhere to the Charter of Creativity for Casio and the Casio Common Commitment.

- Casio will observe all applicable laws and regulations, and will strive to improve corporate value by reinforcing its system of internal controls and implementing effective compliance and risk management throughout its entire global supply chain.
- Through its primary business activities, Casio will continue to create new value to help resolve various issues facing the global community.
- Casio will consistently implement environmental innovations that integrate eco-efficiency as well as resource conservation and energy saving features into all processes related to creating products and services.
- Casio will disclose financial and other information in a simple, accessible format to all stakeholders, and increase management transparency by creating more opportunities for interactive communication.

In past years, Casio has published the *Corporate Profile* and *Corporate Social Responsibility Report* separately. This year, however, we have combined the two into an integrated *Corporate Report*—the one you are reading now—in order to present a fuller picture of Casio to readers of both publications. I hope this *Corporate Report* will serve as an important means of communication between Casio and all of its stakeholders. For a variety of details that could not be included in this publication due to space limitations, I invite you to visit the Casio Website (<http://world.casio.com>).

I am committed to managing Casio for socially responsible business success, and I would appreciate hearing your frank opinions of our efforts.



A handwritten signature in black ink that reads "Kazuo Kashio".

Kazuo Kashio
President & CEO

Contributing to Society: A History of Innovative Product Craftsmanship and Strong Stakeholder Relationships

Business Activities

CSR Activities



1957

1957 Commercial production of the world's first small, fully electric calculator starts. Casio Computer Co., Ltd. founded.

Corporate Profile

CSR Highlights

CSR Management

Casio and the Market

Casio and the Global Environment

Casio and Employees

Casio and Society

Company Data

Casio releases 001, its first transistor-based electronic desktop calculator.

Export of electronic desktop calculators to overseas markets begins.



Casio Mini

Casio stock listed on the second section of the Tokyo Stock Exchange.

Casio Mini, the world's first personal electronic calculator, released.
Casio stock transferred to the first section of the Tokyo Stock Exchange.



Casiotron

Casio enters timepiece market with the release of Casiotron, a digital wristwatch.

Electronic cash register released.

Production of liquid crystal panels for watches begins.

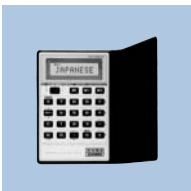
Σ-S8700 series of Japanese-language office computers released.



Casio Tone

Casio Tone electronic keyboards released.

TR-2000, Casio's first electronic dictionary, released.
SL-801 solar-powered electronic calculator released.



TR-2000

First G-SHOCK, a shock-resistant wristwatch, released.
TV-10 pocket-sized LCD color TV released.

First LCD shutter page printer released.

PELA super-thin digital watch released.



G-SHOCK

1964

Qualification program based on meritocracy adopted. Education and training system established.

1965

1966

1967

Zero defect campaign launched to promote "Casio known for quality."

1969

Casio Labor Union formed, with the basic credo of "Trust Each Other, Understand Each Other."

1970

1971

Casio Eight Club established to promote amicable relationship with office supply wholesalers throughout Japan.

1972



Casio Eight Club

1974

1976

1977

Casio receives Prime Minister's Commendation for its contributions to the progress of calculators.



Certificate of commendation

1978

1979

1980

1981

First CASIO WORLD OPEN GOLF TOURNAMENT held.



The first CASIO WORLD OPEN

Dedicated office, the Consumer Section, established to receive inquiries from general consumers.

1982

Casio Science Promotion Foundation established.



Casio Science Promotion Foundation

1983

1984



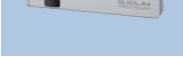
1985

1986

Company-wide Quality Improvement Campaign launched.



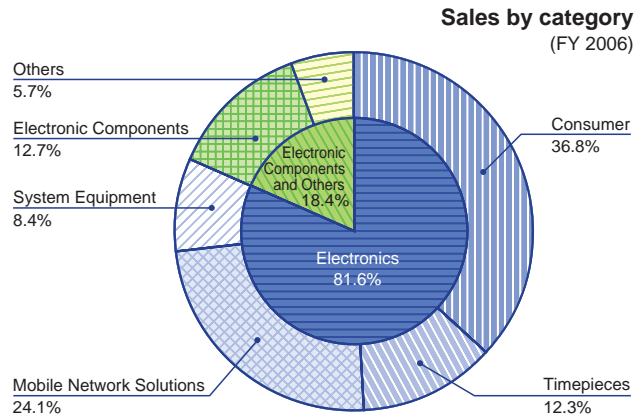
Company-wide Quality Improvement Campaign

Business Activities		CSR Activities
<p>ADPS R1, an office information processing device that requires no user program, released.</p>	1989	Consumer Section renamed to Customer Service Office, and set up in each region of Japan.
	1991	Casio Environmental Conservation Committee established.
<p>Name Land (KL-1000) label printer released.</p>	1992	
<p>BP-100, a wristwatch-type blood pressure monitor, released.</p>	1993	Casio Environmental Charter and Casio Voluntary Plan for the Environment adopted.
<p>QV-10, the first digital camera in the world with an LCD monitor, released.</p>	1995	Use of specified CFCs and 1, 1, 1-trichloroethane discontinued.
<p>DQD-10 radio-controlled clock released.</p>	1996	
	1997	Casio Group's environmental activities published on Casio Website. Yamagata Casio acquires ISO14001 certification.
	1998	Casio Korea acquires ISO14001 certification. Casio Code of Conduct established.
<p>World's first watch equipped with GPS function released. C303CA, a shock- and water-resistant, cdma One-compatible cellular phone, released.</p>	1999	"Clean & Green 21" Initiative, a Casio Group-wide environmental action plan, introduced. Green Procurement Guidelines established. Program launched to recover tape cartridges from label printer products sold to corporate customers. Corporate officer system adopted. <i>Environmental Report 1999</i> published. Casio participates in Eco-products 1999 exhibition.
<p>VeriPat TM, a fingerprint verification algorithm, developed.</p>	2000	ISO14001 certification now acquired at all manufacturing sites in Japan and four sites of Casio Computer Co., Ltd.
	2001	Casio Green Products 30 (C.G.P.30) campaign launched. Recycling of secondary rechargeable batteries initiated.
<p>R&D success achieved on small, high-performance fuel cells for mobile devices. Casio delivers first camera-equipped cellular phone with GPS to au of KDDI. EXILIM, the world's thinnest, wearable card-sized digital camera, released.</p>	2002	Three Casio sites (the head office and Ichinomiya factory of Kofu Casio Co., Ltd., and the Yamanashi facility of Casio Micronics Co., Ltd.), achieve zero emissions (less than 1% waste disposed in landfills). Program launched to recover and recycle end-of-life personal computers and other information processing equipment sold to corporate customers. Kochi Casio Co., Ltd., awarded the Natural Resources and Energy Agency Director-General's Commendation for Excellence in Energy Management at a Factory (in the electricity sector).
	2003	Charter of Creativity for Casio established. Casio Code of Conduct revised. Casio Common Commitment established. Recovery of end-of-life home personal computers initiated.
<p>Fingerprint verification device for mobile devices developed. Casio enters the data projector market.</p>		
<p>Casio Hitachi Mobile Communications Co., Ltd., a joint venture with Hitachi, Ltd., for developing cellular phones, established.</p>	2004	CSR Operations Section and CSR Committee established. <i>Sustainability Report 2004</i> issued, replacing the <i>Environmental Report</i> .
<p>Casio collaborates with Renesas Technology Corp. on semiconductor device packaging technology. Casio forms alliance in LCDs with Taiwan's HannStar Display Corp.</p>	2005	<i>Corporate Sustainability Report 2005</i> issued, replacing the <i>Sustainability Report</i> . Casio Computer Co., Ltd., and Casio Lease Corporation obtain Privacy Mark certification. Improvements completed on all products destined for Europe in compliance with the RoHS Directive.
	2006	<i>Corporate Report 2006</i> issued, replacing both the <i>Corporate Sustainability Report</i> and <i>Corporate Profile</i> .

Casio's two main businesses are electronics and electronic components. The company creates products that are compact, lightweight, slim, and energy efficient for the global market.

● Business Fields

The Casio Group is comprised of Casio Computer Co., Ltd., 56 consolidated subsidiaries, and 4 equity-method affiliates (as of March 2006). Casio conducts its business in two main segments: Electronics, and Electronic Components and Others. The Electronics segment is divided into four categories: Consumer, Timepieces, Mobile Network Solutions (MNS), and System Equipment. The Electronic Components and Others segment is divided into two categories: Electronic Components, and Others. In all of these categories, Casio's business activities range from development and production to sales and service.



Electronics Segment

Consumer category

Electronic calculators, electronic dictionaries, label printers, digital cameras, electronic musical instruments



Timepieces category

Digital watches, analog watches, clocks



Mobile Network Solutions (MNS) category

Cellular phones, handy terminals



System Equipment category

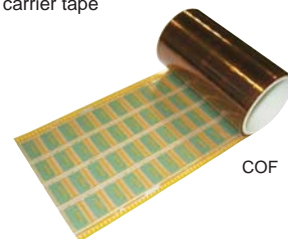
Electronic cash registers (including POS system), office computers, page printers, data projectors



Electronic Components and Others Segment

Electronic Components category

LCDs, BUMP processing consignments, TCP assembly and test consignments, carrier tape



Others category

Main products: Factory automation, molds, etc.





EX-word XD-ST4800 electronic dictionary

This electronic dictionary for Japanese high school students boasts voice functionality and has 50 content categories that are useful for various subject areas. In 11 of these categories, students can listen to accurate pronunciation by native speakers of English.



EN-100/EN-200 electronic calculators

These are the industry's first *hyaku masu keisan* ("one hundred calculations drill") training calculators, developed with the assistance of Professor Hideo Kageyama of Ritsumeikan University. By repeating each of the basic arithmetic functions one hundred times, children are able to strengthen their basic calculation ability, and develop active learning habits. With the same device, adults are able to keep their minds sharp by exercising their gray matter with arithmetic drills.

Greater Convenience, More Enjoyment

Casio offers a wide array of products to make everyday life more convenient and fun. They include everything from calculators for a myriad of commercial and educational applications, to electronic musical instruments that even beginners can easily master. Casio has also introduced many new industry-leading digital cameras and electronic dictionaries.



EX-Z1000 digital camera

This stylish digital camera delivers 10.1-megapixels in a slim, compact body. With a large 2.8-inch, super-bright, wide-screen LCD, Casio has revolutionized the use of the camera monitor by adding powerful new image display features and an easy-to-read information layout.

Privia PX-110 electronic musical instrument

This affordable digital piano delivers true piano sound in a compact, lightweight, and stylish design. From real pianists to everyday amateurs, anyone can take advantage of the PX-110's superior sound quality and natural keyboard touch to practice freely in the privacy of their own location.



Digital Dictionaries Save Forest Resources

It would have taken 26,221 tons of paper to print paper versions of all the dictionaries contained in the electronic dictionaries sold by Casio from April 2005 to March 2006. At an average yield of 50 kilograms of paper per tree, this would be equal to 520,000 trees that did not have to be used to make paper dictionaries.

Timepieces

Solar Power and Radio Control—Always Evolving

Casio consistently leads the timepiece market in innovation. Casio products have continued to evolve by incorporating new technology into their construction, performance, features, design and materials. Solar power is the driving force behind Casio's timepieces that receive standard radio waves containing time data, resulting in watches that always display the correct time and will keep running as long as there will be light. Solar-powered radio-controlled timepieces represent a major leap forward in the perfection of the watch. Never satisfied, Casio is determined to drive the evolution of timepieces even further forward with original technology and unique ideas.



G-SHOCK GW-810D

The G-SHOCK watch with the high-capacity Tough Solar power system receives accurate time data from any of five transmitters worldwide (two in Japan, and one each in the US, UK, and Germany). By combining a metal wristband with a compact, slim case made from metal materials, a simple and refined, rounded form has been realized. Perfect for a casual look or even a suit and tie, this design has wearers arriving on time and looking smart.



LILANA LNA-100LJ

The LILANA is a solar-powered, radio-controlled watch for women with a full metal case and an elegant and simple look. In addition to a beautiful face with multiple hands, the watch features a leather wristband with an elegant arabesque design on the inside, as well as a 15-facet cut bezel that shines differently depending on the direction of the light. This sophisticated wristwatch incorporates all the fine details preferred by women.



OCEANUS OCW-M700TDJ

With a full metal case, the OCEANUS solar-powered, radio-controlled watch offers both high functionality and a sporty design that originated in Europe. Along with compatibility for standard radio waves from the five transmitters worldwide, a slim module of the OCEANUS features multiple hands for chronograph, tide graph, and many other measurements.

Ultimate Solar-powered Timepieces

Solar-powered, radio-controlled watches continue to work without resetting as long as a light source is available. Casio's Tough Solar power system combines a high-capacity rechargeable battery and a small solar panel that generates electricity, even from fluorescent lights. The watches also take advantage of advanced energy-saving large-scale integration (LSI) chips, and a power-saving function that turns off the display when left for a long time in the dark. This means that they can operate for a long time in places without light. Casio has achieved the ultimate in a maintenance-free watch that needs only natural energy to run.



Anytime, Anywhere

W41CA



The aim of Casio's Mobile Network Solutions strategy is to provide an optimal usage environment for business and personal applications, regardless of time or place. Casio is contributing to the development of a truly mobile society with solutions focusing on compact cellular phones with advanced functions, and mobile terminals for a wide range of business needs.

The slim W41CA cellular phone is compatible with CDMA2000 1X EV-DO (high-speed data communication) technology and has a built-in camera with 2.1 megapixels and a 2.6-inch wide LCD. It is also compatible with Osaifu Keitai® ("Mobile Wallet") and Mobile Suica (electronic train pass) services, and can view Websites for PCs.

While offering superior water and shock resistance, this tough cellular phone is compatible with CDMA2000 1X EV-DO technology, enabling access to the latest communication services. Featuring a 2.1-megapixel camera and a 50MB data folder, it can also be used with external memory. A mobile electronic dictionary is also built into the phone.

G'zOne
W42CA



DT-5200

This mobile communication terminal combines the features of a handy terminal with the portability of a PDA. By operating it in combination with Excellent Store® shop support solutions, the user can perform everything from data transmission to routine retail tasks with one device. The DT-5200 leverages information to increase total in-store productivity and contributes to the standardization of business management.



Complying with the RoHS Directive

The W42CA cellular phone not only complies with the RoHS Directive, the European regulation on environmentally harmful substances, but also offers high durability for a long product life. Based on a unique design concept, it delivers great shock resistance and an IPX7* grade waterproof designation, enabling users to enjoy the latest technology in a tough, long-lasting body.

* IPX7 waterproof designation (formerly JIS-7 grade water resistant construction): The handset will continue to operate as a phone and resist water intrusion when submerged at the bottom of a one-meter-deep tank of fresh, still water at a normal temperature for as long as 30 minutes.



Reliability Delivers Efficiency



Page Printer N3500

This compact printer offers high-resolution printing using super-fine toner plus high-speed printing at 24 color pages or 30 monochrome pages in a minute. It provides print security functions such as individual authenticated printing. At the same time, a complete recovery system for toner cartridges reduces environmental impact and printing costs.

Casio provides original solutions for all kinds of businesses, integrating hardware and software. Casio makes page printers for all manner of color documents, systems for enhancing the efficiency of administrative functions at financial institutions, cash registers for a wide variety of retail formats, and the ADPS Personnel System for supporting company human resource strategies. Casio has earned the praise and trust of business professionals.

ADPS Strategic Integrated Personnel System 7

This comprehensive solution supports the streamlining of administrative work in human resources departments. The system has been demonstrated to realize a task application rate of 95%, thanks to an expanded list of ready-to-use applications to meet the diverse needs of enterprise users. In addition to basic human resources and payroll tasks, the system utilizes a newly added HR-Library programmed with 13 types of personnel development systems, such as systems for internal transfer and announcement of open positions.

TE-300



The TE-300 is a cash register that fits well with the interior design of a store by enabling the cash drawer to be placed in a separate location from the slim and compact letter-sized main unit. It also features an anti-microbial treated keypad for use in medical and restaurant settings.

Reducing Operating Costs through Efficient Recycling Systems

Casio page printers realize low operating costs through efficient recovery and recycling, thanks to the adoption of the "Return Toner Cartridge" program, a complete recovery system for reusing toner cartridges. The printers comply with various environmental standards such as the RoHS Directive on environmentally harmful substances, Eco Mark, the International Energy Star Program, and the "designated procurement goods, etc." stipulated under the Japanese Law on Promoting Green Purchasing.



Creating the Cutting Edge

Cutting-edge products are born of the latest advances in electronic components. Take for instance the LCD panel, an indispensable interface between man and machine, where Casio specializes in small- and medium-sized LCDs for mobile devices, including TN, STN, and TFT panels. In another advanced field, Casio Micronics conducts bump processing, as well as COF and other packaging operations. Casio's electronic components are hard at work in applications across the industrial spectrum.

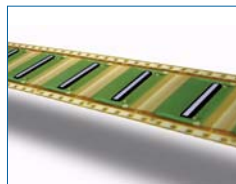


TFT LCD Modules

Hyper Amorphous Silicon TFT (HAST) is Casio's original superfine LCD technology. Able to produce vivid photographic images using amorphous silicon, HAST is based on COG technology and the development of low resistance circuits and a high-aperture ratio for TFT arrays, multipin-slim LSI and other technologies. The clarity of the images it produces has made Casio's HAST technology a favorite for application in cellular phones, digital cameras and a wide variety of other mobile devices.

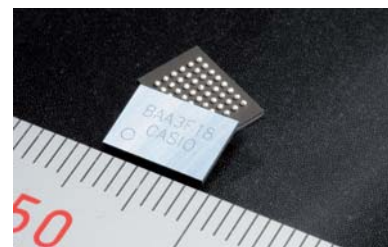
COF

COF refers to a film on which LSI chips for LCD panels are mounted. The film is thinner and more flexible than a conventional board, making it possible to design larger LCD panels. Because the circuits are fixed in the base film, COF is ideal for detailed processing. As the trend towards ultra-fine pitch LSI grows, so too does the demand for COF technology.

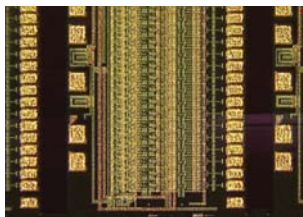


WLP refers to the creation of chip-sized packages right on a silicon wafer through copper redistribution formation, electrode post formation and resin sealing. WLP is cost effective, and is the most advanced LSI miniaturization technology, making it possible to produce ever-smaller devices with products such as cellular phones and digital cameras.

WLP (Wafer Level Package)



BUMP



BUMP is a technology that forms microelectrodes for LSI chips, which are essential for high-density packaging. Using gold or solder, protruding electrodes are formed on an LSI wafer terminal. BUMP technology is essential for circuits in cellular phones and other advanced mobile devices.

Manufacturing Process Achieves Broad Reduction of Global Warming Impact

Casio used to use a common cleaning agent called nitrogen trifluoride (NF₃) in its manufacturing process for TFT LCDs. Now, however, Casio has made a complete switchover to carbonyl difluoride (COF₂), becoming the first company in the industry to do so. This change has dramatically reduced the global warming impact of the process to 0.04% of the previous level. Casio has also completely eliminated environmentally harmful substances from products as required by the RoHS Directive, now using, for instance, lead-free solder for BUMP.



Casio's Originality and Technology Bring Growth to Both Society and the Company

Casio contributes to society by developing original products that never existed before, yet meet universal needs. This enables Casio to grow side-by-side with all of its stakeholders.

● Casio's Concept Development and Core Technologies Give the World Innovative Products

The driving force behind product planning at Casio is the company's unwavering practice of initiating product development from scratch, never just copying the ideas of others. Casio recognizes the unlimited potential to develop products that have yet to be invented but are needed by everyone. By identifying this latent demands and meeting it with bold, new products, Casio not only helps to create new markets and cultural phenomena, but also fosters the development of related industries.

The accumulation of technologies through daily R&D enables Casio to realize outstanding original ideas. Casio makes the most of the expertise in digital circuits it has developed since the early years to carry out its own LSI design. As a result, the company has invented

very small circuits with high performance and low power consumption. Casio utilizes these digital circuits in the EXILIM engine, an image processing module at the heart of its digital cameras. In another field, Casio began producing LCDs in 1978, and has become a master in the development of small and medium-sized panels. In addition to meeting the LCD needs of its own products, Casio also provides LCDs as product components to other companies. Casio's highly original product planning extends to many cutting-edge fields, including chip on film (COF), chip on glass (COG), and other high-density mounting technologies, as well as the water and shock resistance technologies that go into G-SHOCK watches and other products.



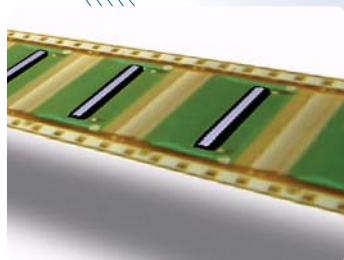
Water and shock resistance technologies



The EXILIM engine, a high-performance image processing module



Technology for radio-controlled watches



Chip on film technologies (COF)



Small and medium-size high-resolution TFT LCDs

Business Strategy: Generate Both Profitability and Future Potential

Casio has positioned businesses that have maintained top market share and yield steady profits as Stable Businesses. It has positioned businesses that are expected to experience significant global market growth in the future, while also seeing intensifying competition as a large number of companies enter the market, as Expansive Businesses. Casio is following a successful strategy of securing stable profits from the Stable Businesses while increasing both sales and operating income

in Expansive Businesses. Going forward, this approach to management can secure both sustainable growth and profitability.

Casio is working to reduce the cost-sales ratio for product development across the entire group. Through efforts beginning in the design stage, the number of parts required to produce a product is being reduced. Common product platforms have another benefit, too: accelerated product development.

Fiscal 2006 figures (April 2005 - March 2006)

Expansive Businesses

Operating income margin: 5.7%

Sales: ¥318.2 billion
(+6.7% year-on-year)

Cellular phones

Casio's W41CA model enjoyed the highest number sold of any phone across all of Japan's wireless providers for 13 consecutive weeks.*



(February 6, 2006 to May 7, 2006)

Digital cameras

4.6 million cameras delivered worldwide.



TFT LCDs

30% of the worldwide digital camera market.

(Source: Casio survey)



Stable Businesses

Operating income margin: 11.8%

Sales: ¥262.1 billion
(+0.5% year-on-year)

Electronic dictionaries



Top market share in Japan (over 50%)*.

Timepieces

35 million units delivered worldwide.

Radio-controlled timepieces

2.4 million units delivered worldwide.
Top global market share.

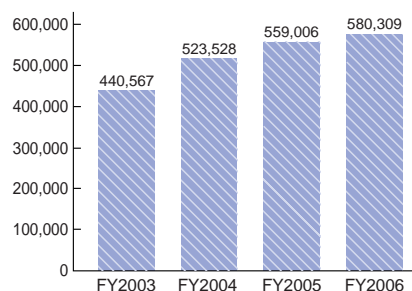
(Source: Casio survey)



Electronic musical instruments, system equipment, etc.

* Source: Survey by GfK Japan of the total sales results of over 3,000 consumer electronics dealers.

Net sales (unit: ¥ million)

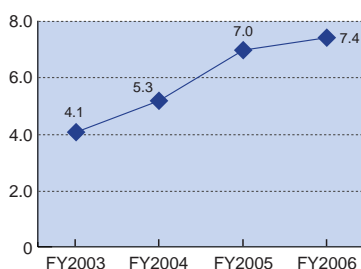


Performance Target: Fiscal 2007
¥630 billion

Development through Sustainable Growth

Since net sales will continue to grow, driven mostly by the Expansive Businesses, Casio plans to reach ¥630 billion in net sales in fiscal 2007.

Operating income margin (unit: %)

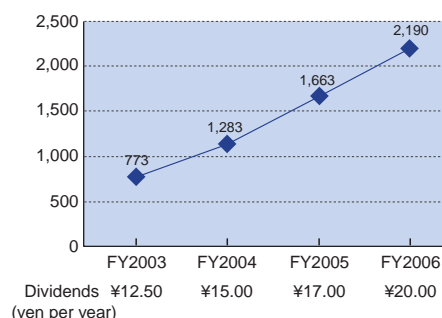


Performance Target: Fiscal 2007
8.1%

Sharp Focus on Operating Income Margin

For Casio, operating income margin is a vital management indicator. Casio has set an operating income margin target of 8.1% in fiscal 2007, and is working to achieve 10%.

Stock price (highest value, unit: ¥)



Contributing to Society by Using Capital Effectively

Casio is contributing to the development of new technologies and markets by investing the capital entrusted to it by shareholders in new business areas with future growth potential. By returning the resulting profits to shareholders, Casio is also helping to create a more affluent society.

CSR Highlights

Casio is committed to frankly reflecting on itself as a public entity, and is constantly re-envisioning its own future contribution to society.

Casio values persistent questioning: “What is this for? Who is it for? Why are we doing this? What needs improvement? And to what degree?”

The questioning doesn’t stop there, however. Casio goes on to ask: How original is this approach? Does the project have a clear focus on sustainability? Has it really given customers happiness and delight? Have we provided value that inspires new trends in the culture?

Casio people ask themselves questions like these every day. The following pages provide an overview of Casio’s CSR initiatives. We invite you to explore this unique Casio process and take note of its outstanding results.

- Creating Energy from Natural Environmentally Friendly Fuels P15
- Applying the Mechanisms of Human Intelligence to Manufacturing Technologies P16, 17
- Providing a Place for Young People to Gain Resiliency for a Meaningful Life P18, 19
- Reducing Casio’s Greenhouse Gas Emissions P20
- Complying with European Environmental Laws P21

Research & Development Next Generation Fuel Cell

Original Casio Technology— Reformed Methanol Fuel Cell System

Casio is striving to realize a truly mobile society by developing micro fuel cells that can produce electrical energy from methanol.

Global research in this field is highly competitive, and various methods have been proposed. Casio has developed and recommended the Reformed Methanol Fuel Cell System, a technology that combines the high power output and environmental friendliness required for the mobile devices of the future.

The basic mechanism of this sophisticated technology involves extracting hydrogen from methanol, a type of alcohol, and then converting it into electricity. (Figure 1)

The mechanism behind this technology has been known for many years, but before Casio, most scientists have never thought it to be viable.

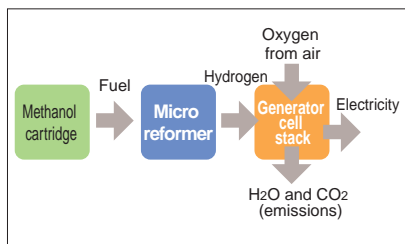


Figure 1: Basic Mechanism

Development of the Micro Reformer Module

The most difficult phase of this development project was inventing the reformer (photo 1, right), which extracts hydrogen from methanol. Casio applied its expertise in semiconductor processing—a long-time core competency—and combined it with the latest nano catalyst and chemical reaction technologies to develop a successful micro reformer module.

Casio's latest module, announced to the public in spring 2006, integrates three chemical reactors that produce hydrogen and render emissions harmless and a heater/temperature sensor on a single chip, which achieves startup in just six seconds. The module also boasts a thermally insulated construction that keeps the outer surface of the device at only 40°C, despite internal heat of up to 280°C. The module's specifications are fully compatible with mobile device requirements.

Development of the Fuelcell Stack

Casio's fuelcell stack, which creates electricity from hydrogen (photo 1, left), has a laminated structure of twenty power-generating cells consisting of separators and membrane electrode assemblies (MEA).

The high-density component

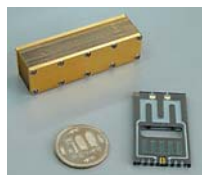


Photo 1
Left: Fuelcell stack
Right: Micro reformer

mounting is based on Casio's core competencies in water-resistance and durability. The company has also integrated technologies that optimize gas flow channels for the characteristics of the hydrogen produced by the micro reformer, and that improve MEA resistance to carbon monoxide. The result is 19.4 watts of rated output in a cell stack with a volume of only 22 milliliters (65H x 18W x 19Dmm). The rated power output per unit volume (power density per unit volume) has reached 882W/ℓ,* the highest in the world among cells for use in mobile devices.

*W/ℓ: A unit for measuring electrical output (watts) per one liter of volume, used as an index for miniaturization.

Practical Applications for Micro High-Output Fuel Cells

Casio has combined its micro reformer module and its newly developed fuelcell stack to create a compact, high-power fuel cell for mobile devices. Casio's fuel cell (including the methanol cartridge) (photo 2, right) can power a notebook PC for about four times longer than a conventional lithium-ion battery of the same volume.

Casio is now working on the necessary peripheral parts and circuits, and plans to start delivering samples for performance evaluation by fiscal 2008. Casio is well on its way to creating yet another successful new business.



Photo 2
Left: Conventional battery
Right: Methanol cartridge (PET bottle)

Key Person

“The Solution Was Right in Front of Us”—Meeting Latent Universal Needs



Masaharu Shioya
Core Technologies R&D Division
Casio Computer Co., Ltd.

Batteries are a wonderful technology with a history of over 100 years, but they do have shortcomings. Many people find it annoying to separate spent household batteries from the rest of the trash, as is required in many developed countries. It seems we have gotten used to this, however, so we keep using conventional batteries in our mobile electronic devices.

After giving this issue some thought in 1998, I decided to look into up-and-coming battery technologies. Worldwide concern over the environment was reaching new heights at the time, and it was clear to me that the time had come to question the common assumptions about the manufacture and sales of mobile electronic devices. I searched for ways to resolve the problem, going back to the basic principles of physics and chemistry, and reconsidering all of them.

The technology that I finally decided to pursue was fuel cells. Tiny, easily disposable PET containers (photo 2, right) are filled with methanol or another fuel, and the fuel is used to generate electricity to run a mobile electronic device. The empty plastic containers can then be recycled along with other plastic materials.

A necessity that people everywhere take for granted becomes a universal need. Casio creates products that meet these needs and make a real contribution to society. We will continue to develop technologies and deliver practical applications that help people achieve the goal of living in harmony with the environment.

Production Yamagata Casio Receives 2005 Nikkei "Monozukuri" Grand Prix

Yamagata Casio Co., Ltd., manufactures cellular phones, wristwatches such as the G-SHOCK series, and digital cameras, as well as metal molds and molded plastic components for the products. It also develops and sells chip mounters for electronic component mounting equipment.

The Mold Making & Molding Division, which makes metal molds and produces molded plastic components at Yamagata Casio, received Japan's 2005 Nikkei "Monozukuri" Grand Prix for a Digital Network System installed at its plastic molding and precise metal molds factory.

The reasons Yamagata Casio won the award are described below.

Cellular phone and digital camera products are subject to rapid replacement by new models. In order to meet the short and intensive production periods for these products and to integrate the process from metal mold creation to part molding, Yamagata Casio has incorporated IT into the entire production process. As a result, the lead time for metal mold production has been greatly reduced. This innovation was recognized for advancing *monozukuri* ("true craftsmanship") in Japanese production technologies.

- All 500 PCs and devices such as CAD/CAM systems and machine tools are connected to a network, and each person has a PC.
- Computer intensively manages ongoing conditions for each metal mold along with drawings, and all

personnel share the production schedule through PCs. No paper drawings are used anywhere in the mold factory.

- A mold diagnostic system was introduced in the molding process to prevent fatal flaws in the metal molds. This system measures ultrasound emitted by the mold during each molding operation, assessing the condition of the mold using a point system. If the result is below 40 points, the molding machine is shut down and the mold is repaired. This enables the impact of a flawed mold to be minimized in a production period that is short and intensive.

Thanks to this Digital Network System for a plastic molding and precise metal molds factory, Casio's cellular phones and wristwatches move from development, to production, to market in a very short period of time.

Japanese *monozukuri* manufacturing technologies are facing stiff competition from overseas today. Yamagata Casio is leading the way for other Japanese manufacturers with this system. This was another factor in the judges' decision to give the award to Yamagata Casio for implementing this system.

The Digital Network System for a Plastic Molding and Precise Metal Molds Factory

Here is an explanation of how the system actually works.

