

Compliance and Risk Management

Casio is pursuing total compliance through integrated management of three foundations of employee conduct: the Casio Group Code of Conduct, risk management, and the Whistleblower Hotline.

Casio Group Code of Conduct

In May 2008, Casio revised its Code of Conduct. The new Casio Group Code of Conduct represents a pledge made to the company and to the world by each individual Casio employee and executive—a commitment to observe all relevant laws and ethics in their daily work and personal lives, as responsible citizens. With this major revision of the Code, Japanese and English versions were prepared, which also serve as the basis for translation into other languages by individual group companies, becoming the foundation for conduct by all group employees worldwide.

To promote awareness of the new Casio Group Code of Conduct, compliance training sessions were carried out group-wide. The training in fiscal 2010 included a comprehension level test designed to enhance understanding among participants. The test enabled participants to check their own level of understanding of the Code. A passing score was established, and trainees challenged themselves to achieve this target. The training results were provided as feedback by the secretariat to the persons responsible for each division, and will serve as a reference for carrying out compliance education in the next fiscal year.

■ Casio Group Code of Conduct

Provisions of the Casio Group Code of Conduct

1. Purpose

2. Basic Policies

3. Code of Conduct

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| 3-1. Compliance with Laws and Ethics | 3-6. Information Protection |
| 3-2. Respect for Human Rights | 3-7. Environmental Conservation |
| 3-3. Provision of Safety and Peace of Mind to Customers | 3-8. Disclosure of Corporate Information |
| 3-4. Fair Competition and Transactions | 3-9. Maintenance of Social Order |
| 3-5. Separation of Personal Affairs from Business | 3-10. Social Contributions |

4. Implementation of the Code of Conduct

5. Handling Violations

Risk management

Based on its Basic Risk Management Policies, Casio has built a risk management organization designed to manage risk efficiently. The Chief Risk Management Officer, assigned by the CSR Committee, chairs the Risk Management Committee. The Risk Management Committee discusses and makes decisions for selecting and addressing important risk management themes.

Based on themes selected by the Risk Management Committee, the main risk management departments carry out measures to address risk management issues in their respective divisions and group companies and to ensure widespread knowledge and thorough understanding of necessary items, while also providing guidance. The Risk Management Committee Secretariat operates a management system based on an annual plan-do-check-act (PDCA) cycle. The secretariat also holds various meetings and oversees the progress of risk management activities.

The Internal Audit Department performs audits of this management system, independently from the risk management activities.

■ Risk management system



Fiscal 2010 activities

The following is a report on risk management activities undertaken in fiscal 2010, presented according to the PDCA cycle.

Plan: Selection of risk management themes

The fiscal 2009 risk management themes under which targets were not achieved were retained in fiscal 2010 as ongoing themes. Going beyond risks relating to compliance violations, risk relating to public expectations was added as a new theme in fiscal 2010.

In fiscal 2010 a total of 9 themes were undertaken. The themes for which targets were achieved in fiscal 2009 were discontinued, but the secretariat has listed them for ongoing monitoring.

Do: Risk management activities

The main risk management departments prepared annual risk management programs on each of the risk management themes, and promoted measures to manage risk. The secretariat performed progress checks on the risk management measures once every quarter. Risk Management Committee meetings were held twice during the year to discuss and set policies and goals. Individual themes and cases of potential risk were presented, and the committee ensured overall consistency for thorough correction of notified items.

Check: Evaluation and monitoring of risk management programs

At the end of fiscal 2010, the secretariat carried out a performance evaluation and a system effectiveness evaluation of the risk prevention measures promoted during the year. The main risk management departments reported on the progress of risk management activities according to the initial theme promotion plans, as well as on the effectiveness of the systems and the degree of results achievement. The secretariat evaluated their reports.

After the evaluation was complete, the Internal Audit Department performed an audit of the secretariat and the main risk management departments. This audit focused primarily on whether management systems had been properly implemented, maintained and operated. The secretariat also performed monitoring of risk management themes where targets had been achieved in fiscal 2009, in order to confirm ongoing maintenance and progress on these themes.

Act: Improvement of Risk Management Activities

Since fiscal 2008, Casio has been undertaking its risk management activities on a three-year cycle, and has achieved a certain level of results in the area of compliance. At the beginning of fiscal 2011, the Risk Management Committee was reorganized into a new CSR Committee. The aims of this move were to enable early detection of potential risks from both the compliance and CSR perspectives, to meet public expectations, and to strengthen internal controls.

