

# Corporate Governance

To ensure steady progress towards management goals and realize continuous improvement in enterprise value, we believe it is vital that business operations be conducted in an appropriate and efficient manner, based on swift decision-making by management, and that supervisory functions be strengthened to ensure sound and transparent management. The Casio Group undertakes a range of measures to ensure the best possible standards of corporate governance.

## The Corporate Governance System

Casio has adopted a corporate officer system to clearly demarcate the supervisory and executive functions of management. Meetings of the Board of Corporate Officers are also attended by directors and statutory auditors. At the meetings, matters of importance relating to the conduct of business are discussed to ensure that decisions are made from a company-wide perspective, to facilitate their smooth implementation.

The Board of Directors aims to make important management decisions rationally and promptly. Directors and statutory auditors attend these meetings to deliberate upon and decide such issues.

Statutory auditors, including external auditors, follow policies set out by the Board of Statutory Auditors. In addition to attending meetings of the Board of Directors and the Board of Corporate Officers, as well as other important meetings and committee sessions, the statutory auditors discharge their responsibility for rigorous monitoring of the process of management of the Company by receiving and perusing reports from the directors and other management staff, as well as the minutes of meetings at which decisions on important

matters were taken, and related reference material.

The external auditors are independent executives whose appointments are reported to the Tokyo Stock Exchange, in line with its regulations. Statutory auditors are assigned specialist assistants who support their audit activities.

External audits by independent auditing corporations are conducted in accordance with auditing standards generally accepted in Japan

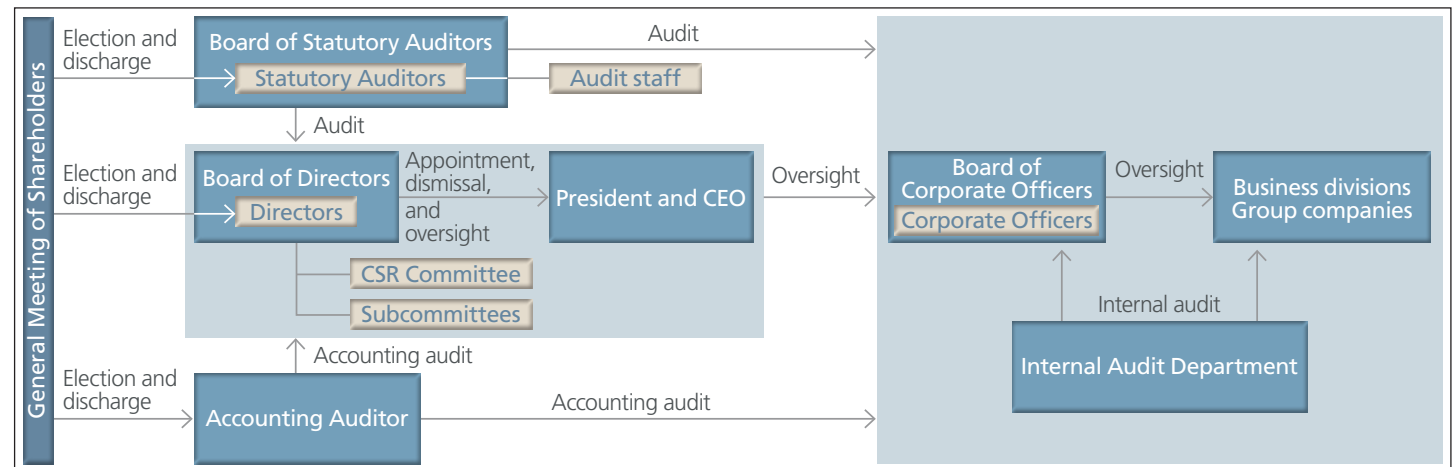
as being fair and appropriate. The Company accepts advice on improving operations from these auditors.

The Internal Audit Department monitors the performance of duties by the various organizational units of the Company to check that this performance conforms to laws and regulations as well as internal standards such as the organization control standard. In accordance with the results of this monitoring, staff members of the Internal Audit Department

evaluate the performance of each unit and issue directives for improvement where required.

In addition, basic policies and major issues in CSR activities across the Group are deliberated by our CSR Committee, chaired by the officer in charge of CSR at Casio Computer Co., Ltd. and comprising the officers in charge of staff function departments, statutory auditors and managers of staff function departments.

Corporate governance system framework



### Improving the Internal Control System

Based on our corporate creed of "Creativity and Contribution," Casio has established a basic policy for internal controls to ensure reliable and accurate financial reporting. It has also set up an Internal Control Committee to implement controls, comprising members of the Company's Accounting Department, Information System Department, CSR Operations Section and Internal Audit Department.

In fiscal 2009, the Company created a self-monitoring structure to govern the operational processes of the main departments and Group companies, to allow for the early detection of any risk that might have an impact on financial reporting.

Fiscal 2010 was the second year after entry into effect of the internal control reporting system under the Financial Instruments and Exchange Law. For this reason, we have introduced our Operation Responsibility System, to strengthen monitoring mechanisms compared with fiscal 2009.

Based on a policy set by the Internal Control Committee, persons responsible for control systems appointed by each Group company and department ensure appropriate conduct of

operations over time in major operations, and carry out periodic checks. If they discover any flaw or inefficiency, they propose and implement remedial measures, keeping the Internal Control Committee informed through reports as needed.

From fiscal 2011, in anticipation of the systematic adoption of International Financial Reporting Standards in Japan five years from now, we are taking Groupwide measures to strengthen our financial position and further raise internal control standards.

### Risk Management

In line with our Basic Risk Management Policy, we have created a system to systematically and efficiently manage risk across the whole Company. A Chief Risk Management Officer appointed by the CSR Committee to serve as chairman of the Risk Management Committee selects, reviews and decides on risk management issues that need to be addressed.

Issues identified by the Risk Management Committee are handled by the main risk management departments, which take action

as needed at the level of the department or Group company involved, ensuring measures are fully understood Groupwide and providing guidance. The Risk Management Committee Secretariat oversees risk management at all stages of the management process, utilizing the PDCA management cycle, and holds meetings and manages progress in risk management activities.

The Internal Audit Department's audits into management systems are conducted independently from the risk management activities of the Company.

Risk management system

