

Governance



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To promote sustainable growth and medium- to long-term improvements to our corporate value, we position swift decision-making, the proper performance of duties, and strengthening our management oversight functions as core issues for the Company. To ensure appropriate responses to these issues, we are strengthening the Board of Directors' oversight functions. To accelerate and optimize business execution based on appropriate supervision by the Board of Directors, with a resolution passed on June 27, 2019 at the General Meeting of Shareholders, we switched to a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee structure. Currently, the Board of Directors has 10 members, with at least one-third of the seats reserved for outside directors to strengthen its oversight function.

Board of Directors

The Board of Directors is chaired by the chairman of the Board and consists of 10 members. To strengthen the management platform, we have adopted a system with two representative directors. In addition, to strengthen the corporate governance system, the 67th Ordinary General Meeting of Shareholders of June 29, 2023, resolved to increase the number of outside directors by one. As a measure to strengthen the oversight function, at least one-third of the seats on the Board of Directors (four of the 10 seats) are reserved for outside directors.

- Seven directors (excluding directors who are Audit & Supervisory Committee members (of whom, two are outside directors))
- Three directors serving as Audit & Supervisory Committee members (of whom, two are outside directors)

The term for directors (excluding directors serving as Audit & Supervisory Committee members) shall be one year in order to clarify management responsibilities and enable them to respond to rapid changes in operating environments.

The Board of Directors is responsible for the function of decision-making and overseeing business execution by management. The Board discusses and makes decisions on important management matters specified in laws and regulations, the Articles of Incorporation, and the Rules on the Board of Directors. To increase efficiency and agility in the execution of business, the Board of Directors delegates executive authority to executive officers on matters that do not meet the standards set for referral to the Board of Directors in laws and regulations, the Articles of Incorporation, and the Rules on the Board of Directors.

In the fiscal year ended March 31, 2023, the Board of Directors met a total of 15 times. The attendance of each director at the meetings of the Board of Directors during the period is as shown in the table "Composition of the Board of Directors." The subjects of its discussions and deliberations included reports on the state of business and the progress of business performance, as well as matters requiring regular resolution such as the approval of the financial accounts and the convocation of the General Meeting of Shareholders, and important matters relating to business management and management policy considered with reference to the results of the evaluation of the effectiveness of the Board of Directors. These included future business development in light of the international situation, strategic business investment, the building of an environment for the next generation, initiatives to realize sustainability, and internal control issues in the Group.

Audit & Supervisory Committee

The Audit & Supervisory Committee is comprised of three directors who are Audit & Supervisory Committee members. The chair of the Audit & Supervisory Committee is selected by the committee members from among those members who are outside directors. The current chair is ABE Hirotomo.

In order to ensure the soundness and transparency of business management, Audit & Supervisory Committee members attend Board of Directors' meetings and other important meetings including committee meetings and the Management Meeting and voice their opinions, as necessary, to ensure appropriate decision-making.

Audit & Supervisory Committee members also exercise strict oversight by meeting regularly to communicate with the representative directors, soliciting information and reports from directors (excluding directors who are Audit & Supervisory Committee members) and others, and reading the documentation for resolutions on important matters.

Nomination and Compensation Committees

With the aim of strengthening the transparency, independence, objectivity, and accountability of the process for nominating directors and determining their remuneration, we have arbitrarily established the Nomination Committee and the Compensation Committee as advisory bodies under the Board of Directors to obtain appropriate involvement and advice from independent outside directors.

When requested by the Board of Directors, the Nomination Committee, after due deliberation, submits proposals to the General Meeting of Shareholders concerning the nomination and removal of directors and recommendations on selection standards (including a succession plan) for director candidates.

When requested by the Board of Directors, the Compensation Committee deliberates on and submits proposals to the Board of Directors concerning the agenda for the General Meeting of Shareholders such as compensation for directors and recommendations on such matters as policies related to the director compensation system and its framework.

Executive Officer System and Executive Officers

Executive officers are delegated certain authority to execute business according to the policies established by and under the supervision of the Board of Directors. The management structure is based on business management according to a matrix whose two axes are business units and functions. We have introduced a structure of three chief officers—CEO, CHRO, and CFO—for management from the optimal Companywide perspective to strengthen governance functions.