Metal mold design and data preparation

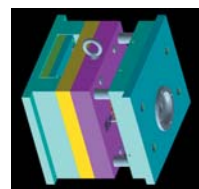
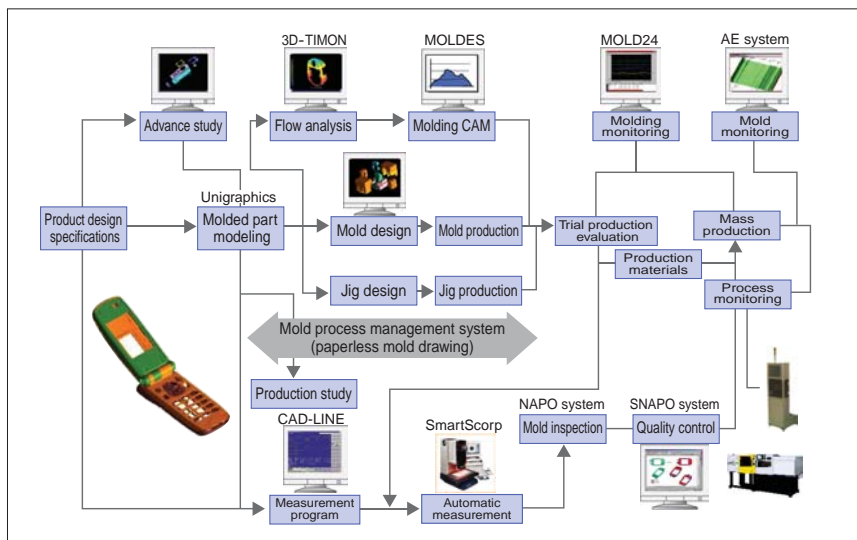
After receiving 3D digital data for a cellular phone or a timepiece from Casio Product Design Department, the data is used to design a metal mold for a plastic housing. Then the completed metal mold design data is used to create a computer simulation of actual resin flow inside the mold at the time of trial production with an injection molding machine. This way, any problems can be discovered in advance and resolved.

Metal mold production

Using the completed 3D design data, the mold manufacturing process begins using equipment such as a machining center and an electrical discharge machine. The 3D digital data is sent from CAD/CAM design tools to a machine tool connected via the network, and the tool automatically starts processing a mold; all the operator has to do is to confirm the operation using a computer. Through this process, a mold is completed with minimal errors or problems.

Also, tasks previously performed only by experts such as shaving and polishing in units of microns and other minute adjustments are all done through the digital network. There are computer screens in front of all the operators in charge of shaving and polishing, which display the mold parts in 3D. The parts are coded by several colors, and each color shows each operator's part in the processing. Through this system, it is now possible for a person with a basic level of experience to do the work of a skilled technician. The computer has enabled regular operators with a basic level of experience to do the work previously done only by experts looking at complicated drawings. This technician support system has greatly increased accuracy and improved the quality of mold processing once done by hand.

The Digital Network System for a plastic molding and precise metal molds factory



External view of metal mold



Piece inside metal mold

Trial molding

Even for trial molding with a mold already completed in this way, the initial 3D data plays an active role. The system determines the optimal molding conditions after making close reference to the database of metal molds & molding, together with the database of molding machine & resin, which have been built up over the past 15 years. The optimal conditions are sought in the shortest possible time by sending the initial 3D design data to the said system and running a simulation. The resulting data is then also compiled, which helps reduce development lead time, improve quality, and raise production yields in the future.

Mass production and monitoring

Using the conditions just determined, the mold moves on to the mass production stage. The factory contains about 40 injection molding machines, enabling a molded part to be produced every 10 seconds. All these machines are also connected to the network. Each time one part is finished, process-result data are sent to the computer server. The computer monitors all operations of each machine. If there are any irregularities, an alarm goes off, and if there is a possibility of a defective product, the machine is shut down. The system prevents defective products from coming off the line.

However, since mold production runs at a very high speed, some mold

breakdowns and damage have occurred in the past. Therefore, this mold diagnostic system has been developed in order to prevent such occurrences. The system employs ultrasound sensors and analysis equipment to check irregularities and assign numerical rating per shot. There are always symptoms before a mold breaks down or becomes damaged. The system identifies these symptoms and notifies an operator. Preventive maintenance has eliminated major mold damage in recent years.

Since the monitoring in the molding factory produces an enormous amount of data, the difficulty lies in how to convey it to operators and managers when a problem occurs. Since one machine produces 10,000 parts in one day, the relevant information needs to be conveyed immediately after a problem arises. A system has been set up in the molding factory to send a real-time audio message to a transceiver of an operator, and an email to the manager's PC. Even if the operator is performing other tasks in a separate location of the factory, he/she will know right away if there is a problem. Moreover, though machines operate with no one around in the mold factory at night or on holidays, an alarm email is sent to the cellular phone of the factory manager in the event of any trouble.

Yamagata Casio has pursued the greatest competitive edge in

monozukuri manufacturing technologies in Japan by connecting the entire plant via a digital network and compiling various kinds of production data. The company is now determined to keep moving forward, striving to achieve the greatest competitive edge in the world in manufacturing technologies.



Yamagata Casio

Key Person

Taking on the Challenge of Creating *Monozukuri* Manufacturing Technologies for People on Site: How to Work Smarter, Not Harder



Toshihiko Kuroda
Mold Making & Molding Division
Yamagata Casio, Co., Ltd.

In the Digital Network System recently developed by the Mold Making & Molding Division, I was in charge of integrating processing information such as paper drawings and production instructions into 3D data to develop a completely paperless mold drawing system that could be accessed whenever needed.

While developing this system, I focused my energies on how people on site can work smarter. It is natural for mold production to have paper drawings, and there is a unique culture in which high-level technicians understand and perform tasks that cannot be shown explicitly on a drawing. To abolish that source, paper drawings, I had difficulties in seeing processing know-how inherited for many years in a new light.

However, owing to the enthusiasm and teamwork of members involved in mold production, I managed to accomplish my task.

Our customers have expressed astonishment and admiration at the sight of skilled technicians making molds only by computers without any paper drawings in a factory. But I feel most rewarded by the gratitude of my colleagues—people actually working on site.

Although Japanese manufacturing faces a very challenging environment, I would like to pursue *monozukuri* and contribute to our business expansion.

Social Contribution Factory Tours for 10,000 People

Casio launched its "Factory Tours for 10,000 People" program in February 2004. The goal of the program is to provide a place for young people to discover that family ties, the power of science, and pursuing one's dreams are all important sources of strength for a meaningful life, and also to learn the importance of being considerate of others.



Factory tour

Young people discover the value of family ties by coming to see the place where their parents work. They also learn that there are close ties between households, schools, the local community, and companies. They learn about product construction by having the rare chance to see how advanced products are made, and actually trying simple product assembly themselves. Through a close-up look at the history of Casio products, they also learn the history of scientific and technological development behind the various devices they see every day. All this gives the young visitors a glimpse into the wonders of science. Inspiring presentations by Casio employees help the children to discover that they can realize their dreams through hard work and perseverance. Finally, by witnessing Casio environmental activities, they learn the importance of protecting the global environment. Casio's dream—the inspiration behind this factory tour program—is to provide opportunities for young people to make the discoveries that will help them become the leaders of the future.

Fiscal 2006, the second year of the program, brought advances to the program. The tours became a part of the career education promotion program for elementary and junior high school students sponsored by the Japanese government and the integrated study periods of school curriculums. The program was entitled, "Make a Proposal to Casio: Your Own Idea for a New Calculator," since calculators are one of Casio's main products. The

participants thought about the ideal calculator, and came up with ideas for new models. They then prepared the plans, and gave product concept presentations to Casio employees actually in charge of product planning. The students learned how hard it is to think up a new idea and then try and convince strangers of the merits of their product concepts.

Through this experience, they got a better idea of what it means to work, as well as the satisfaction and self-realization that work can bring. This new development has enabled Casio to further improve the content of the original Factory Tours for 10,000 People program.

Casio was thus able to provide educational opportunities in fiscal 2006 by bringing together the corporate, government, and scholastic realms. The Factory Tours for 10,000 People program has earned strong approval for Casio from both government and local communities.

In fiscal 2006, Kofu Casio Co., Ltd., invited six schools, or 278 students and teachers, to participate in factory tours. At the Eco-products 2005 exhibition



Classroom activity

held at the Tokyo International Exhibition Center (Tokyo Big Sight) in December 2005, the Casio booth offered a calculator assembly experience for elementary school students and presented information on the Factory Tours for 10,000 People program. During the three days of the event, 124 children participated in this activity, and Casio was able to expand its community outreach.

In fiscal 2007, Casio will further expand the scope of these activities to



Kofu Casio

interested schools in the Tokyo metropolitan area.

Casio is now actively pursuing opportunities to advance the Factory Tours for 10,000 People program throughout the group. Casio is holding briefings on the program for group companies under the theme of lifetime learning for local communities, and is working to raise employee awareness about lifetime learning.

Through joint initiatives with several companies, Casio is also pursuing plans to promote career skills training for local youth.

Japanese youth today are faced with a very different environment, given



Briefing at Casio group company

the declining birthrate, aging population, nuclear family lifestyle, and advance of information technology.

Today's changing society requires more youth development initiatives to secure a positive future. As a good corporate citizen, Casio sees youth development as a major component of its social contribution, and is working to develop new initiatives in this area.

The "resiliency for a meaningful life" advocated by Casio is based on three fundamental concepts: awareness (a proper understanding of today's society); integrity (sincere action based on that understanding); and responsibility (properly taking that action). Several education institutions in the Tokyo metropolitan area have expressed interest in participating in the program. Casio hopes that this program, by providing new sources of resiliency to youth, will contribute to the development and sustainability of the society of the future. The company is working on plans to keep expanding the program.

Promoting ISO Activities for Kids

Participants in Casio's "Factory Tours for 10,000 People" program can see the steps the company is taking to recycle waste and save energy in its cafeterias. This gives young people a first-hand look at an operational site that practices environmental conservation. By making a comparison with the everyday environmental steps involving electricity, water and trash that children take at home or school, the tours are helping to promote awareness of global environmental concerns.

Casio is also participating in the Kid's ISO 14000 Program developed by the non-profit, non-governmental International Art and Technology Cooperation Organization (ArTech). Casio employees with instructor certification in the program are taking an active leadership role in environmental activities for children, based on ISO principles. Since fiscal 2005, these activities have included introducing various elementary schools to the Kids' ISO 14000 Program as part of the Factory Tours for 10,000 People program.

The Kids' ISO 14000 Program is an environmental education program carried out in Japan and around the world through UN agencies and the International Organization for Standardization (ISO). Based on the concept of children themselves discovering things that lead to more environmental awareness, the program

aims to develop youth with hope and confidence for the future. This is done by learning about environmental management and facilitating networking, which helps the children to acquire the resiliency they need to lead a meaningful life.

Casio recognizes the potential of the Kids' ISO 14000 Program—an effective, sustainable method for helping to preserve the global

environment—to have a multiplier effect within society. Casio is actively promoting the program. Further, since the program is effective in human development as well as environmental protection, Casio will also make it a part of its lifetime learning initiative. In the future, Casio intends to deploy certified employee instructors throughout Japan to extend the reach of the Kids' ISO 14000 Program.

Otoguro Cherry Trees

There are currently 30 Otoguro cherry trees growing at the Kofu Casio site. These cherry trees produce beautiful blossoms every spring, giving wonder and joy to all that see them.

The Otoguro cherry grows along the banks of the Fuefuki River, which flows through Chuo-shi, Yamanashi, where Kofu Casio located. Spring blossoms and new leaves appear at the same time on this variety of cherry. With the unusually large white blossom of the Otoguro cherry, these trees are very special to the local people. In 1932 however, the banks of the river were reconstructed as a flood prevention measure, and the original trees were removed. Now, the people in this community have decided that they want to bring back their beloved Otoguro cherry. Efforts have been made to propagate and replant the species, using the few remaining descendants of the original trees.

Kofu Casio has also stepped in to help preserve the Otoguro cherry tree.

In spring 2004, the company planted 15 Otoguro cherries on its premises to help preserve these historically popular trees and to beautify the plant. In spring 2005, 15 more trees were planted.

These trees have become a symbol of the close ties between Casio and the local community. Casio is committed to providing more community support, through tree planting and other "greening" activities.



Otoguro cherry blossoms

Key Person

Providing a Place for Young People to Gain Resiliency for a Meaningful Life through Discovery and Wonder



Tomoaki Furuya
General Affairs Department
Kofu Casio, Co., Ltd.

While CSR management has gained prominence recently, we actually had an opportunity to think about corporate social contribution several years ago within our company.

We were discussing ways to help children become the leaders of tomorrow by using the operations of the plant, and to strengthen ties with the local community. These desires led to the creation of the "Factory Tours for 10,000 People" program.

When children visit our plant and have a different experience from the classroom, they discover and appreciate things such as family ties, the wonder of science, the power of pursuing one's dreams, consideration for others, and the importance of protecting the global environment. The factory tours are filled with carefully planned activities in order to leave a lasting impression on the students.

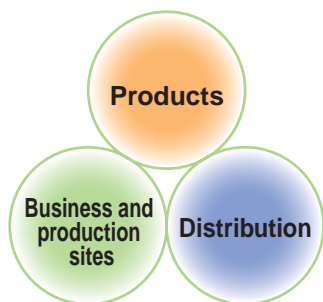
These factory tours would not be possible without the support of many people. Despite their busy schedules, all of our employees have worked hard to help out. In the process, the deeper ties have been fostered among our staff. We have all gained a sense of fulfillment and wonder by watching the children learn.

We are now in the third year of this program, and we have received inquiries from various customers. Even activities stemming from a small project such as this can grow into something that tells the world what Casio is all about.

We hope to keep providing these tours to better contribute to society.

Environment Initiatives to Help Prevent Global Warming: Working to Achieve Fiscal 2011 Targets

Casio has put in place the following Casio Environmental Action Plans to counter global warming, each of which has targets to be achieved by fiscal 2011: (1) developing eco-products; (2) saving energy and reducing greenhouse gas emissions at business and production sites; and (3) lowering emissions in the distribution stage (see pages 32 and 33).



CO₂ Reduction Targets in Three Areas

Product Initiatives

Casio has been a leader in innovation since its founding, thanks to the core competence the company has developed in compact, lightweight, slim, and energy-efficient products. Today, Casio is working to equip all of its radio-controlled watches with a solar power system that is able to obtain power even from weak light sources such as fluorescent lights. The 10.0-megapixel Casio EX-Z1000 digital camera now has a still-picture continuous viewing time of about 13 hours on just a single battery charge, even with its super bright 2.8-inch wide LCD. The company's W43CA mobile phone offers continuous talk time of about 220 minutes.

Casio is committed to continuing to improve the energy-efficiency of its products. The company is also pushing forward with R&D to commercialize its

Reformed Methanol Fuel Cell System, which has less impact on the environment than batteries (see page 15).

Business and Production Site Initiatives

Casio's total CO₂ equivalent emissions worldwide in fiscal 2006 were 132,000 tons. In fiscal 2006, Casio joined in the Japanese government's new "Team Minus 6%" campaign and also adopted the government-encouraged "Cool Biz" dress code (casual summer clothes to reduce office cooling in summer). Cool Biz reduced 190,000 kWh of electrical consumption at Casio headquarters, compared to fiscal 2005. At the Hachioji R&D Center, in addition to implementing Cool Biz, the company improved the energy-saving management system, reducing both electricity and natural gas consumption as described in the box below.

The Hachioji R&D Center is now examining technologies for reducing the use of sulfur hexafluoride (SF₆) gas, after the successful replacement of NF₃ cleaning agent at the Kochi Casio manufacturing site.

Casio has already achieved the fiscal 2011 energy-saving targets (fiscal 1991 basis) set by Japan's four electrical and electronic industry associations. Further steps are required, however, in order to achieve Casio's own, more challenging targets. The company is formulating the following measures in fiscal 2007 to step up its efforts to achieve its fiscal 2011 targets.

- (1) Setting targets and managing measures by site.
- (2) Introducing IT mechanisms to provide monthly updates on environmental performance.

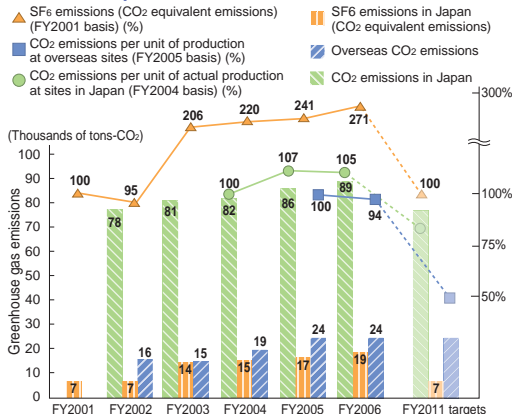
- (3) Introducing supplementary measures based on the Kyoto Mechanisms (Clean Development Mechanism [CDM], emission credit transactions, Certification of Green Power, Joint Implementation [JI]).
- (4) Establishing a strategy for investment in energy-saving facilities.

Distribution-Stage Initiatives

Casio continues to close down, combine, and relocate its distribution centers in Japan. As for overseas distribution, part of the cargo being sent to Europe from China directly by air has now been changed to ocean cargo to Dubai, followed by air cargo to Europe. Cargo to the United States, which was previously sent by sea and rail, is now being shipped only by sea. These steps have all helped reduce Casio's CO₂ emissions.

As described above, Casio is actively engaged in efforts to help prevent global warming—in the three distinct areas of products, business/production sites, and distribution.

CO₂ and SF₆ emissions, and emissions per unit, at sites in Japan and overseas



Key Person

Working to Reduce CO₂ Emissions at the Hachioji R&D Center



Katsuyuki Tada

Hachioji Office
Casio Business Service Co., Ltd.
(Pictured at far right, together with team members)

I am serving on the energy-saving study team at the Hachioji R&D Center. I was also a project team member in the planning phase for a new, energy-efficient building that has now been completed. The building accommodates both the Tokyo Technical Center and the

Hachioji Laboratory. After discussions with the building planners, we adopted the latest in energy-saving technologies, and achieved 20% savings in energy consumption compared to the combined energy usage of the former Tokyo Technical Center and Hachioji Laboratory. The energy-saving technologies include a weather-optimized thermal storage system that takes into account weather forecasts to save energy and uses vertical thermal storage tanks to save on power needed to circulate cold water. The building also boasts a natural ventilation system, completely automatic air-conditioning, lighting, ventilation, and blinds, a free cooling system, and special insulation methods for windows and the building as a whole.

In fiscal 2006, in addition to our Cool Biz efforts, we also saved energy by adding manual intermediate modes to the nine automatic operation modes of the heating and cooling system. As a result, we saved 220,000 kWh of electricity and 31,000 m³ of natural gas, compared to fiscal 2005. The energy-saving study team continues to promote more energy saving measures.

European Regulation Initiatives

Complying with the European WEEE Directive

Casio has started to set up a recovery and recycling system that meets EU standards in order to comply with the European WEEE Directive for proper disposal of electrical and electronic devices. Casio Europe GmbH, located in Germany, has been the host for the company's WEEE promotion project since 2004.

In fiscal 2006, Casio completed the following legal requirements:

- Printing or labeling required marks on products
- Registering as a manufacturer in EU member states which have established new WEEE Directive regulations
- Contracting with recycling providers in principal countries

Companies must conform to the individual regulations of each of the 25 EU member states. This is made more

Reference: Casio Europe Website
<http://www.casio-europe.com/de/unternehmen/umwelt/weee/>

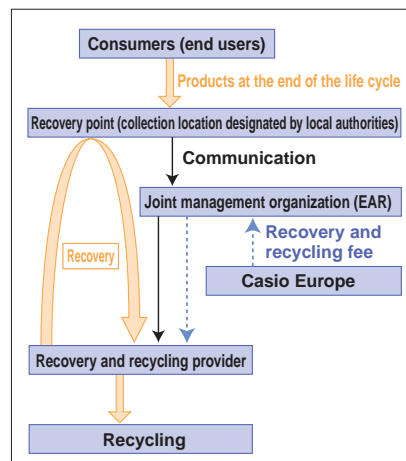


Website page (image)

challenging in that interpretations of the WEEE Directive, language, and culture vary a great deal across the EU. Casio is expending enormous resources—including manpower, time, and communication effort—to develop consistent policies to guide decision-making on this issue at Casio Europe.

In July 2006, Casio completed the necessary product information disclosure to recycling providers. The information provided includes product weights, as well as the presence and location of specified substances—and is intended to ensure proper recycling of products at the end of the life cycle.

Example recycling system in Germany



Information details disclosed to product recyclers

- Product net weight
- Presence of harmful substances that must be removed, and location inside end-life-cycle product

- Presence of batteries and their location during use
- Presence of LCD panels that exceed 100 cm², and their location during use
- Other information required by recycling providers

Complying with the European RoHS Directive

In January 2006, Casio factories began shipping products that comply with the all stipulations of the RoHS Directive. Casio Europe has constructed a management system for RoHS-compliant products in cooperation with the headquarters of Casio Computer Co., Ltd. Inventory progress management for products that do not conform to the RoHS Directive was carried out, and the switchover was completed by July 1, 2006, the date the directive took effect.

Casio will continue to prepare declarations in conformity with the RoHS Directive for each product or product line.

Future Compliance with Harmful Substance Regulations

Looking to the future, Casio plans to take steps in accordance with the development of the REACH Regulation and EuP Directive. Casio Europe is exchanging information with the Environment Center at Casio Computer Co., Ltd., to determine what measures Casio needs to take.

Key Person

Completed Inspection and Onsite Measures for the WEEE and RoHS Directives



Shigeo Kojima
 Casio Europe GmbH
 (Pictured at right, with Andrés García, Environmental Manager)

I serve as a coordinator between our Tokyo headquarters and the local sites for the WEEE and RoHS Directive compliance project. Stationed in Europe, my job is to build recovery and recycling systems for Casio products in the EU member states, and to plan and coordinate information gathering for smooth and efficient

compliance with the WEEE and RoHS Directives. Through the course of my work, I have become aware that regulatory thinking and culture are different in the EU and Japan. For example, directives and regulations in the EU are often created before all ambiguities are cleared up, based on the assumption that there will be further technological progress. Even when the regulations came into effect, the final specifications and decision-making standards still seemed vague to me.

The most difficult thing about this process was that, after gathering as much information as possible in Europe, and then making comprehensive determinations from the standpoint of risk management, I had to decide on the policies myself. Fortunately, the implementation went smoothly thanks to the complete cooperation of the people in the relevant departments in Tokyo. Given European consumers' high level of concern for the environment, an active commitment to legal compliance will continue to be important as we work to ensure that our customers can keep enjoying Casio products.

Corporate Creed and Charter of Creativity

The Charter of Creativity for Casio has been established based on Casio's corporate creed of "Creativity and Contribution." The creed and charter provide the foundation for the execution of Casio's CSR-driven management.

The calligraphy in the photo here—"Creativity and Contribution" in Japanese—was done by Casio's founder, the late Tadao Kashio.



Corporate creed

Casio got its start with the invention of a small fully electric calculator, which was unique in an era when mechanical calculators were the norm. Ever since, the company has been true to its commitment to contribute to society by offering the kind of original, useful products that only Casio can.

The people of Casio prioritize the values of Creativity and Contribution in the performance of their work. These values are deeply ingrained in the company and its people: they are passed down from generation to generation of employees almost like a genetic heritage.

Today's shorter product development cycles and increasingly complex specifications, however, have made the company's operations more and more specialized. Along with this trend, each person's job requires increasingly specific knowledge and skills. As Casio grows and its operations stretch around the globe, the "distance" between top management and frontline employees is growing wider.

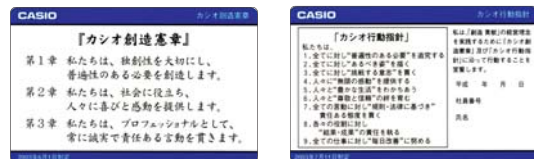
At the same time, society now expects companies to strengthen their CSR management with an awareness of all

stakeholders, and to achieve uncompromisingly fair, transparent corporate governance.

Given this situation, Casio is encouraging all of its employees to reconsider the significance of Creativity and Contribution, and to maintain their awareness of the corporate creed. This will enable Casio to sustain its creative corporate culture, while continuing to contribute to societies around the world.

In light of these trends, on June 1, 2003—the anniversary of the company's founding—the Charter of Creativity for Casio was established to better articulate the meaning of the corporate creed today for all employees. In December of the same year, the Casio Common Commitment was also instituted to provide a more specific description of the employee conduct that is expected and valued at Casio.

All Casio employees carry a card printed with the Charter of Creativity and Common Commitment. Top management has also issued messages describing the kind of company that Casio ought to be, and published them on the company's intranet. These steps are enabling Casio to secure a group-wide understanding of its commitment to CSR.



Charter of Creativity (card)

Charter of Creativity for Casio and Casio Common Commitment – A Promise from Everyone Working at Casio –

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

[Casio Common Commitment]

1. We will strive to "ensure that our products meet universal needs" and this includes not only manufactured goods, but also services and support, and everything else that we do.
2. We will be idealistic in all of our work.
3. We will carry our work through to completion, with a strong determination to take on every challenge that comes our way.

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

[Casio Common Commitment]

1. We will provide people with "limitless inspiration."
2. We will share a "life of spiritual and material prosperity" with people.
3. We will foster relationships of "respect and trust."

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

[Casio Common Commitment]

1. We will take complete responsibility for all of our words and actions in accordance with all laws and regulations.
2. We will each take responsibility for our results and success, according to our individual role.
3. We will strive daily to improve everything we do.

*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.

Corporate Governance

Casio is constantly striving to strengthen its corporate governance, focusing on the priority issues of quick decision making, proper execution of operations, and improved transparency of business management.

Corporate Governance System

Casio recognizes that quick decision making, proper execution of operations, and a robust management oversight function that increases the transparency of business management are extremely important factors in achieving business goals and continuing to raise corporate value. This recognition guides the company's ongoing efforts to improve corporate governance.

In June 1999, Casio Computer Co., Ltd., made a change in its board of directors, reducing its size by half, from 24 to 12 directors. At the same time, the company adopted a system of operating officers to clearly separate the management oversight and execution functions. In December 2004, a CSR Committee was also established to drive the company's efforts to fulfill its corporate social responsibility.

With the adoption of this system, Casio Computer Co., Ltd., has built a corporate governance system that consists of the operating officer system, internal audit system, and CSR Committee, in addition to the board of directors and the board of auditors. The objective, role and membership of each of these bodies are described below.

Board of Directors

The board of directors is tasked with making prompt, reasonable management decisions. Board meetings are attended by directors and auditors, who discuss and make decisions on important business issues.

Board of Operating Officers

Meetings of the board of operating officers are attended by operating officers, directors and auditors. They deliberate on

important affairs relating to the execution of business operations. This mechanism enables smooth implementation of company-wide adjustments and measures.

Board of Auditors

The board of auditors consists of three auditors, two of them external. In accordance with audit policies and responsibilities approved by the board of auditors, auditors attend board of directors' meetings and meetings of the operating officers. In addition, they perform careful audits by gathering information and receiving reports from directors and others, and by reviewing resolution documents relating to important decisions.

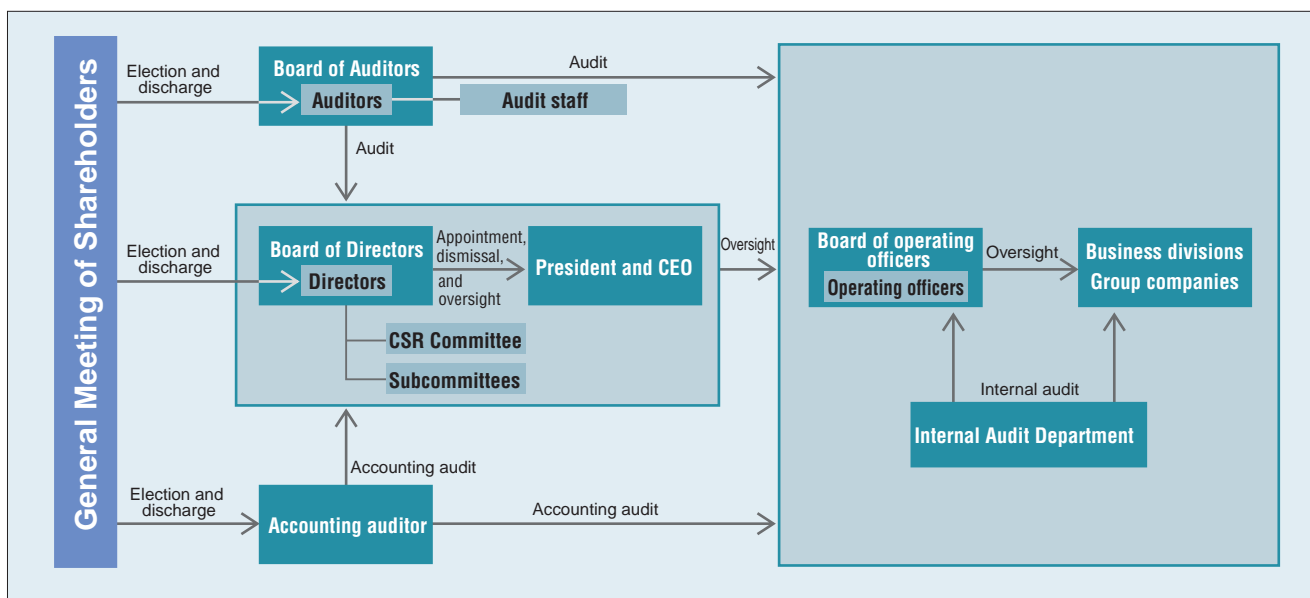
Internal Audit Department

The internal audit department performs audits of Casio operations to ensure they are in conformity with laws and regulations as well as internal standards such as the organization control standard. It also conducts evaluations and offers recommendations for improvement.

CSR Committee

The CSR Committee is comprised of the directors and auditors, and the company president serves as chairman. The committee discusses matters related to CSR, including the determination of CSR priority issues, initiatives, policies, and systems for execution. The decisions made by the CSR Committee for each CSR issue are then transformed into specific activities by each department concerned. The CSR Committee is currently addressing the issues of compliance, risk management, and protection of personal information.

Corporate governance system diagram



Compliance and Risk Management

Casio is executing CSR-driven management that emphasizes the complete integration of everyday business and CSR initiatives. This is the most direct, pragmatic route to realizing the corporate creed of “Creativity and Contribution.”

Executing CSR-driven Management

As president Kazuo Kashio said in his message at the front of this report, Casio has been: (1) striving to realize its corporate creed of “Creativity and Contribution” since the very beginning; (2) working towards improvement of its corporate value by reinforcing its system of internal controls; (3) creating new value to help resolve various issues facing the global community; (4) implementing environmental innovations that integrate resource conservation and energy saving features; and (5) increasing transparency by creating interactive communication.

In order to realize these commitments, Casio is promoting various policies such as adherence to the Charter of Creativity for Casio and the Casio Common Commitment, effective compliance and risk management, environmental protection activities that include management of harmful chemical substances, and interactive communication with stakeholders.

In order to integrate everyday business with CSR activities, Casio set up a CSR Committee in 2004, consisting of the company directors and auditors. This committee discusses and mandates specific policies and strategies for each CSR issue.

Casio has also been working urgently to reinforce its system of internal controls, responding to legislation in the wake of the recent series of corporate scandals both in and outside Japan. The company is committed to meeting stakeholder demands for fair and transparent corporate management.

Each management department at Casio has long been independently engaged in preventive measures for anticipated risks and in ensuring compliance with all relevant laws, social norms, and corporate ethics. Now however, Casio is also pursuing a group-wide approach to strengthening compliance and risk management efforts.

Compliance and Risk Management

Along with the establishment of the Charter of Creativity for Casio and the Casio Common Commitment in 2003, printed cards featuring both texts were issued to each employee. Every employee has signed one and carries it as a reminder.

Every year, company officers and department heads sign a pledge that they will observe these company policies and

take responsibility for educating their subordinates and colleagues about them. The previously established Casio Code of Conduct has also been revised, and serves as the basis for the good conduct of all employees.

In order to ensure that all Casio employees are well informed about and adhere to all compliance requirements, Casio has launched CASIO Style, an intranet site for its employees. The site includes messages from top management on the type of company Casio should strive to be.

In addition, subcommittees have been set up under the CSR Committee to deal with important laws that affect the entire company such as the laws on the protection of personal information and export management. This is part of a compliance system that also includes the group companies.

Meanwhile, Casio has established basic policies for risk management that include group-wide compliance, based on the corporate creed and the Charter of Creativity for Casio. The company is working to create a risk management system that complies with Japan’s Company Law, which took effect in May 2006, and the revised Securities Exchange Law, which was passed in June 2006 and will take effect in the near future.

Recommendation from Japan Fair Trade Commission Following a Violation of the Subcontract Act

On September 22, 2005, Casio Computer Co., Ltd., received a recommendation from the Fair Trade Commission for a violation of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (the Subcontract Act) concerning a reduction in amounts paid to subcontractors.

