

Corporate Governance

Corporate Governance System

Casio is a company with an Audit & Supervisory Board. In addition to the management oversight function of the Board of Directors and Audit & Supervisory Board, Casio is working to further strengthen its corporate governance by expanding the role of outside directors and enhancing the executive officer system.

Board of Directors and Directors

To enable rapid management decisions and maintain an appropriate management structure, the Board of Directors is comprised of seven directors, two of whom are external directors, and the term of a director's appointment is set at one year.

The Company believes that the Board of Directors must consist of members that possess diverse perspectives, experiences, and skills in order to fulfill its management oversight function effectively. The Board of Directors therefore includes outside directors who possess broad insight and extensive experience in addition to internal directors from the company who are highly knowledgeable about the Company's business.

Outside Directors

Outside directors bring in external perspectives and increase management transparency. The Company also appoints multiple outside directors to further strengthen the oversight function in regard to the execution of business. They are experts who can provide opinions and advice from a wide variety of perspectives and from the perspective of social contribution and are invited to Board of Director meetings and other meetings.

The two outside directors comment and state their opinions as necessary to ensure adequate and appropriate decision-making by the Board of Directors. To enable them to function and fulfill their role, the Secretariat for the Board of Directors provides outside directors with advance explanation and other assistance on agenda items for Board of Directors meetings. The Secretariat also arranges opportunities for plant and office tours, information exchange with key divisions, and many other opportunities, as needed, to enable them to understand the circumstances of the Casio Group.

Reason for appointment as an outside director

Hirokazu Ishikawa (Independent Officer)	Mr. Ishikawa has been involved in financial services for many years and has experience in corporate management. Casio has appointed him as an outside director to reflect his extensive experience and broad insights in the management of the Company.
Makoto Kotani (Independent Officer)	Mr. Kotani has academic experience as a university professor and management experience as the president and director of a university. Casio has appointed him as a director to reflect his extensive experience and broad insights in management of the Company.

Audit & Supervisory Board and Audit & Supervisory Board Members

There are currently three Audit & Supervisory Board Members, two of whom are outside Audit & Supervisory Board Members. In order to ensure the soundness and transparency of business management, Audit & Supervisory Board Members attend Board of Directors meetings and other important meetings and committee meetings and voice their opinions, as necessary, to ensure appropriate decision-making. This is done in accordance with audit policies and allocation of responsibilities set out by the Audit & Supervisory Board. Audit & Supervisory Board Members also exercise strict oversight by meeting regularly with the president of the company to ensure a common understanding, soliciting information and reports from directors and others, and reading the documentation for resolutions on important matters.

Half or more of Audit & Supervisory Board Members must be outside Audit & Supervisory Board Members. The Audit & Supervisory Board includes members who are knowledgeable in finance and accounting to strengthen the audit function.

Reason for appointment as an outside Audit & Supervisory Board Member

Michiko Chiba (Independent Officer)	Ms. Chiba possesses expertise finance and accounting and extensive auditing experience as a certified public accountant. Casio has appointed her as an outside Audit & Supervisory Board Member to reflect her expertise in Company audits.
Kazuhiko Tozawa (Independent Officer)	Mr. Tozawa has expert knowledge and extensive experience gained over many years as a prosecutor and attorney. Casio has appointed him as an outside Audit & Supervisory Board Member to reflect his expertise in Company audits.

Director and Audit & Supervisory Board Member Training

The Company's directors and Audit & Supervisory Board Members believe that they must continually increase their knowledge and skills in order to fulfill their roles and fully execute their responsibilities, and therefore work to educate themselves. The Company provides information and opportunities, and provides ongoing support by assuming expenses and providing other types of support. To be specific, we continually plan and provide outside directors with opportunities to attend important internal meeting, tour plants and offices in Japan and overseas, attend internal research presentations, and participate in other company activities to acquire knowledge about Casio's business. These opportunities are not only provided when they accept their positions but throughout their terms as directors as well. Audit & supervisory board members also gather information and attend seminars and other events through the Japan Audit & Supervisory Board Members Association and other venues to improve their knowledge to the extent necessary for fulfilling their role and responsibilities.

Executive Officer System

Executive officers are delegated certain authorities to execute business according to the policies established by and under the supervision of the Board of Directors. Matters important to the execution of business are discussed at executive officer meetings that are attended by the relevant executive officers, directors, and Audit & Supervisory Board Members. This structure enables seamless sharing of information, company-wide coordination, and implementation. The detailed procedures for execution are set out in the rules on business execution and decision-making authority.

Internal Auditing

The Internal Audit Department consists of four auditors who audit the status of organizational management based on common group standards and work to strengthen internal controls. Dedicated staff have been allocated to department members (including outside Audit & Supervisory Board Members) to assist them in their work and they hold regular quarterly meetings and exchange information on a daily basis. They also plan internal audits, provide a summary report based on the items audited after internal audits have been conducted, and work together to improve the efficiency and effectiveness of the audit function. The results of internal audits are reported to directors.