Under this structure, a weekly Management Meeting is held to bring together the officers in charge of the various business units and functions to discuss important matters, share information, and expedite the execution of business. Executive officers are nominated based on competence and performance history and are selected by the Board of Directors from among elite human resources capable of contributing to the further growth of consolidated operations. The term of office is one year, the same as for directors (other than directors who are Audit & Supervisory Committee members).











Composition of the Board of Directors

We believe that it is necessary for the Board of Directors to be comprised of members with diverse perspectives, experience, and skills in order to ensure effective management and oversight functions. As such, in addition to inside directors who are familiar with the Company's business, our Board of Directors is comprised of outside directors possessing broad knowledge and extensive experience in corporate management, science, administration, finance and accounting, law, and other fields. Outside directors bring in external perspectives and increase management transparency. The Company also appoints outside directors to further strengthen the oversight function regarding the execution of business. They are experts who can provide opinions and advice from a wide variety of perspectives, including that of stakeholders, and are invited to Board of Directors' meetings and other meetings.

For the selection of director candidates, a skills matrix has been prepared presenting an overview of the knowledge, experience, abilities, and other attributes expected of directors (see table "Composition of the Board of Directors"). In addition to the expertise and experience indicated in the matrix, the selection of director candidates aims to achieve a balance in terms of diversity, affiliations (independence), years of service, and other attributes. With additional consideration given to changes in the business environment and other factors, the aim is to achieve a Board of Directors whose composition will promote the strengthening of corporate governance and corporate value increase.

The Company engages in ongoing review of the optimal composition of the Board of Directors.

Composition of the Board of Directors

	Name	Gender	Nomination Committee	Compensation Committee	Expertise and experience (skills matrix)					Attendance at Board of Directors' meetings in FYE 3/2023	Years of service as director/ Audit & Supervisory Committee member
					Management and management strategy	Management of key departments	Finance and accounting	Law/risk management	Global business		
Directors	KASHIO Kazuhiro		○	○	◆	◆			◆	15/15 (100%)	12
	MASUDA Yuichi		○	○		◆			◆	-/- (-%)	Appointed June 2023
	TAKANO Shin			○		◆	◆	◆		15/15 (100%)	8
	KASHIO Tetsuo					◆			◆	15/15 (100%)	4
	YAMAGISHI Toshiyuki		○			◆	◆		◆	15/15 (100%)	10
	OZAKI Motoki ☆		●	○		◆				15/15 (100%)	4
	SUHARA Eiichiro ☆		○	○		◆			◆	-/- (-%)	Appointed June 2023
Audit & Supervisory Committee Members	ABE Hiroto ☆		○	●				◆	◆	15/15 (100%)	4
	CHIBA Michiko ☆		○	○			◆	◆		15/15 (100%)	5*1
	YAMAGUCHI Akihiko					◆			◆	15/15 (100%)	2

☆ : Outside Director ● : Chair ○ : Committee member

*1 Years of service as Audit & Supervisory Board member and director of the Company. Appointed as director in June 2019.

*2 The above table is not an exhaustive listing of the directors' expertise and experience.

Directors' Training

Based on the belief that directors must continue to advance their skills and knowledge if they are to sufficiently fulfill their roles, we actively promote self-improvement by directors. The Company continuously offers the support, including the provision of information, opportunities, and cost reimbursements, necessary for self-improvement.

We continuously offer information to promote a better understanding of our business operations, particularly for outside directors. This includes planning and providing opportunities, both at the time of appointment and throughout the term of their appointment, to participate in important internal meetings, tour domestic and overseas plants and offices, and attend internal research seminars. Directors who are members of the Audit & Supervisory Committee are provided opportunities for skills improvement necessary for their roles and responsibilities through information provision by the Japan Audit & Supervisory Board Members Association and participation in seminars.

Outside Directors

Outside directors are appointed in order to enhance corporate transparency by incorporating external perspectives into management and further strengthening oversight of operations. The Company appoints experts who are able to provide opinions and advice from stakeholder and other diverse perspectives to the Board of Directors meetings and other meetings.