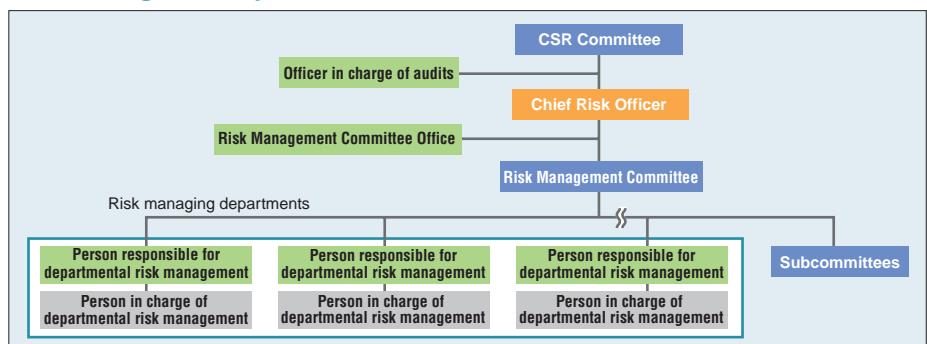
Casio Computer Co., Ltd., and certain suppliers had agreed in advance that, when the company ordered work exceeding a certain normal value within a given period of time, it would pay an agreed reduced amount, less than the actual value of the order. Despite the mutual consent of the parties, however, the Fair Trade Commission determined that part of this operation constituted a violation of the Subcontract Act.

Casio Computer Co., Ltd., regarded this recommendation with the utmost seriousness, and set up a Compliance Committee on the Subcontract Act that includes group companies. The company also re-inspected all of its subcontractor transactions, educated the persons involved, revised its procedures, and made other efforts to improve Casio’s compliance system. The company has taken thorough action to ensure legal compliance and prevent any reoccurrence of such an incident.



CASIO Style

Risk management system



Whistleblower Hotline

In April 2006, after Japan's Whistleblower Protection Act took effect, Casio established a Whistleblower Hotline and appointed an employee in charge of the whistleblower system at each of the group companies.

The hotline has been created to respond to opinions, questions and queries not only from current and retired full-time Casio employees, but also from contract, part-time, and dispatched workers, as well as subcontractors, and anyone else doing work for Casio in any capacity. The hotline enables Casio to discover problems in the early stages, so that measures can be taken to avoid incidents, with the goal of practicing fair and honest management. The confidential hotline has offices in and outside the company, and people with important information to report are able to call a special number, send an email, fax, or letter, or directly visit the offices in person. Accordingly, this hotline serves as a neutral and fair intermediary between the company and people with information to report. The information provided to the hotline is subject to factual confirmation by the Whistleblower Hotline Office, which is headed by an officer of Casio Computer Co., Ltd. The office checks whether the reported activity may be illegal, dishonest, or unethical. If any problems are discovered, an investigation team is immediately formed to check and verify the activity, and then appropriate measures are taken.

As the Whistleblower Hotline Office controls all the information obtained from the group companies in Japan regarding these activities, the privacy of those making calls and those that are the subject of the calls is thoroughly protected. Casio has also established Basic Regulations for the Whistleblower Hotline, which prohibit the dismissal of an employee for making a hotline report. They also prohibit demoting, or cutting the pay of such an employee, or ordering the employee to stay at home, discriminating against the person through pay, or forcing the employee to retire. The protection of hotline callers is carefully secured.

Personal Information Protection

Philosophy on personal information security

Casio is aware of its important social responsibility to keep secure information that it collects from customers and other stakeholders in relation to its business activities. Casio strives to maintain the highest level of information security. In anticipation of full implementation of Japan's Act on the Protection of Personal Information in April 2005, Casio launched its Protection of Personal Data Project in June 2004, to ensure that all employees of the group are able to manage personal information properly. At this time, Casio began formulating and implementing specific policies and procedures. Then, in February 2005, Casio established its Policies on Personal Information Protection to specify the methods of properly securing personal information. Casio has established all the rules needed to ensure full protection of personal information, and is ensuring that all its officers and employees have a thorough understanding of them.

Personal information protection system

Casio Computer Co., Ltd., has appointed the Executive Vice President to the position of Chief Privacy Officer (CPO) and personal information manager and constructed a system for personal information protection under his direction. With the support of top management, all employees and officers are being urged to cooperate with measures to protect personal information. In March 2005, the company set up the Personal Information Protection Office, which inherited the functions of the Protection of Personal Data Project. Three positions were created in this office to handle customer service, information systems, and employee education, respectively. In addition, two leaders were appointed in each department to promote efforts relating to personal information protection at the department level.

Privacy Mark certification

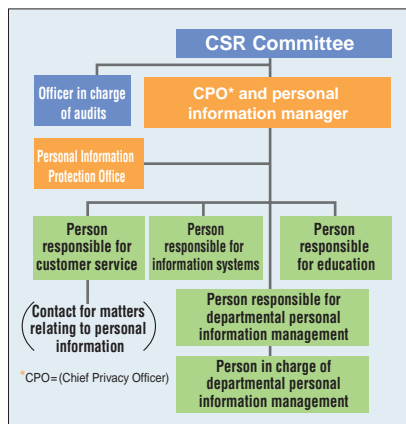
As part of Casio's drive to strengthen its system for safe and proper handling of personal data, Casio Computer Co., Ltd., has worked hard to qualify for the Privacy Mark* certification. As a result of these efforts, the company received the Privacy Mark certification on December 27, 2005.



In fiscal 2005, all personal data held by the company was inventoried, rated, and subjected to a risk analysis, meeting the requirements of the JIS Q 15001 compliance program relating to personal information protection. Based on the results of this analysis, the company established various rules and took additional steps. These steps promoted as a PDCA cycle (plan, do, check, act) management system, including education for all employees and officers, tighter control of information system access and computer logs, reexamination of agreements on the handling of personal data signed with its business partners, and implementation of internal auditing, correction, and other improvements. After completing these efforts, Casio Computer Co., Ltd., filed an application for certification in March 2005. After a documentary audit and onsite inspection, the company was granted Privacy Mark certification in December of the same year.

Accompanying the Privacy Mark certification, Casio will continue to take further measures for the protection of personal information in and outside the company. By strengthening its information security and personal information protection, Casio strives to maintain the confidence of its customers.

Personal information protection system



*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.

Responsibilities to Customers

Stable Supply of Products

Casio is working to strengthen its global supply chain and meet the rising demand for its products by making the most of digitalization and expanding the reach of its network.

Philosophy on Stable Supply

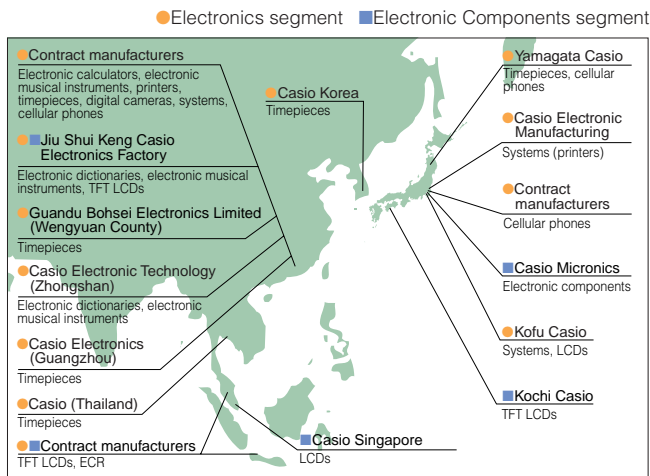
Satisfying and supporting customers with a stable supply of products is one of the most basic responsibilities of a manufacturer. Market conditions depend on the economic situation in a particular region, as well as Casio's competitiveness in the market. Casio must maintain an effective supply chain system in order to deliver products to customers at the right time with the right quality and price.

Based on this point of view, Casio is striving to strengthen and improve the quality of its global supply chain by upholding the four policies listed below.

Policies on Stable Product Supply

- (1) Shortening production lead-time and improving planning and execution accuracy through the streamlining of the supply chain (part vendors – factories – distribution – sales – service) based on information technology.
- (2) Building good relationships with contracted suppliers that provide Casio with the needed parts so as to realize stable material procurement.
- (3) Creating a decentralized production system, featuring production at dual sites, that can help manage various risks involved in manufacturing. Maintaining flexibility to deal with risk by having at least two Casio Group sites produce each item, and ensuring each factory produces multiple items.
- (4) Constructing an optimum production system that corresponds to characteristics of location for each product (market proximity, technological level, material procurement environment, labor costs, logistics costs, and foreign-exchange risk).

Production and supply systems for individual products



Strengthening Production and Supply Systems

In order to provide customers with products at more reasonable prices, Casio performs 60% of its manufacturing (on a monetary basis) outside of Japan.

Consequently, issues such as changes in various political and economic systems and cultural backgrounds that differ from those in Japan, economic conditions, exchange rate fluctuations, and compromise of technological secrets have become important risks for which the company needs to prepare.

Casio is reorganizing and strengthening each production site in the group to produce multiple items, while increasing efficiency and reducing cost rates. By optimizing the deployment of human resources at management sites in Southern China, promoting functional efficiency, and strengthening internal control, Casio aims to increase the speed of its response in the event of an accident.

Production System for Electronic Products

In December 2005, Casio liquidated two subsidiaries: Casio Electronics (Zhongshan) Co., Ltd., a production site for electronic dictionaries and calculators, and Casio Electronics (Zhuhai) Co., Ltd., a production site for electronic musical instruments. The production for both these product types was then taken over by a newly established company, Casio Electronic Technology (Zhongshan) Co., Ltd. (floor space 40,000 m²). As the two product categories are in demand in different seasons of the year, this reorganization has evened out production load fluctuation in a mutually complementary form, thereby greatly improving overall plant operating efficiency. At the same time, a common production format was adopted for Casio Electronic Technology (Zhongshan) and Jiu Shui Keng Casio Electronics Factory (operated by Casio Computer (Hong Kong) Ltd.), which has increased mutual compatibility and reduced risk related to level of operation.

In the future, Casio plans to use Casio Electronic Technology (Zhongshan) in order to carry out concentrated management and optimization of load distribution for all of Southern China, including production consignment companies outside of the group.



Casio Electronic Technology (Zhongshan)



At work at Casio Electronic Technology (Zhongshan)

Responsibilities to Customers

Research and Development of Next Generation Products

Pursuing research and development of creative technologies and products with sights set on the next generation.

Research and Development Policies

Guided by its corporate creed of "Creativity and Contribution," Casio is moving forward vigorously with its research and development efforts, aiming to contribute to society through the development of innovative products.

The electronics industry is a place of rapid technological innovation. Committed to building cutting-edge technology and the latest electronic components into its products, Casio continues to provide the world with original product concepts and designs that stimulate new demand.

Research and Development Strategies

Casio's core competence lies in high density packaging, LSI, software/IP,* communications and digital broadcast, information system, and electronic component technologies.

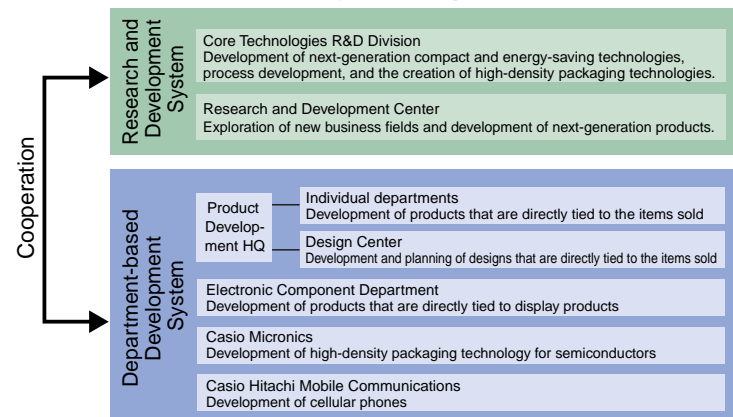
Accordingly, the company is developing products and technologies that are focused on these proprietary technologies and are also compact, lightweight, slim, and energy efficient. Casio is creating advantage through the human interface technologies and expertise that the company has amassed by developing its diverse range of consumer products.

Casio is also currently concentrating its efforts on development in the field of image digitalization (digital cameras). This effort capitalizes on the company's digital technologies, which have their roots in Casio electronic calculators and have now expanded into fields like sound (electronic musical instruments) and text digitalization (electronic dictionaries).

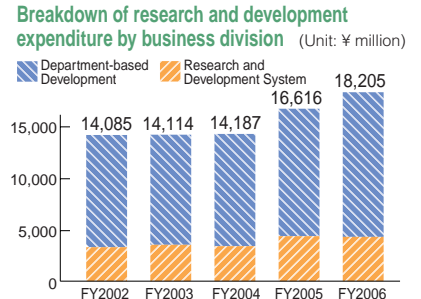
Casio is also stepping up its efforts to construct a mechanism to consolidate the knowledge of experts within and outside the company. It is doing this through the formation of partnerships and alliances with outside organizations, such as public research centers and universities, in fields where medium to long-term growth is anticipated, and in technical fields with potential to become innovative core technologies.

* IP technology: Internet protocol (IP) technology manages communication routes and device addresses on networks.

Research and development system diagram



The company spent ¥18,205 million on research and development in fiscal 2006. The expenditure was broken down by business type and by segment as shown at right.



Research and Development Organization

Casio's research and development is organized into a primary Research and Development System tasked with basic research and developing elemental technologies and next-generation products, and a Department-based Development System that handles product development that is directly linked to individual departments.

Research and Development System

The Research and Development System includes the Core Technologies R&D Division and the Research and Development Center, which are set up within Casio Computer Co., Ltd. These departments develop technologies to make inroads in new business fields, as well as fundamental technologies that are shared by all business operations. They also perform research and development, including development of next-generation products and process technologies. In order to tackle technological fields where long-term growth is projected and technology themes that have the potential of becoming next-generation core technologies, Casio is promoting joint research with outside research organizations and the formation of alliances with other corporations.

Department-based Development System

Development organizations set up within various departments and Casio group companies operate under the Department-based Development System. Here, research and development of new technologies and production technologies relating to individual products are carried out in cooperation with sales departments.

List of research themes / joint research partners (in random order)

List of research themes

Fuel cells, WLP/EWLP®, organic EL, thin film nano-technology for next-generation information devices, basic technology for the building of a nano-medicine production base, equipment noise reduction, environmental noise measurement, etc.

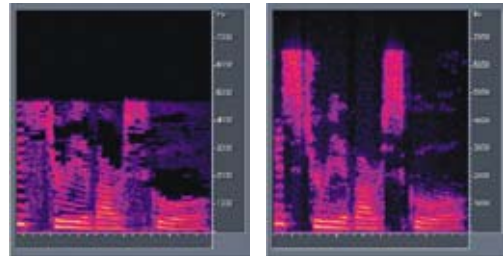
List of joint research partners

Kochi Prefecture, Kyoto City, Kochi University of Technology, Kyushu University, Kyoto University, Kogakuin University, Yokohama National University, Saitama University, University of Tokyo, Tokyo Institute of Technology, University of Electro-Communications, Tohoku University, Tokyo University of Agriculture and Technology, etc.

Development of Sound Compression Technology

Casio Computer Co., Ltd., has developed a voice function for its electronic dictionaries, far surpassing the potential of paper dictionaries. With sound quality that is close to a real voice, this technology provides more realistic sound and longer battery life, all at a reasonable price.

Since 2005, Casio electronic dictionaries have featured Casio's own True Voice sound compression format for better language learning. This technology has expanded the sound reproduction range compared to previous electronic dictionaries. By faithfully reproducing vowels and consonants it is now possible for users to more clearly hear the sound of a native speaker pronouncing the word by itself or in a dialogue. Moreover, the specialized LSI has been eliminated through technology that decodes the compressed sound at high speed, and the computing is performed by the



Earlier technology True Voice
True Voice expands the sound reproduction range.

electronic dictionary's CPU instead. This has resulted in a low-cost, energy-saving product with improved battery life. In the future, Casio will expand the number of word and dialogue pronunciations through better compression rates, and will apply the technology to products other than electronic dictionaries by adapting it for other applications.

Digital Terrestrial Broadcasting High-sensitivity Tuner Technology

Following the start of digital terrestrial broadcasting in Japan in December 2003, One Segment broadcasting for reception by cellular phones commenced on April 1, 2006. To maintain good cellular phone reception, tuner technology that enables reception of digital broadcast signals while on the go over a wide area is indispensable. For several years, Casio worked to develop such tuner technology and has come up with orthogonal frequency-division multiplexing (OFDM) demodulation circuits, which can greatly improve sensitivity compared to conventional technology. The circuits incorporate three technologies: (1) technology that not only performs analysis and correction of digital broadcast frequency and signal strength, but also signal processing even with time fluctuations; (2) technology that controls an RF tuner so that optimal signal reception conditions are maintained even when signals are distorted by reflection off a building or for other reasons; and (3) technology that controls the directional characteristics of the primary antenna by raising the voltage of the auxiliary antenna to receive stronger signals.



W41H cellular phone with terrestrial digital broadcast receiver

Products featuring part of this technology were released in February 2006. Casio will continue to develop technology that incorporates OFDM demodulation circuits together with antenna and tuner RF circuits. Casio is constantly improving the efficiency of this tuner technology, thereby increasing the performance of One Segment receivers, most notably cellular phones.

Development of Biometric Authentication Technology

Given the popularity of online transactions and the exchange of documents over the Internet via computers and mobile devices, information security has become a pressing issue. That is why Casio Computer Co., Ltd., has been researching and developing core technologies related to information security. In particular, Casio has been developing fingerprint-scanning devices and fingerprint authentication algorithms that can serve as biometric authentication technologies that help identify the user of the device. Casio's devices have the special ability to obtain high-quality images from various types of fingerprints, and the authentication algorithms can

handle a wide range of fingerprint image quality. Consequently, it is now possible to handle a variety of fingerprint images, which vary by the person's lifestyle and occupation. This technology can affect vast numbers of people, and is particularly important for applications such as online transactions and document exchange, where easy-to-use fingerprint authentication systems are required.



Biometric authentication device

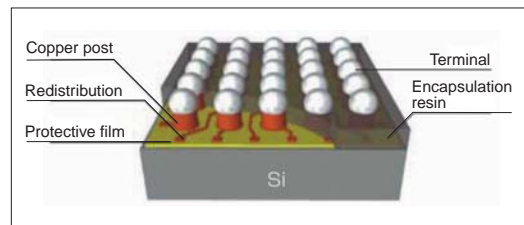
Development of High-density Packaging Technology (WLP Technology)*¹

With the advancement of digital products, semiconductors need to be ever more compact and feature ever greater performance. Casio is researching high-density packaging technology to contribute to the realization of better semiconductors.

Casio has been developing Wafer Level Package (WLP) technology since 1997, and in 2001 Casio Micronics started WLP mass production. In 2002, WLP was widely adopted in the image signal processing devices for GPS cellular phones with built-in cameras. Since 2003, WLP has spread to other areas such as flash memory for digital cameras and sound generator LSIs for cellular phones.

In fiscal 2006, the Casio Micronics No. 2 Factory set up 300-mm wafer-size processing for WLP technology, and started mass production of the industry's most advanced semiconductors in 2006. Casio is also promoting the development of Embedded Wafer Level Package (EWLP) technology*², which is gaining attention as next-generation

Cross-sectional view of a WLP



systems-in-a-package (SiP), making mass production possible at Casio's partner manufacturers of printed circuit boards. The company has also established the EWLP Consortium in order to promote greater use of EWLP technology in the industry.

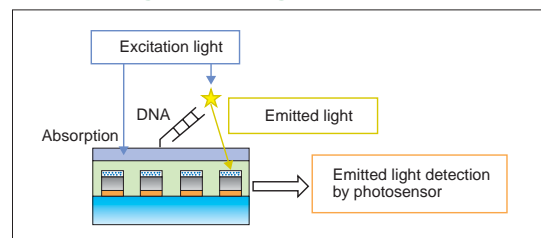
*1. **Wafer Level Package (WLP):** This is a new semiconductor-packaging technology that enables copper redistribution, electrode terminal formation and resin encapsulation to be done in the wafer stage.

*2. **Embedded Wafer Level Package (EWLP):** This technology embeds WLPs in a printed circuit board.

R&D for Biosensor Technology

There is a growing need today for new technologies that can help reduce medical costs. Casio Computer is carrying out joint R&D with Tokyo University of Agriculture and Technology in order to realize DNA diagnosis utilizing TFT photosensors which form the core of biometric authentication devices, which Casio is also developing. Presently, basic research is being carried out in the following technological areas: (1) immobilization of DNA on a sensor; (2) chemical reaction processing on a sensor; and (3) single nucleotide polymorphism (SNP)* determination based on fluorescent labeling, in diagnosis models that perform SNP determination, which has a strong relation to human alcohol sensitivity. By directly immobilizing DNA on a sensor, it is possible to make the entire system more compact. In the future, Casio will continue research and

Genetic diagnosis using biosensors



development of biosensor technology. The aim is to realize compact, easy-to-use biosensor systems that can enable genetic diagnosis in hospitals, and eventually at home.

* **Single Nucleotide Polymorphism (SNP):** A DNA sequence variation occurring in a single nucleotide (A, T, C, or G) of the genome that enables the determination of susceptibility to a disease. It is estimated that there are three million SNPs for human beings.

Research and Development of OLED Display*

Casio Computer Co., Ltd., is pursuing the development of organic light emitting diode displays (OLEDs) that employ an amorphous silicon TFT drive and a printing OLED. This effort is guided by the company's commitment to developing energy-saving, space-saving and environmentally friendly technologies that are based on a simple design and manufacturing process.

In fiscal 2006, Casio began developing small flat panel displays (FPDs) for portable information devices, adding this to its existing development program for large FPDs. As a result of this effort, Casio has realized improved peak brightness, aperture ratio, writing ratio, and image characteristics. This was achieved through the adoption of custom driver LSI and a new drive method, as well as high aperture ratio and high definition technologies. These technologies utilize



OLED display

***OLED display:** A device that displays text and images by using organic light emitting diodes that produce light when an electric current is passed through them. Because they are self illuminating, OLED displays require no backlighting. They thus consume less electricity and are thinner than liquid crystal displays. OLEDs provide a wide viewing angle and a fast response speed for smooth picture movement. For these reasons, they are expected to become the next-generation display.

Casio's own distinct printing OLED process and amorphous silicon TFT device design.

In the future Casio will focus on the printing OLED process and hyper amorphous silicon TFT (HAST) technology application for small displays. In addition to developing high-resolution, high-productivity technology, the company aims to reduce flame area (outside of the view area) to increase added value in small size displays.

Participation in Collaboration of Regional Entities for the Advancement of Technological Excellence*

Kochi Prefecture Development of Thin Film Nano Technology for Next-Generation Information Devices

Casio has been participating in the above-named project since January 2003. At a results briefing exactly halfway through the project period, it was announced that a working prototype of a 60,000-pixel zinc-oxide TFT display had been created, and that the theory behind this technology had been proven. The project has already shown that low-resistance zinc oxide offers the same properties as indium tin oxide (ITO) at $180\mu\Omega\text{-cm}$, and the aim is now to improve upon this performance to less than $100\mu\Omega\text{-cm}$. Based on these results, it is expected that a high aperture-ratio, power-saving display with a low-temperature, energy-saving manufacturing process will be realized.

Field emission lamp (FEL) technology uses thin nano-diamond film as an electron source, and was originally developed for display backlighting. The project has created a sample of FEL for use in vehicle taillights, in a joint research project with an automobile manufacturer. Subsequently, this technology has gained a lot of attention at various exhibitions, as well as through the official results announcements. FEL has become a reality for a wide range of uses as a power-saving, mercury-free lighting technology.



World's first zinc-oxide TFT display



Second research results presentation
October 14, 2005
Panel Discussion: Creating New
Industries in Kochi Prefecture



Prototype of a Four-Color Field
Emission Lamp Using Thin Nano-
diamond Film

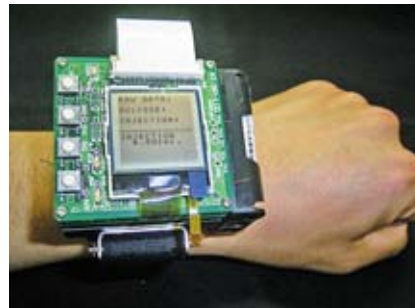
Japanese-language Website of Kochi Prefecture's
Collaboration of Regional Entities for the Advancement of
Technological Excellence
<http://www.kochi-create.com>

Kyoto City Development of Fundamental Technology to Create a Key Location for Nano Medicine

Kyoto City's Collaboration of Regional Entities for the Advancement of Technological Excellence project began in January 2005 and is led by Kyoto University. It aims to develop fundamental technology to create a major site for nano medicine. This five-year project will operate until December 2009.

There are four groups in this project working closely together and sharing results. These groups are involved in development of: (1) portable devices for blood analysis focusing on several markers for tumors; (2) wristwatch-type devices that perform painless blood collection and analysis using a micro-needle; (3) nano materials that enable imaging and targeting of tumor markers that are unique to cancer; and (4) imaging and targeting materials based on magnetic resonance imaging (MRI) technology that uses nano particles.

The goal of this research is to create new technology that will help build a future society where people can feel secure by knowing the current status of their health. Casio Computer is participating in the group for development of wristwatch-type devices, and is promoting the development of systems devices for medical testing.



Prototype of a second-generation wristwatch-type device



Kickoff meeting
March 23, 2006

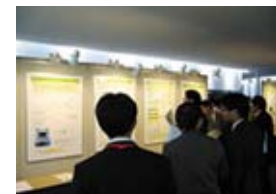


Exhibit at the joint symposium
May 29, 2006

Japanese-language Website of Kyoto City's Collaboration
of Regional Entities for the Advancement of Technological
Excellence
<http://www.astem.or.jp/kyotokesshu/index.html>

* Collaboration of Regional Entities for the Advancement of Technological Excellence (CREATE):

Projects conducted by various communities (prefectures or government-designated cities) in one of the eight priority research fields specified by the Japanese government—life sciences, information and telecommunications, environment, nano technology, materials, energy, manufacturing technology, and social foundation/frontiers. The projects draw upon the collective efforts of community research potential (R&D-oriented corporations, universities, public testing and research organizations) to advance research and development in the community's chosen field. The goal is to contribute toward the creation of new technology and new industries throughout Japan.

Management of Intellectual Property

Policies and goals

Casio is promoting a unified business strategy while linking research and development with its management of intellectual property. The company aims to increase profitability and protect its business through proper management of intellectual property. Casio views intellectual property as an important indicator of corporate value. The company has set out the following four points as its policies and goals for effectively promoting intellectual property management and properly administering its results.

Intellectual Property Management Policies

1. Making Casio a company with strong technologies and intellectual property rights

- Establishment and promotion of intellectual property strategy based on business, technology, and product strategies
- Global acquisition of strong intellectual property rights based on competitive technologies
- Creation of better awareness in order to strengthen intellectual property

2. Utilizing intellectual property rights

- Making the most of intellectual property using the overall activities of the entire company
- Promotion of licensing (cross licensing)
- Elimination of Casio product imitations

3. Avoiding the risk of intellectual property infringement

- Prevention of use of third-party intellectual property rights by always placing importance on technological advancement
- Thorough investigation of third-party intellectual property rights

4. Developing human resources for intellectual property

- Intellectual property education for employees of the company at all levels
- Training of intellectual property specialists

Role of the Intellectual Property Center

Creation of innovative new technologies and products has been Casio's approach to development since the beginning. The competitiveness of a corporation is heavily influenced by its ability to protect its innovations through patents. At the same time, companies must patent their brands and designs, in order to protect themselves from fakes and imitation products.

The Intellectual Property Center is tasked with managing Casio's intellectual property worldwide. Its role is to ensure the competitiveness of Casio's business by making use of secured patent rights, design rights, trademarks and other rights. The center is also responsible for resolving disputes and signing agreements with third parties, while broadly managing all intangible assets and intellectual property rights such as copyrights and trade secrets.

Intellectual Property Activities

Casio has various systems in place to properly manage the intellectual properties that it has amassed over the years. They also ensure that research and development results will continue to be produced, resulting in new intellectual properties.

(1) Patent application and acquisition activities

The aim of these activities is to establish basic and de facto patents based on the improvement of quality, while building a patent network through patent application and acquisition in important fields (selection and concentration).

(2) Utilizing intellectual property rights

Using intellectual property rights already obtained, Casio provides licensing to other companies (including cross licensing). At the same time, the company rigorously pursues and eliminates imitations of Casio products.

(3) Patent Advisory Engineer System

This system was initiated in 1994 for the ongoing creation of outstanding intellectual properties. Highly qualified engineers with good technical knowledge and strong leadership qualities are appointed as patent advisory engineers and assigned to divisions. Their responsibility is to strengthen the intellectual properties within their individual divisions by helping to create core inventions, explore opportunities for new inventions, evaluate inventions, and avoid infringement of other companies' patents.

(4) Techno Power

The Techno Power awards were launched in 1992 to provide incentive to technology developers while encouraging the sharing and accumulation of technology. They provide engineers and designers with an opportunity to present their work to top management, and awards are given for outstanding achievements. By properly evaluating and rewarding intellectual property accomplishments, the Techno Power awards encourage engineers to take on new technological challenges with pride and motivation.

(5) Invention Prize System

In 1968, Casio created an Award Program to recognize employees' contribution through inventions and creative work. By providing incentives to inventors and creators, the program serves to motivate the company's engineers to tackle new technology. In addition, Casio recently revised its intellectual property regulations in compliance with Article 35 of the new Patent Law (Employee Inventions), which came into effect in April 2005. In the new regulations, the company added a discussion process to allow inventors to express their opinions, along with a mechanism for inventors to dispute the amount of a monetary award. The regulations were again revised in April 2006, to better meet the needs of inventors.

(6) Intellectual Property Education System

Casio conducts various educational activities in order to raise the employee awareness of the importance of competitive intellectual property acquisition. The company holds internal seminars to increase interest and understanding of intellectual property, discloses information on the utilization of the Website (the contents of the intellectual property homepage), and utilizes outside educational organizations, such as the Japan Intellectual Property Association and the Japan Institute of Invention and Innovation.

Responsibilities to Customers

Customer Satisfaction and Quality Assurance

Casio is striving to improve the quality of its products and services, in order to increase the satisfaction and confidence of customers.

Activities of Casio Customer Support Center

Communication is an important way for Casio to create long-lasting relationships of trust with customers. Casio's Customer Support Center is the contact point for customers to submit their opinions, requests and questions. The Customer Support Center operates under the CS Control Group with the goal of improving customer satisfaction (CS) across the development, manufacturing, sales, and service departments. The center strives to continually deliver high-quality service to customers by conducting regular skill checks on all staff and ensuring they observe the following four points when receiving calls from customers:



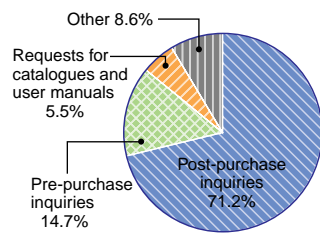
Customer Support Center

- Prompt, accurate and polite response
- Acceptance of customer's remarks with sincerity and accurate understanding of the facts
- Efforts to tie the viewpoint of customers to a solution
- Reflecting customer opinions in product and service improvements.

In this way, Casio is striving to ensure the satisfaction and happiness of customers. The operating hours of the Customer Support Center are also being steadily expanded to include weekends and holidays, in an effort to offer more customer convenience. Finally, the Customer Support Center also operates an Overseas Customer Support Center. The Overseas Customer Support Center cooperates with the customer support centers at Casio's overseas sales companies. The Overseas Customer Support Center is carrying out various activities to foster good relationships of trust with overseas users of Casio products as well.

In the future, Casio will continue to increase the level of its high-quality customer service, and use worldwide customer opinions to further improve its business.

Types of inquiries (Fiscal 2006)



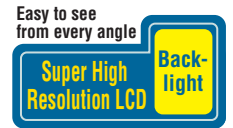
Customer Satisfaction Surveys

Casio periodically conducts customer satisfaction surveys to identify customer opinions on a product-by-product basis. The surveys relate not just to product function, performance, and design, but also to ease of use and customer service. The results are then reflected in the creation of future products.

● Example of an Electronic Dictionary that Reflects Customer Opinions

Customer Comments

- ★ Make the text display easier to read!
- ★ Provide audio pronunciation samples in other languages!
- ★ Make the dictionary expandable!



Super High Resolution LCD with backlight



The EX-VOICE System provides clear audio



Contents Plus allows you to add the content you need

Customer Service Improvement

The Service Department, which is responsible for product repairs, strives to satisfy customers by providing service based on the following three points: prompt response, dependable technology, and reasonable fees that satisfy customers.

