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## Corporate Governance

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**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 recognizes that not only quick decision-making and appropriate execution of business operations, but also the strengthening of management oversight to improve management integrity and transparency, are important in order to reliably achieve management goals and continually improve corporate value.

The board of directors is tasked with management decision-making and supervision of the execution of business operations. Directors and corporate auditors attend board meetings, where they deliberate upon and make decisions on important business issues. As of June 30, 2014, the board of directors is composed of 11 directors, two of whom are outside directors. The term of office for directors is one year so as to clearly delineate the responsibility that they have for management and to facilitate quick responses to changes in the business environment. In addition, Casio has adopted an executive officer system, in order to keep the board of directors at an appropriate size and to strengthen the business execution function.

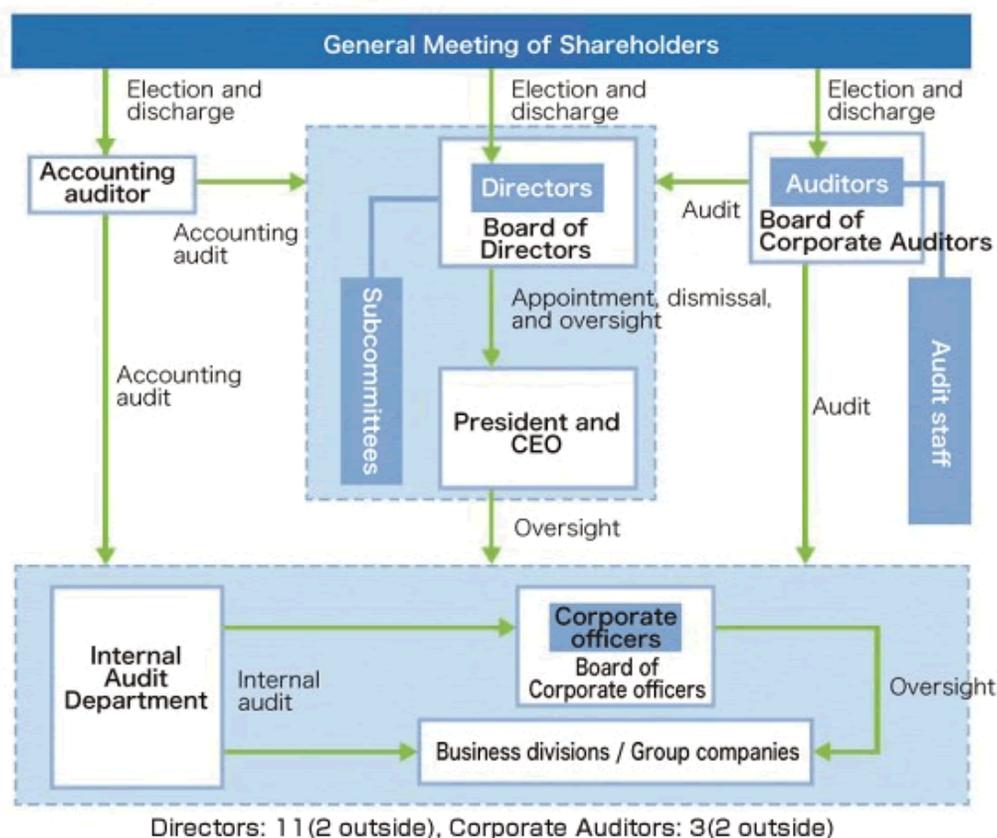
Casio has a board of corporate auditors. In accordance with audit policies set out by the board of corporate auditors, the three auditors, two of whom are outside auditors, perform rigorous audits by attending meetings of the board of directors and other important meetings, by interviewing and receiving reports from directors and others, and by reviewing resolution documents.

The outside directors and outside auditors are independent officers registered with the Tokyo Stock Exchange in compliance with regulations.

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 organizations in the Casio Group are operating in compliance with laws and regulations as well as internal standards. It also has a full-time staff that provides support for the corporate auditors.

