

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 has implemented a broad range of initiatives to strengthen its corporate governance.

The board of directors is composed of eleven directors, one of whom is an external director. The term of office for directors is one year so as to clearly delineate the responsibility that the board of directors has for management and to facilitate a quick response to changes in the business environment.

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.

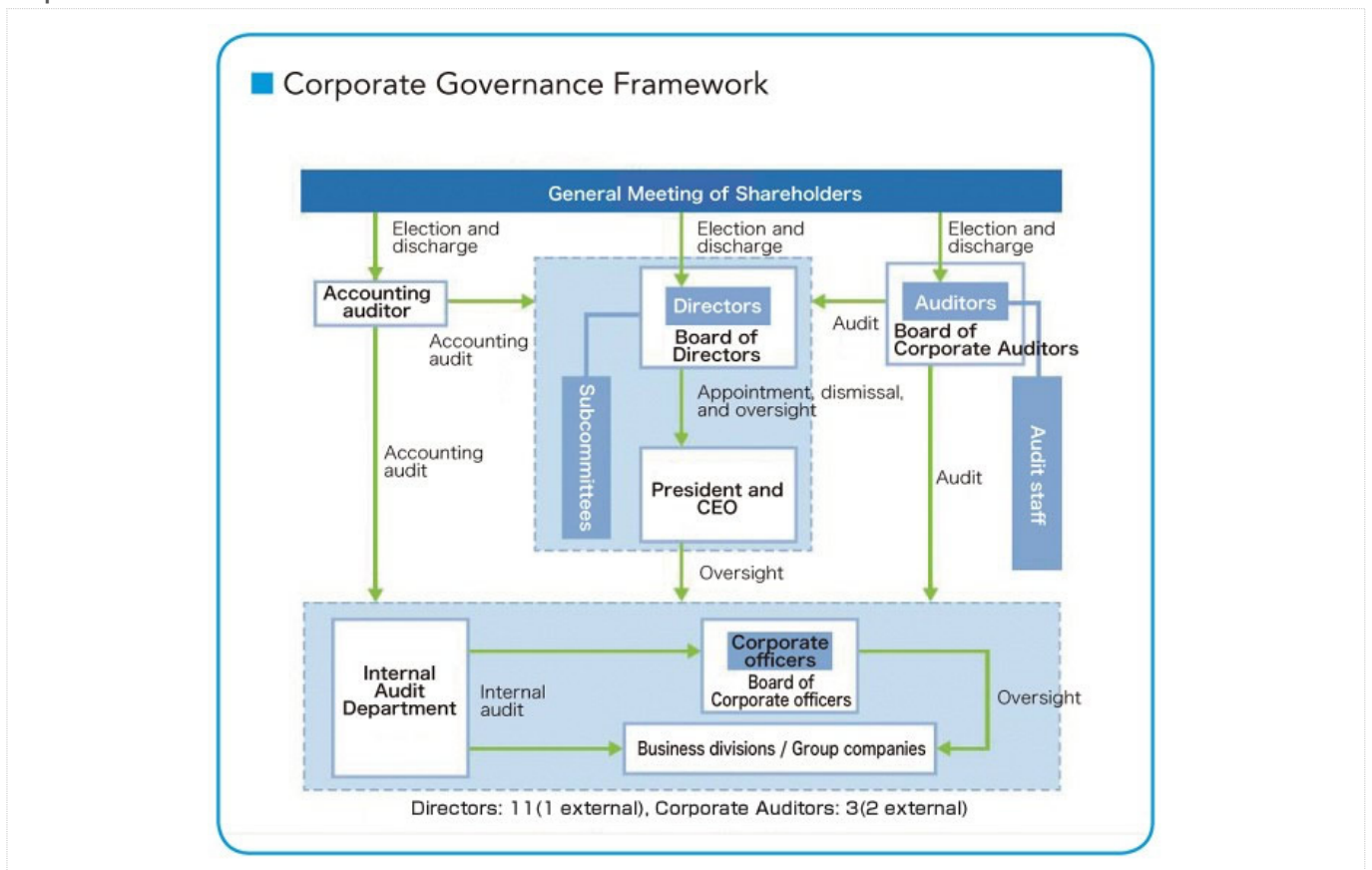
Based on Japan's Companies Act, Casio has also appointed three auditors (two of the three members are external auditors) and established a board of corporate auditors composed of these auditors. In accordance with audit policies set out by the board of corporate auditors, the corporate auditors attend board of directors' meetings, meetings of the corporate officers, and other important meetings and committees. In addition, they perform strict audits by interviewing 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.

Corporate Governance Framework



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 2012 marked the fourth year since the introduction of the internal control reporting system based on Japan's Financial Instruments and Exchange Act (J-SOX). As it did in the previous year, Casio sought to improve the financial strength of the entire group and enhance management culture ahead of the introduction of the International Financial Reporting Standards (IFRS) based on a policy of globalization and standardization. As part of these initiatives, the company also worked to strengthen internal controls.

The main initiative in fiscal 2012 was active implementation of the unified group accounting rules (Casio Global Criteria), which were revised in the previous fiscal year based on a review that aimed to upgrade the entire group's business processes, operation improvement rules, and standard operation flows.

In particular, Casio began to establish important operation procedures and approval flows in partnership with local employees at group companies outside Japan in accordance with their level of importance. This included group companies in emerging economies which have become increasingly important over the past few years, where the sales structure has been strengthened and expanded. Casio has been revising the content of criteria and operation flows in accordance with local conditions to reflect various circumstances that need to be taken into consideration, such as restrictions under local tax systems and accounting standards. The company plans to progressively expand this process in the future, while taking account of the conditions in each country when establishing operation procedures.

For fiscal 2013 and later, Casio will continue to pursue activities that enhance the level of internal control while further improving financial strength and management culture for the entire group, based on its policy of globalization and standardization.