● Prompt response

Casio is taking steps to improve its operations by focusing on part procurement, repair work, and repair technology, so as to shorten the repair time and return repaired products to customers as quickly as possible. In Japan, Casio aims to be the electronics manufacturer with the shortest repair time. In overseas markets too, Casio is striving to shorten repair times to match Japan levels. Moreover, Casio has repair locations for system equipment across Japan, enabling prompt dispatch of repair technicians to client sites.

● Dependable technology

Casio is working to improve its repair technology in order to maintain customer confidence and realize the kind of repair quality that customers expect. In addition, Casio is striving to improve product quality by sending feedback from the repair sites to the Product Development HQ and the Manufacturing Department.

● Reasonable fees that satisfy customers

Casio works hard to reduce any unnecessary burden on customers by controlling repair costs. This is done through improvement of repair methods and setting repair fees that customers can accept. Repair method improvements are also important because they help to reduce discarding of parts during repair work. In fiscal 2006, Casio's new and improved system of digital camera repair operations—the first of its kind in Japan—was also implemented at overseas repair locations.

Casio's Commitment to Quality

Quality Concept

Casio maintains a strong quality assurance system, based on its belief in "Quality First." This system requires all employees to make quality their first concern in every task they perform, enabling the company to offer products and services that please and impress customers. The company's commitment to quality supports its corporate growth and makes social contributions possible, while at the same time winning customers' trust and giving them peace of mind.

Quality Management Policies

- To build a good corporate image, we offer products and services that please and impress our customers, gain their strong trust, and ensure their peace of mind.
- We respond to our customers' requests and inquiries with sincerity and speed, and reflect their important comments on our products and services.
- In all our business processes, we base our actions on the Principle of the Five "Gens"—in Japanese, *genba* (on site), *genbutsu* (actual goods), *genjitsu* (reality), *genri* (theory) and *gensoku* (rule)—and adhere to the basics of business operations.
- We capture and analyze quality assurance activities quantitatively, using reliable data, and use the analysis to make continuous improvements. We also maintain a quality information system that enables the sharing of the quality information and prevention of problems before they occur, and prevents recurrence of quality problems.

To offer goods and services that please and impress customers, it is necessary to create products that can win their solid approval in all areas. In addition to function, design and price, these areas include reliability, durability, serviceability, environmental soundness, and compliance with relevant laws and regulations.

For Casio, all of these factors that affect the evaluation of its products are elements of quality. Group-wide efforts have been made to improve quality, based on Casio's Quality Concept and Quality Management Policies. In 1996, Casio

started its "Delight Our Customers" program to ensure that all employees of the group would become thoroughly familiar with Casio's philosophy concerning products and services. The program is continuing to raise employee awareness.



Quality Assurance System

Casio has constructed a quality assurance system and constantly strives to improve quality across the group.

The Casio Promotion Committee for Groupwide Quality Enhancement is Casio's highest quality assurance authority. It meets semiannually by convening the heads from the Electronics business segment (consumer, timepiece and system equipment categories), the Electronic Components segment and the communications business, as well as quality managers of manufacturing and service affiliate companies. Decisions are made at these meetings on company policies and important issues relating to quality. The resolutions are then communicated to individual departments and reflected in specific quality assurance activities within the departments.

In 2004, the CS Control Group was created within the Sales Department of the Electronics Equipment business to improve consumer services. Since then, the CS Control Group has been conducting activities to ensure quality in product development in cooperation with the Engineering Department (within the Product Development HQ) in an effort to further improve quality and services.

Moreover, persons responsible for quality assurance have been appointed in the development departments to look after product specifications, software, mounting, outer packaging, circuits, devices, and manufacturing, respectively, in each businesses. In addition, the quality managers who oversee the entire operations ensure product quality in each business.

Teachers Meeting (Product Feedback from Educators)

On December 19 and 20, 2005, Casio invited 11 mathematics teachers from Australia, the United States, South Africa, Iran, Turkey, South Korea, Malaysia, Singapore, and the Philippines to the Teachers Meeting at the Hamura Research and Development Center. The event was held in order to get product feedback from overseas educators.

The main purpose of the meeting was to hear opinions on the functions of Casio's current scientific calculator models. The teachers submitted product evaluation reports to Casio in advance outlining over 100 points for improvement. During the discussion, Casio responded to these suggestions, and there was a lively exchange of opinions among the teachers.

This gathering provided important material for future product development. It was also a fantastic, special opportunity for the members of Casio's development team to meet and talk with teachers in person.



Teachers Meeting

Quality Management System

Casio has constructed a quality assurance system based on the ISO 9001 quality management system. Casio strives to improve quality by applying the PDCA (plan, do, check, act) approach to all stages in the process chain, from product planning, to design, evaluation, purchasing, production, sales and service.

Partial List of ISO 9001 Certified Sites

Classification	Certified and Registered Site	Initial Version Registration Date
Product Development/HQ	Casio Computer Co., Ltd. System Product Unit	June 25, 1999
Domestic Production Sites / Services	Kofu Casio (including Ichinomiya Factory)	August 1, 1994
	Casio Electronic Manufacturing	August 5, 1994
	Yamagata Casio	December 16, 1994
	Kochi Casio	January 12, 1996
	Casio Micronics	March 29, 1996
	Casio Techno	May 21, 2004
Overseas Production Sites	Casio Korea	September 15, 1994
	Casio Computer (Hong Kong) (including Jin Shui Keng Casio Electronics Factory)	July 29, 1998
	Casio (Thailand)	October 24, 2000
	Guandu Bohsei Electronics Limited (Wengyuan County)	March 22, 2002

New product shipment Start Approval System

Before starting shipment of a new product, the quality assurance persons responsible for planning, design, evaluation and production, with their quality control supervisor, reconfirm each process involved. This is followed by objective verifications by the senior general manager of the Product Development Headquarters, and the general manager of the Engineering Department. Only then is a decision made to ship the new product.

Post-sale Problem Response System

In the event that an accident, complaint or quality problem occurs after a product sale, an information channel is established according to the type and level of the problem. This mechanism ensures that the necessary information is communicated promptly to the departments and supervisors who can quickly determine the appropriate actions. In addition, Casio has Web-based mechanisms that enable responsible persons and other involved individuals to check on the status of problem resolution online, to discuss and decide countermeasures including notification, and to clearly report and announce measures to prevent recurrence of the problem. Casio is able to respond promptly and accurately to any problem that may occur.

Quality Information Assistance System

Casio uses reliable data to quantitatively analyze market and production conditions, and furnishes the results to its quality professionals. The company also has a quality assurance

Website on its Intranet, ensuring that all employees are thoroughly informed of laws and regulations, as well as Casio's internal standards and rules. Casio provides solid support for quality assurance.

Efforts to Ensure Product Safety

Casio makes every effort to ensure product safety so that customers can always use Casio products with peace of mind.

Casio's product specifications include explicit safety specifications. In addition, a Product Safety Responsibility System has been implemented to evaluate product safety in every process and for every product to ensure that all Casio products are safe.

Casio has established permanent sub-committees to ensure safety under the Casio Promotion Committee for Group-Wide Quality Enhancement. These sub-committees guarantee compliance with electrical safety standards and electromagnetic compatibility (EMC) standards. Dedicated staff on these sub-committees provide technical guidance and operational support for the entire group.

Extraordinary committee meetings are also held as necessary to establish rules and exchange information. These and other activities ensure that Casio complies with safety laws and regulations.

Status of Quality Assurance Activities

Accomplishments relating to priority tasks in Casio's quality assurance activities in fiscal 2006 were as follows.

(1) Promotion of Efforts to Improve Customer Satisfaction Levels

In order to improve new products, customer comments were gathered and analyzed, and points for improvement were provided as feedback to the development and design departments. The resulting cases of product improvements were then publicized within the company, allowing Casio products to compete in the effort to improve customer satisfaction.

(2) Implementation of Post-sale Accident Prevention Measures

Along with the reexamination and revision of internal design policies and standards based on the lessons learned from product-related accidents reported in newspapers and on television, Casio made unified efforts to raise awareness towards the elimination of such accidents. Casio also actively disclosed information on design and manufacturing defects that posed the risk of causing an accident. The company thus reconfirmed that customer safety is its highest priority.

(3) Activities to Reduce Monetary Losses Due to Quality Issues

Casio addressed quality issues for each item in order to reduce quality-related losses, which serve as an indicator for quality improvement. The company made effective efforts to prevent problems from occurring or reoccurring, and losses were reduced compared to the previous year.

**Responsibilities
to Suppliers**

Building Strong Partnerships

Casio is building strong partnerships with suppliers in and outside Japan that share Casio's procurement policies.

Basic Thoughts behind the Approach to Procurement Policies

Casio aims to fulfill its social responsibilities, including compliance with relevant laws and social norms, and protection of the environment, through fair and equitable transactions throughout the supply chain by strengthening partnerships with suppliers.

Procurement Policies

1. Fair and equitable transactions

Casio carries out fair and equitable transactions by providing equal opportunities to all suppliers (and candidates) in and outside Japan in accordance with its internally established procedures.

2. Compliance with laws and social norms

Casio's procurement activities comply with all relevant laws, social norms, standards, and treaties worldwide, including the protection of human rights, prohibition of child labor, forced labor and discrimination. Therefore, Casio also requires its suppliers to observe the same legal and social requirements.

3. Environmental protection

Casio helps to protect the global environment through environmentally friendly procurement, which is based on the Casio Environment Charter and Fundamental Environmental Policies, in cooperation with suppliers.

4. Strengthening partnerships with suppliers

Casio builds relationships of trust with its suppliers through reciprocal efforts, such as merging and complementing of mutual technological development abilities, supply chain cooperation, compliance with laws and social norms, and protection of the global environment, which will benefit both parties.

5. Policies on supplier selection and transaction continuation

Casio initiates and continues transactions with suppliers based on comprehensive evaluation criteria, which include compliance with laws and social norms, environmental protection, proper information security, respect for intellectual property, sound and stable corporate management, superior technological development ability, right price and quality, stable supply capabilities, and electronic transaction systems.

6. Right price and quality

Casio endeavors to secure right price and quality in order to provide its customers with a stable supply of optimal products, to ensure that Casio gains the full confidence of customers around the world.

7. Prohibition of personal-interest relationships

Casio does not allow any employee to have personal-interest relationships with suppliers.

Fulfilling Social Responsibilities Together with Suppliers

Casio has set forth the Social Responsibility Guidelines, including compliance with laws and social norms, and environmental protection, in order to fulfill its social responsibilities together with its suppliers through procurement activities.

Social Responsibility Guidelines

Guidelines covering the following areas have been established in order to fulfill social responsibilities through procurement.

1. Compliance with laws and social norms
2. Environmental protection
3. Proper information security
4. Respect for intellectual property
5. Sound and stable corporate management
6. Superior technological development abilities
7. Right price and quality
8. Stable supply
9. Electronic transaction systems
10. Prohibition of personal-interest relationship

Sharing the Guidelines

By holding of Procurement Policy Presentation Meetings and individual consultations, Casio is conveying its policies to suppliers in and outside Japan. The Guidelines have been posted on Casio's Website and also distributed in printed form to the people concerned.

Managing the Guidelines

Casio works together with suppliers to resolve such issues as may be identified in the regular surveys, which are conducted by means of answering pre-scribed questionnaires.



Procurement Policy Presentation Meeting

Reporting on the Guidelines

Casio releases regular reports on its fulfillment of the Social Responsibility Guidelines.

Responsibilities to Shareholders and Investors

Optimum Shareholder Return and Information Disclosure

Casio is striving to improve business performance and strengthen its financial position in order to increase returns to shareholders.

Basic Policies on Profit Distribution to Shareholders

Casio considers maintenance and expansion of profit distribution to shareholders to be an important management goal. Accordingly, it is striving to improve its business performance and strengthen its financial position. Casio distributes returns to shareholders by comprehensively considering the company's profit level, financial situation and dividend payout ratio, based on a policy of maintaining stable dividends. Internal reserves are also being appropriated for the R&D and investment necessary for stable corporate growth. These steps allow Casio to improve its business results and strengthen its management structure.

Operating Results and Dividends in Fiscal 2006

In fiscal 2006, Casio moved forward aggressively with expansion of its strategic businesses, including timepieces, digital cameras, electronic dictionaries, cellular phones and TFT LCDs. At the same time, the company strove to improve management efficiency by raising the profit margin and improving capital efficiency. As a result, record-high net sales and net income figures were achieved for the third consecutive year: ¥580.3 billion and ¥23.7 billion, respectively (on a consolidated basis). Dividends were raised by ¥3 per share from ¥17 in the previous fiscal year to ¥20, marking the third consecutive year of growing dividends.

Inclusion in SRI Index and Funds

Socially responsible investment (SRI) represents a commitment to evaluate and select corporations for investment on the basis of their performance on the triple bottom line. In addition to conventional investment criteria such as financial analysis, companies are also evaluated based on their CSR performance including legal compliance, employment and human rights issues, social contribution, and environmental protection. SRI funds have been gaining popularity in recent years, and Casio is included in the following index and funds.

Casio in SRI Index and Funds (as of June 1, 2006)

SRI Index Inclusion

- Morningstar SRI Index (May 1, 2006)

SRI Fund Inclusion

- STB Asset Management Co. Ltd. STB SRI Japan Open "Good Company"
- Sumitomo Mitsui Asset Management Co. Ltd. Eco-Balance "Umi to Sora" (Sea and Sky)

Communication with Shareholders and Investors

Casio is actively engaged in a variety of investor-relations initiatives, true to the company's policy of disclosing corporate information appropriately and in a timely fashion, as outlined in the Casio Code of Conduct.

IR events

After the release of financial results each quarter, Casio holds financial results briefings. As the main speaker at these events, the company president or director in charge of IR explains the financial results and future outlook to institutional investors and securities analysts. On occasion, the company also meets individually with Japanese or overseas institutional investors and securities analysts. Factory tours and small meetings for specific business segments are provided as well.



Financial results briefing

A wide array of IR tools

IR tools used by Casio include quarterly financial results, annual reports, and business reports. The same information is also provided on the Casio Website.



Casio Annual Report



Investor Relations Website

IR Website <http://world.casio.com/ir/>

Communication with Individual Investors

Along with fuller information disclosure on its Website, Casio is actively providing more information to individual investors. These efforts include not just improvement of general shareholder meeting content, but also holding management presentations for shareholders after the meeting.

Inquiries to the IR Department

In cooperation with the General Affairs Department, the IR Department coordinates Casio's investor relation activities, and responds to all manner of inquiries from Japanese and overseas shareholders and investors.

Environmental Management Vision

Environmental Management Activities in Fiscal 2006 and Future Efforts



Yukio Kashio

Yukio Kashio

Executive Vice President and Representative Director
Chairman, Casio Environmental Conservation Committee

Casio approaches its environmental management activities as a top priority issue for the realization of its corporate creed, "Creativity and Contribution." In January 1993, we established the Casio Environment Charter and Casio Fundamental Environmental Policies to serve as a framework for executing our environmental management activities. We then established the Casio Voluntary Plan for the Environment, an environmental management guideline that spells out how we will conduct specific activities. In February 2006, we updated the plan for the 10th time.

Within this plan, we have established an Environmental Action Plan (EAP), the "Clean & Green 21" Initiative, which clearly sets specific numerical targets and deadlines for execution. The EAP covers the entire group, and serves as our medium-term action plan. The company is moving forward toward the achievement of its goals. In February 2006, we updated the EAP for the 9th time.

Activities and results

Product-related activities and results

Our product initiatives in fiscal 2006 included adding 114 new models to the Casio Green Products lineup; the Casio Green Products (C.G.P.) 70 Activity raised the percentage of green products in total sales to 68%. We will continue to work at eco-product design with a view to achieving our target during fiscal 2007, one year ahead of schedule.

In addition, we reduced by 22.6% the total packaging materials used per unit of sales by optimizing our packaging capacity.

We also pursued the target of completely phasing out specified hazardous substances by the end of 2005 in response to the European RoHS Directive, and completed the compliance requirements with the cooperation of relevant departments and business partners.

Business site-related activities and results

Our business site initiatives included energy conservation efforts. The target we pursued was to reduce CO₂ emissions per unit of actual production* by 10% in fiscal 2006 compared to the fiscal 2004 level. However, CO₂ emissions increased 5% due to a unit price decline in our TFT-LCD business.

Our waste reduction targets were to achieve zero emissions and to reduce the generation of waste per unit of production by 30% from the fiscal 2001 level. Casio Micronics Co., Ltd., (Ome) and Casio Soft Co., Ltd., achieved zero emissions status, bringing the number of sites to do so up to 13. The generation of waste per unit of production remained equal to the fiscal 2001 level.

Our hazardous substance phase-out target was to detoxify PCB-containing equipment currently in storage by the end of fiscal 2006. We completed the application for contracting the treatment of PCBs stored at the Hachioji R&D Center and the Hamura R&D Center. PCBs stored at Kofu Casio are waiting for the treatment facility in Hokkaido to start receiving deliveries.

Future initiatives

Future product initiatives

Now that we are compliant with the WEEE and RoHS Directives in Europe, we will steadily take steps to respond to the phase-outs of hazardous substances that are expected to be legislated in North America, China, Japan, and South Korea. We will also monitor legal and regulatory trends, such as the EuP Directive* and REACH Regulation* in Europe, and pursue product compliance.

Future business site initiatives

Starting this fiscal year, we established new action plans for energy conservation, resource-saving (i.e. the reduction of water consumption at production sites), and waste reduction at business sites outside Japan. This is a major step in the worldwide expansion of our environmental conservation programs.

In Japan, we introduced a new action plan at electronic component business sites to combat global warming by reducing emissions of greenhouse gases other than CO₂, targeting a reduction of total emissions in 2010 to at or below the 2000 emissions level. Through this and other steps, we are working to realize the reduction targets set under the Kyoto Protocol. We are also planning to use other new measures, such as CDM, emissions trading, and other Kyoto mechanisms, toward the fulfillment of our new target of a 20% reduction in actual CO₂ emissions by fiscal 2011.

Pursuing CSR management

Casio is making CSR a core driver of its management practices. In one new initiative, we are recasting our eco-product designs as CSR designs by taking universal design concepts into account and rethinking our green procurement of materials as CSR procurement by verifying the status of our business partners' fulfillment of CSR. We are preparing the relevant guidelines and manuals and are moving ahead quickly to implement these new practices.

See the following pages for details.

* See page 32 for explanation of terms.

Casio Environment Charter and Casio Fundamental Environmental Policies

Consistent with its corporate creed of “Creativity and Contribution,” Casio sets specific guidelines and targets in line with the Casio Environment Charter and Casio Fundamental Environmental Policies in order to ensure proactive execution of environmental management.

Corporate Creed

Creativity and Contribution

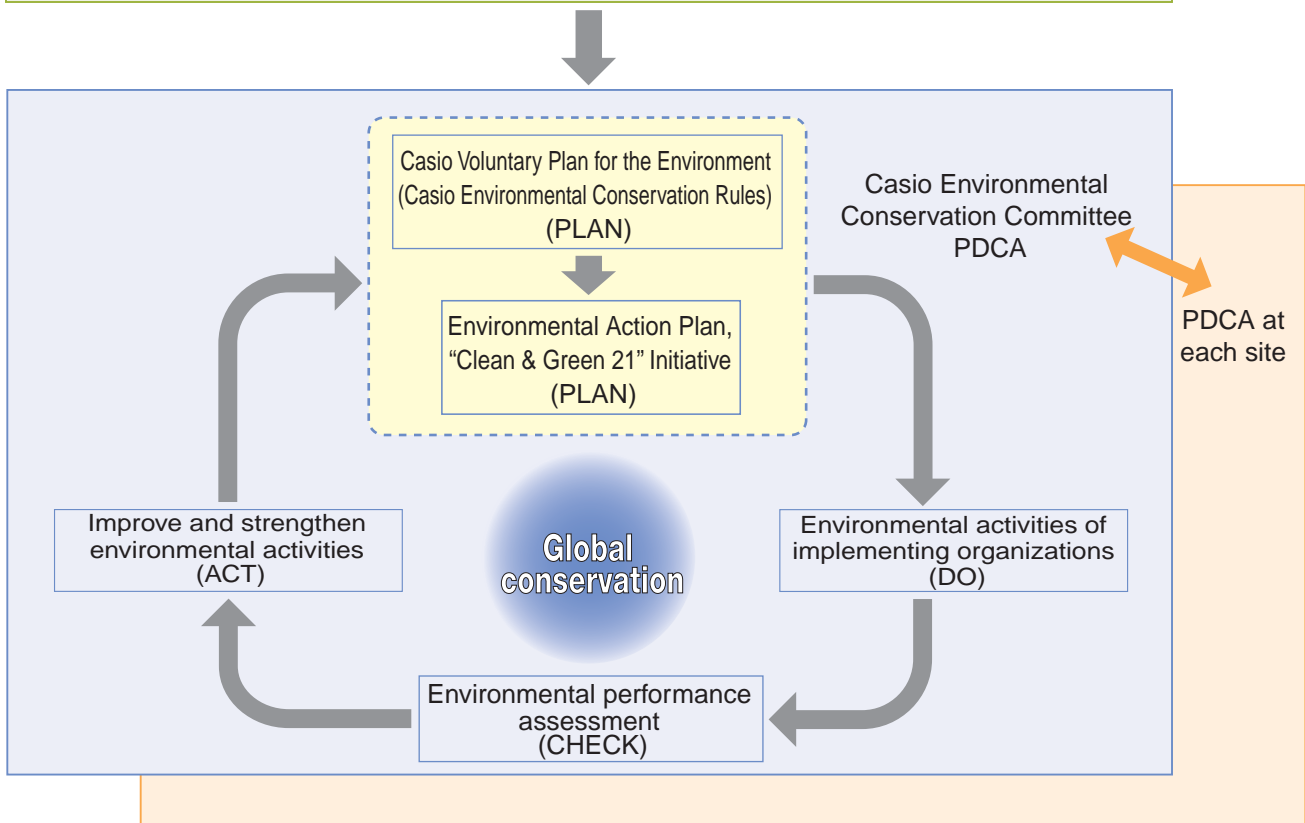
Casio Environment Charter

To conserve the global environment, Casio recognizes the importance of its corporate environmental responsibility across the operations of its entire group. Casio establishes basic policies and specific measures for contributing to world prosperity and human happiness from the broad perspective of international society, and endeavors to implement them.

Fundamental Environmental Policies

1. Casio Group members shall comply with all environmental laws, agreements, and standards in Japan and overseas.
2. The Group shall establish voluntary “Casio Environmental Conservation Rules”^{**} based on consideration for the environment at all product stages of development, design, manufacture, distribution, repair services, and recovery/disposal. All Casio business divisions shall assume responsibility for their implementation, additionally auditing the degree of compliance and making continual improvements.
3. From the standpoint of corporate social responsibility, and as good corporate citizens, all Casio Group members shall apprehend the importance of global environmental conservation and try to heighten their awareness.
4. These policies shall apply to all Casio Group business divisions in Japan and overseas.

^{*}The Casio Environmental Conservation Rules are specific action programs for environmental conservation, set forth in the “Casio Voluntary Plan for the Environment (CVPE).”



Environmental Action Plan, "Clean & Green 21" Initiative

Fiscal 2006 Performance and Future Targets

Casio establishes targets that take account of environmental changes in and outside Japan and continually strives to achieve these goals.

Product-related targets

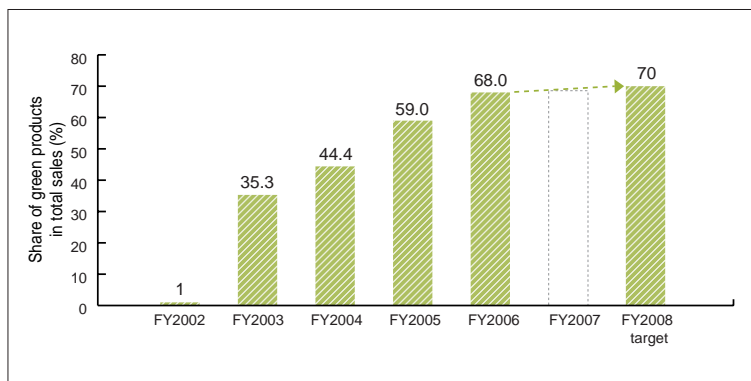
* Rate of achievement: Ratio of fiscal 2006 performance against the target fiscal year.
 ☆☆☆:100% of target achieved. ☆☆:80% or higher achieved. ☆:Below 80% achieved.

Item	FY2006 targets	FY2006 performance	Rate of achievement	FY2007 targets	Page number
Development targets for eco-products	Raise green product sales to 70% of total sales by FY2008.	Green product sales grew to 68%.	☆☆	Continuing	32
	Reduce the total usage of packaging materials per unit of sales by 30% by FY2008 compared to FY2001.	A 22.6% reduction was achieved.	☆	Continuing	55 of Web version
Hazardous substance phase-out targets	Discontinue the use of RoHS Directive-specified toxic substances, namely, lead (lead contained in purchased products), cadmium, mercury, and hexavalent chromium, by the end of FY2006.	Discontinued the use of lead, cadmium, mercury, and hexavalent chromium in products bound for Europe. (PBB and PBDE were already phased out.)	☆☆☆	Discontinue the use of lead, cadmium, mercury, and hexavalent chromium by June 2006 in compliance with hazardous substance regulations other than those for products bound for Europe. <small>*Hazardous substances regulations outside Europe: Hazardous substance regulations equivalent to Europe's RoHS Directive in North America, China, Japan, and other locations.</small>	52 of Web version

Future initiatives

Casio set and worked toward the goal of raising sales of green products to 70% of total sales by fiscal 2008 (C.G.P. 70) in order to spur aggressive development and evaluation of eco-products. In fiscal 2006, green product sales rose to 68% of total sales. Casio will continue to develop eco-products that satisfy Casio's Green Product Certification Criteria, with a view toward achieving the goal set for fiscal 2008 one year ahead of schedule.

Share of green products in total sales



Explanation of terms

■ C.G.P. 70 Activity	Abbreviation of "Casio Green Products 70." An effort to raise the percentage of green products (products that meet Casio's Green Product Certification Criteria) in total sales to 70%
■ EuP Directive	A proposed directive on environmentally friendly design of energy-using products in the European Union (EU).
■ PBB	Polybrominated biphenyl. One of the substances prohibited under the RoHS Directive.
■ PBDE	Polybrominated diphenyl ether. One of the substances prohibited under the RoHS Directive.
■ PRTR	Pollutant Release and Transfer Register system. The system was institutionalized in Japan in 1999 with the Law concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management (PRTR Law).
■ REACH Regulation	A new EU regulation for chemical substances that controls the Registration, Evaluation and Authorization of Chemicals under a single, unified system.
■ RoHS Directive	Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment. A regulation that came into effect in the EU on July 1, 2006, prohibiting the use of six specified hazardous substances in electrical and electronic equipment.
■ WEEE Directive	A directive that came into effect in the EU on August 13, 2005, mandating the recycling of Waste Electrical and Electronic Equipment.
■ Unit of sales	A basic unit of measure calculated by dividing a figure by Casio's consolidated sales.
■ Unit of production	A basic unit of measure calculated by dividing a figure by total production at specified production sites.
■ Unit of actual production	A basic unit of measure calculated by dividing a figure by production, where the value for production in the denominator (i.e. nominal production) is replaced with the value for actual production as corrected using the Bank of Japan's Domestic Corporate Goods Price Index (electrical equipment).

$$\text{Actual production} = \frac{\text{Nominal production}}{\text{Bank of Japan's Domestic Corporate Goods Price Index (electrical equipment)}}$$

The following table shows the yearly ratios in comparison with the base year of fiscal 1991 for the Bank of Japan's Domestic Corporate Goods Price Index (electrical equipment).

Fiscal year	1991	2001	2002	2003	2004	2005	2006
Price index corrected values	1	0.69	0.62	0.58	0.54	0.52	0.50

(Decimals are rounded to the nearest hundredth.)

Business-site related targets

* Rate of achievement: Ratio of fiscal 2006 performance against the target fiscal year.
 ☆☆☆:100% of target achieved. ☆☆☆:80% or higher achieved. ☆:Below 80% achieved.

Item	FY2006 targets	FY2006 performance	Rate of achievement	FY2007 targets	Page number
Energy conservation targets	Reduce CO ₂ emissions per unit of actual production by 10% by FY2006 and by 20% by FY2011 compared to FY2004.	CO ₂ emissions rose 5% due to increased production and a unit price decline in TFT-LCDs	☆	Sites in Japan: Reduce CO ₂ emissions per unit of actual production by 20% by FY2011 compared to FY2004.	20, 50 of Web version
	—	—	—	Sites outside Japan: Reduce CO ₂ emissions per unit of production by 10% by FY2011 compared to FY2005.	
Reduction targets for greenhouse gases other than CO ₂	—	—	—	Reduce total emissions of greenhouse gases other than CO ₂ (CO ₂ equivalent) by 2010 to at or below the 2000 level.*6	
Resource-saving targets	Reduce water usage per unit of production at production sites in Japan*1 by 5% by FY2006 compared to FY2001.	Water usage increased by about 34% over the FY2001 level due to greater water usage accompanying increased production at Casio Micronics.*5	☆	Production sites in Japan*1: Reduce water usage per unit of actual production by 10% by FY2009 compared to FY2001.	51 of Web version
	—	—	—	Production sites outside Japan*2: Reduce water usage per unit of production by 5% by FY2009 compared to FY2005.	
	—	—	—	Sites in Japan: Reduce paper usage per unit of actual production by 30% by FY2009 compared to FY2004.	—
Waste reduction targets	Achieve zero emissions*3 at targeted sites in Japan by FY2006.	Casio Micronics (Ome) and Casio Soft newly achieved zero emissions status, bringing the total number of sites to do so to 13.*7	☆☆	Removed from FY2007 targets.	53 of Web version
	Reduce the generation of waste per unit of production by 30% by FY2006 compared to FY2001.	The generation of waste remained equal to the FY2001 level despite increased production.	☆	Production sites in Japan*1: Reduce the generation of waste per unit of actual production by 40% by FY2009 compared to FY2001.	
	—	—	—	Production sites outside Japan*2: Reduce the generation of waste per unit of production by 10% by FY2009 compared to FY2005.	
Hazardous substance phase-out targets	Detoxify PCB-containing equipment currently in storage by the end of FY2006.	Reservations have been made with a waste treatment contractor for the treatment of PCBs stored at the Hamura R&D Center and the Hachioji R&D Center. The PCBs are still on the waiting list for treatment. The PCBs stored at Kofu Casio are awaiting the opening of a treatment facility in Hokkaido in October 2007.	☆	Detoxify PCB-containing equipment currently in storage as the Japan Environmental Safety Corporation opens facilities in different areas. ● By FY2008 all PCBs stored at the Hamura R&D Center and the Hachioji R&D Center. ● By FY2008 PCBs stored at Kofu Casio.	52 of Web version
Green procurement implementation targets	Achieve a 100% response rate (percent of parts covered by supplier surveys) for green parts at sites in Japan in FY2006.	Achieved a 100% response rate.	☆☆☆	Achieve a 100% response rate (percent of parts covered by supplier surveys) for green parts at sites in Japan in FY2007.	45 of Web version
	Achieve a 100% response rate (percent of parts covered by supplier surveys) for green parts at sites outside Japan in FY2006.	Achieved a 99.2% response rate.	☆☆	Achieve a 100% response rate (percent of parts covered by supplier surveys) for green parts at sites outside Japan in FY2007.	
Green purchasing implementation targets	Raise the green purchasing ratio to 60% of total purchases of stationery products, office supplies, and OA equipment at sites in Japan by the end of FY2008 (based on the number of purchases). *At sites that have adopted the CATS e-P system.*4	Achieved 58.7%.	☆☆	Continuing	
Targets against distribution-related global warming	Reduce CO ₂ emissions per unit of sales by 50% by the end of FY2008 compared to FY2001 by improving the efficiency of distribution in Japan.	Achieved a 40% reduction.	☆☆	Continuing	54 of Web version
	Reduce CO ₂ emissions per unit of sales by 5% by FY2008 compared to FY2005 by improving the efficiency of distribution outside Japan.	Achieved a 3% reduction.	☆	Continuing	

*1: Production sites in Japan: Kofu Casio (head office and Ichinomiya branch), Kochi Casio, Casio Micronics (in Ome and Yamanashi), Casio Electronic Manufacturing, and Yamagata Casio.

