

Corruption Prevention Initiatives / Compliance

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, in order to better meet the expectations of the international community and capture trends in the social environment including the issuance of ISO 26000, the international guidance standard on social responsibility, in November 2010; Casio having joined the UN Global Compact in December 2010; and Casio having adopted the UN's Guiding Principles on Business and Human Rights in June 2011. Since then, Casio has been working to ensure everyone is fully aware of the revised code, group-wide. Here are the three 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.

Also, on November 1, 2016, Code of Conduct provisions for "respect for human rights" were partially revised. This was based on changes to international norms concerning human rights that affect the Casio Group, including enforcement of the UK's Modern Slavery Act in 2015.

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

[Casio Group Code of Conduct](#)

Compliance Risk Management

Based on its Basic Risk Management Policies, Casio has built a system for efficient management of risks, with an emphasis on compliance risk.

To build this system, Casio identified 70 laws relating to its businesses and listed measures being taken to comply with each law. Casio determined priorities based on the possibility of a risk materializing and its potential impact on company management. Casio then planned and implemented individual measures and developed an overall management system.

In the risk management process at Casio, departments responsible for certain risks develop measures in a planned way to avoid and reduce these risks. The Risk Management Secretariat performs comprehensive management through the use of plan-do-check-act (PDCA) cycles. The Internal Audit Department also audits this entire mechanism. Accordingly, as of the end of fiscal 2011, it was confirmed that the relevant departments had the necessary measures in place for management of all risks, and an overview of the entire situation was obtained. Since then, the departments under the CSR Committee have developed themes and carried out measures on important issues. Complementing this, the Secretariat takes inventory of risks as necessary, regularly monitors the risk management measures implemented to date, and confirms whether there are any deficiencies in their implementation. In addition, based on Japan's revised Companies Act that entered into force in May 2015, Casio is shifting the focus of risk management to overseas compliance.

Risk management system



Education and Awareness Raising

Casio provides e-learning and other educational programs on corporate social responsibility (CSR) once a year to group employees worldwide. The objectives are to promote and instill understanding of the corporate creed and CSR and to ensure awareness of and compliance with the Casio Code of Conduct. In fiscal 2019, in addition to global CSR trends and resolving social issues through business, the programs put the spotlight on the SDGs and focused on materiality (significant CSR issues)—namely, Respect for Human Rights, Corruption Prevention Initiatives, Realizing a Low-Carbon Society, and Living in Harmony with Nature, which are commitments that Casio will promote in connection with the SDGs.

Casio will continue to improve the CSR literacy of employees while promoting the corporate creed, through group-wide education and awareness raising activities.

Whistleblower Hotline

As a way to help ensure compliance, including respect for human rights, 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 2019, seven issues were reported to the Hotline. One of these was a deplorable act of fraud involving the fraudulent resale of Casio products and sales promotion goods. The details of this case were uncovered, and steps were taken to prevent a reoccurrence. Two cases involved violations of internal rules, and there were three reports of harassment. Two of these harassment reports were found not to be factual, and the other one was resolved by reprimanding the person reported on. Another case involved erroneous information provided in an internal announcement on final tax returns, and the problem issues reported by the whistleblower were promptly corrected and the matter resolved.

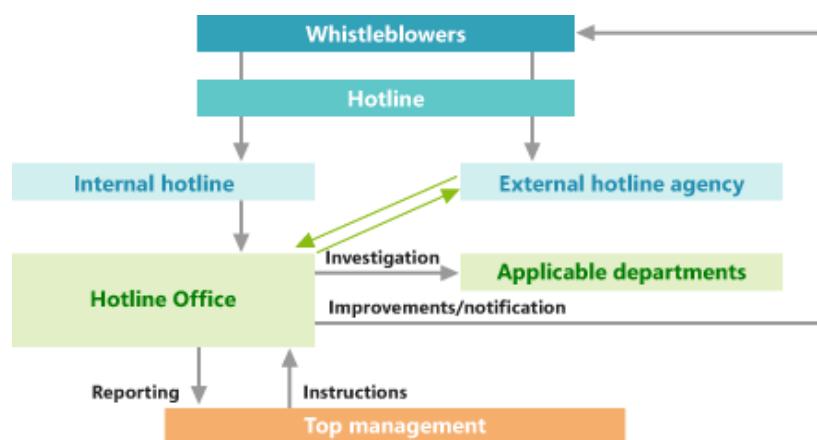
The contractor operating the external contact point of the Whistleblower Hotline was changed in April 2015. Now Casio employees can utilize online whistleblower consultation and report filing in English and Chinese, and telephone consultation and reporting is also available in English. This has given employees at group companies outside Japan better access to the hotline. To ensure even greater hotline awareness, Casio will strive to further increase group-wide understanding of the system in fiscal 2016, using a special intranet site with information on whistleblower protection in Japanese, English, and Chinese.

