

Compliance and Risk Management

Casio is reinforcing its internal controls while working to improve employee awareness of compliance and continually improve risk management.

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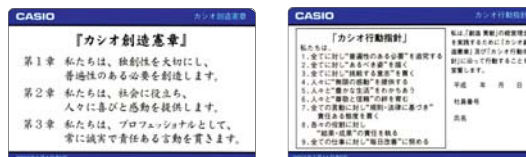
The Charter of Creativity for Casio and Casio Common Commitment were established in 2003 in order to realize the spirit of Casio's corporate creed, "Creativity and Contribution." Annually, officers and department heads make a pledge that they will follow the Charter and Commitment and take responsibility for educating their subordinates and colleagues to do the same. All employees also sign a card printed with the Charter and Commitment, and carry the card with them at all times. The Casio Code of Conduct has also been established to ensure that all employees know exactly what it means to act as responsible working people, so that every day they spend on the job helps Casio contribute to society. It serves as a guideline for specific employee actions, and has further improved Casio's level of compliance.

"CASIO Style," an intranet site dedicated to raising the awareness of employees, includes messages from top management on the type of company that management and employees should strive to build, as well as articles based on the personal experiences of top executives.

Certain major laws and regulations have a major impact on society and are also deeply related to Casio's corporate activities, including Japan's Subcontract Act, and export control laws and regulations. Casio has set up individual specialized committees to deal with legislation, and has constructed relevant compliance systems for the entire group.

Meanwhile, Casio is moving forward with revisions to its risk management mechanisms and systems based on the Basic Risk Management Policy established in May 2006. A Risk Management Committee chaired by the Chief Risk Management Officer (CRO) has been established, and a system is in place that brings together the risk management departments and the committee secretariat, which is the principle executor of risk management activities under the committee. This mechanism enables the continual implementation of management activities for each risk based on the PDCA management cycle of Plan (planning), Do (implementing and operating), Check (evaluating and auditing), and Act (revising and improving). This also includes monitoring by the Internal Audit Department.

In fiscal 2007, Casio's main risk management departments led the effort to take an inventory of risks, focusing especially on risks related to compliance. They analyzed risks using the indicators of probability of occurrence and level of potential impact and drew up concrete measures for individual risks. Casio will continue to improve its risk management system in the future, and strengthen internal controls.



Charter of Creativity for Casio (card)



Casio Code of Conduct website
<http://world.casio.com/corporate/principle/conduct.html>

Responding to Emergencies

The environment in which companies operate presents a variety of risks, and it is crucial that management respond to these risks quickly and flexibly. In the event of an emergency, it is critical to prioritize the saving of human life, and this requires an initial response that is both rapid and appropriate.

In order to prepare for such an effective response, Casio has created a Crisis Management Manual.

The manual contains the following basic priorities, and will be revised whenever necessary based on changes in the business environment.

1. Securing the safety of all employees and their families
2. Preserving corporate assets
3. Maintaining business activities

Volunteer fire brigades have been organized at each site, and fire drills are held once a year with the participation of all employees.

Risk management system



Emergency response drill

Information Security

Casio is aware of its important social responsibility to maintain the security of 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, Casio launched its Protection of Personal Data Project to ensure that all Casio employees are able to manage personal information properly. Casio is working to formulate and implement specific policies and procedures. Furthermore, as part of Casio's drive to strengthen its system for safe and proper handling of personal data, Casio Computer Co., Ltd., worked to qualify for the Privacy Mark*1 certification and received it on December 27, 2005.

After qualifying for the Privacy Mark, Casio carried out appropriate measures to meet the requirements of the JIS Q 15001 compliance program, which concerns personal information protection. These measures included education for all employees and officers, control of information system access and computer logs, signed agreements with business partners on the handling of personal data, and internal auditing. Along with the revision of JIS Q 15001 in May 2006, Casio revised its applicable rules on April 1, 2007, and is working to strengthen supervision of information consignees as well as risk analysis.

The Information System Department, which manages Casio's information assets, is working to obtain ISMS*2 (ISO 27001) certification by the end of 2007, and implementing comprehensive security measures. Through these efforts, Casio will continue to strengthen information security and personal information protection, in order to maintain the trust of customers.

*1 Privacy Mark: A program where the Japan Information Processing Development Corporation, a public-service foundation, evaluates the adequacy of corporate protective measures related to the handling of personal data. Companies that are found to have adequate protective measures in place are certified and permitted to display the Privacy Mark.

*2 ISMS: A framework which companies or organizations can adopt to ensure and maintain personal information security by setting security levels based on rules (security policies) and implementing continuous risk management. ISMS became a global standard (ISO 27001) in October 2006.

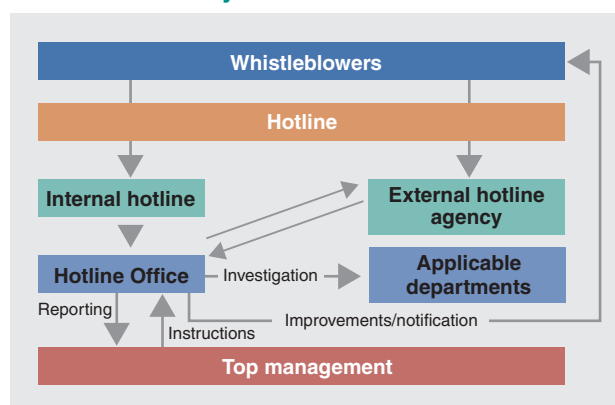


Whistleblower Hotline

In April 2006, Casio set up a Whistleblower Hotline, and appointed an officer to be responsible for its operation. The hotline has access points both in and outside the company, and responds to opinions, questions and queries from anyone doing work for Casio in any capacity. By protecting the identity of the whistleblower, this hotline serves as a neutral, fair intermediary between the company and people with information to report.

The hotline received 21 contacts in fiscal 2007. Investigations were made to confirm the situation behind each contact, based on the background and environment surrounding each one. Casio is genuinely dedicated to fair, honest management.

Casio's hotline system



Activities of the Compliance Committee on the Subcontract Act

Casio Computer Co., Ltd., has set up a Compliance Committee on the Subcontract Act, which includes group companies. The company's efforts to ensure all transactions are fair and in accordance with Japan's Act against Delay in Payment of Subcontract Proceeds, etc., to Subcontractors (Subcontract Act) are as follows.

Every fiscal year the committee makes an activity plan. Each department is then audited by committee members, and instructions for improvement are given for addressing any irregularities found. Based on an education plan, the committee carries out activities to ensure that employees maintain the necessary knowledge on subcontractor transactions and compliance concerns. Moreover, the committee obtains the latest compliance information by participating in courses sponsored by the Japan Fair Trade Commission and monitoring government websites. This information is then shared throughout the group.

Personal information protection system