*2: Production sites outside Japan: Casio Korea Co., Ltd., Casio Taiwan Co., Ltd., Casio Computer (Hong Kong) Ltd., Casio Electronic Technology (Zhongshan) Co., Ltd., Casio Electronics (Shenzhen) Co., Ltd., Pt. Asahi Electronics Indonesia, and Casio (Thailand) Co., Ltd.

*3: Zero emissions: (Final disposal / Waste generated) x 100 ≤ 1%.

*4: Sites that have adopted the CATS e-P system: Head Office of Casio Computer Co., Ltd., Hamura R&D Center, Hachioji R&D Center, East Nihon Hub Centers (Chiyoda, Sendai, Saitama, Yokohama, Chiba, and Special Sales Office), West Nihon Hub Centers (Nagoya, Osaka, Hiroshima, and Kyoto), and Casio Hitachi Mobile Communications.

*5: In terms of units of actual production, water usage decreased 2.7% from the fiscal 2001 level.

*6: Greenhouse gases other than CO₂: PFCs, SF₆, and NF₃ (based on JEITA's voluntary action guidelines). Casio has already completed the complete elimination of these gases other than SF₆.

*7: The three sites that had not achieved zero emissions status by the end of fiscal 2006 will continue to pursue this goal as part of their ISO 14001 initiatives.

Environmental Management System

The Casio Environmental Conservation Committee System and ISO14001 are at the core of Casio's work to conserve the global environment.

Casio's Environmental Conservation System

Casio's environmental efforts are led by the Casio Environmental Conservation Committee, which is chaired by the vice president and consists of five specialized committees and five implementation organizations. The committee oversees the environmental activities of Casio Computer Co., Ltd., and its group companies. Under this system, Casio pursues responsible environmental management by working constantly to improve all of its environmental conservation initiatives through the "Plan, Do, Check, Act" cycle. All of these efforts are guided by the Casio Voluntary Plan for the Environment and Casio's Environmental Action Plan.

Specifically, the Promotion Office and five specialized committees are responsible for the "Plan" part of the cycle, the five implementation organizations handle the "Do" part, the Environmental Audit Organization and the Promotion Office performs the "Check," and the Casio Environmental Conference takes responsibility for the "Act" part in the organization that is shown in the diagram below.

Casio Environmental Conservation Committee

- Committee that oversees the continuous improvement of Casio's environmental conservation through the "Plan, Do, Check, Act" cycle.

Casio Environmental Conference (Act)

- Makes decisions on the direction of Casio's environmental policies, and establishes action plans and targets.
- Examines the environmental policies of the implementation and specialized committees and reports on the performance of their activities.
- Exchanges information about environmental trends and among implementation organizations.

Specialized committees (Plan)

- Specialized committees are made up of dedicated committee members who oversee strategic topics that should be

tackled not by implementation groups alone but jointly by group companies and divisions. Each committee chairman is appointed by the chairman of the Casio Environmental Conservation Committee.

- Each specialized committee is made up of implementation members who are appointed by the specialized committee chairman and implementation committee chairman. The Promotion Office manages these committees.

Promotion Office (Plan)

- Plans the direction of Casio's environmental policies and its action targets and plans.
- Controls the implementation of the Casio Voluntary Plan for the Environment and revises the environmental management guidelines.
- Ascertain environmental trends in and outside Japan and forwards information to the implementation organizations, etc.
- Manages the Casio Environmental Conservation Committee and the theme-based specialized committees.

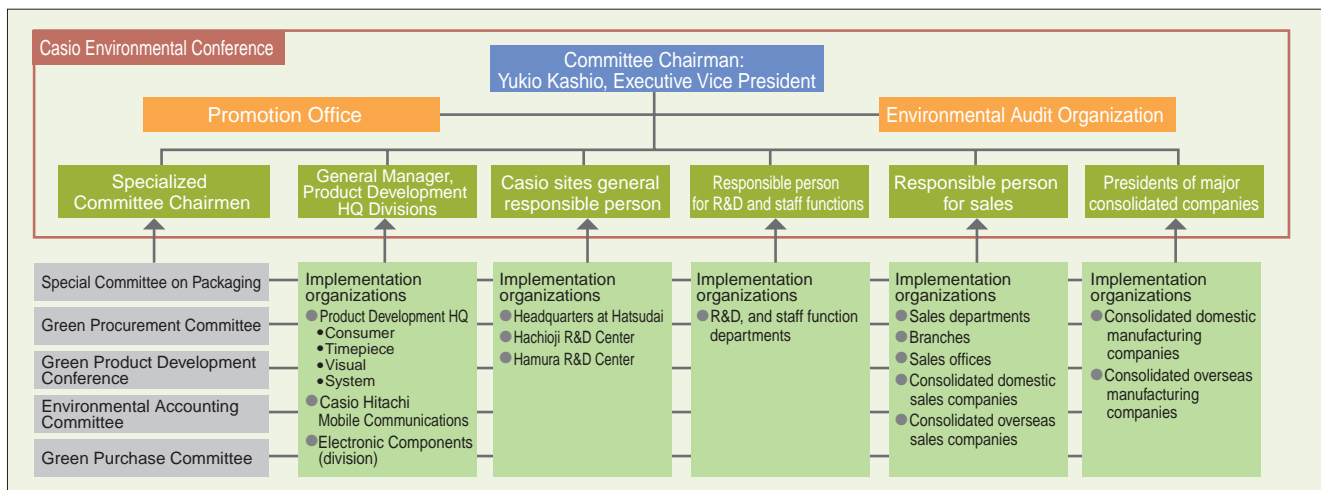
Implementation organizations (Do)

- Promote environmental improvement activities in response to decisions made by the Casio Environmental Conference.
- Establish an environmental management system constructed for all implementation organizations.
- Clearly establish the structure and responsibilities for the implementation of the environmental management system, define objectives and targets, control the operation of the system, conduct self-audits, and take remedial action.

Environmental Audit Organization (Check)

- Consists of internal auditors of the Promotion Office and those of the implementation organizations. Conducts environmental performance research in the implementation organizations and environmental self-audits in manufacturing sites to improve Casio's group-wide environmental management.

Management System of the Casio Environmental Conservation Committee



ISO14001 Certification Status

CCP Co., Ltd., in Japan acquired certification in June 2006. With this new acquisition, 13 sites in Japan and 9 sites outside Japan have acquired certification or switched over to ISO14001: 2004.

Activities from this point onward will shift to continuous improvement of systems and performance.

Casio will also expand the acquisition of the certification to sales sites in Japan in order to further establish its system of environmental conservation.

As of fiscal 2006, the certified business sites represented 84.8% of all employees.

Apology and correction:

Last year, Casio's *CSR Report 2005* reported that certified business sites represented 78.2% of all employees. The correct figure was 83.1%.

Japan

Site name	Date of certification
Yamagata Casio Co., Ltd.	November 1997
Kofu Casio Co., Ltd.	January 1998
Kochi Casio Co., Ltd.	March 1998
Casio Electronic Manufacturing Co., Ltd.	September 1999
Casio Support System Co., Ltd.	January 2000
Casio Micronics Co., Ltd.	March 2000
Hamura R&D Center, Casio Computer Co., Ltd.	October 2000
Hachioji R&D Center, Casio Computer Co., Ltd.	October 2000
Headquarters, Casio Computer Co., Ltd.	December 2000
Casio Soft Co., Ltd.	December 2001
Casio Techno Co., Ltd.	May 2002
Casio Hitachi Mobile Communications Co., Ltd.	June 2004
CCP Co., Ltd.	June 2006

Overseas

Site name	Date of certification
Casio Korea Co., Ltd.	April 1998
Jiu Shui Keng Casio Electronics Factory	September 1999
Casio Computer (Hong Kong) Ltd.	December 1999
Casio Electronics (Zhuhai) Co., Ltd.	September 2000
Pt. Asahi Electronics Indonesia	February 2001
Casio (Thailand) Co., Ltd.	September 2001
Casio Taiwan Ltd.	December 2001
Casio Electronics (Shenzhen) Co., Ltd.	February 2002
Casio Electronics (Zhongshan) Co., Ltd.	April 2002

Environmental Education and Awards

Casio promotes environmental education and awareness-raising activities so that every employee can be mindful of the environment on a daily basis.

New employees are first given general education about the environment before they are assigned to their posts. In addition, general employees, managers, and those who are responsible for the environment are provided with general and specialized education once a year depending on their responsibilities and job ranks. By taking these steps, Casio endeavors to raise employees' awareness and their level of knowledge about the environment.

In addition, as an award system, Casio runs a program of suggestions for improvement at each site, and gives awards twice a year to individuals or groups who submit excellent suggestions. Six sites (Kofu Casio, Casio Micronics, Yamagata Casio, Kochi Casio, Casio Hitachi Mobile Communications, and Casio Techno) also have their own award systems. Furthermore, Casio has various other award programs to encourage employees' commitment to conserve the environment. Included among these awards are the Eco Bonus Award (awarded on an ad hoc basis), the President's Award (given twice a year), and the POINT Evaluation System (given twice a year).

Environmental Risk Management/ Status of Compliance with Environmental Laws and Regulations

As for the status of compliance with environmental laws and regulations, Casio had no violations of laws or regulations, penalties, fines, complaints, or lawsuits in the past five years.

Violation of regulations, etc., over the past five years

	FY2001	FY2002	FY2003	FY2004	FY2005
Number of incidents	0	0	0	0	0
Monetary value	0	0	0	0	0

In October 2005, Kofu Casio's headquarters implemented an emergency earthquake response drill for all employees as part of its environmental risk management program. In November 2005 and March 2006, the company also implemented response drills that supposed the leakage of large quantities of heavy oil and isopropyl alcohol (IPA).



Emergency drill supposing the occurrence of an earthquake

Key Person A Word from a Leader in Promoting ISO14001

Casio Hitachi Mobile Communications Co., Ltd. (CHMC) was established in April 2004 as a joint venture between Casio Computer Co., Ltd., and Hitachi, Ltd. The company's business is the development and design of cellular phones under both the Hitachi and Casio brands.



Casio Hitachi Mobile Communications Co., Ltd.
Katsuhiro Wakita

Eco-products are certified as such under the Hitachi Group's eco-products criteria for the Hitachi brand and under the Casio Green Products certification criteria for the Casio brand.

In particular, Casio brand products have been certified as Casio Green Products since 2001, before the joint venture was formed. Since 2002, Casio Green Products have continued to account for 100% of cellular phone sales under the Casio brand.

In the future, we plan to make use of the strengths of the joint venture company and increase the completeness of our life cycle assessment method.

CHMC has a high percentage of technically expert temporary and contract employees, and there is a lot of turnover as development themes are completed and new ones begun. Accordingly, at orientations for new staff members we distribute a guidebook of trash separation rules and a new staff guidebook that includes basics on information security.

In addition, we implemented a one-month long campaign last year starting in June in conjunction with Environment Month, and have been working to make environmental issues more familiar by publishing a monthly email magazine since October 2005.

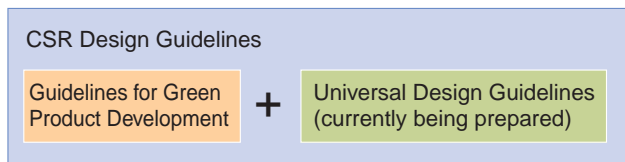
From Eco-product Design to CSR Design

Casio is committed to broadening its design considerations, moving from eco-product designs to designs that are environmentally friendly and offer a high-quality experience for the user, in line with the universal design guidelines established by the company.

Broader Design Goals: Moving from Eco-product Designs to CSR Designs

Casio introduced eco-product design in 1993. Since 2001, it has been developing ISO Type II environmental labelling products based on Casio's green product development guidelines.

Since 2005, Casio's Design Center, with the help of the Environment Center, has been working on the concept of developing a new product lineup featuring eco-product designs. The idea is to systematize and combine eco-product designs with universal design as a new CSR design initiative. Casio has already worked out Universal Design Policies, and is performing assessments of electronic dictionaries and electronic musical instruments with a view to improving the quality of the user experience.



Casio Universal Design Policies

1. Easily understood display and expression.
2. Simple, understandable operability.
3. Reduce physical and mental stress.
4. Provide safety and reliability.
5. Pursue product value.

Universal Design Activities

Delivering a high-quality user experience

Strategically focused on its core competence in compact, lightweight, slim, energy efficient technologies, Casio develops products with as little environmental impact as possible. Moreover, in addition to reducing product size while increasing performance, Casio also strives to achieve a high-quality experience for the user so that people who are unfamiliar with electronic devices and those who are less confident about IT can use Casio's products comfortably. Looking ahead at the future social environment, Casio is committed to providing products and services that are truly beneficial to customer's lives.

Casio has set the main objective for its universal design activities: improve the quality of the user experience. Casio works to develop products using human-centered design (HCD) in conformity with ISO 13407* processes. Casio applies these concepts not only to the products themselves, but also to improve packaging and user manuals.

*ISO 13407: An international standard that provides human-centered design guidelines that should be incorporated when developing interactive systems using computers.

From the customer's perspective

Obtaining evaluations from customers who actually use the products and reflecting that feedback in product development are essential parts of HCD.

Casio has made it a top priority to develop products from the customer's perspective, and requires its development staff themselves to listen to customers' opinions. Casio is dedicated to improving usability by applying evaluations from user tests and feedback given to the Customer Support Center.

In fiscal 2006, Casio conducted user tests on the usability and design features of products by enlisting the cooperation of a wide spectrum of customers, including high school students, housewives, and the elderly. Casio made specific improvements to the quality of the user experience, in terms of both hardware and software, by analyzing the test results across the lateral organization made up of the specialized departments for planning, development, and design.



Casio's own UD activity mark

Future initiatives

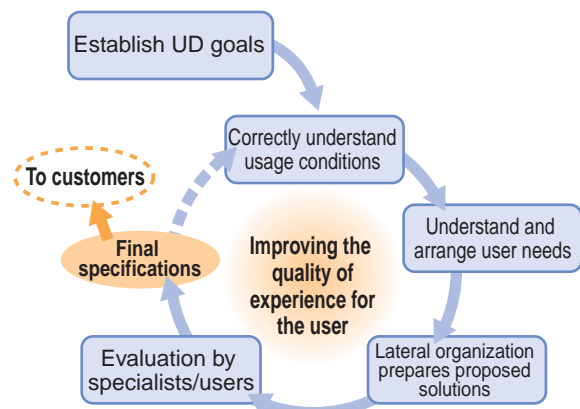
Casio has already worked out the Casio Universal Design Policies during the current fiscal year in order to share policy on universal design activities with all group companies.

Casio is determined to pursue high-quality experience for the user. Going forward, Casio will continue developing its HCD guidelines and create products based on them in even more business areas.



A user test

Basic cycle of the universal design (UD) process



LCA Evaluation Report

Casio evaluated its Super Slim Projector using life cycle assessment (LCA).

LCA Evaluation of the Super Slim Projector XJ-S30/S35, a Casio Green Product

LCA evaluation case study

As a mobile projector, the XJ-S30/S35 has a super slim construction that makes it easy to carry around. It has a high-pressure mercury lamp with 2000 ANSI lumens. The lamp itself consumes 200 W of electricity, resulting in the use stage of the LCA data accounting for a large 82% of the overall environmental impact.

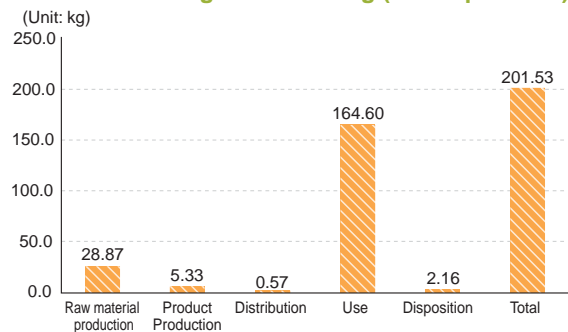
Accordingly, the product offers an Eco mode, which boasts lower energy consumption than the Normal mode. By switching from Normal mode to Eco mode, the projector is put into an energy conservation mode where the lamp is less bright and the high static pressure Sirocco fan runs quieter. The Eco mode is effective for use in quiet surroundings and when one wishes to adjust the brightness to create a better balance with the room lighting.

Future challenges

Ways to lower the value for the use stage need to be studied in order to improve the projector's LCA data. Future challenges are to make further headway in reducing energy use by the light source, improving product parts, and reducing overall weight.

	Total for all stages
Global warming impact (CO ₂ equivalent)	201.53 kg
Acidification impact (SO ₂ equivalent)	0.28 kg
Energy use	4,313.63 MJ

XJ-S30's effect on global warming (CO₂ equivalent)



*ECO-LEAF Environmental Label:

An environmental labelling originating in Japan that displays quantitative LCA-derived environmental aspects covering the entire lifecycle of a product from the extraction of resources through production, distribution, use, disposal, and recycling.



Super Slim Projector XJ-S30/S35

Product characteristics

- Projection system: DLP®
- Brightness: 2000 ANSI lumens
- Display resolution
True: XGA (1,024 x 768)
Compressed: Maximum SXGA (1,280 x 1,024)
- Slim construction: 43 mm thick (32 mm at thinnest point)
- USB compatible, the XJ-S35 enables PC-free presentations



DLP, the DLP logo and the DLP medallion are trademarks of Texas Instruments.

Green product technology points

- Energy conservation: Energy consumption can be reduced by switching the projector from Normal mode to Eco mode.
- Resource-saving: Compared to the predecessor XJ-360,
 - The body of this product has been
 - Reduced by 14% in volume
 - Reduced by 40% in thickness
 - The packaging (all made from paper except the soft case) has been
 - Reduced by 24% in volume
 - Reduced by 17% in weight
- Recyclability: The housing is made of a magnesium alloy and is easily recycled.
- Elimination of hazardous substances: The product does not contain substances prohibited by the RoHS Directive.



Green Procurement and Green Purchasing

Casio promotes procurement that is consistent with the Casio Group Green Procurement Standard Manual, and is striving to improve the green purchasing ratio throughout the group.

Green Procurement

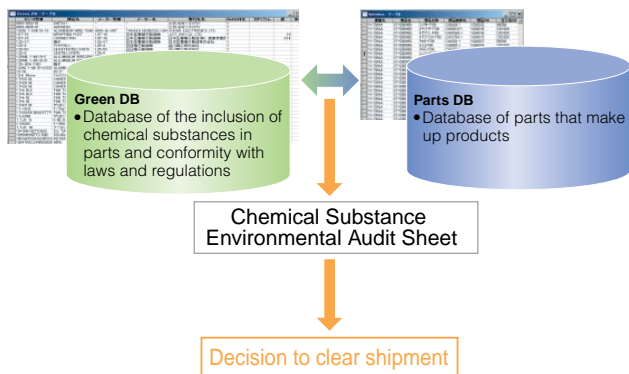
Revision of the Casio Group Green Procurement Standard Manual

Since November 2000, Casio has practiced green procurement, or the preferential procurement of parts that have as little environmental impact as possible, in accordance with the Casio Group Green Procurement Standard Manual.

In recent years, a number of environmental laws and regulations have been introduced outside Japan, and the requirements imposed on products have expanded. In order to respond appropriately to these requirements, Casio revised the Casio Group Green Procurement Standard Manual in February 2005, publishing a fifth version.

Checking compliance with laws and regulations using a green database

Casio has created a database—the “Green DB”—of information obtained from its green procurement surveys (e.g., the inclusion of chemical substances in parts and conformity with laws and regulations). By checking this database against a database of parts that make up products—the “Parts DB”—designers are able to verify whether a product is designed in compliance with laws and regulations, and department heads are able to approve products for shipment.



Performance against fiscal 2006 targets

- Response rate for green parts*1 (percent of parts covered by supplier surveys) in Japan: 100%
- Response rate for green parts*1 (percent of parts covered by supplier surveys) outside Japan: 100%

*1 **Response rate for green parts:** The percent of the number of parts subject to monitoring under Casio's green procurement survey to the number of parts for which responses were obtained from suppliers.

The response rate for green parts was 100% in Japan and 99.2% outside Japan. The target was not achieved outside Japan because there were some non-responses on the survey regarding products bound for regions other than Europe, for which there was a 100% response rate.

This time, in addition to conducting a green procurement survey, Casio made acceptance inspections of drawings and

specifications for purchased parts in order to verify in short order product conformity with laws and regulations.

In addition, in order to improve the efficiency of its surveys, in February 2006 Casio adopted a system for inputting answers via the Web, and opened this system for use by some business partners.

Future initiatives

Like fiscal 2006, Casio's fiscal 2007 target is to achieve a response rate for green parts of 100% both in an outside Japan, and to further improve the efficiency of its surveys.

Casio also plans to move beyond green procurement based on conventional environmental concern to preferential procurement from companies that are working not only on the environment, but also on their corporate social responsibility as a whole (from “green procurement” to “CSR procurement”). In fiscal 2007, Casio plans to work out CSR procurement standards and request business partners to cooperate in its survey.

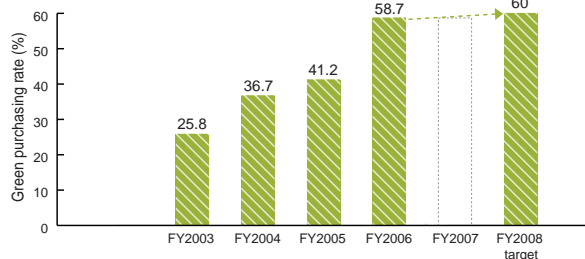
Green Purchasing

Casio promotes green purchasing, or the purchasing of environmentally friendly stationery, office supplies, and OA equipment (excluding software).

Casio is working toward the goal of achieving a 60% green purchasing rate*2 by fiscal 2008 at sites that have adopted the CATS e-P System*3. The CATS e-P System is a centralized purchasing system for indirect materials. Casio attaches its own environmental mark to eco-products that are included in the system's catalog and encourages purchasers to purchase these products.

In fiscal 2006, Casio achieved a 58.7% green purchasing rate. Going forward, Casio will continue to promote this system with the aim of achieving a 60% green purchasing rate in fiscal 2007, one year ahead of schedule.

Green purchasing rate (number of purchases basis)



*2 **Green purchasing rate (%):**

$$\frac{\text{Number of purchases of stationery, office products, and OA equipment (excluding software) with an environmental mark}}{\text{Number of purchases of stationery, office products, and OA equipment (excluding software)}} \times 100$$

*3 **Sites that have adopted the CATS e-P System:**

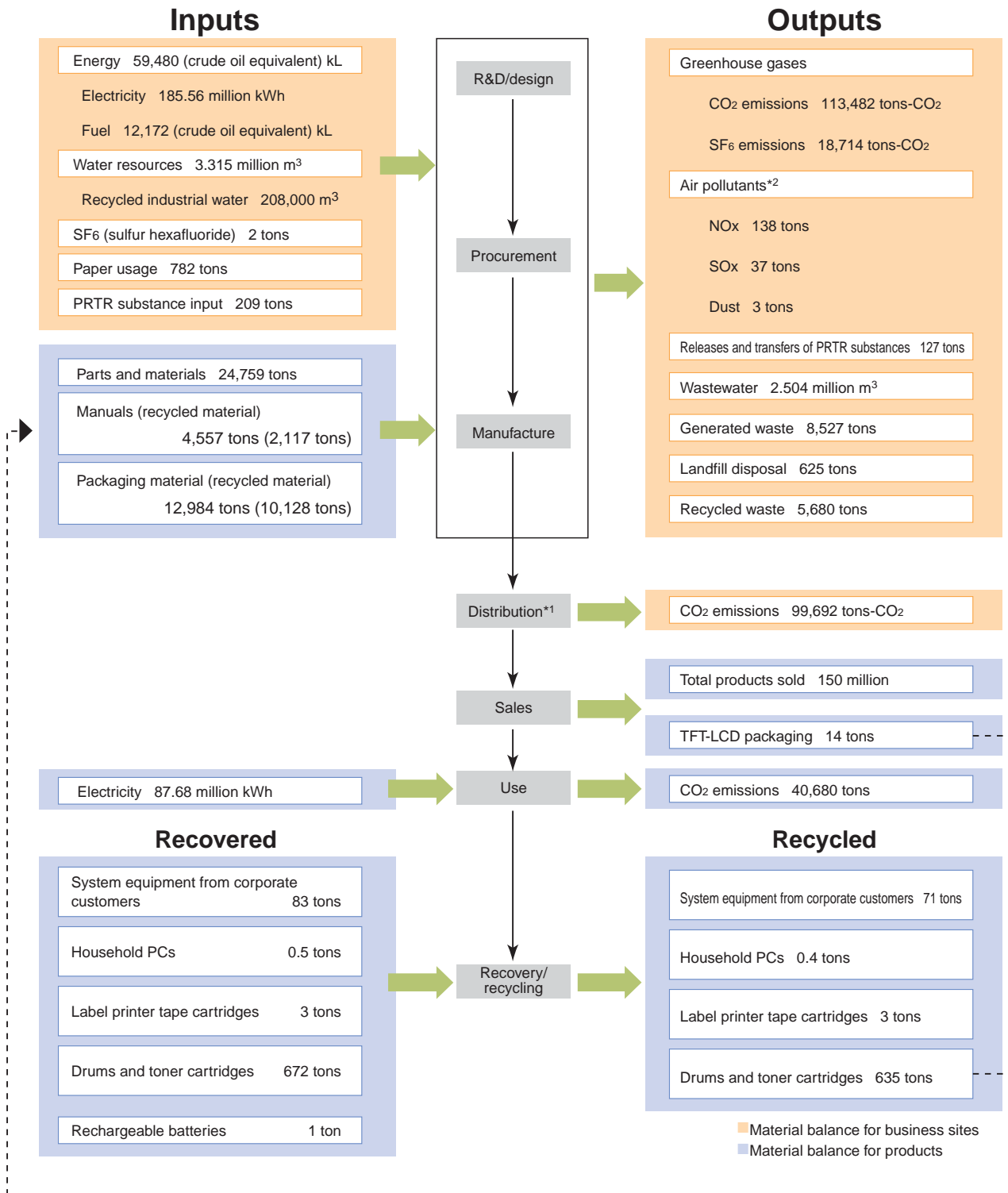
The headquarters, Hamura R&D Center, and Hachioji R&D Center of Casio Computer Co., Ltd., Casio Hitachi Mobile Communications, Eastern Japan hub centers (Chiyoda, Sendai, Yokohama, Chiba, and Special Sales Office), and Western Japan hub centers (Nagoya, Osaka, Hiroshima, and Kyoto). Casio plans to expand this group in the future.

Material Balance of Business Activities

Below is a report of the lifecycle inputs and outputs associated with Casio's business activities.

In Japan, Casio does business in the Electronic Components segment and Electronics segment. Outside Japan, Casio's business is in the Electronics segment only.

Material balance of business activities in fiscal 2006

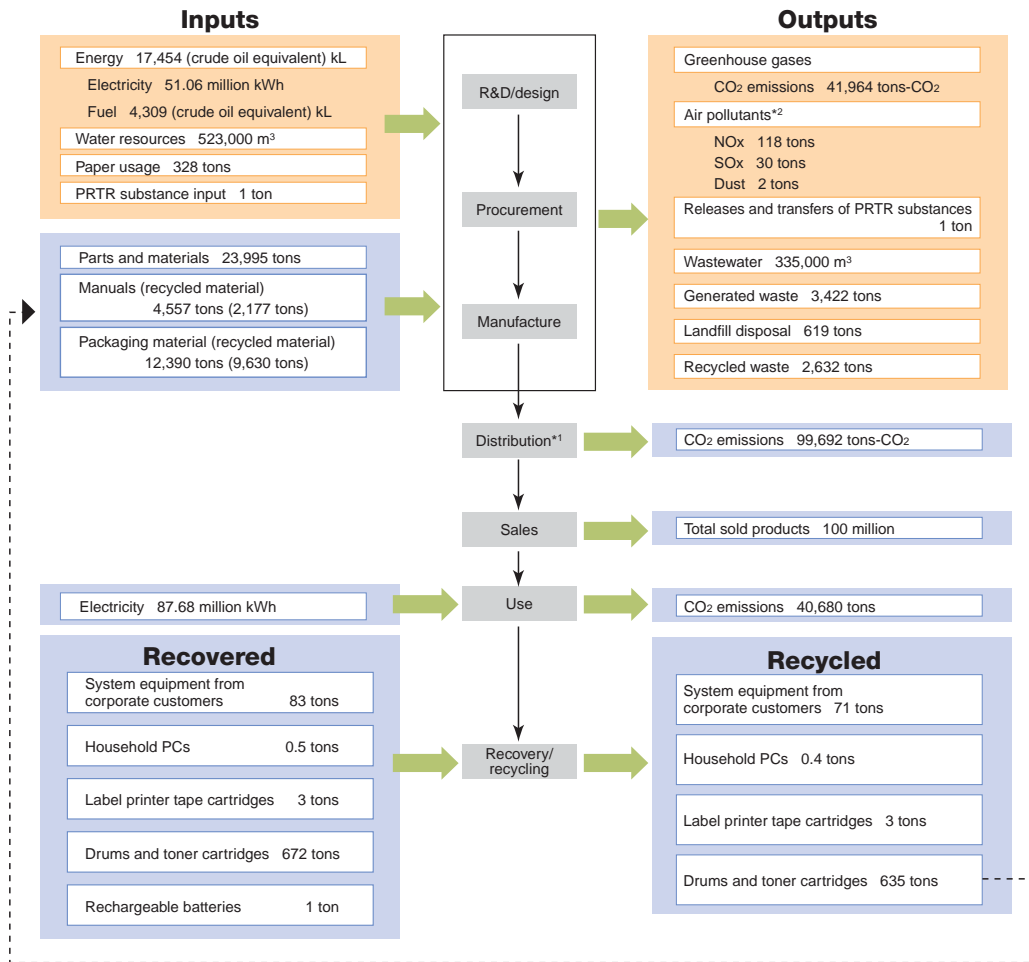


*1: Product distribution is consigned to transportation companies.
 *2: Ozone depleting substances are not listed because they have been fully phased out.

Material Balance by Business

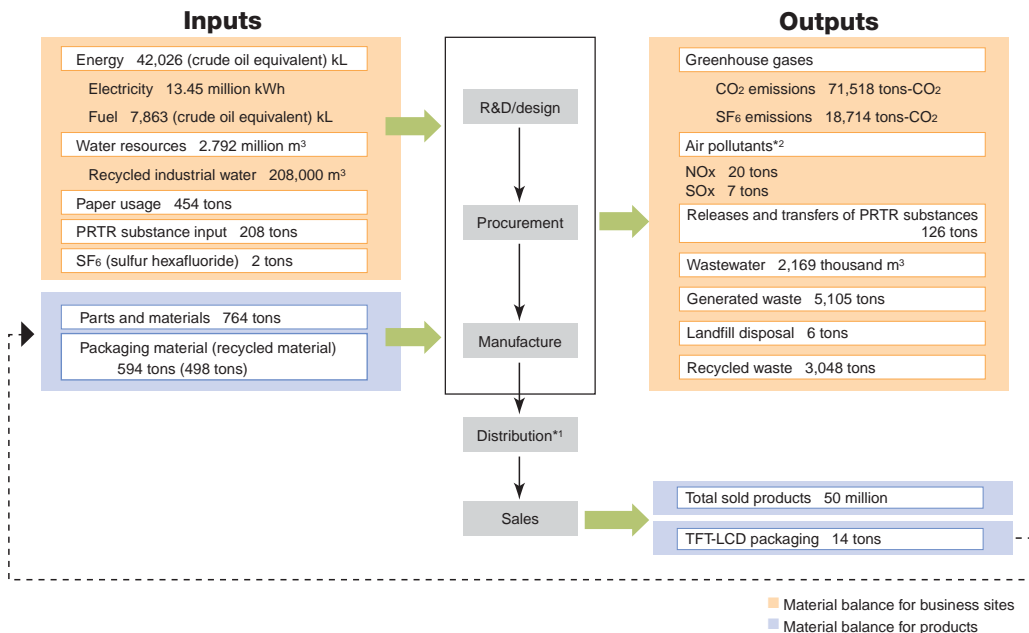
Casio's Electronic Components segment, which operates only in Japan, includes six sites at four companies. Casio's Electronics segment, which operates in and outside Japan, includes 21 sites at 15 companies in Japan and 17 companies outside Japan.

Material balance of the Electronics segment



*1: Product distribution is consigned to transportation companies.
*2: Ozone depleting substances are not listed because they have been fully phased out.