In addition to internal hotlines, in fiscal 2018, an external whistleblower hotline was established exclusively for suppliers in October 2017.

Fiscal 2019 cases reported to Whistleblower Hotline

Breakdown of whistleblower report	Harassment	Fraudulent resale of Casio products and sales promotion goods	Internal rule violation	Erroneous information in internal announcement
No. of cases	3	1	2	1

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 thorough 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.

In July 2015, it was discovered that Casio headquarters exported one covered item (with a total value of US\$37.62) to Iran without permission. Casio immediately reported this to the Ministry of Economy, Trade and Industry (METI). At the same time, Casio investigated the causes of the violation and launched measures to prevent a recurrence. It was determined that the causes of the violation were a problem with the operation of the company's IT system and human error on the part of the person who took the order. Steps were taken to prevent a recurrence and a final report was given to METI in September. The issue was brought to a conclusion with the submission of a report in the president's name in November. Casio sincerely regrets this violation and will strive to ensure that no similar violation ever occurs again.

In October 2016, Casio received an onsite inspection by METI to check for compliance with laws and regulations. Despite a few indications to improve management methods concerning transaction audits and customer checks, the inspection confirmed Casio's good management and operations company-wide.

In response to the findings, in June 2017, Casio modified its Export Control Security Program (a compliance program) and revised its detailed rules, which were accepted by METI.

In February 2018, Casio invited an instructor from the Japan Machinery Center for Trade and Investment and held a class on safe and secure export management at Yamagata Casio, a group company. Fourteen people from nine divisions involved in exports attended, and they learned the fundamentals and deepened their understanding of the key changes to compliance programs in 2017.

Under today's increasingly sophisticated trade situation, Casio always collects the latest information and strives to ensure safe export control.

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.
(Casio Group Code of Conduct: 5-3. Fair Competition and Transactions)

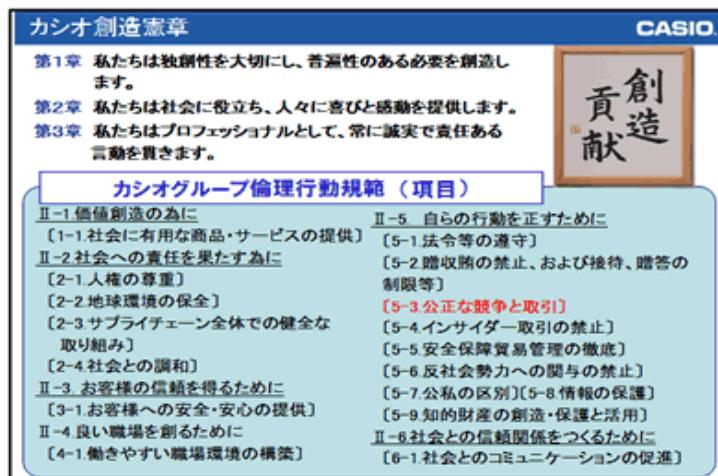
Casio Computer Co., Ltd. established a committee with members from all relevant departments tasked with ensuring compliance with Japan's Act against Unjustifiable Premiums and Misleading Representations. Casio is striving to ensure proper product descriptions and labeling through internal education provided via e-learning, guidance on compliance provided with a consultation desk, and the use of feedback from customers.

Sales departments at Casio have distributed a Sales Compliance Card to their employees as a tool to promote appropriate and fair competition and trade. These employees are required to carry the card, to help 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 use this card as a guide to quickly perform a self-assessment or consult with a knowledgeable expert.

As part of its sales education program, Casio continues to dispatch internal instructors to sales locations in Japan and offers internal courses to ensure compliance with competition laws for markets outside Japan.