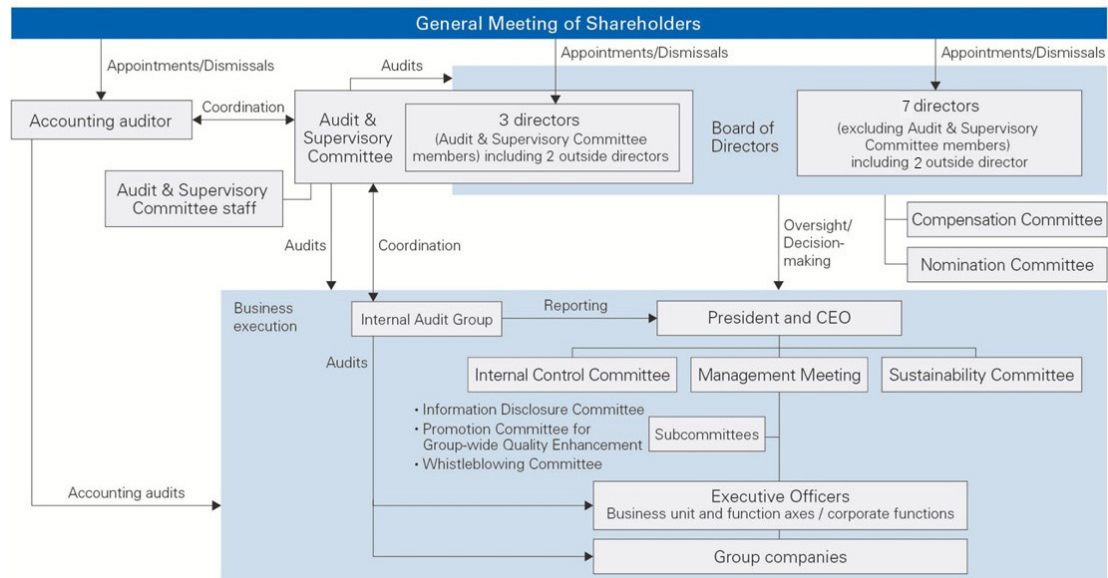
The three outside directors make suggestions as needed to ensure the validity and appropriateness of decision-making by the Board.

Reason for Appointment as an Outside Director

OZAKI Motoki	Independent Director	Mr. OZAKI possesses many years of management experience at Kao Corporation. Drawing on this experience, he has contributed greatly to invigorating the discussions of the Board of Directors and improving its effectiveness by making highly valuable and timely comments and proposals on the management of the Company in general from an objective and varied perspective based on his extensive experience and deep knowledge. He was appointed additionally for his contribution as the chair of the Nomination Committee and as a member of the Compensation Committee to discussions on improving the transparency and effectiveness of the director appointment process and to discussions looking into the process for determining director compensation.
SUHARA Eiichiro	Independent Director	Mr. SUHARA was active for many years at Mitsubishi Pencil Co., Ltd., where he displayed outstanding skill in business management and played an important role in the company's sustainable growth and corporate value increase. Taking an objective and varied perspective based on his extensive experience and deep knowledge, he has contributed to invigorating the discussions of the Board of Directors and improving its effectiveness. He was appointed additionally for his contribution as a member of the Nomination Committee and the Compensation Committee to discussions on improving the transparency and effectiveness of the director appointment process and to discussions looking into the process for determining director compensation.
ABE Hirotomo	Independent Director	Mr. ABE possesses extensive experience of working overseas for a general trading company and specialist knowledge based on his research and other activities as a graduate school student and professor in the fields of law and business management. He has contributed greatly to invigorating the discussions of the Board of Directors and improving its effectiveness by commenting actively on the management of the Company in general from these specialist perspectives. He was appointed additionally for his contribution as a member of the Nomination Committee and as the chair of the Compensation Committee to discussions on improving the transparency and effectiveness of the director appointment process and to discussions looking into the process for determining director compensation.
CHIBA Michiko	Independent Director	Ms. CHIBA possesses expertise in finance and accounting and extensive auditing experience as a certified public accountant. She has contributed greatly to invigorating the discussions of the Board of Directors and improving its effectiveness by commenting actively on the management of the Company in general from these specialist perspectives. She was appointed additionally for her contribution as a member of the Nomination Committee and the Compensation Committee to discussions on improving the transparency and effectiveness of the director appointment process and to discussions looking into the process for determining director compensation.

