

# Corporate Governance

Employee Voice

## Casio's Corporate Governance

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

"The internal control reporting system began with a review of our approach to financial reporting."



**Shin Takano**  
Accounting Department

"The internal control reporting system was made obligatory under Japan's new Financial Instruments and Exchange Law. In the process of implementation the new requirements, Casio took the approach of revising our system so that the various operations relating to financial reporting are carried out accurately and efficiently, rather than simply aligning our structures with the requirements of the law. This ensures that the standards and documentation established in this process are of use to our actual business practices, and we are using them to improve our operations."

### Corporate Governance Framework

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, and this mechanism enables 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. Furthermore, in order to clarify the management responsibility of directors and to ensure a prompt response to changes in the business environment, the term of office of directors was changed from two years to one, as of June 2007.

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.

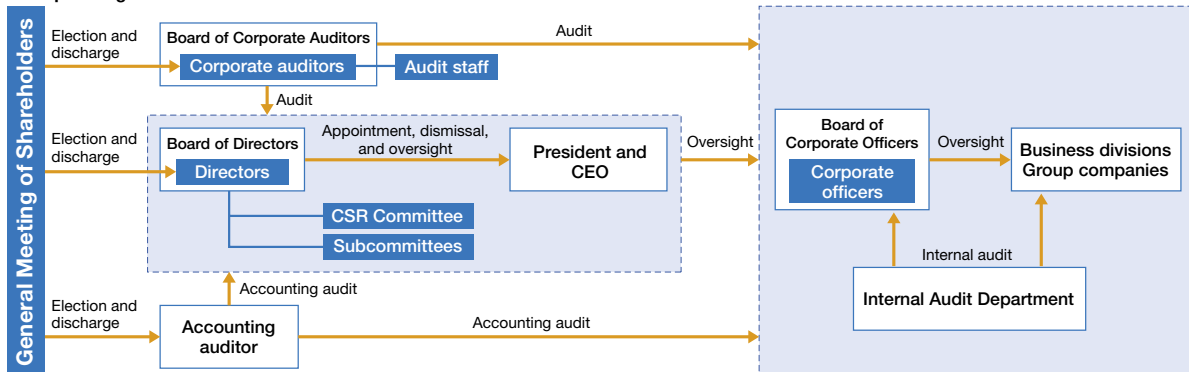
### System of Internal Controls

In order to comply with Japan's Financial Instruments and Exchange Law, which mandated the establishment of internal control reporting systems effective from the fiscal year ending March 2009, Casio has put in place a system encompassing the Accounting Department, Information System Department, CSR Operations Section, and Internal Audit Department, with the aim of ensuring the accuracy and reliability of its financial reporting.

As the first step, Casio reexamined the company-wide level of compliance and its risk management system according to standard guidelines applying to the entire group. Next, documentation of the settlement of accounts and financial reporting processes as well as the important business processes of the main departments and group companies was made, working closely with the respective managers and process owners of each business process, along with the headquarters departments. Additionally, Casio inspected the business content and work flows from the point of view of the appropriateness and reliability of financial reporting, and identified the risks involved with these administrative procedures and the controls associated with them.

Evaluation teams mainly staffed by the Internal Audit Department are continuously carrying out onsite inspections and evaluations to check whether the various administrative procedures are being performed appropriately in line with the documentation, and whether the controls are functioning properly. Casio is undertaking further operational improvements whenever needed.

#### Corporate governance framework



10 directors and 4 corporate auditors, 2 of which are external auditors (as of March 31, 2008)