Responding to emergencies

The environment in which companies operate presents a variety of risks, and responding to incidents flexibly is a crucial aspect of business management. In the event of an emergency, saving human life takes first priority, and this requires an initial response that is both rapid and appropriate.

In order to respond to these contingencies with the resources of the company organization, Casio has created a Crisis Management Manual for securing the safety of all employees, directors, and their families, preserving corporate assets, and maintaining business activities.

Sequential updates of the manual keep pace with changes in the business environment, and the company is taking practical initiatives at the same time. Specifically, the following measures have already been undertaken:

Regular evacuation drills and general lifesaving classes for employees

Development and in-house distribution of disaster prevention support tools as well as disaster stockpiling

Construction of a system to ensure absolutely no contact with organized criminal elements

Disaster prevention drill with the local community and provision of an open area for a temporary evacuation site

Highlight General Disaster Prevention Drill



Coordinated Practice for Walking Home after a Disaster in the National Capital

September 1 is Disaster Prevention Day in Japan. Every year on this day, Tokyo's Shibuya Ward holds a general disaster prevention drill. As a member of the Shibuya-ku Honmachi Community Association, Casio sends several employees from the Hatsudai Headquarters of Casio Computer Co., Ltd., to participate in the drill.

In fiscal 2010, as part of the "Coordinated Practice for Walking Home after a Disaster in the National Capital," the participants walked from Yoyogi Park where the general disaster prevention drill is held to an open area at Casio's Hatsudai Headquarters.

The Casio Hatsudai Headquarters also signed an agreement to provide an open plot of land as a temporary evacuation site for the Honmachi Community Association. While holding regular information exchange meetings with the community, Casio is deepening its understanding and cooperation for disaster prevention.

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. With the full implementation of Japan's Act on the Protection of Personal Information in 2005, Casio launched the Protection of Personal Information Project and publicized the Privacy Policy on its web site. Furthermore, as part of Casio's drive to strengthen its system for safe and proper handling of personal information, Casio Computer Co., Ltd., worked to qualify for the Privacy Mark* certification and received it in December 2005.

Since obtaining certification, Casio has been properly carrying out the plan-do-check-act (PDCA) cycle to maintain its personal information protection management system. This includes the establishment of annual plans, having all employees undergo training and take an oath, regular checking of personal information, access management on information systems, consignee supervision, and internal audits. Accordingly, Casio has been able to renew and maintain its certification.

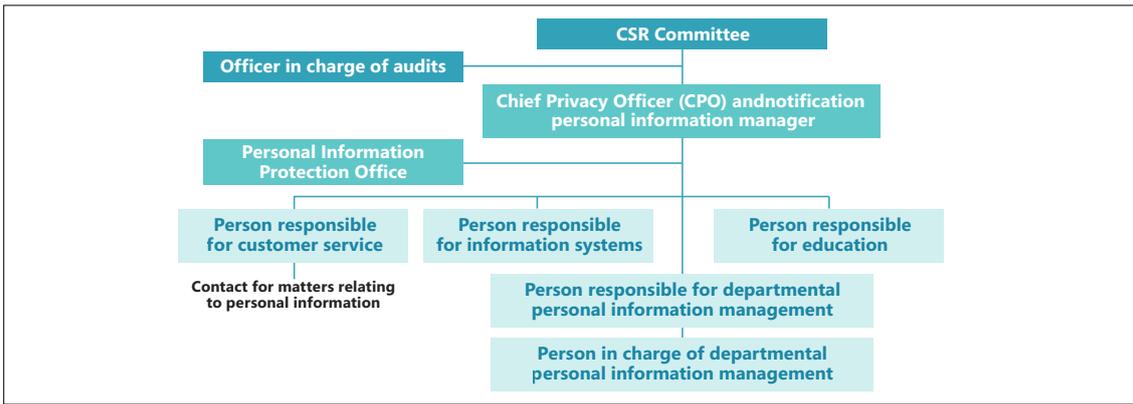
As risk reduction measures, in fiscal 2010 Casio classified its operational processes for handling important personal information, and strengthened safety measures for each process. Group companies that handle large volumes of personal information also implemented the same kind of PDCA cycle as Casio Computer Co., Ltd.

Going forward, Casio will keep strengthening information security and personal information protection throughout the group to further increase stakeholder confidence.



* 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.