Diagram of corporate governance system

Diagram of corporate governance system



Internal Auditing

The Internal Audit Group, which consists of seven members (including one who is a member of the Audit & Supervisory Committee staff), formulates an annual audit plan (reviewed every six months) in light of the risk situation and, in accordance with the plan, audits the status of organizational management based on common Group standards. The Internal Audit Group then reports the results to directors as appropriate to maintain and strengthen the internal control and monitoring system. Meanwhile, the Internal Audit Group exchanges information and opinions with the Audit & Supervisory Committee on a regular basis and holds monthly meetings with it. When planning internal audits and after conducting them, the Internal Audit Group submits a report on the audit items to the Audit & Supervisory Committee, and the two work together in this way to improve the efficiency and effectiveness of the audit function.

Analysis and Evaluation of Board of Directors' Effectiveness

With an awareness of the changes in the roles expected of the Board of Directors, we evaluate the effectiveness of the Board of Directors and conduct reviews aimed at strengthening organizational and operational governance.

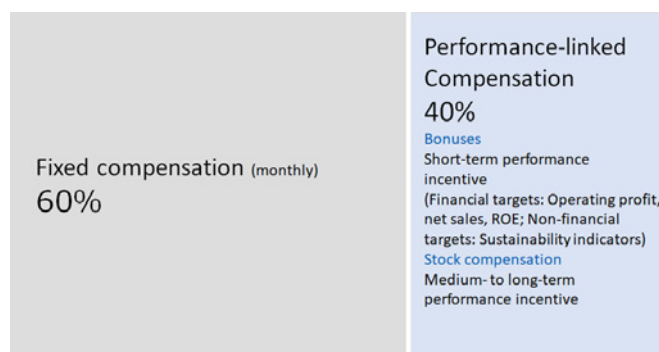
In the fiscal year ended March 31, 2022, as in the previous fiscal year, we conducted a survey of the directors (including Audit & Supervisory Committee members) to identify potential improvements to the role, functions, operational management, and other aspects of the Board of Directors.

This resulted in the finding that the allocation of discussion time to key management issues had been found to promote constructive discussion. Elsewhere, opinions were expressed on ensuring diversity on the Board of Directors and on the proportion of outside directors. Additionally, the opinion was expressed that there was a need to strengthen the effectiveness of the business execution oversight function by conducting discussion from a strategic and medium- to long-term perspective and by monitoring the progress of the three-year medium-term management plan. Based on the results of this evaluation, we will work to further increase the effectiveness of the Board and make continuous improvements.

Director Compensation

The compensation of directors of the Company is as stipulated below.

Director Compensation Composition



Performance-Linked Compensation

Performance-linked compensation in the form of bonuses is decided based on an evaluation of the results of management efforts to strengthen initiatives aimed at improving corporate performance, increasing corporate value, and achieving sustainable growth for society. Specifically, the decision is made with reference to the degree of attainment of financial targets (based on the indicators of operating profit, net sales, and return on equity [ROE] as shown in the consolidated financial accounts) and non-financial targets (sustainability indicators), and after comparing each indicator with the previous fiscal year's performance.

Breakdown of non-monetary Compensation

We have introduced a system of non-monetary compensation in the form of restricted stock compensation. The aim is not only to provide an incentive toward continuous increase in corporate value, but also to further reinforce the sense of value sharing with shareholders. The number of shares allocated to each individual is calculated by dividing a figure representing a fixed proportion of the individual's total annual compensation by the stock price.* A restriction on stock transfer applies until the director's retirement.

* Closing price on the day before the Board of Directors meeting at which allocation is approved.

