

Stakeholder Meeting

The fiscal 2011 stakeholder meeting was held prior to setting the themes for the coming fiscal year. Hideto Kawakita of the International Institute for Human, Organization and the Earth (IIHOE) was invited to come and give a talk on the latest CSR trends and examples of leading initiatives. This was followed by a Q&A session, which also deepened the understanding of the CSR Committee members.

In the CSR Committee meeting at the start of fiscal 2012, Hideto Kawakita was invited in again. He and the committee members discussed how to reflect the arrival of ISO 26000 and the consequences of the Great East Japan Earthquake in the setting of fiscal 2012 initiative themes.

After the meeting, each CSR-related department

selected new theme proposals that Casio ought to pursue in fiscal 2012, submitted them to the Secretariat. The proposals were then divided up and discussed by the working groups mentioned above.



Mr. Kawakita, who has provided the Independent Opinion for some years now, offers ever more in-depth advice and proposals.

Corporate Governance

To increase corporate value, Casio always strives to improve management integrity and transparency. True to this commitment, Casio works to ensure that management decision-making is quick and that all operations are executed properly and efficiently.

Corporate governance framework

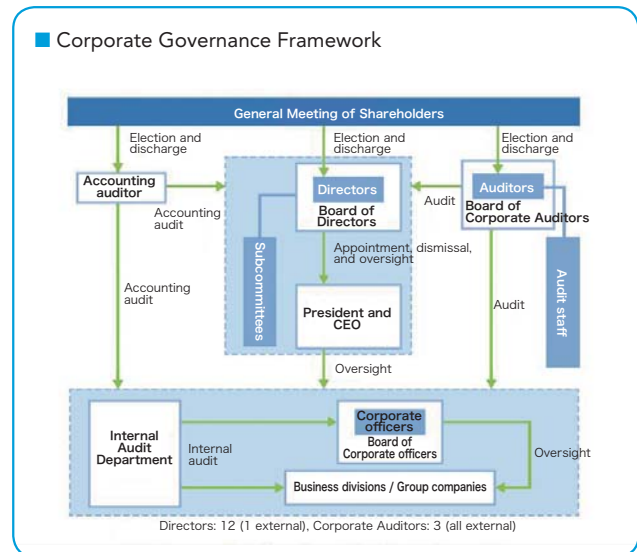
Casio constantly strives to improve corporate governance.

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.

At the regular General Meeting of Shareholders in June 2011, a new external director and a new external auditor were appointed, with the intention of further strengthening the management supervisory function.

In accordance with audit policies approved by the board of corporate auditors, the corporate auditors (all external auditors) attend board of directors' meetings, meetings of the corporate officers, and other important meetings. 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 external director and external auditors are independent officers registered with the Tokyo Stock Exchange in compliance with regulations. In addition, Casio has full-time staff that provide support for corporate auditors.

Accounting auditors perform external audits according to generally accepted Japanese auditing standards, and they also provide recommendations for operational improvement. The Internal Audit Department carries out audits to ensure that all Casio Group operations are being carried out in conformity with laws and regulations as well as internal standards.



System of internal controls

Based on its corporate creed of "Creativity and Contribution," Casio has established basic policies to ensure the accuracy and reliability of its financial reporting. It has also set up an Internal Control Committee composed of members of the Accounting Department, Information System Department, CSR Operations Section, and Internal Audit Department, in order to secure an effective system of internal controls.

Fiscal 2011 marked the third year since the introduction of the internal control reporting system based on Japan's Financial Instruments and Exchange Act (J-SOX). Casio seeks to improve the financial strength of the entire group and enhance management culture ahead of the introduction of the International Financial Reporting Standards (IFRS). As part of those initiatives, the company also promoted the strengthening of internal controls.

Here are the main initiatives.

- Reviewed the unified group accounting rules based on actual conditions, and revised them to establish the Casio Global Criteria for journal entry.
- Managed issues identified through daily organizational management as main J-SOX risks, and set Operation Improvement Rules for the entire group.
- Established Standard Operation Flows that should be regularly used across the entire group for main business processes, with the aim of ensuring that the Operation Improvement Rules are being followed.

By regularly checking and improving operation conditions based on these standards and rules, Casio intends to raise the level of operation processing group-wide.

For fiscal 2012 and later, Casio will continue to pursue activities that enhance the level of internal control, while further improving financial strength for the entire group and improving the management culture.

Compliance and Risk Management

Casio is pursuing total compliance through integrated management of three foundations of employee conduct: the Casio Group Code of Conduct, risk management, and the Whistleblower Hotline.

Casio Group Code of Conduct

The Casio Group Code of Conduct represents a pledge of ethical behavior by Casio executives and employees to those in and outside the company. They use the code to make specific decisions in their daily work and personal lives.

With the globalization of Casio, the code has been translated from Japanese to English, and is also translated into the languages of other countries where

Casio operates when needed.

With the revision of the code in 2008, Casio began conducting yearly compliance training for all group employees in Japan, in order to promote even better awareness. The company also conducts biannual compliance questionnaires together with the training, and is promoting improvement by identifying problem points and making them known.

Risk management

Based on its Basic Risk Management Policies, Casio has built a system to manage risks efficiently. In fiscal 2008, Risk Management Committee was established to take measures with an emphasis on managing 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.

In fiscal 2008, there were 19 law types where the company's compliance was deficient and the risks were of high importance. By the end of fiscal 2011, specified measures had been put in place to deal with all of these laws.

As a result, Casio has changed its risk management method, and the Risk Management Committee Secretariat is regularly monitoring the risks identified by the Committee. The company has moved towards a system that checks for deficiencies in the status of management cycle implementation.