In addition, a dedicated department conducts internal inspections to make sure that no unfair trade or action violating Japan's Antitrust Act and other laws are being taken and that product labeling and information would not cause misunderstanding on the part of customers, as part of regular monitoring.

Casio Sales Compliance Card (revised version)



Subcontract Act Compliance Initiatives

Casio has established a Compliance Committee on Japan's Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors (Subcontract Act) which includes group companies, and is striving to ensure all transactions comply with the law. Under the annual basic plan of the Committee, each group company in Japan drafts its own action plan, and maintains proper transactions with subcontractors based on the use of PDCA cycles. In particular, employees that deal directly with suppliers and outsourcers are provided with the necessary knowledge through in-house seminars and classes sponsored by the relevant government authorities.

In fiscal 2019, 3,887 Casio employees attended in-house seminars, and 59 people also participated in classes sponsored by the Japan Fair Trade Commission and by the Small and Medium Enterprise Agency. This training helped to raise compliance awareness and provided employees with the knowledge they need.

Various efforts were made to encourage understanding, such as conducting training sessions with original teaching materials prepared to suit the unique transaction conditions of various group companies.

The Compliance Committee also obtains the latest information from government websites and email notification services, and sends the information directly to committee members. The news is also posted on the committee's website, and shared with the entire group.

In offices where subcontract transactions are handled, independent audits are carried out on an ongoing basis. Casio confirms that proper, compliant transactions are executed, by inspecting the document record of the entire series of transactions from ordering to payment.

Casio will continue to promote understanding of the Subcontract Act among its employees, and work to strengthen its system for even better compliance.

The company will strive to promote even sounder transactions and create value with suppliers, based on revisions to the Subcontract Act compliance standards in fiscal 2017, along with the revised Act on the Promotion of Subcontracting Small and Medium-sized Enterprises and its standards, and will take all necessary steps to address the consumption tax hike in Japan, which went into effect in fiscal 2020.

In fiscal 2019, Casio received no warnings or fines under the Subcontract Act.

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 sets restrictions on business entertainment and gift-giving. Still, in light of recent developments including the ongoing globalization of business, the tightening of regulations, and more robust efforts to detect bribery, there is a need to further strengthen the handling of bribery risks throughout the Casio Group. Accordingly, Casio issued the Casio Guidance on the Prohibition of Bribery (for the Casio Group) in July 2014 and the Manual on the Prohibition of Bribery (for Casio Computer Co., Ltd.) in October 2014.

The Casio Guidance on the Prohibition of Bribery articulates the Group's basic stance and philosophy on the prohibition of bribery, including the prohibition of facilitation payments. The Manual on the Prohibition of Bribery specifies the structure and mechanisms for the prevention of bribery, including the designation of persons responsible for compliance, education and training, auditing, and the Whistleblower Hotline, as well as specific rules such as a limit on the monetary amount of business entertainment and gift-giving. Additionally, Casio headquarters encourages each site to produce local rules and manuals in an effort to strengthen the mechanisms for the prohibition of bribery throughout the group.

Utilizing the knowledge of internal and external experts, in fiscal 2016 Casio prepared its own Corruption Risk Check Sheet with reference to the FCPA guidelines, and Bribery Act guidance, etc. The aim was to ascertain the corruption risk in each country where Casio operates, and to ensure thorough understanding of anti-corruption measures within group companies.

Following a survey of production-related group companies in fiscal 2018, this tool was used to assess the corruption risk at 30 sales-related group companies in fiscal 2019. Issues were identified and analyzed by the secretariat, and feedback on the results was provided in order to promote improvements at the group companies concerned.

This survey also raises understanding of the corruption risk in one's own country based on the Corruption Perceptions Index of Transparency International, as well as the need for education to prevent corruption and risk analysis and assessment. Casio will continue to promote anti-corruption efforts using this mechanism in the future.

Tax Affairs

The Casio Group Code of Conduct stipulates that all officers and employees in the Casio Group must comply with international norms, applicable laws in each country and region, and company rules in their daily activities as the Casio Group engages in its global business.

This also applies to tax affairs. The Group strives to maintain its tax compliance by paying taxes appropriately in compliance with each country's tax laws, including transfer pricing taxation and anti-tax haven measures, as well as international rules and other statutes.