Material balance of the Electronic Components segment



Environmental Accounting

Fiscal 2006 performance

1. Environmental conservation cost by business activity

(Unit: ¥ million)

Category	Capital investment						Environmental cost						
	Electronics		Electronic Components		Total		Electronics		Electronic Components		Total		
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
Business area cost	31	132	105	473	136	605	245	246	457	453	702	699	
Breakdown	Pollution prevention cost		8	64	314	64	322	11	13	295	296	306	309
	Global environmental conservation cost	12	122	41	82	53	204	65	26	20	8	85	34
	Resource circulation cost	19	2		77	19	79	169	207	142	149	311	356
Upstream/downstream cost		5		6		11	348	265	20	12	368	277	
Administration cost							201	167	68	74	269	241	
R&D cost		25	12		12	25	64	56	66	4	130	60	
Social activity cost							6	4			6	4	
Other cost													
Total	31	162	117	479	148	641	864	738	611	543	1,475	1,281	

In fiscal 2006, capital investment came to ¥148 million, environmental conservation costs totaled ¥1.475 billion, and economic effects came to ¥133 million.

Following last fiscal year's investments in energy conserving air conditioning equipment, water supply and drainage treatment equipment, and equipment to prevent global warming, during the current fiscal year Casio continued to work on air quality conservation by installing equipment to detoxify the higher CVD gas* emissions accompanying increased production of TFT-LCD panels.

Environmental costs increased over the previous fiscal year due mainly to strengthened responses to Europe's RoHS and WEEE Directives.

Economic effects were ¥263 million in business revenue from recycling and absorption of ¥130 million in increased costs related to energy conservation, resulting in a total economic effect of ¥133 million.

« Capital investment »

(Unit: ¥ million)

Item by area of measures	Amount of capital investment	
		Main details for current term
Global warming measures	52	Ensuring the power source capacity and conserving energy in power system transformers for production and construction equipment, and installation of highly energy efficient transformers. Installation of COF ₂ cylinder cabinets and COF ₂ mixing devices.
Air quality conservation	54	Increasing CVD gas removal equipment to increase the performance of TFT-LCD panels.
Conservation measures for the aquatic, ground, and geologic environments	13	Installation of wastewater treatment tanks and neutralization tanks.
Waste/recycling	1	Storage warehouses and equipment for recyclables
Chemical substances/other	28	Evaluation equipment / Installation of a solar water heater on the roof of Casio Electronic Technology (Zhongshan) employee dormitory.
Total	148	

2. Environmental conservation cost by conservation measure

(Unit: ¥ million)

Category	Capital investment						Environmental cost					
	Electronics		Electronic Components		Total		Electronics		Electronic Components		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Global warming measures	11	122	41	148	52	270	66	53	29	20	95	73
Ozone layer protection measures		8				8						
Air quality conservation measures	3		51	28	54	28	3	5	76	74	79	79
Noise and vibration measures								1		1		2
Conservation measures for the aquatic, ground, and geologic environments	1		13	254	14	254	7	7	206	204	213	211
Waste and recycling measures		4		43		47	379	376	140	148	519	524
Measures for chemical substances		28	12	6	12	34	132	91	104	3	236	94
Natural environmental conservation							6	3	6	7	12	10
Other	16				16		271	202	50	86	321	288
Total	31	162	117	479	148	641	864	738	611	543	1,475	1,281

* See page 67 of Web version for details on the scope of coverage.
 * The accounting procedure for fiscal 2006 newly accounted for depreciation costs in environmental costs (depreciation costs for fiscal 2005 were retroactively accounted for to enable comparison with the previous fiscal year).
 * Personnel expenses are calculated using the average unit price.

In terms of the environmental efficiency of sales, CO₂ environmental efficiency came to 5.11 (¥ million/ton-CO₂) and waste environmental efficiency came to 68 (¥ million/ton) due to increased business activities, while the amount of waste sent to landfill disposal improved over the previous fiscal year (a year-on-year decrease of 436.9 tons) due to the company's aggressive recycling efforts. In addition, environmental efficiency for chemical substances specified in the PRTR Law was 2,777 (¥ million/ton), and 32% of the amount used was recovered and recycled.

In the future, Casio will steadily implement medium-term measures with the aim of expanding economic and environmental conservation effects through energy and resource conservation-associated cost savings and the improvement of environmental performance indicators. (*CVD gas: A gas emitted during the CVD process, which creates film of silicon or other substance on the board during the manufacture of TFT-LCD panels.)

« Environmental cost »

(Unit: ¥ million)

Item by area of measures	Environmental cost	
		Main details for current term
Global warming measures	95	Boiler modifications, air-conditioner renewals
Air quality conservation	79	Maintenance and management of exhaust gas treatment equipment
Conservation measures for the aquatic, ground, and geologic environments	213	Repair of wastewater treatment equipment
Waste/recycling	519	Recovery and recycling of toner and drum sets
Chemical substances	236	Respond to RoHS Directive survey, trial manufacture cost of lead-free products
Natural environmental conservation	12	Landscape planting within company grounds
Other	321	Preparation of an environmental report, ISO maintenance and management, WEEE compliance
Total	1,475	

3. Economic effects accompanying environment conservation measures

(Unit: ¥ million)

Effect		FY2006	
Cost savings ^{*1}	Energy cost savings through energy conservation activities	*2 -184	
	Water and sewerage savings and copy paper purchase savings through resource-saving activities	1	
	Waste treatment cost savings through resource-saving or recycling	19	
Profits	Business revenue from recycling	263	
	Breakdown	Reuse of parts and materials	242
		Sale of cardboard and scrap metal	21
Customers effect ^{*3}		7	
Other (distribution cost savings through downsizing of products)		27	
Total		133	

*1 Cost savings: Adjusted by turnover increase rate.

*2 Minus sign: Indicates a negative result.

These are mainly due to increased energy consumption accompanying increased production and the large effect of surges in oil prices.

*3 Customer effect: Environmental effects generated by customers to power saving technology converted to monetary value.

(Difference between annual electrical power usage/consumption for total sold units in fiscal 2005 and fiscal 2006) x Unit price of electrical power

4. Environmental conservation effect

Environmental performance indicators	Unit	FY2006		FY2005		Difference	
		Electronics	Electronic component	Electronics	Electronic component	Electronics	Electronic component
Total energy input	Crude oil equivalent (kL)	17,454	42,026	15,458	40,357	1,996	1,669
Water resources input	Thousands m ³	523	2,792	466	2,551	58	241
Emissions of greenhouse gases							
	CO ₂ Tons-CO ₂	41,964	71,518	40,350	69,083	1,614	2,435
	SF ₆ Tons-CO ₂	0	18,714	0	16,551	0	2,163
Usage of substances specified under the PRTR Law							
	Tons	1	208	16	167	-15	41
Emissions of substances specified under the PRTR Law							
	Tons	0	37	0	29	0	8
Total generation of waste							
	Tons	3,422	5,105	3,085	4,359	337	746
(Amount sent to landfill disposal)							
	Tons	619	6	1,051	11	-432	-5
Total wastewater							
	Thousands m ³	335	2,169	256	1,301	79	868
	BOD Tons	11	23	7	19	4	4
	COD Tons	12	0	0	0	12	0
Other emissions							
	NOx Tons	118	20	83	16	35	4
	SOx Tons	30	7	23	8	7	-1
	Soot and dust Tons	2	0	2	1	1	0
Energy consumption during usage							
	Thousands GJ	316	0	317	0	-2	0
Recycled amount of used and recovered products, containers, and packaging							
	Tons	13,065	511	12,350	483	715	28
Containers and packaging usage							
	Tons	12,390	594	11,676	607	714	-13

* Some of the calculated results shown in the difference columns in the table may not match due to the rounding of fractions.
 * CO₂ conversions are calculated using the coefficient from the Ministry of the Environment's Guidelines for Calculating Greenhouse Gas Emissions from Businesses (2003) and applied retroactively.

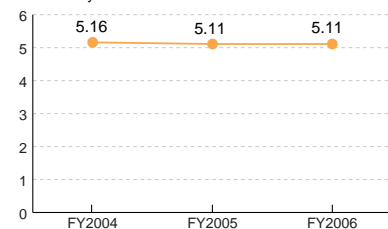
Environmental efficiency in terms of sales

Casio's environmental efficiency in terms of sales is given below in terms of CO₂, waste, and substances specified under the PRTR Law. These indicators have changed due to increased production, but Casio intends to continue improving them.

$$\text{Environmental efficiency in terms of sales (CO}_2\text{)} = \frac{\text{Sales (¥ million)}}{\text{CO}_2\text{ emissions (tons-CO}_2\text{)}}$$

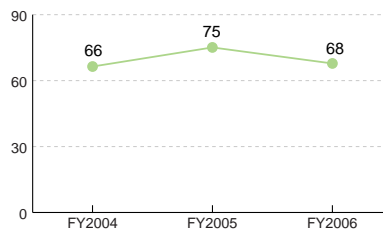
*Tons-CO₂: Various greenhouse gases converted to their CO₂ equivalent amount and expressed in tons.

*The CO₂ conversion factor has been revised and applied retroactively.



	FY2004	FY2005	FY2006
Consolidated sales (¥ million)	523,528	559,006	580,309
CO ₂ emissions (tons-CO ₂)	101,374	109,432	113,482

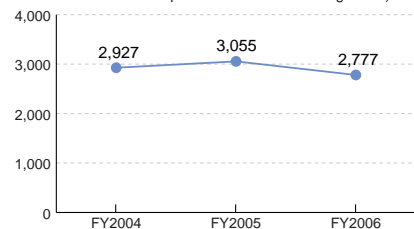
$$\text{Environmental efficiency in terms of sales (waste)} = \frac{\text{Sales (¥ million)}}{\text{Waste emissions (tons)}}$$



	FY2004	FY2005	FY2006
Consolidated sales (¥ million)	523,528	559,006	580,309
Total generation of waste (tons)	7,884	7,444	8,527

$$\text{Environmental efficiency in terms of sales (PRTR substances)} = \frac{\text{Sales (¥ million)}}{\text{Usage of PRTR substances (tons)}}$$

*PRTR substances: Chemical substances specified in the PRTR Law (Law Concerning Reporting, etc. of Release of Specific Chemical Substances to the Environment and Promotion of the Improvement of Their Management)



	FY2004	FY2005	FY2006
Consolidated sales (¥ million)	523,528	559,006	580,309
Usage of PRTR substances (tons)	179	183	209

Scope of data compilation for environmental accounting: Casio Computer Co., Ltd., and consolidated subsidiaries in and outside Japan. Reference guideline: *Environmental Accounting Guidelines 2005*, Ministry of the Environment, Japan

Initiatives to Prevent Global Warming

Casio is committed to reducing the emission of greenhouse gases derived from its business activities.

Each group company in and outside Japan has set reduction targets and is undertaking a variety of initiatives to meet the reduction targets under the Kyoto Protocol.

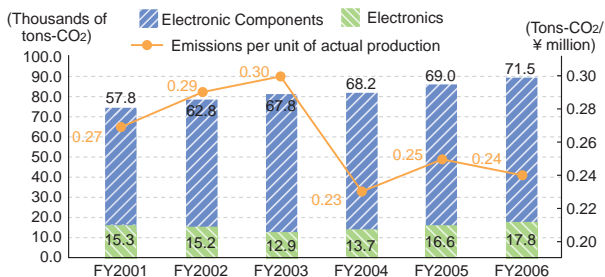
In Japan

Fiscal 2006 CO₂ emissions increased by 3,700 tons (+ 5.6%) in Japan over the fiscal 2005 level. Reasons for the increase include expanded COF production by Casio Micronics (Yamanashi) and an expansion of Kofu Casio's (Ichinomiya) molding business in the Electronic Components segment, and a shift to a 24-hour system for toner production at Casio Electronics Manufacturing in the Electronics segment, as well as a different calculation method to convert electrical power to CO₂ using a conversion factor.*1

In addition, CO₂ emissions per unit of actual production increased by 23% compared to fiscal 2004.

*1 Previously, Casio used the conversion factor from four electrical and electronic industry associations' Voluntary Action Plan for Global Environmental Protection, since fiscal 1991 was the index year for its environmental action plans in Japan. However, because the index year was revised, in Japan Casio now uses the Guidelines for Calculating Greenhouse Gas Emissions from Businesses (draft version 1.6).

CO₂ emissions and emissions per unit of actual production (in Japan)



An example of Casio's efforts is the installation of energy conserving equipment at Casio Micronics (Yamanashi), including a free cooling system and energy conserving power transformers.

In the future, Casio Micronics (Ome) is planning to replace a compressor with an energy conserving model, and Kochi Casio is also planning to use demand control (a means of conserving energy by controlling peak energy demand).

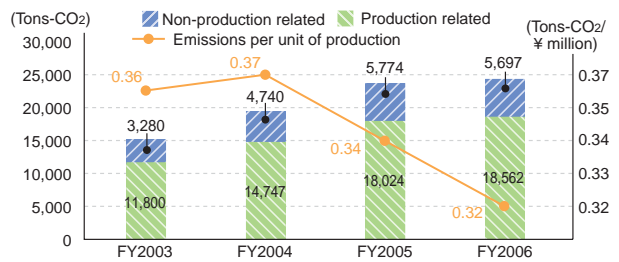
Outside Japan

Fiscal 2006 CO₂ emissions increased by 4,600 tons compared to the previous fiscal year. This increase was due to the start of operations at Casio Electronic Technology (Zhongshan) Co., Ltd., in February 2006 and to the fact that, as in Japan, the factor for converting electrical power to CO₂ was revised. Previously, Casio used the values shown in the report on the estimation of CO₂ emissions per unit production in the power generation sector of each country published by the Japan Electrical Manufacturers' Association (JEMA) in March 2002. As of the current fiscal year, Casio uses the updated report published by JEMA in March 2004.

Casio, Inc., has taken steps to reduce emissions such as installing fans that re-circulate heat and reduce emissions by

an amount equivalent to 20% of the company's natural gas consumption, and adding energy conserving equipment that cut energy consumption by 163.8 kWh per year. Casio (Thailand) Co., Ltd., has also implemented energy conserving measures, such as enhancing the thermal insulation in the plant roof.

CO₂ emissions and emissions per unit of production (outside Japan)



Other greenhouse gas reductions

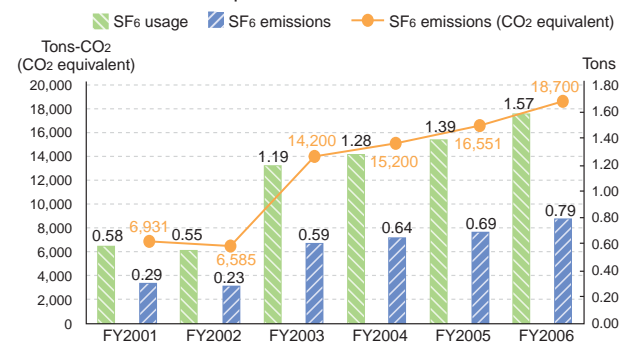
The global warming potential of SF₆ is 23,900 times greater than CO₂. Reducing SF₆ emissions is therefore an important issue.

Kochi Casio has implemented a number of measures to reduce the SF₆ (sulfur hexafluoride) that it uses in the etching process during TFT manufacturing.

In fiscal 2006, usage increased 0.2 ton compared to the previous fiscal year. This was due to increased production of TFT-LCDs.

Emissions increased 270% compared to the 2000 level, which is the reduction target. Bringing emissions down to the 2000 level by 2010 is proving to be a high hurdle.

Usage and emissions of a greenhouse gas (SF₆) other than CO₂, and equivalent CO₂ emissions



In fiscal 2006, Kochi Casio considered the following two measures to achieve its target:

1. Switch SF₆ to an alternative gas that has a lower global warming potential.
2. Installation of scrubbers.

The company plans to form a conclusion by the end of fiscal 2008 about which method it will adopt.

Prevention of Air and Water Pollution and Reduction of Industrial Water Usage

Casio is working to reduce emissions of SOx, NOx, soot and dust, BOD, and other pollutants, and is also working to reduce industrial water usage.

Reduction of Air Pollutants (SOx, NOx, and Soot and Dust)

Periodic measurement of emissions and compliance with laws and regulations

Casio sets strict voluntary standards for air pollutants and measures emissions periodically (twice a year) at sites in Japan to ensure compliance with its own and legal standards. At sites outside Japan, Casio periodically (once a year) measures emissions where regulatory standards have been established. In either case, Casio observes all regulatory limits.

Emissions trends

Since fiscal 2004, emissions of air pollutants from the Electronics business in Japan have increased greatly. This increase was due to the installation of a cogeneration system at Yamagata Casio and due to the initiation of full-scale operations.

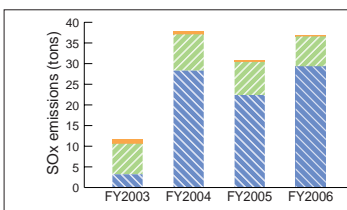
Fiscal 2006 performance

Casio Micronics (Ome) reduced its emissions of SOx from 1.4 tons in fiscal 2005 to 0.8 tons in fiscal 2006 by switching from heavy fuel oil A to city gas as the fuel for cold and hot water generators.

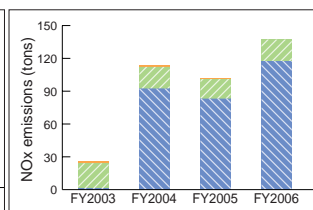
Future initiatives

Casio is considering changing from heavy fuel oil A to fuels such as city gas, kerosene, and LPG, which emit fewer air pollutants.

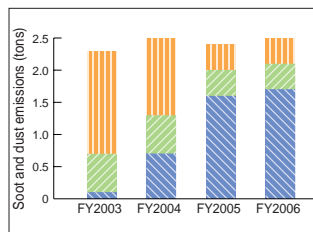
SOx emissions



NOx emissions



Soot and dust emissions



■ Electronics business outside Japan
■ Electronic Components business in Japan
■ Electronics business in Japan

Casio was not involved in any soil pollution incidents in fiscal 2006.

Reduction of Industrial Water Usage

In fiscal 2006, industrial water usage per unit of production at production sites in Japan increased 34% from the fiscal 2001 level despite the target of a 5% reduction.

This increase was due to the fact that even though water usage (i.e., the numerator) increased by 301,000 m³ to 3,311 thousand m³, compared to fiscal 2005, the production value (i.e., the denominator) was lower, owing to a unit price decrease in TFT-LCDs.

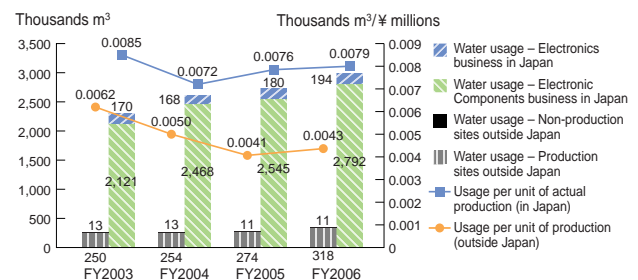
Moreover, in fiscal 2006, Casio used 249,000 m³ of recycling water, which corresponds to 7.5% of its water usage.

Future initiatives

Casio aims to achieve the following targets.

- Sites in Japan: 10% reduction in industrial water usage per unit of actual production by fiscal 2009 compared to fiscal 2001.
- Sites outside Japan: 5% reduction in industrial water usage per unit of production by fiscal 2009 compared to fiscal 2005.

Industrial water usage and usage per unit of actual production and per unit of production (in and outside Japan)



Reduction of Water Pollutants (BOD)

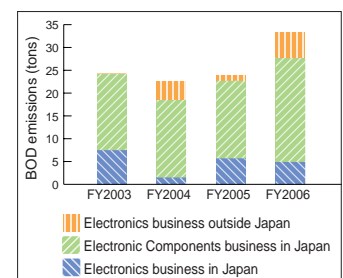
Periodic measurement of emissions and compliance with laws and regulations

Casio sets strict voluntary standards for water pollutants and measures emissions periodically (twice a year) at sites in Japan to ensure compliance with its own and legal standards. At sites outside Japan, Casio periodically (once a year) measures emissions where regulatory standards have been established. In either case, Casio observes all regulatory limits.

Emissions trends

In fiscal 2006, BOD increased compared to fiscal 2005. This increase was due to increased wastewater and to the fact that Casio (Thailand)'s measurements were added in. BOD for the Electronic Components business accounted for 68% of the overall BOD value.

BOD emissions



Future initiatives

Casio will continue working to ensure it remains in compliance with regulatory limits.

Control of Chemical Substances and Reducing Their Use

Casio observes laws and regulations on chemical substances, exercises proper management of them, and endeavors to reduce the use of those that are potentially harmful.

Risk Management and Reduction Policy for Chemical Substances

Risk management of chemical substances can be divided into the control of chemical substances used during the production process and the control of chemical substances included in products.

1. Risks from chemical substances used during the production process are:
 - Health effects to people engaged in product manufacturing
 - Health and environmental effects to neighborhood residents and the local area
2. Risks from chemical substances included in products are:
 - Health effects to customers while using the products
 - Environmental effects after the products are disposed

Casio controls these chemical substances appropriately and is striving to replace them with chemical substances that have lower risks.

Control of substances subject to Japan's PRTR Law

Casio uses 16 substances subject to Japan's Pollutant Release and Transfer Register (PRTR) Law. The Electronic Components business uses 14 of these chemical substances, accounting for 99.7% of Casio's usage.

Casio Micronics case study

Laws and regulations that must be complied with for purchased materials with an A or B classification (based on investigation)

No.	Product	Environmental classification	CAS #	Applicable laws
1	○○○	A	7439-92-1	RoHS Directive
2	○○○	A	7439-92-1	RoHS Directive
3	○○○	B	7664-93-9	Industrial Safety and Health Law

A: Restricted substances
B: Substances to be reduced
C: Substances to be controlled
E: General substances

Chemical substances control system

Environmental control No.	Division classification	Product	Material code	MSDS	Chemical substance inclusion research sheet	Compliance manual by laws and regulations	ICP data	Catalogue	Non-inclusion guarantee
0001	B	○○○	123	○	○	○	○	—	—
0002	B	△△△	456	○	○	○	○	—	—
0003	B	◎◎◎	789	○	○	○	—	—	—

Amounts of PRTR-controlled chemical substances handled, released, and transferred in fiscal 2006

(Unit: Tons)

Class 1 designated chemical substance	Substance No.	Sites using 1 or more tons of the substance	Amount handled	Amount released		Amount removed	Amount transferred	Amount consumed	Amount recycled
				Atmosphere	Public waters				
2-Amino ethanol	16	2	36.75	0.07		13.61	2.56		20.51
Antimony and its compounds	25		0.3				0.3		
Bisphenol A epoxy resin	30		0.05					0.05	
Ethylbenzene	40	1	9.38	4.12			3.88		
Ethylene glycol	43	1	4.36				4.36		
N,N-Dimethylformamide	58		0.18	0.07			0.11		
Xylene	63	1	42.23	20.36			21.87		
2-Ethoxyethyl acetate	101	3	17.42	10.16			7.26		
Organotin compounds	176	1	5.51				5.51		
Theouria	181	1	30.54				30.53		
Water-soluble copper salt	207	1	47.99	0.01	0.12				47.86
Toluene	227		0.37	0.2			0.17		
Lead and its compounds	230		0.46					0.44	0.02
Nickel compounds	232	1	1.2				1.2		
Hydrogen fluoride and its water-soluble salts	283	1	8.18	0.04	1.59		6.54		
Octylphenyl ether	308	1	3.65				3.65		
Total			208.57	35.02	1.71	13.61	87.94	0.49	68.39

The Electronic Components business receives a high number of requests for chemical controls from customers.

In November 2005, Casio Micronics built a unique system for disclosing information on the control of chemical substances in order to respond to such requests. In this system, chemical substances included in products to be delivered to customers and those included in materials used during the manufacturing process were divided into four categories (A, B, C, and E) based on the level of control, and then investigated. The investigation results were then used to enter information on the control of chemical substances on the Casio Micronics Website.

Furthermore, in February 2006, the company built a chemical substances control system that enables information on the control of chemical substances to be entered into Casio Micronics backbone management system, AS 100. This move made it possible to efficiently understand and monitor the usage of individual chemical substances included in entered materials as well as applicable laws and regulations.

Storage and treatment of PCB-containing equipment

Casio is storing PCB-containing equipment (19 high pressure condensers and 258 small ballasts) according to legally prescribed methods at the Hamura R&D Center, Hachioji R&D Center, and Kofu Casio (head office).

The 13 high pressure condensers and all 258 small ballasts stored at the Hamura R&D Center and Hachioji R&D Center are scheduled to be properly disposed of by fiscal 2008, as regional sites of the Japan Environmental Safety Corporation open. The six high pressure condensers stored at Kofu Casio (head office) are scheduled to be properly disposed of by fiscal 2009 as regional sites open.

Phase-out and registration of hazardous substances

Casio completed its compliance with the EU's RoHS Directive by the end of 2005.

Going forward, Casio will work to phase out and register hazardous substances in compliance with J-Moss (a directive requiring a mark to be placed on products that contain more than a certain content rate of specific chemical substances), which became mandatory with Japan's revised Law for the Promotion of Effective Utilization of Resources. It will do the same to comply with laws and regulations on lead, cadmium, mercury, and hexavalent chromium in North America and China equivalent to the RoHS Directive, as well as the REACH Regulation.

Dealing with asbestos

In fiscal 2006, Casio conducted studies into asbestos that can become airborne at company-owned buildings in Japan. Asbestos that can become airborne was found at four sites (Hamura R&D Center, Kofu Casio (head office), Casio Hitachi Mobile Communications, and the Health Resort at Yugawara). However, no airborne asbestos above regulatory limits was found at any of the sites.

Casio will finish safely removing the asbestos from these four sites by the end of 2006.

Reduction of Waste Generation and Landfill Disposal

Casio is promoting zero emissions in order to reduce the generation of waste and the amount of landfill disposal.

Fiscal 2006 targets (in Japan)

- Achieve zero emissions at sites in Japan by fiscal 2006
- Reduce the generation of waste per unit of production by 30% by fiscal 2006 compared to fiscal 2001

Fiscal 2006 performance (in Japan)

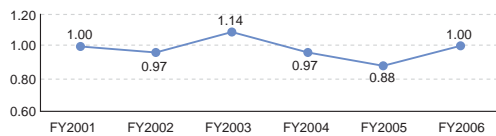
Achievement of zero emissions

Casio Micronics (Ome) and Casio Soft newly achieved zero emissions status. With the addition of these two sites, all sites relating to the Electronic Components business have achieved zero emissions status, and overall, 13 of the 16 targeted sites have done so.

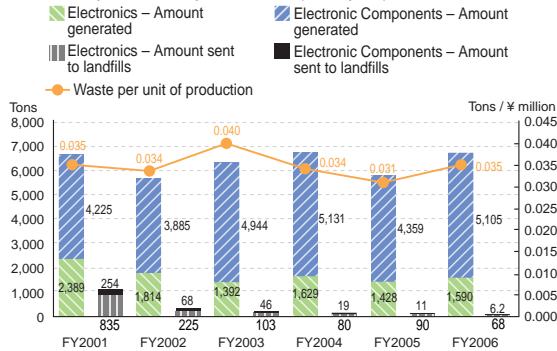
Reduction of the generation of waste

The generation of waste per unit of production remained at the fiscal 2001 level.

Generation of waste per unit of production (fiscal 2001 index of 1)



Generation of waste, amount of landfill disposal, and waste per unit of production (in Japan)



The generation of waste (i.e., the numerator in calculating generation of waste per unit of production) increased 908 tons compared to fiscal 2005. The generation of waste in the Electronic Components business in particular increased dramatically, by 746 tons. This increase in the generation of waste was due to increased business activity.

In contrast, production value (i.e., the denominator) decreased, in part due to a unit price decline in TFT-LCDs.

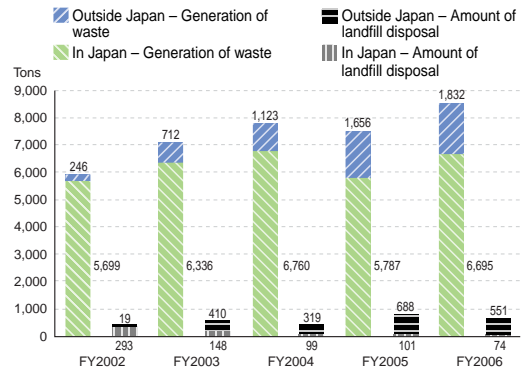
The amount of landfill disposal decreased 27 tons.

This decrease was attributable to aggressive recycling efforts in the Electronic Components business, including the production of eco-cement by Kochi Casio and the selection of a waste-resource recycler by Kofu Casio.

Looking at the generation of waste in Japan versus outside Japan in fiscal 2006, sites in Japan generated 6,695 tons (78.5%) while sites outside Japan generated 1,832 tons (21.5%) of the total 8,527 tons.

In fiscal 2006, the amount of landfill disposal was 74 tons (11.8%) in Japan and 551 tons (88.2%) outside Japan, for a total of 625 tons.

Generation of waste and amount of landfill disposal (total for in and outside Japan)



Future targets

Sites in Japan

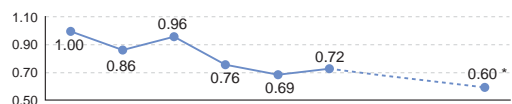
Reduce the generation of waste per unit of actual production by 40% by fiscal 2009 compared to fiscal 2001.

Sites outside Japan

Reduce the generation of waste per unit of production by 10% by fiscal 2009 compared to fiscal 2005. Casio will work to achieve the reductions shown in the graphs below.

Sites in Japan

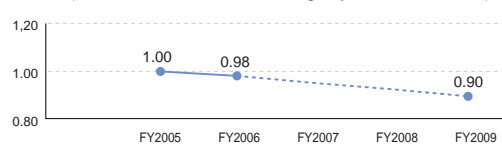
CO2 emissions per unit of actual production (fiscal 2001 index of 1, target year fiscal 2009)



* Casio is basing its projections on the Bank of Japan's Domestic Corporate Goods Price Index (electrical equipment) for 2008.

Sites outside Japan

CO2 emissions per unit of production (fiscal 2005 index of 1, target year fiscal 2009)



Environmentally Friendly Distribution

Casio is taking bold steps to reduce environmental impact by improving the efficiency of distribution through a modal shift and other measures.

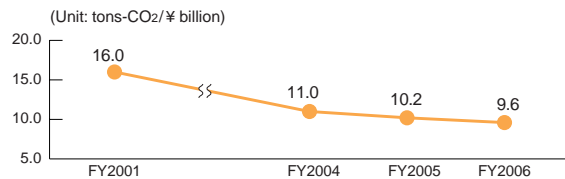
Casio is working to reduce environmental impact under a policy that targets both environmentally friendly distribution and improved distribution services for customers.

Distribution Initiatives in Japan

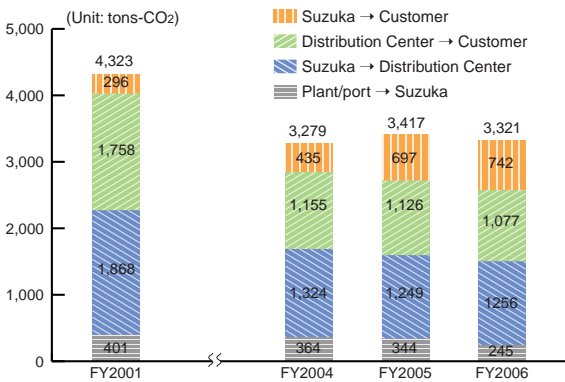
- Target: Reduce CO₂ emissions per unit of sales by 50% by fiscal 2008 compared to fiscal 2001.
- Fiscal 2006 performance: Fiscal 2006 CO₂ emissions were 97.2% those of the previous fiscal year and 94.8% on a per-unit-of-sales basis. CO₂ emissions per unit of sales were reduced by 40% compared to fiscal 2001.

Distribution-related CO₂ emissions per unit of sales

CO₂ emissions per unit of sales



CO₂ emissions



* Finished products in Japan only, excluding the shipment of system products.
* Totals in the graph may not be perfect due to the rounding of fractions.

Distribution initiatives outside Japan

- Target: Reduce CO₂ emissions per unit of sales by 5% by fiscal 2008 compared to fiscal 2005.
- Fiscal 2006 performance: Fiscal 2006 CO₂ emissions were nearly level with those of fiscal 2005, at 100.6%, but were 96.9% on a per-unit-of-sales basis, a roughly 3% decrease.