## ■ Corporate Governance Framework



### System of internal controls

The following explains the basic approach of Casio Computer Co., Ltd. to its internal control system, and progress made on implementation.

#### Internal control system basic approach and implementation level

The Charter of Creativity for Casio, Casio Common Commitment and Casio Code of Conduct have been established based on the corporate creed of “Creativity and Contribution.” The following systems have been implemented to ensure the proper operation of the company.

##### 1. System to ensure the actions of directors and employees comply with the articles of incorporation and relevant laws and regulations

- a) In order to comply with relevant laws and regulations regarding the performance of duties, specific documents such as policies and rules are prepared. After deliberation and consideration by various committees, such as the CSR Committee, awareness of the rules is promoted throughout the company and each group company.
- b) The validity and operational adequacy of the above-mentioned rules are improved through internal audits and continual review, in order to prevent any misconduct.

##### 2. System for saving and managing information relating to performance of duties by directors and employees

Based on the internal rules, each department saves and manages information relating to the performance of duties by the

directors and employees concerned.

### **3. Risk management rules and other systems**

- a) The company has a system to manage risks that can have a significant impact on management. The system is promoted in a unified way by the relevant departments and the Secretariat under the CSR Committee, based on the Risk Management Rules. Fundamental Policies on Product Safety have been established with an understanding that maintaining customer confidence in product safety is an important management issue.
- b) A Whistleblower Hotline has been set up in addition to the regular reporting channels, to prevent the spread of risk.

### **4. System to ensure the efficient execution of duties by directors and employees**

- a) Attended by the directors and corporate auditors, meetings of the board of directors are held to discuss and decide important management issues, at least once a month in principle, and perform prompt and reasonable decision making.
- b) The corporate officers, directors, and corporate auditors attend meetings of the corporate officers to discuss and decide important matters of business execution. They ensure company-wide coordination and smooth implementation of measures.
- c) Detailed execution procedures are outlined in the Executive Decision Making Authority Rules.

### **5. System to ensure appropriate operations at the company and group companies**

- a) To ensure appropriate operations, the group companies have various rules based on the Charter of Creativity for Casio, Casio Common Commitment, and Casio Code of Conduct.
- b) Councils have been established based on a system whereby certain corporate officers are responsible for specific group companies. The corporate officers and the relevant departments perform group company management through a system that requires reporting to and approval by the company, in accordance with the Group Company Decision Making Authority Rules. They also perform monitoring as necessary.
- c) Whenever a group company determines that a management action or guidance from the company may be in violation of the law, or there is a compliance issue, the group company reports it to director or relevant department concerned.
- d) The company and the group companies have built a system to ensure the adequacy and reliability of financial reporting. After inspection of internal controls related to business flow and financial reporting, documentation, evaluation, and improvement is carried out.
- e) The company and group companies have absolutely no contact with organized criminal elements, which pose a threat to social order and public safety, and the entire organization is resolved to refuse any improper demands.

### **6. System for employees that assist corporate auditors in the execution of their duties, and the independence of those employees from the directors**

- a) Employees are appointed to assist the corporate auditors in their duties.
- b) Matters concerning the appointment, transfer, evaluation or discipline of employees that assist the corporate auditors require the prior consent of the board of corporate auditors.

### **7. System for directors and employees to report to the corporate auditors, other systems for reporting to the corporate auditors, and systems to ensure that audits by the corporate auditors are performed effectively**

- a) Whenever something is discovered that is likely to cause significant damage to the company, the directors must immediately report it to the corporate auditors.
- b) Whenever there is a violation of the law or the articles of incorporation, or whenever an illegal business operation is performed, the director or the organizational head responsible must be immediately report it to the corporate auditors.
- c) The corporate auditors can attend any important internal meeting.
- d) Important approval documents are circulated to the corporate auditors after approval.

For more details on corporate governance, visit the following site. Corporate Governance Reports

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