Resolutions of the General Meeting of Shareholders on Director Compensation

A resolution was passed at the 63rd Ordinary General Meeting of Shareholders of June 27, 2019, setting the maximum combined annual compensation amount at a total of 400 million yen for the directors (excluding directors who are Audit & Supervisory Committee members but including a maximum annual amount of 30 million yen for the outside directors) and a total of 70 million yen for directors who are Audit & Supervisory Committee members. The above compensation does not include employee salaries paid to directors with concurrent employee duties. The number of directors as of the close of the above General Meeting of Shareholders (excluding directors who were Audit & Supervisory Committee members) was five (including one outside director), and the number of directors who were Audit & Supervisory Committee members was three. At the same meeting, the maximum combined annual amount of restricted stock compensation for the directors (excluding Audit & Supervisory Committee members and outside directors) was set, within the above limits on director compensation, at a total of 100 million yen (maximum 80,000 shares). As of the close of the above General Meeting of Shareholders, the number of applicable directors was four.

Agreed Policy on the Content of the Individual Directors' Compensation

(1) Method of deciding agreed policy on the content of the individual directors' compensation

To set the agreed policy on the content of the individual directors' compensation, the Board of Directors advised the Compensation Committee on the formulation of draft proposals, and the Board of Directors' meeting held on March 25, 2021, adopted an agreed policy with acceptance of the content of the submitted proposals.

(2) Outline content of the agreed policy

The two points indicated below form the basic policy on the compensation of directors (excluding directors who are Audit & Supervisory Committee members; the same applies below), which is designed to function as a healthy incentive toward sustainable growth.

- Compensation is set at a competitive level with a view to attracting external human resources
- Compensation is designed to serve as an incentive promoting a healthy entrepreneurial spirit

The level of compensation is set according to the role expected of the position, with market benchmarking for reference.

The compensation of directors other than outside directors is composed of a fixed component supplemented by a performance-linked component made up of bonuses and stock compensation. In view of their particular duties, the compensation of outside directors consists of fixed compensation only.

To give greater emphasis to performance-linked compensation, the relative weights of the compensation components are set at 60% for fixed compensation and 40% for performance-linked compensation (of the performance-linked compensation, 25% consists of bonuses and 15% of stock compensation). However, these proportions may be adjusted according to the individual role.

Regarding the timing of the payment of compensation, the period from July of each year until the following June is the period for which the annual compensation amount is paid, with the fixed compensation paid in monthly installments. Bonuses are paid in December and June, while stock compensation is provided in a single allocation in July.

Delegation of Responsibility for Decision on Individual Directors' Compensation

To decide the individual directors' compensation, the Compensation Committee, chaired by an outside director, discusses aspects of director compensation such as the compensation system and compensation level in response to a request from the Board of Directors and submits proposals to the Board of Directors, based on which the Board of Directors delegates to the chairman of the Board and the president and CEO the responsibility for deciding the individual compensation in accordance with the compensation limits adopted by the General Meeting of Shareholders and the agreed policy on compensation. The chairman of the Board and the president and CEO confer with the directors who are Compensation Committee members before deciding on individual compensation based on the proposals submitted by the committee and with reference to performance in terms of both oversight of business management and business execution. The reason for the delegation of the decision on individual compensation to the chairman of the Board and the president and CEO is that these officers are considered the most appropriate to evaluate the department which the director is in charge of based on an overview of the Company's performance, etc.

Compensation for FYE 3/2023

Executive category	Total compensation amount	Total amount by compensation type		Number of applicable executives
Directors (Excluding Audit & Supervisory Committee members and outside directors)	196 million yen	Fixed compensation	117 million yen	5
		Performance-linked compensation	78 million yen	
		Non-monetary compensation	43 million yen	
		included in the above figure		
Audit & Supervisory Committee members (Excluding outside directors)	15 million yen	Fixed compensation	15 million yen	1
Outside directors	33 million yen	Fixed compensation	33 million yen	3

Notes:

1. Amounts paid to directors do not include employee wages paid to directors with managerial duties.
2. The total amount of non-monetary compensation for directors (excluding Audit & Supervisory Committee members and outside directors) is made up of 37 million yen in performance-linked compensation.