■ Personal information protection system



Employee Message



Takashi Watanabe
 Personal Information Protection Office

Casio provides a lot of products that are part of the everyday lives of general consumers. As a result, the company handles a lot of personal information at various customer contact points, and carries out the necessary risk management measures for each operation. At Casio, we believe that it is important to protect the rights of customers, and we have strong mechanisms in place for information security. In order to prevent accidents and improve the level of information security management, it is essential to keep raising awareness among all employees. At the Personal Information Protection Office, we are working hard to strengthen the company's information protection systems, focusing mainly on training and awareness-raising activities.

Whistleblower Hotline

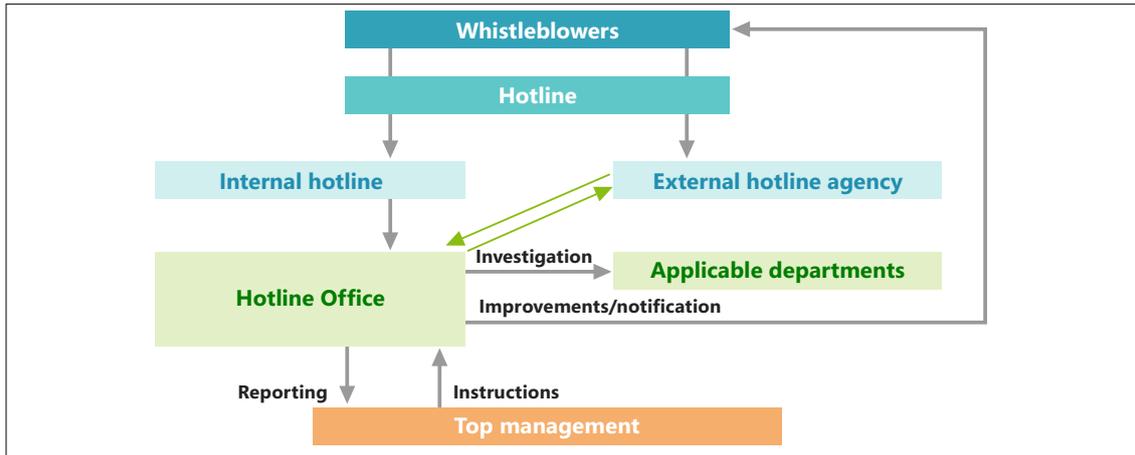
As a way to help ensure compliance, Casio set up a Whistleblower Hotline in April 2006. The hotline has been functioning with neutrality and fairness across all of its internal and external contact points.

Operating on a basis of impartiality, the hotline follows up on all whistleblower reports and consultations, and takes resolute measures against any improper behavior discovered. Effort is put into preventing issues before they grow into real problems. In fiscal 2010, the hotline's intranet site was improved, and hotline awareness was raised within the company.

In fiscal 2010, three calls were made to the hotline, which was down significantly from the 13 calls of the previous year. On the surface it may appear that the number of concerns is decreasing. However, further study is necessary to determine if problems are really on the decline or if people are just more cautious about reporting them.

In fiscal 2011, the company plans to ensure this system is further entrenched within the group through training and the use of questionnaires. It will also look into the reason for the drop in whistleblower reports.

■ Whistleblower Hotline



| Export control

Export control, or export control security, aims to maintain international peace and security. It involves regulations on the export of goods and technology that could be diverted for the development of weapons of mass destruction or other weaponry. The regulations are designed to prevent such goods and technology from reaching countries and regions of concern or terrorist organizations.

In 1987, the Export Control Security Program of Casio Computer Co., Ltd. (a compliance program) was established in order to make sure proper measures are taken to ensure the security of exports. The program has since been continually updated along with changes in the Japanese Export Control Regulation.

Casio has appointed employees responsible for export control in relevant departments as part of an internal system to ensure observance of the program.

As relevant regulations have been revised, the needed training updates have been given to the employees responsible for export control. Casio is committed to total legal compliance, and ensures that the program is properly maintained and managed through annual self-audits.

| Initiatives for compliance with fair trade and advertising laws

In order to promote proper transactions as well as fair, transparent and free competition, compliance seminars were given at the sales offices of Casio Computer Co., Ltd., in Japan. Employee instructors conducted the seminars in both fiscal 2009 and 2010, and covered compliance with Japan's Act against Unjustifiable Premiums and Misleading Representations, and Japan's Act on Prohibition of Private Monopolization and Maintenance of Fair Trade. In fiscal 2010, seven seminars were given at sales offices, while three were held at the sales management department in the headquarters. A total of 551 employees received the training, growing in their understanding of fair transactions.

In order to prevent inappropriate claims in advertising, a new Advertising Control Committee was formed with representatives from relevant departments. The committee is working to improve advertising management through the use of Terminology Usage Standards relating to marketing.