

---

# Compliance and Risk Management

---

**Casio's effort to achieve total compliance management is based on the Casio Group Code of Conduct, a risk management system and whistleblower hotlines.**

## Casio Group Code of Conduct

The international ISO 26000 guidance standard on corporate social responsibility was issued in November 2010, and Casio joined the UN Global Compact the following month. Given recent environmental changes and new international standards such as these, the global Casio group is faced with growing expectations from the international community. Consequently, the Casio Group Code of Conduct was revised for the first time in five years. The code serves as compliance rules for everyone at Casio, and sets norms for executives and employees to follow. Here are the main revisions to the Code of Conduct.

- 1) Points concerning issues of high concern to the international community such as human rights, supply chain management, and anti-corruption were revised
- 2) The respective roles of executives and employees were clearly stipulated
- 3) Content was improved to indicate common policies that apply to the worldwide group

The revised Code of Conduct was prepared in Japanese, English, and Chinese, and is translated into other employee languages as necessary. Education on the new code will be carried out across the entire group, with the aim of further deepening understanding of its content. Along with this education, a compliance questionnaire will be conducted once every two years. The results and identified issues will then be shared group-wide to promote continued improvement.

## Provisions of the Casio Group Code of Conduct

### I. General Provisions

#### 1. Purpose

#### 2. Scope

#### 3. Compliance

### II. Code of Conduct

#### 1. Enabling Value Creation

1-1. Provision of Products and Services Beneficial to Society

#### 2. Fulfilling Our Corporate Social Responsibilities

2-1. Respect for Human Rights

2-2. Environmental Conservation

2-3. Sound Initiatives across the Entire Supply Chain

2-4. Harmony with Society

#### 3. Building Customer Trust

3-1. Provision of Safety and Peace of Mind to Customers

#### 4. Establishing Sound Workplaces

4-1. Establishment of Employee-friendly Workplace Environments

#### 5. Ensuring Correct Actions

5-1. Compliance with Laws

5-2. Prohibition of Bribery and Restrictions on Business Entertainment and Gift-giving

5-3. Fair Competition and Transactions

5-4. Prohibition of Insider Trading

5-5. Thorough Security Trade Control

5-6. Prohibition of Involvement with Anti-social Forces

5-7. Separation of Personal Affairs from Business

5-8. Information Protection

5-9. Protection and Utilization of Intellectual Properties

#### 6. Building a Relationship of Trust with Society

6-1. Promotion of Communication with Society

### III. Maintenance

#### 1. Establishment, Revision and Abolishment of this Code of Conduct

#### 2. Reporting of Violations

#### 3. Handling Violations

Casio Group Code of Conduct

## Education and Awareness Raising

Casio conducts e-learning on corporate social responsibility (CSR) once a year at group sites worldwide. The e-learning program in fiscal 2013 provided training for better understanding these areas: the corporate creed “Creativity and Contribution,” the Charter of Creativity for Casio, which is the action value criteria for implementing the creed, and the Casio Code of Conduct. In particular, the training covered the importance and background of CSR, while seeking to foster better understanding of the UN Global Compact, as well as the international ISO 26000 guidance standard on CSR. The e-learning also emphasized the topics of human rights and fair operating practices, including compliance with anti-corruption and anti-monopoly laws. These areas are very important to both society and the Casio group. Casio will continue to improve the CSR literacy of employees while promoting the corporate creed, through group-wide education and awareness raising activities.

## Risk management

Based on its Basic Risk Management Policies, Casio has built a system to manage risks efficiently. The company established the Risk Management Committee as the steering body to implement management programs with an emphasis on compliance risk.

In the committee's first year, fiscal 2008, it identified 70 laws relating to Casio's businesses, and listed measures being taken to comply with each law. Regarding laws where Casio had deficiencies relating to management cycle operation and manual preparation, the committee analyzed the importance of each risk based on the occurrence possibility and its impact on company management. Measures were then prepared to deal first with the risks of higher importance.

Casio transferred the risk management function from the Risk Management Committee to the CSR Committee in fiscal 2011.

Under Casio's risk management, departments with roles most closely associated with certain risks establish the necessary mechanisms to ensure compliance and risk management. The Internal Audit Department then confirms these mechanisms through internal audits. Accordingly, as of the end of fiscal 2011, the relevant departments have the necessary measures in place for management of all risks. Now, however, Casio has changed its risk management implementation method. It is transitioning to a system whereby the Secretariat regularly monitors the risks identified so far, and confirms whether there are any deficiencies in management cycle processes.