Dialogues with Shareholders

We recognize that it is crucial to build a long-term, trust-based relationship with our shareholders and investors through proactive dialogue, so we have a dedicated executive officer responsible for IR activities under the direction of our president and CEO.

Our internal structure promotes a common awareness of the importance of dialogue with shareholders. We collaborate on IR activities by gathering and accumulating necessary information from the networks linking relevant departments. Directors or executive officers directly engage in IR activities as necessary depending on theme and content. In addition to sharing opinions received through shareholder interactions with the Board of Directors, we also share information at the Management Meeting and on other occasions as necessary to reflect those opinions in measures aimed at improving corporate value.

To ensure the management of insider information during IR activities, we have outlined rules concerning the handling of important undisclosed information and work to ensure strict implementation of those rules. Part of our response measures includes requiring that meetings are attended by multiple people.

In addition to communication through individual meetings, other measures for IR management include holding quarterly earnings briefings for institutional investors and securities analysts where the president and CEO or executive officer responsible for IR provides a summary of financial results and future outlook. To promote further understanding of our Company, we are enhancing external communications by listing various IR information on our website and have established a help desk for receiving inquiries from shareholders.

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 Business Conduct Guidelines 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 is promoted throughout the Company and each Group Company after various committees, such as the Internal Control 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.

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 the Group Companies

- a. The Company and the 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 Internal Control 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 the Group Companies

- a. Board of Directors meetings are held to discuss important management issues facing the Company and the Group Companies. Such meetings are held at least once a month, in principle, to enable decisions to be made swiftly and in a reasonable manner.
- b. The Company's executive officers and directors (including Audit & Supervisory Committee members) attend Management Meeting 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. The 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 the Group Companies have various rules based on the Charter of Creativity for Casio, Casio Common Commitment, and Casio Business Conduct Guidelines.
- 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 the 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 Committee in the performance of their duties, and the independence of those employees from the directors (who are Audit & Supervisory Committee Members)

- a. Employees are appointed to assist Audit & Supervisory Committee in their duties.
- b. Matters concerning the appointment, transfer, evaluation or discipline of employees who assist the Audit & Supervisory Committee require prior consent from the Audit & Supervisory Committee.

7. System for the Company's directors and employees and group companies' directors, auditors, and employees to report to the Audit & Supervisory Committee; other systems for reporting to the Audit & Supervisory Committee; and systems to ensure that audits by the Audit & Supervisory Committee are performed effectively

- a. Whenever something that is likely to cause significant damage to the Company or the 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 these to the Audit & Supervisory Committee.
- b. Whenever something that likely to cause significant damage to the Company or the 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 Committee.
- 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 Committee.
- d. The Company's directors and employees and the directors, auditors and employees of the Group Companies will submit reports and information in response to requests from the Audit & Supervisory Committee.
- e. The Company's Internal Audit Department periodically reports the results of audits of the Company and the Group Companies to the Audit & Supervisory Committee.
- f. The Whistleblower Hotline Secretariat reports the status of whistleblower reports and measures taken to the Audit & Supervisory Committee.
- g. The Company and the Group Companies ensure that people who have made a report to the Audit & Supervisory Committee 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 Committee.
- i. Audit & Supervisory Committee Members may attend any important internal meeting of the Company.
- j. Important ringi approval documents of the Company and the Group Companies are reported to the Audit & Supervisory Committee after approval.

Corruption Prevention Initiatives/Compliance

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Casio Business Conduct Guidelines

Compliance with laws and regulations as well as ethically appropriate behavior are fundamental prerequisites for all executives and employees to put the Casio corporate creed of “Creativity and Contribution” into practice across the company’s businesses. In March 2022, Casio established the Casio Business Conduct Guidelines, which specifically outline important codes of conduct, replacing the previous Casio Group Code of Conduct.

