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## Compliance and Risk Management

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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

Casio established the Casio Group Code of Conduct to make explicit its expectations that all executives and employees follow international norms, laws and ordinances applicable in each country and region, as well as all company rules, and also act with high ethical standards and good sense in their day-to-day work. On June 1, 2013, Casio revised the code for the first time in five years, in order to meet the expectations of the international community and reflect changes in the surrounding environment including the issuance of ISO 26000, the international standard on social responsibility, in November 2010 and Casio's joining the UN Global Compact in December 2010. 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 is carried out across the entire group, with the aim of further deepening understanding of its content. Along with this education, a compliance questionnaire is conducted once every two years. The results and identified issues then are 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

## 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 the area of corporate social responsibility, the training covered the importance and background of CSR, while seeking to foster better understanding of the UN Global Compact, in which the Casio Group participates, as well as ISO 26000, which is the international guidance on social responsibility. The e-learning also emphasized the topics of respect for human rights and fair business practices in areas such as compliance with anti-corruption and anti-monopoly laws. Social expectations are high in these areas, and meeting them is important to 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 early stage of risk management, Casio identified 70 laws relating to its businesses and listed measures being taken to comply with each law. Regarding laws where Casio had deficiencies relating to management cycle operation and documented practices, the committee analyzed the importance of each risk based on the possibility of its occurrence and its potential impact on company management. Casio implemented measures first to address the risks of higher importance, and developed a system to continue analyzing and addressing risks.

In fiscal 2011, Casio transferred the risk management function from the Risk Management Committee to the CSR Committee, and it continues to implement this function.

Under risk management at Casio, 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 checks new and revised laws and 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, in the Great East Japan Earthquake, which struck in March 2011, circumstances were encountered that far exceeded previous expectations. Casio used the lessons learned to identify various points for improvement. These points were reflected in a largely-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.

As a measure to reduce disaster risk, Casio finished moving all its important servers, including those for mission-critical tasks, to external data centers and established an environment that can continue to operate even after a disaster. It also moved its e-mail system, an important means of communication, to an 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 has established Information Security Rules and implemented regular education for employees to continuously raise awareness of information security and ensure the implementation of safety measures.

As an important measure, Casio has established a system for prioritizing the protection of personal information, has publicly disclosed its Privacy Policy on its website, and is striving to handle personal information safely and appropriately. In December 2005, Casio Computer Co., Ltd., obtained Privacy Mark\*1 certification and has maintained it since.

In November 2007, Casio's Information System Department obtained information security management system certification (ISO 27001).\*2 The aim of applying for certification was to evaluate fulfillment of responsibility by the department, which takes care of information assets for the entire company. Since then, Casio has made continual improvements using the PDCA cycle. The fitness and effectiveness of Casio's information security management system was again evaluated with a certification renewal audit in January 2014.

\*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 A program whereby a company establishes a system for using, maintaining, and protecting information within the applicable scope (e.g., business, locations) based on international standards for information security management systems, and a certification body conducts audits of the system and issues certifications.



## 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 2014, the hotline received six calls. The whistleblowers were interviewed, details were investigated, and corrective measures were taken. The issues were resolved with the whistleblowers' understanding. The company will continue to watch for any latent problems and strive to improve its corporate culture.

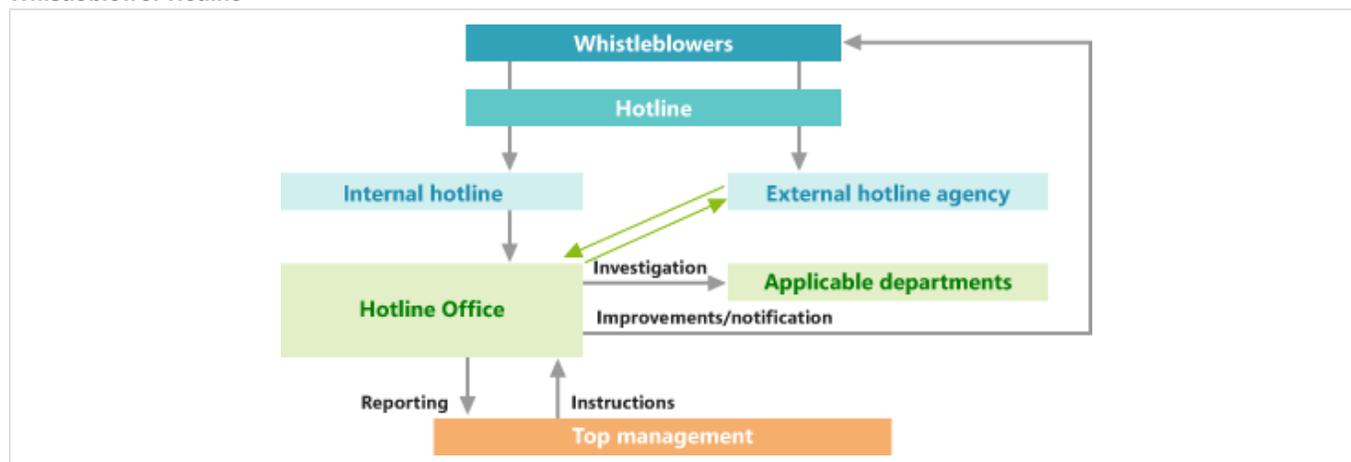
To ensure thorough hotline awareness, Casio will strive to further increase employee understanding in fiscal 2015, with an intranet site dedicated to information on whistleblower protection.