### Risk management system



## Business Continuity Plan (BCP) initiatives

In order to respond to emergencies with the resources of the company organization, Casio has created a Crisis Management Manual for securing the safety of all employees, executives, and their families, preserving corporate assets. Sequential updates of the manual keep pace with changes in the business environment, and the company is taking practical initiatives at the same time. Specifically, the following measures have already been undertaken:

- Implementation of regular evacuation drills and general lifesaving classes for employees
- Distribution of emergency assistance kits to employees and additional disaster stockpiling
- Disaster prevention drill with the local community and provision of an open area for a temporary evacuation site

However, with the Great East Japan Earthquake, which struck in March 2011, circumstances were encountered that far exceeded previous expectations. Casio was able to identify various points for improvement. These points were reflected in a revised Crisis Management Manual based on the premise of responding to a major earthquake with Tokyo at its epicenter. Casio also produced the Disaster Handbook for the families of its employees to deepen understanding of disaster countermeasures in the home and promote disaster readiness.

Together with the initiatives above, Casio is working to enhance its business continuity plan (BCP). In the event of an emergency that interrupts business operations, such as a major earthquake with an epicenter in the Tokyo area, the plan outlines measures for the rapid confirmation of executive and employee whereabouts and well-being, as well as damage conditions, and the quick recovery and maintenance of operations. This mechanism is focused on Casio's global supply chain. For example, if the headquarters suffers a disaster, an emergency headquarters is set up at the appropriate key site, based on a priority determined in advance. Under the direction of the headquarters, the aim is to minimize damage by continuing to provide products and services to customers worldwide based on limited resources. Through rapid restoration of business operation, the confidence of business partners and customers is maintained.

### Information system disaster response measures

With the risk of power interruptions following the Great East Japan Earthquake that struck in March 2011, disaster response measures are more important than ever before. In addition to an internal data center, Casio utilizes a secure external data center that features seismic construction and self-contained power generation.

Casio has also lowered its disaster risk by actively utilizing public cloud computing infrastructure for some of its business content and services. In October 2011, Casio also moved its e-mail system, an important means of communication for employees, to a professional external provider.

The company also performs disaster drills in conjunction with the group-wide business continuity plan.

## 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 make a pledge, 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.

In November 2007, Casio's Information System Department received information security management system certification (ISO 27001). The aim of applying for certification was to evaluate fulfillment of responsibility by the information system department, which has specialized skills and takes care of information assets for the entire company. Since then, Casio has further improved information security and its effectiveness, and continues to implement PDCA cycles for risk reduction activities. A certification renewal audit is held every three years. With the regular audit conducted in February 2013, the compatibility and effectiveness of Casio's information security management system was again evaluated.

\* 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.

## 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.

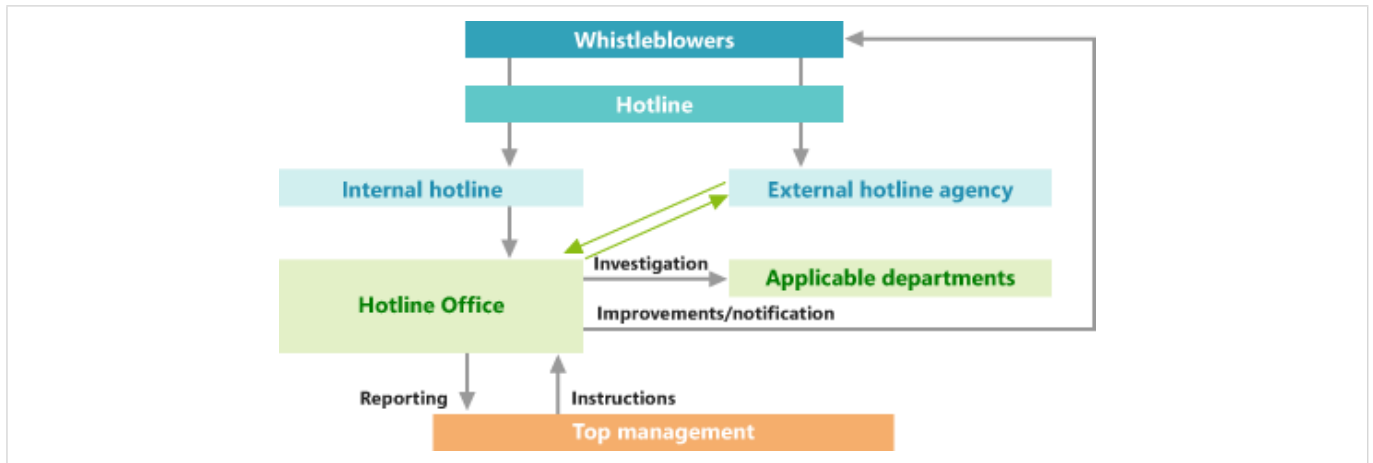
In fiscal 2013, the hotline received one call, down from seven the previous year thanks to the ongoing efforts of all those concerned. The aim is to reduce the number to zero. The whistleblower was interviewed, details were investigated, and corrective measures were taken. The issue was resolved to the whistleblower's satisfaction. The company will continue to watch for any latent problems.