Nomination Committee and Compensation Committee

The Company has established a Nomination Committee and a Compensation Committee to better ensure the transparency and adequacy of the decision-making process on nomination and compensation of directors and executive officers. The Nomination Committee deliberates on and selects officer candidates, and also formulates plans for successors to the president and other executive management. The Board of Directors has delegated authority to the Compensation Committee for discussing and determining the compensation of directors and executive officers.

Officer category, total amount of compensation, etc., total amount by type of compensation, etc., and number of officers eligible for compensation

Total amount for directors (excluding outside directors): 370 million yen (basic salaries: 258 million yen; bonuses: 112 million yen); number of directors, 9

Total amount for Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members): 13 million yen (basic salaries: 13 million yen), number of Audit & Supervisory Board Members: 2

Total amount for outside officers (directors/Audit & Supervisory Board Members): 34 million yen (basic salaries: 34 million yen); number of officers, 4

Notes:

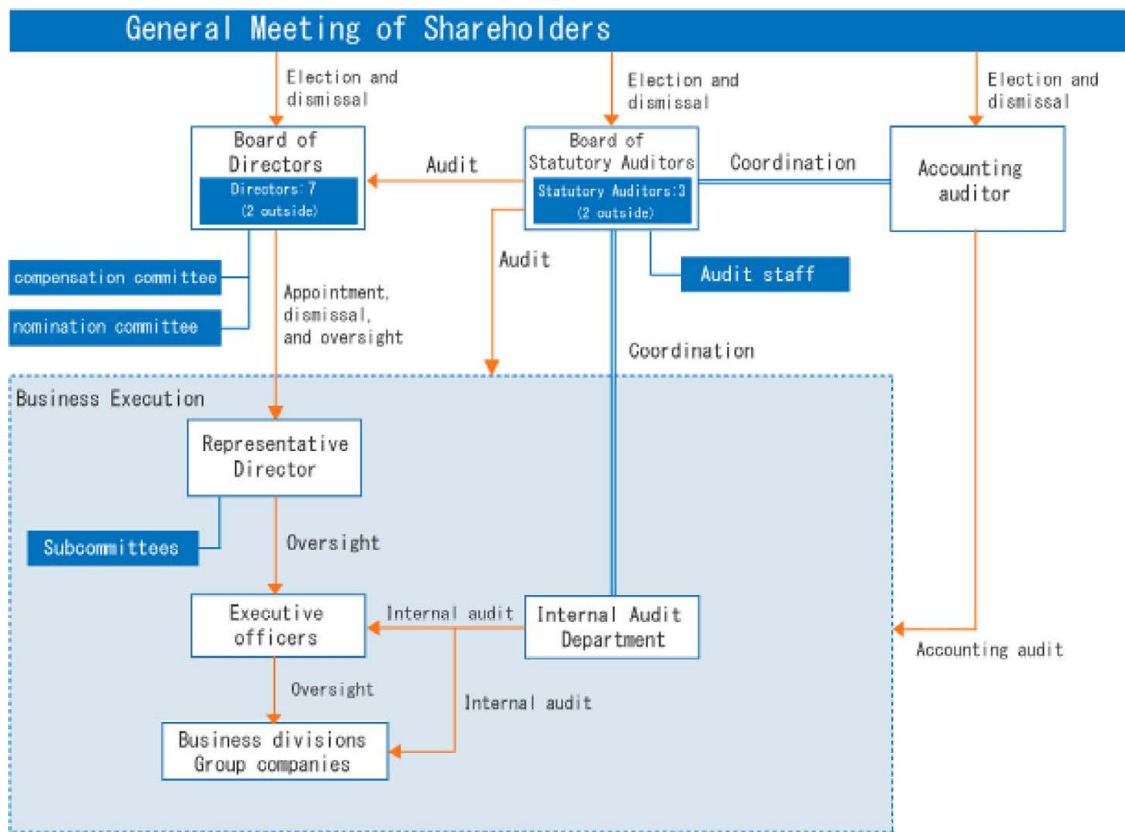
1. The amount paid to directors does not include the employee salaries for directors who are also employees.
2. The maximum limit on director compensation was set at 700 million yen a year by resolution of the 53rd Ordinary General Meeting of Shareholders held on June 26, 2009. (However, the employee salary and officer retirement bonus reserve amounts are not included in this).
3. The maximum limit on Audit & Supervisory Board Member compensation was set at 70 million yen a year by resolution at the 51st Ordinary General Meeting of Shareholders held on June 28, 2007. (However, this does not include the officer retirement bonus reserve amount).

The consolidated compensation, etc. of each officer of the Company is shown below:

Name, total consolidated compensation, etc., officer category, company category, amount by type of consolidated compensation, etc.

Kazuhiro Kashio, director; submitting company, total amount: 141 million yen (basic salary: 99 million yen; bonus: 42 million yen)

Note: The total amount of consolidated compensation, etc. is listed only for officers earning 100 million yen or more are listed.