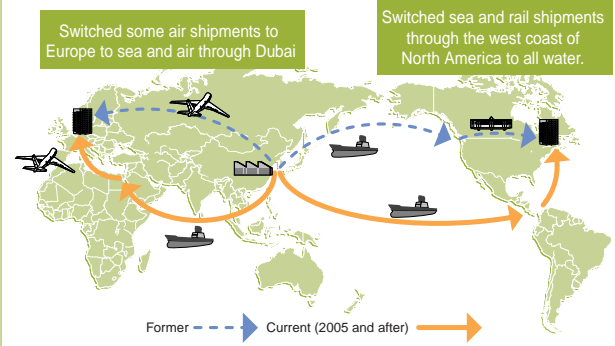
Fiscal 2006 CO₂ emissions by region/route

	Sea	Air	Rail	Total
North America	11,751	28,812	1,611	42,174
Europe	10,198	31,695	0	41,892
Japan	3,126	8,718	0	11,844
China	134	211	0	345
ASEAN	118	0	0	118
Total	25,327	69,436	1,611	96,373

* Finished products only

Noteworthy efforts

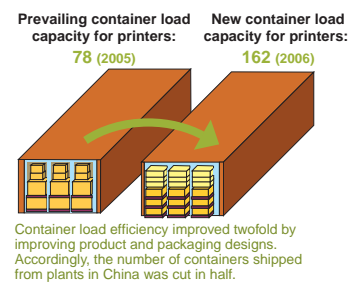
- Shipments to Europe: Casio reduced CO₂ emissions by switching some shipments to Europe from air, to sea and air through Dubai.
- Shipments to North America: Casio reduced CO₂ emissions by adopting all-water shipments over the prevailing sea and rail shipments to the east coast of North America.



Noteworthy efforts

- Improved shipping boxes for printers

Casio improved the container load efficiency twofold by improving product and packaging designs.



Future initiatives

Casio needs to gain an understanding of its overall shipment volume in order to comply with Japan's revised Energy Conservation Law that came into effect in April 2006.

Going forward, Casio will first work to gain an understanding of this year's shipments that are not currently monitored—that is, shipments of system products and shipments of items other than finished products, including parts. In addition, Casio will continue to promote the consolidation of sites and the modal shift with a view toward achieving its fiscal 2008 targets in and outside Japan.

Environmentally Friendly Packaging Materials

Casio is moving forward with improvements in packaging to develop environmentally friendly packaging.

Policy on Developing Environmentally Friendly Packaging

Casio is working to develop optimal packaging designs for transportation that are perfectly suited to specific products and the method of distribution. These designs also aim to reduce the amount of packaging that is ultimately disposed of, aiming to realize packaging that is truly easy on the environment.

Specifically, Casio has been working to reduce the size and weight of packaging by developing its construction and shape based on an understanding of product strength. Casio has also quickly stepped up its use of recycled resources for packaging and made its packaging easier to recycle.

Organization for Developing Environmentally Friendly Packaging

Casio's organization for developing environmentally friendly packaging consists of the Special Committee on Packaging with the company's Environmental Conservation Committee and implementation organizations.

● Special Committee on Packaging

The Committee establishes the Environmental Action Plans for packaging (Plan), evaluates the results (Check), and reviews the plans (Action).

● Implementation organizations

The Development Headquarters, Electronic Component Department and Casio Hitachi Mobile Communications implement the plans (Do).

Action Policies of the Special Committee on Packaging [Main Objectives]

Volume reduction of packaging wastes is an important part of environmental conservation activities for a sustainable society. Casio's key philosophy is that packaging that is gentle on the environment must be created, and that this is a responsibility that companies should accept willingly.

[Policies]

1. Establishment, implementation and evaluation of action plans for environmentally friendly packaging.
2. Support for development of environmentally friendly packaging, and sharing and utilization of technologies.
3. Compliance with laws and regulations of various countries regarding environmentally friendly packaging.
4. Ascertainment of the total quantities of packaging materials used by Casio.
5. Establishment of packaging quality guidelines.

[Operation]

The Special Committee on Packaging meets on a quarterly basis.

[Description of Actions]

1. Use of resource-saving materials and reclaimed resources: Use of reclaimed paper, non-wood paper and reclaimed plastics.
2. Reduction of packaging materials: Weight reductions and size reductions
3. Safety of materials: Compliance with regulations concerning hazardous substance contents.
4. Recyclability: Use of a single material, ease of disposal, compliance with regulations concerning package labeling.

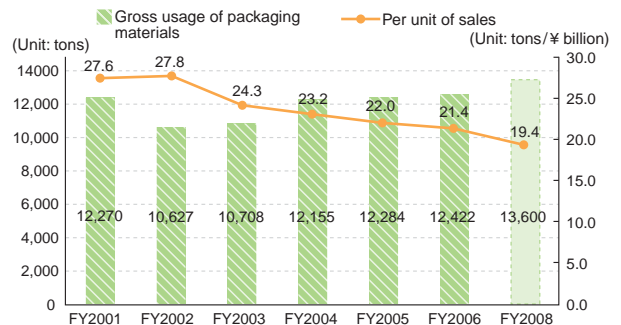
●● Fiscal 2006 results

Since fiscal 2001, Casio has used a database to track the gross usage of packaging materials. Casio is taking action to

reduce the usage of packaging materials per unit of sales by 30% by fiscal 2008 compared to fiscal 2001.

In fiscal 2006, the value of sales increased 3.8% from fiscal 2005 and gross usage of packaging materials increased 1.1%. Accordingly, usage of packaging materials per unit of sales was 21.4 tons per billion yen, a decrease of 2.1% compared to fiscal 2005 and a decrease of 22.6% compared to fiscal 2001.

Gross usage of packaging materials and usage per unit of sales



*The figures for gross usage of packaging materials are paper-based, cardboard, polystyrene foam and plastic materials.

●● Example of effort to improve packaging in fiscal 2006

■ Improved packaging for digital cameras

Previously, Casio had different specifications for packaging boxes in and outside Japan. By adopting common specifications, the company reduced the usage of packaging materials by 36% and box volumes by 15%. The common specifications also improved the efficiency of ordering packaging materials and packaging assembly.



■ Improved packaging boxes for page printers

The downsizing of products has resulted in a 40% reduction in box volumes and a 37% reduction in packaging boxes for accessories. In addition, Casio has increased the shipping container load capacity from 78 to 162, thereby improving transportation efficiency.



●● Future initiatives

- Casio will develop universal desing packaging that is easy to open, allows easy removal of products, and is easy to dispose of or recycle.
- Casio will reduce the usage of plastic by switching from diverse packaging designs for sales promotion displays, which have been using more plastic due to diversification of packaging designs, to common forms.
- Casio will pursue ideal packaging designs while improving the efficiency and rationalization of the process of distribution from manufacturing to delivery to customers.

Communication and Disclosure about the Environment

Casio communicates actively with stakeholders to help build a sustainable society.

Casio's Philosophy and Policy on Communication and Disclosure about the Environment

Casio is making an effort to help build a sustainable society by engaging in dialogue with various stakeholders. The company is also aggressively undertaking environmental conservation activities aimed at protecting biodiversity, including humankind, and pursuing preservation of the global environment, including natural resources and the atmosphere.

Participation in Exhibitions (Eco-products 2005)

Casio has participated in the Eco-products Exhibition every year since it started in 1999. The Eco-products Exhibition, which is the largest general environmental exhibition in Japan, is a place where people from different walks of life can think about environmental issues and learn about ways to realize their own eco-lifestyles. Casio's commitment to promoting environmental awareness extended even to the actual construction of its exhibition booth, which was made of eco-materials (Eco-Palette Haru-Color / Moiss). The exhibition was an opportunity for Casio to introduce its overall environmental initiatives while showcasing Casio Green Products—eco-products that make use of Casio's core competence in compact, lightweight, slim, energy efficient technologies. For the 2005 exhibition, Casio planned a hands-on learning experience for children, giving them the chance to practice building a calculator. The company also introduced its environmental initiatives using an easy-to-understand video presentation on the main stage.

Casio plans to take part again in the Eco-products 2006 Exhibition.



Eco-products 2005



Eco-products panel



Building a calculator

CSR Report 2005 Reading Session Held

In August 2005, Casio held the CSR Report 2005 Reading Session under the second Teacher's Business Training Program.

Normally, there are few opportunities for companies and schools to get together and talk. Accordingly, while participants examined some actual Casio Green Products for themselves, Casio personnel gave a presentation on their manufacturing process in order to provide a slightly deeper understanding of Casio's environmental activities. The teacher's remarks included interest in the Kids' ISO 14000 program and environmental education as well as the fact that their social responsibility as educators is being questioned nowadays.

Casio plans to continue to actively accommodate this type of training.



CSR Report 2005 Reading Session

Information on the Web

Casio renewed its website for Japan in March 2006 and worldwide website in June 2006. The website for Japan was ranked seventh on the Usability Ranking sponsored by Nikkei Personal Computing. This ranking evaluates user-friendliness and design. The company's Japanese environmental website was also renewed, following the same pattern. Casio uses its Environmental Report website to publish the latest *Corporate Social Responsibility Report*.



Website

Environmental Report website
<http://world.casio.com/env/>

Major awards and commendations in fiscal 2006

Year	Month	Site	Award / commendation	Awarding organization
2005	June	Yamagata Casio Co., Ltd.	Yamagata Prefectural Governor's award for excellence in promotion of environmental conservation	Yamagata Prefecture
	June	Casio Micronics Co., Ltd.	Award of excellence for electrical safety and rationalization	Tama Electric Association
2006	February	Casio Micronics Co., Ltd.	Award of excellence for rationalization of electrical use	Kanto Region Electricity Usage Rationalization Committee
		Hamura R&D Center		

Creating Employment Opportunities

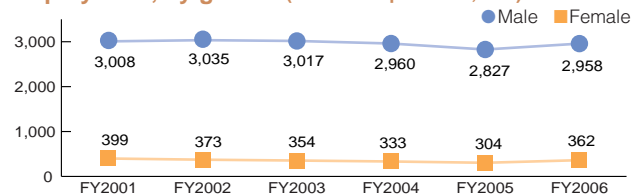
Casio constantly strives to create opportunities for highly satisfying employment. In all of its interactions with employees, Casio respects the human rights of individuals and refrains from discrimination based on gender, disability, or other trait.

Employment Philosophy and Policies

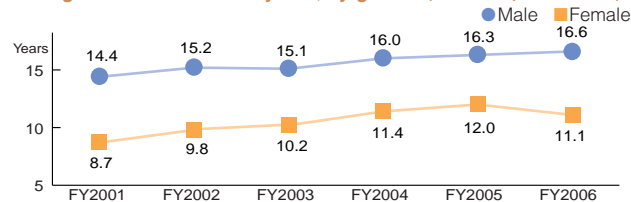
The Casio Code of Conduct states that, "We respect others and value cooperation that is free of discrimination. We hold in high regard every individual's human rights, eliminate harassment, remarks and behaviors that are discriminatory on the basis of gender, beliefs, religion, ethnicity, social status or physical handicap, and protect the privacy of individuals." This is the most important standard for value judgments in Casio's hiring. Casio adheres to this philosophy and strives to create as many employment opportunities as possible.

Casio has also been working to secure jobs internally by bringing in work that had previously been contracted to companies outside the group.

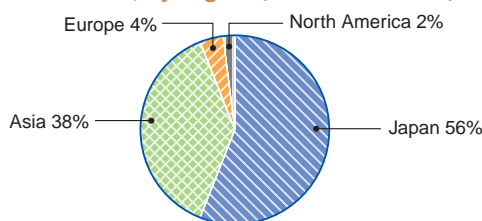
Employment, by gender (Casio Computer Co., Ltd.)



Average number of service years, by gender (Casio Computer Co., Ltd.)



Employees worldwide, by region (as of March 31, 2006)



Total number of Casio group employees: 12,673

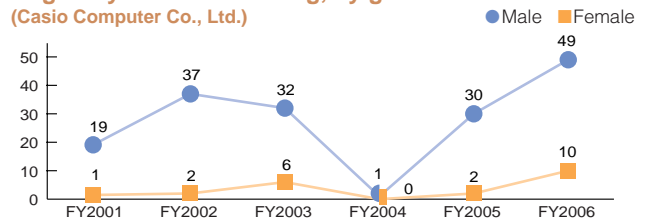
Employment-related initiatives

Based on the philosophy and policies described above, Casio respects every person's human rights and individuality. Casio hires individuals who are highly motivated to work, irrespective of their gender, creed, religion, ethnicity, social status, or disability, while responding to changes in the environment that surrounds the labor market and society.

In Japan, Casio supports the Charter of Corporate Ethics for Screening and Employing New Graduates issued by Nippon Keidanren (Japan Business Federation), and helps to minimize the impact on students' learning caused by the market tendency to hire them at extremely early stages of the hiring season. In addition, Casio holds its interviews on Saturdays or at other times that are convenient for students so that more applicants will have the opportunity to be interviewed. In fiscal 2006, Casio introduced the following methods to promote more student-friendly recruitment: seminars were held to deepen students' understanding of the

working world; the Casio recruitment Website was updated with more content; hiring for specific job types was increased, and interviews were held in various regions. As a result, hiring of women grew dramatically. Casio hired 66 new graduates, including 13 women, who joined the company in the spring of 2006. In addition, eight mid-career professionals were hired, including two women.

Regularly-scheduled hiring, by gender (Casio Computer Co., Ltd.)



Hiring persons with disabilities

Casio seeks to hire individuals with the courage, determination, and creativity to take on challenges and realize their dreams, regardless of any disabilities they may have. Presently there are 50 employees with disabilities working at Casio Computer Co., Ltd. (1.27% of the workforce). However, in order to reach the legally required employment level of 1.8% as soon as possible, a five-year plan was established for the hiring of persons with disabilities. In fiscal 2006, Casio actively promoted activities for sensitivity awareness, including workplace training. Consequently, six persons with disabilities were hired and joined the company in the spring of 2006.

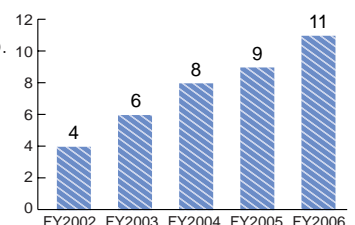
Casio is also improving its workplace facilities to enable each and every employee to maximize their abilities and aptitude. Examples of such work include the creation of accessible lavatories at both the Hamura R&D Center and the Hachioji R&D Center, as well as measures to allow employees with disabilities to commute by car to work. Casio will continue to hire persons with disabilities and promote the creation of a work environment that is suitable for everyone to work in.

Recruitment Website for applicants with disabilities (Japanese-language)
<http://www.casio.co.jp/saiyou/career2/policy.html>

Hiring senior workers

Since 2001, Casio has been operating the Casio Senior Staff Program (CSP). Its purpose is to provide employees who reach the mandatory retirement age with employment opportunities, and to effectively utilize the skills and know-how that these employees have accumulated within the group. Under this program, employees who reach the retirement age can register with the group's personnel dispatch company. The program is designed for retirement-age employees with the desire to continue working, and who are healthy and possess knowledge and skills that are needed within the group. Starting in fiscal 2007, the senior staff program has been expanded to all group companies in Japan, and the opportunities for senior employees are expected to increase.

Employment of senior workers (Casio Computer Co., Ltd.)



Appointing and Effectively Deploying Qualified Workers

Casio has built a sound corporate culture by appointing qualified workers through a fair process, using a merit-driven system and a performance-based approach.

Philosophy and Policies

Casio's human resource system is based on fairness and designed to maximize "Creativity and Contribution," the corporate creed. The company continually reviews its personnel system, as it seeks to better reflect the changes in the surrounding environment.

Under Casio's merit-driven system, employees are rewarded according to the abilities required for their position, irrespective of their academic background, age, or length of service. To complement this, Casio's performance-based approach determines the grade and compensation of employees based on the results they actually achieve in their assigned roles. The objective of Casio's human resource system is to strike an optimal balance between the development of employees under the merit-driven system, and the growth of the company that is facilitated by the performance-based approach.

Human resource system

Casio's human resource system consists of three subsystems: the Grade System, Appraisal System and Compensation System.

The Grade System forms the base of Casio's human resource system. The Qualification System applies to non-managerial employees, who are promoted based on the growth of their ability to perform their duties. The Professional System applies to managers and specialists, who are graded and ranked based on their individual functions and accomplishments.

In the Appraisal System, employees are evaluated in three areas, namely, target achievement under management

by objectives, work performance (competency) in their job type, and contribution made toward the department. The evaluation is made on a five-point scale, relative to other employees, and the results are reflected in remuneration. Superiors discuss the evaluation results individually with each employee in order to seek a high level of understanding.

The Compensation System applies a salary range that is based on job grade under the principle of a merit-based competitive salary. Pay raises are given in harmony with performance evaluation and salary levels. Bonuses are distributed in a balanced way, depending on the evaluation.

Human resource development

Casio has various programs for human resource development with the intention of developing creative employees that are eager to take on challenges and training professionals with early tracking into specialized fields.

There are two basic types of employee professionals at Casio. One is the strategic generalist that passes on the company's corporate culture. The other is the technical specialist that passes on the company's unique technology and know-how.

Casio approaches the development of these employees with the philosophy that people grow through their work, and that the source of growth is one's drive. Based on this belief, Casio supports its employees to grow and improve their skills by providing them with an environment in which new abilities are constantly required. The company also gives employees opportunities to rise to challenges by relying on their own determination and hard work.

For this reason, Casio's system of human resource development is rooted in skills improvement through actual work, or on-the-job training (OJT). Various supplementary training programs, including systematic study of theory, are also offered as off-the-job training (Off-JT).

Organization of Casio's human resources system

		OJT				Off-JT			Award system
		Measures to train existing workers to make them professionals	Measures for proper placement		Training for Selected Employees	Training for Specific Job Grade	Skill selective training	Other	
Division Manager Consulting Engineer	Rank 4								
Department Manager Senior Engineer	Rank 3				Department Manager Career Training	Multi Evaluation System for Managers			
Section Manager Advisory Engineer	Rank 2				Section Manager Career Training				
Chief Engineer	Rank 1					New Manager Training			
Assistant Manager		Assessment of Job Performance			Assistant Manager Career Training				
Supervisor		OJT-MAP	Development Evaluation System		Assistant Manager Candidate Training				
Senior Staff									
Staff Entry-level		Mentor for New Employee							

Building a Supportive Work Environment

Casio is building work environments and systems that permit all employees to demonstrate their full potential.

Policies on Building Positive Work Environments

Casio strives to build work environments that are friendly to all employees so that every person can realize his or her full potential.

As part of this effort, Casio is endeavoring to reduce the total annual hours worked by employees. The company is also expanding support programs that help employees to meet family obligations, such as taking care of children and other family members, with special consideration for female employees.

Vacations

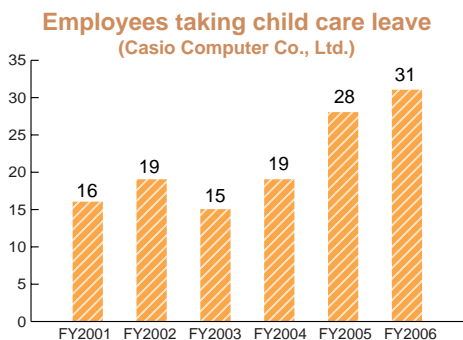
With the goal of shortening the hours worked by employees each year, Casio is promoting an environment and culture that encourages employees to fully utilize paid vacation time.

In fiscal 2006, an average of 21.9 paid vacation days were offered to each employee at Casio Computer Co., Ltd., and 58.4% of these days were utilized. The average number of paid vacation days taken was 10.4 full days and 4.8 half days.

Casio also offers a Vacation Day Accumulation Program. Under the program, when an employee is unable to work due to injury or illness, or the care needs of a family member, part of his or her unclaimed paid vacation days that otherwise would expire is carried over and made available for use. Furthermore, after each decade of service, employees are granted an extra five days off.

Child and nursing care leave

Casio established its Rules Concerning Child Care Leave in 1996 in accordance with the company's employment regulations. The rules are applicable to employees with children younger than one year, and have been continually updated in response to changes in laws and the environment. In addition, the Rules Concerning Nursing Care Leave cover employees who have a family member requiring care. These rules also have been revised as necessary since their establishment in 1999.



Communication between Labor and Management

Through regular communication between management and the labor union, Casio hopes to raise the awareness of

employees about their right to participate in the management of the company. Casio values close communication between labor and management.

At the core of this labor-management communication is the Group Workers' Labor-Management Conference, which is held twice a year in September and February. At these conferences, opinions from management and labor, together representing the entire Casio Group, are exchanged. In addition, close communication is maintained at various other levels, including the Central Labor-Management Meeting, the Division Labor-Management Meeting, and the Sales Chapter Labor-Management Meeting.

At the end of fiscal 2006, 4,641 of the 7,135 employees of Casio Computer Co., Ltd., and its domestic group companies were members of the labor union.

Building a Supportive Work Environment

Continued support for achieving a balance between work and family

Report by the Special Committee on Measures to Aid the Nurturing of the Next Generation of Children

Casio has always worked on establishing various vacation programs, including child and nursing care leave, so that all employees may demonstrate their full capabilities in a work environment that accommodates their needs.

With the implementation of Law Concerning the Promotion of Measures to Aid the Nurturing of the Next Generation of Children in April 2005, Casio set up the Special Committee on Measures to Aid the Nurturing of the Next Generation of Children, in order to further help employees achieve a balance between work and family life. The committee has established the action plan shown below.

- Action Plan: April 1, 2005 to March 31, 2007
- Target 1: To create an environment that encourages employees to utilize vacation time.
 - Target 2: To create an environment that permits employees to take time off for child or family care (leave time or shorter working hours).
 - Target 3: To enable workers returning from childcare leave to be reintegrated smoothly.
 - Target 4: To construct a system that reflects the opinions of employees on this action plan.

In fiscal 2006, Casio promoted the taking of planned paid vacation in order to improve vacation time utilization rates. The company also worked on improvements that reflect employee needs. Under the shorter working hours system for employees with childcare needs, the eligibility was extended to the time that the employee's child starts elementary school. Time off was also expanded for fathers at the time of their child's birth, and for maternity protection.

In fiscal 2007, Casio aims to further expand the leave system based on a dialogue with all employees. The company plans to design systems that take into account employee needs, to post information for employees on the Web, and to educate all managers about support for fostering the next generation.

Efforts on Occupational Safety and Health

Casio is taking various steps to maintain and enhance employee health and prevent occupational injuries.

Corporate Profile

CSR Highlights

CSR Management

Casio and the Market

Casio and the Global Environment

Casio and Employees

Casio and Society

Company Data

Basic Philosophy

Based on Japan's Industrial Safety and Health Law, various other legal requirements, and Casio's employment regulations, the entire Casio Group is dedicated to offering an environment that ensures employees can work with peace of mind. Casio works to maintain and enhance employee health and to prevent occupational injuries and their recurrence. Similar measures have been adopted at overseas group companies in compliance with the national laws and regulations concerned.

Activities of the Occupational Safety and Health Committee

The Casio Occupational Safety and Health Committee was established in accordance with Japan's Industrial Safety and Health Law. Meeting on a monthly basis, the committee is comprised of the company physician, occupational health managers, and representatives of labor and management. It promotes various measures to keep employees physically and mentally healthy and to ensure occupational safety. In fiscal 2006, the committee advanced the creation of a comfortable workplace promotion plan, based on the Guidelines for Measures to Be Taken by Employers for the Creation of Comfortable Working Environments, issued by Japan's Ministry of Health, Labour and Welfare. On January 25, 2006, the Casio headquarters received approval as a Comfortable Workplace Plan Promoter, and these measures are now being implemented.

In order to further promote occupational health education and activities, Casio is training occupational health managers.

At the Hamura R&D Center and the Hachioji R&D Center, Casio is implementing various safety policies through regular meetings of the Occupational Safety and Health Committees. Just like at the group companies, regular physical examinations are provided to employees, and health management is also promoted by holding mental health seminars.

Promotion of employee health

Casio offers annual physical checkups to all employees. The company is working to increase the number of items covered by the checkups, and also emphasizes the importance of secondary checkups and other follow-up.

There is a clinic (internal medicine and dentistry) at the headquarters of Casio Computer Co., Ltd., and other major Casio sites, each one staffed by a full-time doctor who looks after the health of Casio employees. In July 2005, 924 annual physical checkups were conducted at Casio headquarters, representing a 100% participation rate by headquarters employees.



Wellness Fairs

Casio held a Walking Campaign to help maintain and enhance employee health as well as prevent lifestyle-related diseases. The campaign was run at various locations between September and November 2005, and

many people participated, including employees' family members. Casio has also signed an agreement with a fitness club, providing additional opportunities for employees to improve their health.

Casio is striving to raise the awareness of employees about oral hygiene. A column entitled, "Diseases Originate in the Mouth," written by the dentist at the head office clinic, is published regularly on the company's internal Website. In order to improve and prevent lifestyle-related diseases and obesity, the employee cafeterias provide healthy menu choices featuring a balance of calories and nutrition. Wellness Fairs are also held at all Casio sites.

Mental health care

In 2000, Japan's Ministry of Health, Labour and Welfare issued a publication entitled, Guidelines for Promoting Mental Health Care in Enterprises. Through the holding of special seminars for managers, Casio is trying to raise the awareness of mental health issues throughout the company. Employees can also discuss their personal health concerns at the company clinics, or by using the external Physical and Mental Health Hotline.

Manager Seminars to Promote Health

A special seminar for managers entitled, "Promotion of Health and the Role of Supervisors," was held at the head office in May 2004, at the Hamura R&D Center in November 2004, and at the Hachioji R&D Center in June 2005.

With many managers in attendance, the occupational health physician from the head office clinic gave a lecture, systematically covering diverse subjects, including physical checkups, taking steps to be healthy, overwork and health problems, duty to pay attention to safety, and mental health. In particular, the doctor stressed the role that supervisors should play in the health management of workers.

Prevention of occupational injuries

Casio has been working to achieve zero occupational injuries and is engaged in safety activities targeting an accident-free record at all Casio work sites. In addition, each site and group company conducts fire and disaster prevention/evacuation drills, as well as automated external defibrillator (AED) classes to ensure emergency preparedness.

On September 12, 2005, a disaster and fire drill was held at headquarters involving over 200 participants—not only the company's volunteer fire brigade, but also other employees. The drill began with practicing measures for physical protection from the initial effects of an earthquake, followed by reporting, fire extinguishing, and evacuation guidance in the event of street evacuation on foot from all floors of the building. The drill continued with simulation of safety protection measures, evacuation from the building by fire-truck ladders, spraying water on the fire by the fire brigade and pump trucks, and emergency medical treatment.

AEDs were incorporated into Casio's Regular Lifesaving Seminar on March 1, 2006. The devices have been installed at the head office and the Hachioji R&D Center, and will soon be made available at all sites and group companies.

Time off due to occupational injuries (last five years)

	Number of employees	Number of days
FY2002	0	0
FY2003	1	73
FY2004	0	0
FY2005	0	0
FY2006	3	13

Social Contribution Initiatives

Casio fulfills the full range of its responsibilities to society by making the most of its proprietary know-how and management resources.

Philosophy on Social Contribution

Based on its corporate creed of "Creativity and Contribution," Casio seeks to contribute to society by creating products that provide people with joy and wonder.

Casio also leverages its proprietary know-how and management resources for the betterment of society. Casio uses its core competence in compact, lightweight, slim, energy efficient technologies to make unique contributions that no other company can.

Rather than merely performing indirect activities such as providing donations, another important channel of social contribution for Casio is to offer the knowledge and experience of its employees to society.

Through communication with various stakeholders, Casio is constantly assessing its responsibilities as a good corporate citizen. Casio is also aware of the importance of establishing its own creative social contribution initiatives to fulfill its responsibilities. The company is currently working to enhance its current range of CSR activities.

Casio continues to dedicate itself to social contribution initiatives in five key areas: (1) environmental conservation to protect irreplaceable global resources and the environment; (2) education to fulfill Casio's responsibility to the next generation who are the future leaders of the world; (3) culture and arts to provide people with joy and wonder; (4) study and research that contribute to the development of the cutting-edge science and technology that are indispensable for society to grow; and (5) community activities to be a useful member of local society.

Casio plans to continue improving its social contribution initiatives by, for instance, developing mechanisms that focus the entire group's efforts, and making them known to the public in an appropriate way.

Contribution to Local Communities

●●● Educational activities with the Tokyo Bureau of Environment

As an effective policy for environmental education and measures against global warming, the Tokyo Metropolitan Government has been promoting the Kids' ISO 14000 Program, developed by ArTech. Already, 8,700 Tokyo children are taking part in the program. As a participating company, Casio Computer Co., Ltd., is sending employees with instructor certification to actively participate in the program, and is developing a wide range of activities. In fiscal 2006, based on a request from the Tokyo Bureau of Environment, Casio made case-study presentations to educators and company officials responsible for CSR in the Tokyo area. In the presentations, along with activities to deepen understanding of the Kids' ISO 14000 Program, Casio undertook part of an environmental education leader follow-up course, and provided a seminar on the importance of educational activities for children and Casio's local educational initiatives.

Casio is actively promoting this kind of social contribution initiative for local communities, while providing places for youth to learn resiliency for a meaningful life, and to practice self-reliance and independence. These activities have received the appreciation of the public. Currently, Casio has received requests for classroom visits and factory tours from many educational institutions around the nation of Japan, and Casio is now preparing to undertake these activities and make other new efforts. By maintaining close ties with local communities, Casio is working hard to foster the society of the future, through both economic development and protection of the global environment. Teaching resiliency for a meaningful life to young people forms the foundation of these efforts.

●●● Support for comprehensive studies classes: Visit to Hatashiro Elementary School

On February 10, 2006, the General Manager of the Environment Center of Casio Computer, Co., Ltd., visited fifth-graders at Hatashiro Elementary School in Shibuya-ku, Tokyo. He went as a guest teacher to talk about Casio's efforts to help stop global warming. He spoke to 90 students in three classes.

After a video presentation on environmental activities, he explained the mechanisms behind global warming and the specific environmental efforts being made on products and distribution at various Casio sites. This was followed by an opportunity to ask questions. The students enjoyed the presentation immensely. They were particularly interested in the samples of eco-products shown to them, such as digital cameras and solar-powered radio-controlled watches that exemplify Casio's compact, lightweight, slim, energy efficient technology. The students were all amazed by, and expressed their admiration for the products, and continued to ask questions even when the class was over.

Although global warming is a complex issue, Casio heard from the students' teachers that the kids were still talking about the presentation for days afterwards. Casio hopes that the youngsters are now taking steps individually and with their families to help prevent global warming.



School visit by Casio

The clover  symbol indicates disclosure and communication activities in the area of social contribution.

Beautification and cleanup in the surrounding community

Every April 28, the Shibuya-ku ward office holds a general cleanup in order to help beautify the district, with the participation of residents and businesses in this area of Tokyo. In fiscal 2006, the headquarters of Casio Computer Co., Ltd., pitched in to help clean up and restore the appearance of the local neighborhood.



Cleanup around the head office building

Although participation was purely voluntary, 25 head office employees from all departments showed up on that day. In just 30 minutes, the participants were able to gather up a large amount of garbage from around the head office building.

Starting in fiscal 2006, staff from the Hamura R&D Center began participating in a regular volunteer cleanup activity at the nearest station, JR Ozaku. The employees at Casio Micronics (Ome) also carry out regular cleanup activities in their neighborhood. Casio will continue to actively participate in this kind of community activity whenever possible, at all Casio sites.

CASIO WORLD OPEN GOLF TOURNAMENT

The CASIO WORLD OPEN GOLF TOURNAMENT has been held since 1981, part of Casio's social contribution through sport.

Starting in 2005, the location of the tournament was switched to the Kochi Kuroshio Country Club in Kochi Prefecture, Japan—the birthplace of Casio's founder and where Casio has a major manufacturing subsidiary. In order to convey the enjoyment of golf to a wider range of people, the CASIO WORLD OPEN invited Michelle Wie, the young female golf phenomenon with worldwide fans, to her first tournament in Japan. Although she played on weekdays, huge crowds filled the gallery in order to see her perform, and there were also large contingents from the Japanese and international mass media. Although Michelle Wie just narrowly missed making it to the weekend championship round by one shot, many fans were impressed by the sight of her battling against the top male players.

Casio is making various contributions to the people of Kochi Prefecture, which hosted the tournament.

Casio Computer Co., Ltd., donated digital cameras to the local government organizations that helped with the hosting of the golf tournament. A special golf lesson area was also set up for golfers from the tournament to give pointers to local youth on the proper golf swing. In addition, Casio worked with local elementary schools to provide students with a guided tour of the backstage sites of the tournament that are usually closed to the public, including the press conference area and the television broadcast facilities. In order to help promote sport among the local residents, Casio used



Local youth receiving golf lessons

the charity proceeds raised during the tournament to purchase sporting equipment and donated it to local organizations that serve the welfare of the community.