To ensure thorough hotline awareness, Casio will strive to further increase employee understanding in fiscal 2014, with an intranet site dedicated to information on whistleblower protection.

<Fiscal 2013 Report Details>

1 ethics issue reported

### Whistleblower Hotline



## Export control

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

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

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

As the Exporter Compliance Standards took effect in April 2010, Casio has been striving to maintain and manage its system by conducting voluntary annual audits while ensuring through legal compliance, in response to the revision of applicable laws and regulations. Efforts include the strengthening of training activities at group companies in Japan.

Casio has also established a management system for complying not only with Japanese export laws but also with US Export Administration Regulations. The company is working to improve global export management, including the implementation of export management training in fiscal 2013, at group companies in the UK and Germany.

## Initiatives for compliance with fair trade and advertising laws

In order to promote proper transactions as well as fair, transparent and free competition, it is essential for sales employees to have a proper understanding of Japan's Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and Act against Unjustifiable Premiums and Misleading Representations. The sales offices of Casio Computer Co., Ltd., in Japan are strengthening their measures to ensure compliance with these laws.

The domestic sales department of Casio Computer Co., Ltd. has distributed a Sales Compliance Card to all its domestic sales employees. They must always carry the card to remind them about proper sales activities based on fair completion. In addition to the Charter of Creativity for Casio and excerpts from the Casio Group Code of Conduct, the card contains an ethics and compliance test, as well as contact information for a consultation service, and the number for the Whistleblower Hotline. Whenever a salesperson is in doubt over a course of action during daily sales activities, he or she can perform a self assessment or consult with the relevant service.

Casio also strives to avoid mistakenly providing inappropriate product information that can be seen as false, exaggerated, or misleading, based on relevant laws such as Japan's Act against Unjustifiable Premiums and Misleading Representations and company rules. Specialized staff regularly check materials containing product information.

All employees at the overseas sales department of Casio Computer Co., Ltd., receive training on competition law, which has been mandatory since fiscal 2009.

### Casio Sales Compliance Card

**カシオ創造憲章** CASIO

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

カシオグループ倫理行動規範(項目)

3-1 倫理・法令の遵守	3-4 公正な競争と取引	3-8 企業情報の開示
3-2 人権の尊重	3-5 公私の区別	3-9 社会的責任の継承
3-3 お客様への安全・安心の提供	3-6 情報の保護	3-10 社会貢献活動
	3-7 環境の保全	

**3-4 公正な競争と取引**

**私たちは、適正な取引、及び公正・透明・自由な競争を行います。**  
**また、公務員、政治家または政治団体に不適正な利益や便宜を供与しません。**

(1) 独占禁止法を遵守し、適合・ホルチル等の行為を行いません。(2) 競争的立場を利用し、取引機会の一方向的な確保や営業努力をいたしません。(3) 買収価格の提示、取寄せ販売、その他取引先の事業活動に対する不当な拘束や制限となる行為を行いません。(4) 法律・定章における不備な表示や過大な表示等の提供は行いません。(5) 製品の輸送及び積荷の取扱いについては、買収先や取引先と事前に話し合い、適正な輸送手配を行います。(6) 買収先内の社員に不当な優遇を及ぼすこと、買収先が組織の改善に貢献する商品の開発や販促を行いません。