

Corporate Governance

Casio is constantly striving to strengthen its corporate governance, focusing on the priority issues of quick decision making, proper execution of operations, and improved transparency of business management.

Corporate Governance Framework

Casio recognizes that quick decision making, proper execution of operations, and a robust management oversight function that increases the transparency of business management are extremely important factors in achieving business goals and continuing to raise corporate value. This recognition guides Casio's ongoing efforts to improve corporate governance.

In June 1999, Casio adopted a corporate officer system that clearly separates the management oversight and execution functions.

Meetings of the board of corporate officers are attended by corporate officers, directors and corporate auditors. They deliberate on important affairs relating to the execution of business operations. This mechanism enables smooth implementation of group-wide adjustments and measures.

The board of directors is tasked with making prompt, reasonable management decisions. Board meetings are attended by directors and corporate auditors, who discuss and make decisions on important business issues.

In accordance with audit policies approved by the board of corporate auditors, corporate auditors attend board of directors' meetings and meetings of the corporate officers. In addition, they perform careful audits by gathering information and receiving reports from directors and others, and by reviewing resolution documents relating to important decisions.

The internal audit department performs audits of Casio operations to ensure they are in conformity with laws and regulations as well as internal standards such as the organization control standard. It also conducts evaluations and offers recommendations for improvement.

System of Internal Controls

As part of efforts to strengthen its governance, Casio has set the basic policy for reinforcement of its system of internal controls. The measure was adopted at the board of directors' meeting held in May 2006, and Casio has since been working to execute it.

Specifically, Casio established the Basic Risk Management Policy to reform its group-wide risk management system. In addition, Casio has built a management mechanism with specific links to the laws that are especially pertinent to Casio's operations. The policy is designed to further improve Casio's risk management processes, while also taking into account the need for efficient interface with the systems that secure proper operations at group companies.

In terms of securing the effectiveness of auditing, Casio has built a framework to provide support for the corporate auditors. Casio's corporate auditors attend all the important meetings of committees including the board of directors, board of corporate officers, and the CSR committee, but with the new framework, they are also able to rapidly produce reports on important matters whenever needed.

Casio is also building a system for securing even greater reliability in financial reporting, in response to Japan's new Financial Instruments and Exchange Law, which will first apply in the fiscal year ending March 31, 2009. This system primarily involves the Accounting Department, the Information Systems Department, and the CSR Operations Section. The aim of the effort is to increase the effectiveness of Casio's internal controls, under the unifying policies of top management.

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