Casio plans to hold the same kind of tournament in fiscal 2007, with the goal of benefiting the people of the local community.

Contribution to Civic Society

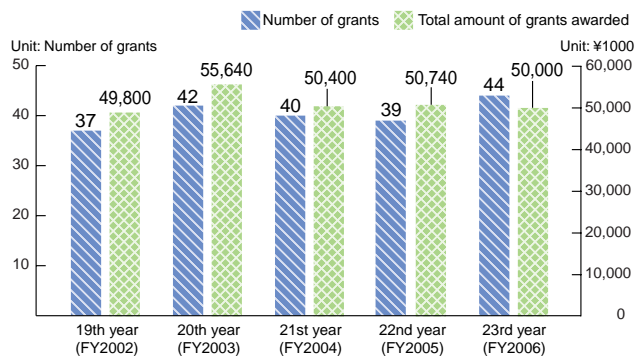
Fostering young science and technology researchers—Casio Science Promotion Foundation—

Basic research forms the foundation for science and technology. The new principles discovered in the realm of basic research often end up having an enormous impact on the wider world. However, since basic research does not produce any immediate profits, researchers are often supported by limited budgets from the government or universities. The Casio Science Promotion Foundation is providing funding for this type of research and thereby contributing to the advancement of science and technology.

The Casio Science Promotion Foundation was established in 1982 by the four Kashio brothers, and the late former chairman, Shigeru Kashio, to contribute to the growth and promotion of academic research in Japan. The foundation's main focus is on assisting cutting-edge, creative research in the early stages conducted by younger researchers. Every year, assistance is given to approximately 40 projects. In addition, approximately 10 grants are awarded to send researchers abroad and 10 more to host research meetings.

In fiscal 2006, 44 research projects received grants, totaling ¥50 million. The recipients included Professor Takeyoshi Dohi of the University of Tokyo, Professor Michio Umino of Tohoku University, and Professor Yasufumi Fujiwara of Osaka University. The grants were awarded to the recipients at the 23rd presentation ceremony held on December 2, 2005.

Number and amount of research grants awarded by Casio Science Promotion Foundation



Website of the Casio Science Promotion Foundation (Japanese-language)
<http://www.casio.co.jp/company/zaidan>

Social Contribution Initiatives

Supporting the Fifth Dolphin & Whale Eco-Research Network Project

Since the International Dolphin and Whale Conference held in 1994, Casio Computer Co., Ltd., has been working with the International Cetacean Education Research Center (I.C.E.R.C.) of Japan to support educational and research activities involving dolphins and whales. In 2005, the company participated in the Fifth Dolphin & Whale Eco-Research Network Project., Casio provided support for the I.C.E.R.C. exhibit* at Expo 2005 Aichi, Japan, (NGO Global Village) and the realization of better dolphin and whale watching activities in Japan.

Casio is also promoting public awareness of I.C.E.R.C. activities by setting up a dolphin and whale display at the Cetacean, Casio's pilot retail shop in Odaiba, Tokyo, and by sending out the organization's free paper to the retail stores of Casio Distribution.

* Joint exhibit with Japan Environmental Action Network (JEAN), from August 1 to 31, 2005.



G-SHOCK model to support the Dolphin & Whale Eco-Research Network

Supporting the Teacher's Business Training Program

This year Casio once again participated in the Teacher's Business Training Program, sponsored by the Keizai Koho Center (Japan Institute for Social and Economic Affairs), in order to promote communication between the worlds of business and education.

This program provides elementary, junior high and high school teachers an opportunity to experience corporate activities and share their experience and what they learned with students in the classroom. Started in 1983, the program places teachers with participating corporations during their summer breaks. In recent years there has been increasing interest in this kind of training in the education sector. The business sector and the general public have also become interested in companies' cooperative effort to provide training for teachers, as a way to fulfill their CSR.

During a three-day training course from August 3 to 5, 2005, Casio welcomed seven elementary and middle school teachers from Tokyo and Hyogo Prefecture. It marked Casio's second consecutive year of participation in the Teachers' Business Training Program.

The teachers received training from frontline employee instructors at the Casio head office and the Hachioji R&D Center. The course also included a lively exchange of opinions and ended as a complete success.

The teachers who participated were surprised at the way a private company like Casio is putting its energy into environmental activities, while pursuing its business with goals and dreams. They were very pleased with what they learned in just three days, saying that they would apply this new knowledge in the classroom. The participants also expressed a desire to hear from female managers at Casio next time, and to do more



Program for teachers

The clover "♣" symbol indicates disclosure and communication activities in the area of social contribution.

hands-on activities rather than just classroom learning. Casio will apply the feedback in planning next year's activities.

Contribution to the International Community

Casio Monetary Fund Committee for Peking University Japan Study

The Casio Monetary Fund Committee for Peking University Japan Study has been established by Casio (Shanghai) Co., Ltd., in cooperation with Peking University, China's premier institution for education and research relating to Japanese studies. The goal of this fund is to support the ongoing improvement of the research and educational level for studies in Japanese language, literature, and culture.

The fund awards one-time scholarships to students with excellent academic results in Peking University's foreign-language program for Japanese language or cultural studies and professors who have published outstanding academic papers or research. The awards are designed to further promote research in this field.

On November 9, 2005, a ceremony was held to commemorate both the founding of the fund and to award the first scholarships. The scholarships were presented to three students and five professors.



Scholarship award ceremony

Support for the World Children's Baseball Fair

Since 1992, Casio Computer Co., Ltd., has been supporting the World Children's Baseball Fair, which seeks to promote friendship among the world's youth.

The baseball fair was initially proposed by Hank Aaron and Sadaharu Oh, home-run kings of the US and Japan. With the goals of promoting the spirit of baseball the world over and increasing international friendships between children, the first World Children's Baseball Fair was held in Los Angeles in 1990. Since then, around 250 boys and girls from 20 countries worldwide have participated in the event with great enthusiasm every year.

In 2005, the 16th annual baseball fair was held in Gunma Prefecture from July 28 to August 5. Baseball workshops were held in addition to cultural exchange activities with local children, thereby fostering international friendship.

The promotion of the sporting spirit has become increasingly important for the sound development of youth and the effective utilization of their leisure time.

Through the sport of baseball, children can learn to understand each other better. By supporting this baseball fair that fosters friendship, Casio is contributing to the sound development of young people.



World Children's Baseball Fair





Sponsoring the Nationwide Youth Keyboard Contest in China

Casio has been supporting the Nationwide Youth Keyboard Contest in China since the Soong Ching Ling Foundation* first established the contest in 1986. To commemorate almost 20 years of support by Casio, a delegation from the keyboard contest including Vice Chairman Chi Liqun of the Soong

Ching Ling Foundation was invited to visit Japan in October 2005. As part of this activity, a special China-Japan (Casio and Soong Ching Ling Foundation) keyboard concert was held at the Casio headquarters. The concert featured 10 groups of children aged 9 to 18, who performed solo and in ensembles. The delegation also included a reporter from the People's Daily of China, and this cultural exchange was widely reported throughout that country.

* With the goal of helping underprivileged children across China, the Soong Ching Ling Foundation was established by the wife of Sun Yat-sen, Soong Ching Ling, also famous as one of the three Soong Sisters in Japan. The organization is highly respected by the general public and the government for its activities, which have produced many outstanding instructors and students across China.

Major social contribution initiatives in fiscal 2006

Category	Theme	Content	Implementing organization	
Local communities	Traffic safety	Cooperation with a traffic safety campaign	Street activities during the national traffic safety weeks in the spring and the fall.	Casio Information Systems Co., Ltd.
	Social education	Hosting interns 	As part of occupational education activities, actively participated in planning as a corporate participant in university internship programs and hosted 21 interns in fiscal 2006.	Kochi Casio Co., Ltd.
		Company tours 	Provided company tours for 281 students from 16 schools in fiscal 2006, as part of comprehensive studies classes and school excursions.	Casio Computer Co., Ltd.
		Classroom visits 	Visited Fuchu Dai 4 Elementary School, and gave presentations to about 100 students, teachers, and parents concerning the fun and difficulty of creating products.	Casio Computer Co., Ltd.
	Environment	Cleanup Day	In fiscal 2006, 140 employees participated in the twice yearly cleaning of the areas around a company site, and the route between the site and nearby Higashi Hanawa station.	Kofu Casio Co., Ltd.
		Beautiful Yamagata and Mogami River Forum	Cooperating with the local people, NPOs, universities, and government agencies to support cherry tree planting and maintenance along Mogami River.	Yamagata Casio Co., Ltd.
Civic society	Social education	Nikkei Education Challenge 2005	Support for the Nihon Keizai Shimbun's high school education program in economics and industry. Dispatch of employee instructors.	Casio Computer Co., Ltd.
	Welfare	Participation in blood donation drive	In fiscal 2006, 189 employees at the head office and 264 employees at the Hamura R&D Center participated.	Casio Group
		Jobs offered to physically or mentally disabled persons	Product disassembly, parts sorting and other types of light work are offered on a contract basis.	Casio Techno Co., Ltd.
International community	Social education	Training students as part of university programs 	Providing practical training to students as part of university programs (for two or three months). About ten students per year receive practical training at Casio (Thailand).	Casio (Thailand) Co., Ltd.
	Training local high school students 	Occasionally some local high school students are provided work experience at Pt. Asahi Electronics Indonesia.	Pt. Asahi Electronics Indonesia	

The clover "  " symbol indicates disclosure and communication activities in the area of social contribution.

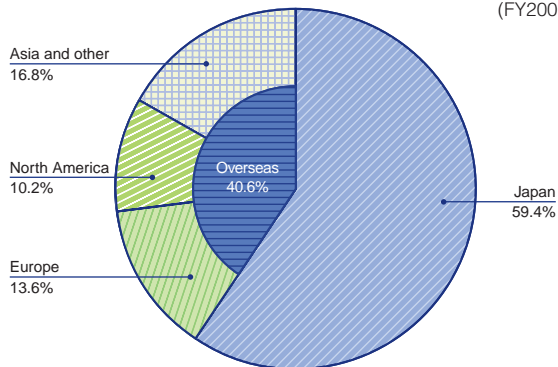
Major donations in fiscal 2006

Category	Project title	Donation recipient	Implementing organization
Environment	Support for the "Think the Earth Project" FY2006	Think the Earth Project (NPO)	Casio Computer Co., Ltd.
	Donation to the Japan Industrial Waste Management Foundation	Japan Industrial Waste Management Foundation	Casio Computer Co., Ltd.
	Donation to the Keidanren Nature Conservation Fund	Keidanren Nature Conservation Fund	Casio Computer Co., Ltd.
	Support for WWF Japan (World Wide Fund for Nature Japan)	WWF Japan (NGO)	Casio Computer Co., Ltd.
Education	Support for the International University of Japan	International University of Japan	Casio Computer Co., Ltd.
	Scholarship provision	Costco Scholarship Fund	Casio, Inc.
Culture and arts	Support for the NHK Symphony Orchestra	NHK Symphony Orchestra	Casio Computer Co., Ltd.
	Support for the Tokyo Philharmonic Orchestra	Tokyo Philharmonic Orchestra	Casio Computer Co., Ltd.
Local communities	Sponsorship of the Fruit Nation Higashine - Cherry Marathon	City of Higashine	Yamagata Casio Co., Ltd.
	Cultivation of tulip bulbs and Ohga lotus for the preservation of fallow rice fields	City of Hamura	Casio Computer Co., Ltd.
Disaster relief	Contribution to the victims of Hurricane Katrina	Japanese Red Cross Society, etc.	Casio Group
	Contribution to the victims of the Pakistan earthquake	Japanese Red Cross Society	Casio Group
International exchange / cooperation	Sponsorship of the Friends Association, MAISON DE LA CULTURE DU JAPON À PARIS	Friends Association, MAISON DE LA CULTURE DU JAPON À PARIS	Casio Computer Co., Ltd.
Social welfare	Donation to the fund for rehabilitation of disabled persons	A FUND FOR REHABILITATION OF DISABLE PERSONS	Casio (Thailand) Co., Ltd.
Healthcare	Donation to the Japanese Foundation for Cancer Research	Japanese Foundation for Cancer Research	Casio Computer Co., Ltd.
	Support for PH-Japan	PH-Japan (NPO)	Casio Computer Co., Ltd.

● Casio Network

In order to deliver products to customers in all parts of the world, Casio has development, manufacturing, and sales centers across the globe with a focus on four major regions: Japan, North America, Europe, and Asia (excluding Japan). R&D and electronic component manufacturing are performed in Japan, while other manufacturing facilities are located mainly in other parts of Asia. As for overseas sales, Casio, Inc., handles the North American market, while Casio Electronics Co., Ltd., Casio Europe GmbH, Casio France S.A., Casio Benelux B.V., Casio Scandinavia AS, and Casio Espana S.L., handle European sales. In other regions, distributors have been set up to handle direct and indirect exports to these markets.

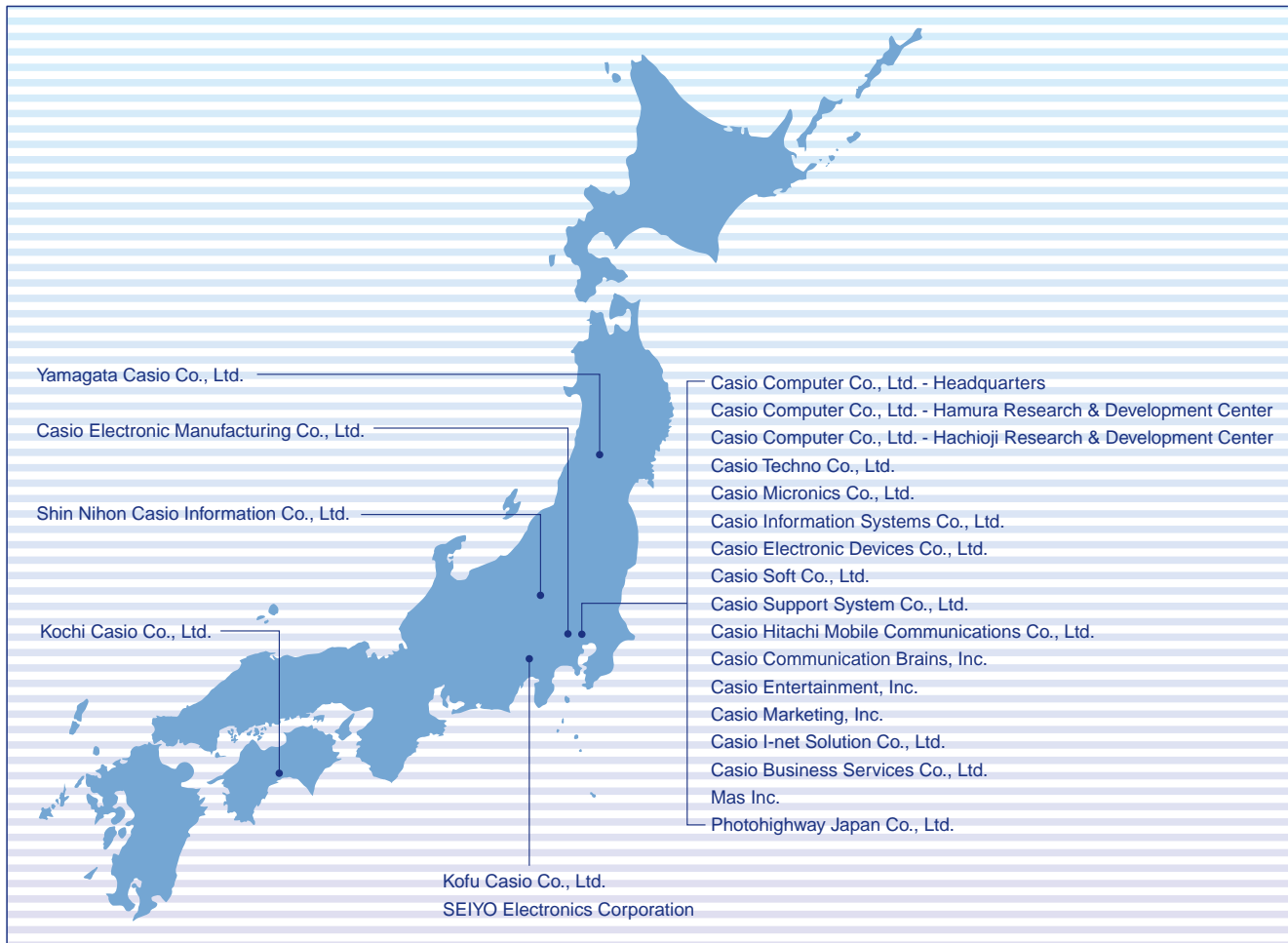
Sales, by region (FY2006)



● Sites outside Japan (as of Sept. 30, 2006)



● Sites in Japan (as of Sept. 30, 2006)



Corporate Profile

CSR Highlights

CSR Management

Casio and the Market

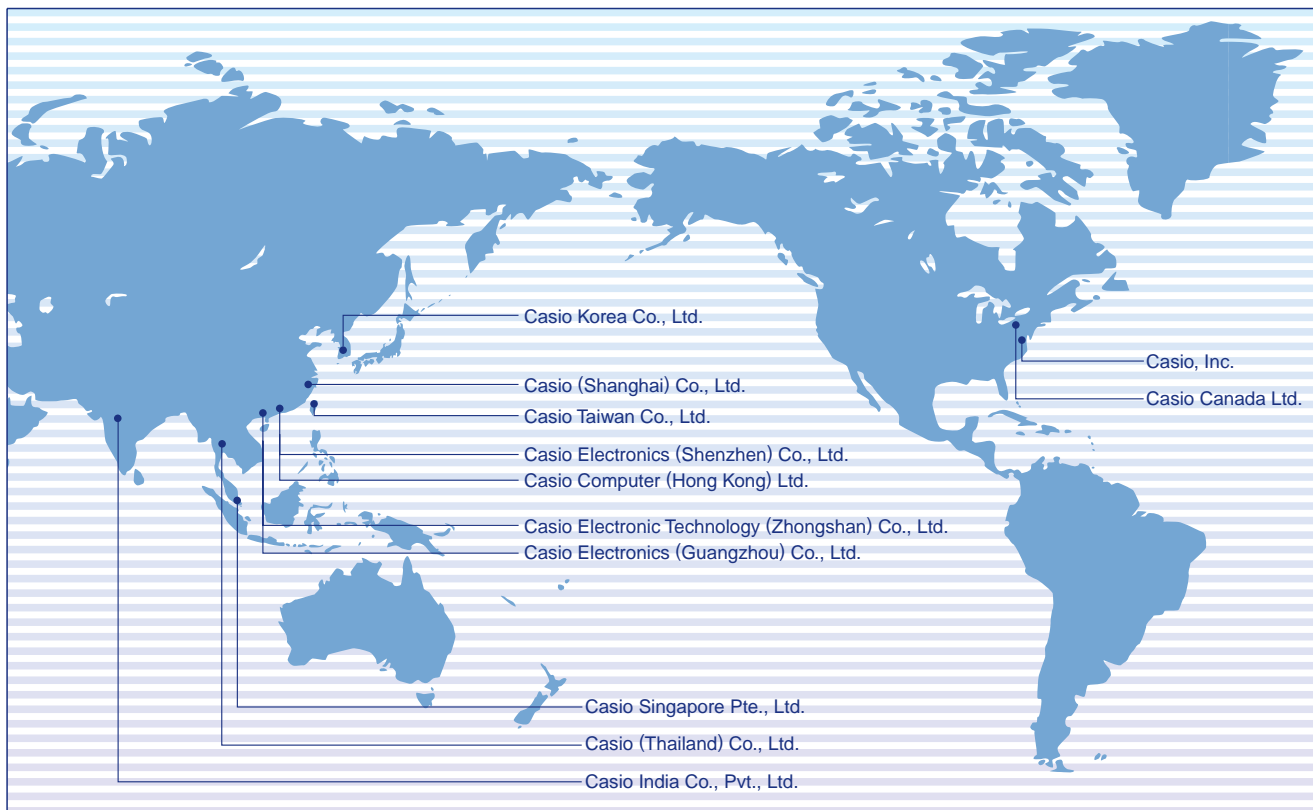
Casio and the Global Environment

Casio and Employees

Casio and Society

Company Data

Sites outside Japan (as of Sept. 30, 2006)



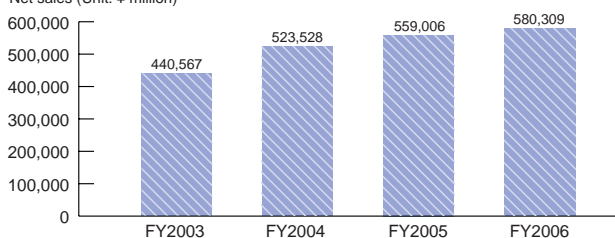
Data on Casio Computer Co., Ltd. (as of March 31, 2006)

Name: Casio Computer Co., Ltd.
 Established: June 1, 1957
 Headquarters: 1-6-2 Hon-machi, Shibuya-ku, Tokyo
 President & CEO: Kazuo Kashio

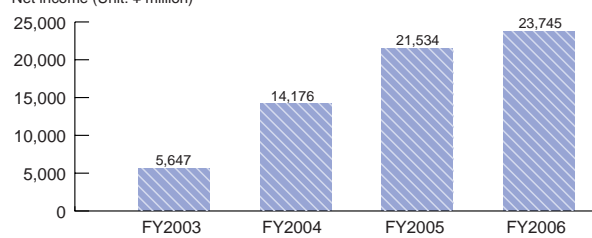
Paid-in capital: ¥41,549 million
 Employees: 3,320 (non-consolidated)
 12,673 (consolidated)
 Consolidated companies: Subsidiaries (Japan and overseas) 56
 Equity-method affiliates (Japan and Overseas) 4

Consolidated business results

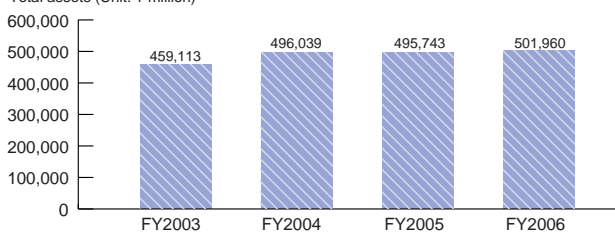
Net sales (Unit: ¥ million)



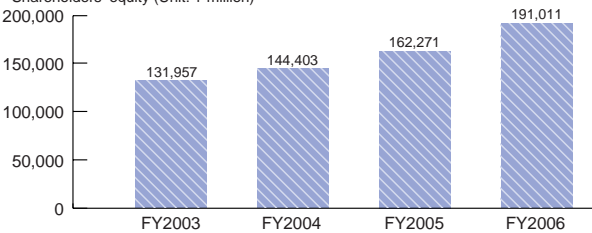
Net income (Unit: ¥ million)



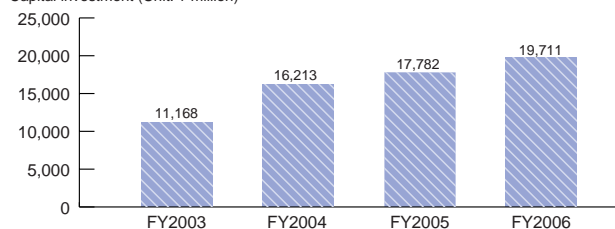
Total assets (Unit: ¥ million)



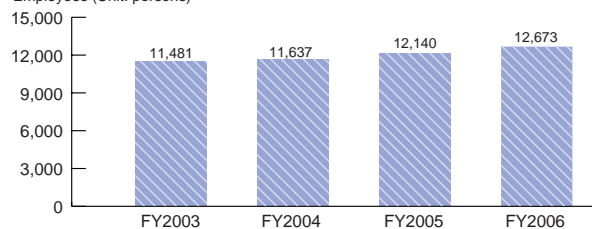
Shareholders' equity (Unit: ¥ million)



Capital investment (Unit: ¥ million)



Employees (Unit: persons)



Social Recognition

Major Awards and Commendations in Fiscal 2006

Year	Month	Site	Award or Commendation	Awarding Organization
2005	June	Yamagata Casio Co., Ltd.	Yamagata Prefectural Governor's Award for Excellence in Promotion of Environmental Conservation	Yamagata Prefecture
	June	Casio Micronics Co., Ltd.	Award of Excellence for Electrical Safety and Rationalization Promotion	Tama Electric Association
	October	Yamagata Casio Co., Ltd.	Grand Prize of the 2nd Nikkei <i>Monozukuri</i> Grand-prix	Nihon Keizai Shimbun, Inc.
	November	Hamura R&D Center	Ome Labor Standards Bureau Chief Award	Ome Labor Standards Bureau
	December	Kofu Casio Co., Ltd.	Annual Quality Management Activity Award: Outstanding Production Site	Yamanashi Prefecture Quality Management Research Council
2006	February	Casio Micronics Co., Ltd.	Award for Excellence in Activities to Reduce Electricity Use	Kanto Region Electricity Usage Rationalization Committee
		Hamura R&D Center		

Scope of the Report

Reporting Period

The *Casio Corporate Report 2006* provides a general summary of the business and CSR activities of the worldwide Casio Group of companies in fiscal 2006 (from April 1, 2005 to March 31, 2006). However, some important reporting on the Casio organizational structure and products contains information from fiscal 2007.

Business Units Covered by the Report

The following table shows the scope of environmental accounting and that of environmental impact data compilation and description. Please note that any reference made to "Casio" in this report indicates the Casio Group, while "Casio Computer Co., Ltd." refers only to the parent company.

Group Companies in Japan

Electronic Components Segment

Company name used in the report	Number of sites
Hachioji R&D Center, Casio Computer Co., Ltd.	1
Kofu Casio Co., Ltd.	2
Kochi Casio Co., Ltd.	1
Casio Micronics Co., Ltd.	2
Casio Electronic Devices Co., Ltd.*	1

Electronics Segment

Company name used in the report	Number of sites
Headquarters, Casio Computer Co., Ltd.	1
Hamura R&D Center, Casio Computer Co., Ltd.	1
Casio Electronic Manufacturing Co., Ltd.	1
Yamagata Casio Co., Ltd.	2
Casio Techno Co., Ltd.	1
Casio Hitachi Mobile Communications Co., Ltd.	1
Casio Soft Co., Ltd.	1
Casio Information Systems Co., Ltd.	1
Casio I-net Solution Co., Ltd.*	1
Casio Support System Co., Ltd.	5
Casio Business Service Co., Ltd.	1
Casio Information Service Co., Ltd.	1
Casio Marketing, Inc.	1
Casio Communication Brains, Inc.*	1
Casio Entertainment, Inc.	1
CCP Co., Ltd.	1

Overseas Group Companies

Electronics Segment

Company name used in the report	Number of sites
Casio Korea Co., Ltd.	1
Casio Taiwan Co., Ltd.	1
Casio Computer (Hong Kong) Ltd.	2
Casio Electronic Technology (Zhongshan) Co., Ltd.	1
Casio Electronics (Shenzhen) Co., Ltd.	1
Casio Electronics (Guangzhou) Co., Ltd.	1
Casio (Shanghai) Co., Ltd.	1
Casio (Thailand) Co., Ltd.	1
Casio Singapore Pte., Ltd.	1
Pt. Asahi Electronics Indonesia	1
Casio India Co., Pvt. Ltd.	1
Casio, Inc.	1
Casio Canada Ltd.	1
Casio Europe GmbH	1
Casio Electronics Co., Ltd.	1
Casio France S.A.	1
Casio Electronics (Zhuhai) Co., Ltd.	1
Casio Electronics (Zhongshan) Co., Ltd.	1

* These sites are included in the report only with respect to their environmental conservation cost and economic impact.

Topics Reported

This report was prepared in compliance with the *Environmental Reporting Guidelines* (2003 Edition) issued by Japan's Ministry of the Environment, and also with reference to the *Sustainability Reporting Guidelines 2002* of the Global Reporting Initiative (GRI).

Outside Opinion on the Casio Corporate Report 2006

The following opinion was written based on the content of this report. In the area of corporate social responsibility, Casio has begun to promote the PDCA (plan, do, check, action) management cycle for a wide range of issues, such as reducing environmental impact and encouraging suppliers to take similar efforts.

Commendable Efforts by Casio

- In consideration of people with visual disabilities, this report uses barrier-free design in graphs and diagrams.
- Active initiatives in the development of products that reduce environmental impact, such as “electronic dictionaries,” “Tough Solar” and other wristwatches with energy-saving LSI, and next-generation fuel cells (pages 6 to 8, and 15).
- Active provision of opportunities for the families of employees and local elementary and middle school students to experience and learn about the workplace, through the “Factory Tours for 10,000 People” program (page 18).
- Provision of more detailed CSR information on the Web including material balances for each business area.

Points for Improvement

- Casio has not achieved its targets for the amounts of carbon dioxide emissions, water usage and waste for two consecutive years. It appears that the targets are either too difficult or that the management systems are not functioning properly (pages 20 and 40). Based on the active incorporation of changes in business performance and market value, Casio needs to disclose its annual targets and details of actual measures

taken for initiatives to be completed by 2010. In particular, it needs to disclose both the basic units and overall amounts of actual production of carbon dioxide emissions.

The company must also actively learn from successful cases and thoroughly promote methods for energy saving in daily operations at production sites. Furthermore, the committees and departments operating under Casio Environmental Conservation Committee have to go beyond the reporting of results, to the promotion of initiatives based on future forecasts.

- Casio should actively support the establishment of the proper foundation for EHS (environment, health & human rights, safety) for its supply-chain, including group companies and principal suppliers.

川北 考人 永



Hideto 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.
URL: <http://www.iihoe.com/> (in Japanese only)

Response to the Independent Opinion—Points for Improvement

Casio asked Hideto Kawakita, Chief Executive Officer of the International Institute for Human, Organization and the Earth (IIHOE) to provide an independent opinion for this report. IIHOE has a record of successful consulting to organizations concerning the promotion of CSR as well as environmental and social communication.

We have endeavored to incorporate into this report various suggestions from Mr. Kawakita that could be

immediately implemented. These concerned the method of reporting responsibilities toward suppliers, employment of persons with disabilities, and efforts to help prevent global warming.

In response to Mr. Kawakita's points for improvement however, Casio is addressing these items as future issues, and is working to reflect them in its current activities as outlined below.

Environment

The greater than expected increase in production and decrease in costs for the Electronic Components segment had a major impact on the achievement of Casio's environmental targets. Therefore, Casio is now making a priority of setting targets for each electronic component production site, while clarifying the achievement plans and individual measures, in order to facilitate progress management.

The company will also set targets for the individual sites of the Electronics segment in addition to the existing group targets, while sharing information that shows the action plans and promotion policies for each site, as well as the progress conditions and results. In particular, Casio is constructing mechanisms to clarify the site policies, including equipment introduction, investigation of new environmental technologies, and verification of successful cases, which suit the characteristics, role and functions of each production site.

In this way, Casio intends to realize its group targets, by raising planning accuracy at each site.

Preparation of an EHS Foundation

While group companies continue to share the corporate creed and the Charter of Creativity for Casio, and have broadly kept pace with Casio Computer Co., Ltd., individual companies have carried out initiatives according to their individual circumstances, based on individual policies. In the future, Casio Computer Co., Ltd. will establish an EHS (environment, health, human rights, and safety) foundation on which to promote CSR improvements for the entire group.

Based on the Material Procurement Policy that includes provisions for the environment, health, human rights, and safety, Casio is ascertaining and evaluating the conditions at each supplier. The company will then provide education and guidance for those suppliers that need assistance, thereby raising the CSR level of the entire supply chain.

1. Vision and Strategy

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1.2 Statement from the CEO describing key elements of the report	2-3, 37

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2.4 Description of major divisions, operating companies, subsidiaries, and joint ventures	65-67
2.5 Countries in which the organization's operations are located	65-66
2.6 Nature of ownership; legal form	65-66
2.7 Nature of markets served	65-66
2.8 Scale of the reporting organization	65-66
2.9 List of stakeholders, key attributes of each, and relationship to the reporting organization	Table of contents page
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2.13 Boundaries of report	67
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2.21 Policy and current practice with regard to providing independent assurance	68
2.22 Means by which report users can obtain additional information and reports	Notation of a URL on each page

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3.4 Board-level process for oversight	23-24
3.5 Linkage between executive compensation and achievement of goals	Omitted
3.6 Organizational structure and key individuals responsible	23, 41
3.7 Mission and values statements (codes of conduct, principles, performance policies, etc.)	22-23, 26-31, 33, 35-36, 38, 52, 55-59, 61
Stakeholder Engagement	
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Published: December 2006