Fiscal 2014 Report Details

4 power harassment

2 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, and in fiscal 2014 at a group company in the US.

## Initiatives for compliance with fair trade and advertising laws

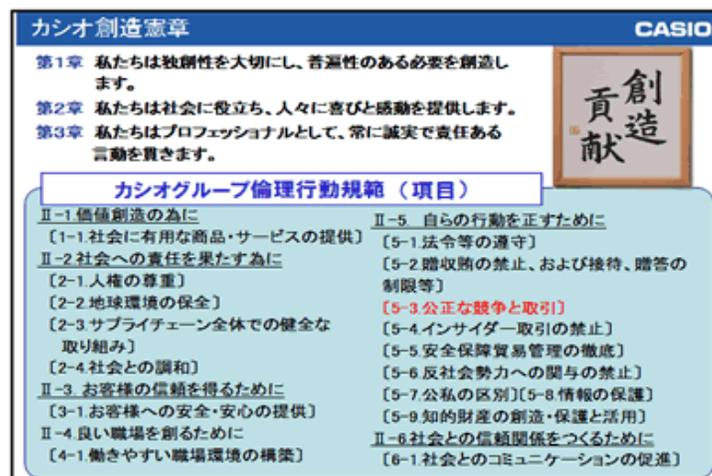
In order to promote proper transactions as well as fair, transparent and free competition, it is essential for sales employees to have a proper understanding of Japan's Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and Act against Unjustifiable Premiums and Misleading Representations.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

Since 2011, Casio has distributed a Sales Compliance Card to all employees involved in sales in Japan as a tool to promote appropriate and fair competition and trade. These employees are required to carry the card. When the company revised the card in September 2013, it expanded the distribution to include employees engaged in sales outside Japan in an effort to ensure understanding and familiarity with fair competition and trade. In addition to the Charter of Creativity for Casio and excerpts from the Casio Group Code of Conduct, the card contains a 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 quickly perform a self-assessment or consult with a knowledgeable expert.

A dedicated department regularly conducts internal inspections to make sure there are no actions being taken that could conflict with Japan's Antitrust Act or the Designation of Unfair Trade Practices published by the Fair Trade Commission, as a way of monitoring compliance with competition laws. Casio also strives to provide appropriate product information by checking product catalogues and promotional materials based on relevant laws such as Japan's Act against Unjustifiable Premiums and Misleading Representations and company rules, and corrects any expressions that could be misleading to customers. The timepiece division in particular has a committee on product information composed of relevant persons from within the company. The committee leads efforts that help make the wording of product information more appropriate, using tools such as a specialized glossary.

Additionally, the overseas sales department of Casio Computer Co., Ltd., has made it mandatory for all employees who transfer into the department to receive training on competition law overall and the prohibition on bribing foreign bureaucrats. The department has continuously implemented this training.

### Casio Sales Compliance Card (revised version)



## Corruption Prevention Initiatives

Based on ISO 26000, the international guidance standard for social responsibility, from 2012 to 2013 Casio took stock of the main CSR challenges facing each group company in and outside Japan, assessing and analyzing the status of their initiatives. The issue that rose to the surface as a challenge warranting priority attention alongside respect for human rights was fair business practices—in other words, corruption prevention initiatives.

The Casio Group Code of Conduct prohibits bribery, and recently Casio specifically developed Guidance on the Prohibition of Bribery. This guidance articulates a basic philosophy for group companies, making it clear that bribery inhibits sustainable social development.

Additionally, Casio headquarters encourages group companies outside Japan to produce local rules and manuals in an effort to strengthen systems for the prohibition of bribery throughout the group.