Basic Views on Internal Control System and Progress on System Development

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

1. System to ensure that performance of duties by directors and employees of the Company and group companies comply with the Articles of Incorporation and relevant laws and regulations
 - a. Based on laws, the Articles of Incorporation, and rules for the Board of Directors, the Board of Directors decides important issues relating to legal requirements and management of the Company and group companies, and prevents violations of the law or the Articles of Incorporation by monitoring the performance of duties by the directors.
 - b. In order to comply with relevant laws and regulations regarding the performance of duties, specific documents such as policies and rules are prepared. Awareness of these are promoted throughout the Company and each group company after various committees, such as the CSR Committee, have examined and deliberated on them.
 - c. The Whistleblower Hotline has been established with internal and external channels and operates as the point of contact for inquiries and reporting on problems related to legal violations and other compliance matters. The Company ensures that whistleblowers are not penalized.
 - d. The Company and group companies are not involved with antisocial forces, which pose a threat to social order and public safety, in any way, and the entire organization is resolute in refusing any improper demands.
 - e. The validity and operational adequacy of the above-mentioned rules are improved through internal audits and continual review, in order to prevent any misconduct.

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2. System for retaining and managing information relating to performance of duties by directors and employees of the Company and group companies
Each department retains and manages information relating to the performance of duties by the directors and employees concerned, based on the Document Management Rules and other rules.
 3. Risk management rules and other systems at the Company and group companies
 - a. The Company and group companies have 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 for the CSR Committee, based on the Risk Management Rules.
 - b. Fundamental Policies on Product Safety and an implementation system have been established with an understanding that maintaining customer confidence in product safety is an important management issue.
 4. System to ensure the efficient performance of duties by directors and employees of the Company and group companies
 - a. Board of Directors meetings are held and attended by the Company's directors and Audit & Supervisory Board Members to discuss important management issues facing the Company and group companies and make decisions swiftly and in a reasonable manner. Such meetings are held at least once a month in principle.
 - b. The Company's executive officers, directors, and Audit & Supervisory Board Members attend meetings of the executive officers to discuss and decide on the execution of important business matters. They ensure group-wide coordination and smooth implementation of measures.
 - c. Detailed execution procedures are outlined in the Executive Decision Making Authority Rules and the Group Company Decision Making Authority Rules.
 - d. Group companies have created a system for performance of duties based on consolidated management plans, the Group Company Decision Making Authority Rules, and various basic group policies.
 5. System to ensure proper operations at the Company and group companies
 - a. To ensure proper operations, the Company and group companies have various rules based on the Charter of Creativity for Casio, Casio Common Commitment, and Casio Code of Conduct.
 - b. The Company assigns certain directors or executive officers based on a system under which directors and officers are responsible for specific group companies. The relevant directors and executive officers 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. The Company and the group companies have built a system to ensure the adequacy and reliability of financial reporting. After internal controls related to business flow and financial reporting are inspected, they are documented and evaluated, and revised to improve them.
 6. System for employees that assist Audit & Supervisory Board Members in the performance of their duties, and the independence of those employees from the directors
 - a. Employees are appointed to assist Audit & Supervisory Board Members in their duties.
 - b. Matters concerning the appointment, transfer, evaluation or discipline of employees who assist Audit & Supervisory Board Members require prior consent from the Audit & Supervisory Board.

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7. System for the Company's directors and employees and group companies' directors, auditors, and employees to report to the Audit & Supervisory Board Members; other systems for reporting to the Audit & Supervisory Board Members; and systems to ensure that audits by the Audit & Supervisory Board Members are performed effectively
- a. Whenever something that is likely to cause significant damage to the Company or group companies, facts pertaining violation of the law or the Articles of Incorporation, or facts pertaining to illegal conduct of business are discovered, the Company's directors and employees must immediately report it to the Audit & Supervisory Board Members.
 - b. Whenever something that likely to cause significant damage to the Company or group companies, facts pertaining to a violation of the law or the Articles of Incorporation, or facts pertaining to illegal conduct of business are discovered, the directors, auditors and employees of a group company must immediately report it to the Company officer in charge of the group company, and that officer must immediately report it to the Audit & Supervisory Board Members.
 - c. Whenever a group company's directors, auditors and employees determine that a management action or guidance from the Company may violate the law, or may present a compliance issue, they must report it to the Audit & Supervisory Board Members.
 - d. The Company's directors and employees and the directors, auditors and employees of group companies will provide reports and information in response to requests from Audit & Supervisory Board Members.
 - e. The Company's Internal Audit Department periodically reports the results of audits of the Company and group companies to the Audit & Supervisory Board Members.
 - f. The Whistleblower Hotline Secretariat reports the status of whistleblower reports and measures taken to the Audit & Supervisory Board Members.
 - g. The Company and group companies ensure that people who have made a report to the Audit & Supervisory Board Members are not penalized.
 - h. The Company promptly processes any requests it receives for the prepayment or reimbursement of expenses arising from the performance of duties by the Audit & Supervisory Board Members.
 - i. Audit & Supervisory Board Members may attend any important internal meeting of the Company.
 - j. Important ringi approval documents of the Company and group companies are reported to the Audit & Supervisory Board Members after approval.