Contents of the Casio Business Conduct Guidelines

1. Developing high-quality products and services and continuing to serve society
2. Careful environmental considerations in all business activities
3. Ensuring fair, honest, and appropriate transaction activities
4. Respecting human rights in all aspects of business activities
5. Respecting employee diversity and fostering supportive work environments
6. Appropriate disclosure of corporate information and constructive stakeholder dialogue
7. Promoting social contribution activities to help realize a sound and spiritually rich society
8. Performing comprehensive risk management of any hazards such as natural disasters, information security breaches, and sudden changes in the business environment
9. Senior management and heads of organizations' responsibility for setting a good example of leadership by fully observing the Casio Business Conduct Guidelines and ensuring they are completely known to everyone

> [Casio Business Conduct Guidelines](#) 

Compliance System

Casio recognizes that compliance is the foundation for all corporate activities. Accordingly, Casio believes it is important to win the trust of society by ensuring all of its corporate activities are based not only on legal compliance, but also on high ethical values. To ensure legal compliance in the conduct of business, Casio's Internal Control Committee inventories relevant laws and regulations and confirms that the responsible departments take appropriate measures to comply. The Casio Business Conduct Guidelines are also made known to all executives and employees.

In addition, in October 2023, Casio set up the Compliance Office in the Legal Department to serve as an organization responsible for the overall management of compliance. In these and other ways, Casio is always working to ensure legal compliance and foster a culture of integrity.

Competition Law

We have established the Antitrust Compliance Program and distributed the Compliance Manual to all global sites and are conducting employee education. We are also endeavoring to further entrench this program by carrying out audits on antitrust compliance, reviewing responses to problems identified by audits, and implementing measures.

In Japan, the Act against Unjustifiable Premiums and Misleading Representations Compliance Committee was established by relevant departments, and awareness promotion activities, including development of self-management regulations and education, are being implemented. Moreover, we are striving to provide guidance through the responsible staff office, share customer opinions and feedback, and share case studies from self-audits and improvements implemented in relevant departments. Going forward, we will conduct regular audits based on the implementation status of education, and further enforce this program.

Privacy Law

As laws and regulations concerning personal information become more stringent globally, in order to promote business using data worldwide, we must adhere to the privacy laws of each country. To this end, in March 2021, we established the Office for Personal Data Protection outside Japan, a dedicated office for addressing global privacy laws. The office works to strengthen compliance structure by tracking legal trends of each country, ensuring the appropriate handling of personal information—from acquiring to storage, usage, and disposal—and conducting employee education and regular audits.

In the conduct of business, Casio's Internal Control Committee inventories relevant laws and regulations and confirms that the responsible departments take appropriate measures to comply. If any deficiencies are found, corrective measures are taken and regular monitoring is conducted.

Export Control

Export control, or security trade control, aims to maintain international peace and security. It involves regulations on the export of goods and technology that could be diverted for the development of weapons of mass destruction or other weaponry. The regulations are designed to prevent such goods and technology from reaching countries and regions of concern or terrorist organizations.

In 1987, the Export Control Security Program of Casio Computer Co., Ltd. (a compliance program) was established in order to make sure proper measures are taken to ensure the security of exports. The program has since been continually updated along with changes in the Japanese Export Control Regulation.

Casio has appointed employees responsible for export control in relevant departments as part of an internal system to ensure observance of the program.

As the Exporter Compliance Standards took effect in April 2010, Casio has been striving to maintain and manage its system by conducting voluntary annual audits while ensuring thorough legal compliance, in response to the revision of applicable laws and regulations. Efforts include the strengthening of training activities at group companies in Japan.

Casio has also established a management system for complying not only with Japanese export laws but also with US Export Administration Regulations. The company is working to improve global export management, including the implementation of export management training in fiscal 2013, at group companies in the UK and Germany, and in fiscal 2014 at a group company in the US.

In fiscal 2023, Casio revised its compliance program in line with the revision of Japan's Foreign Exchange and Foreign Trade Act and shared information throughout the group regarding legal revisions relating to the situation in Ukraine.

Subcontract Act Compliance Initiatives

Casio has established a Compliance Committee on Japan's Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors (Subcontract Act) which includes group companies, and is striving to ensure all transactions comply with the law. Under the annual basic plan of the Committee, each group company in Japan implements PDCA cycles. In fiscal 2021, in-house seminar subjects were expanded and made available to all employees. Moreover, employees that deal directly with suppliers and outsourcers are always provided with the necessary knowledge through classes sponsored by the relevant government authorities

In-house training sessions are designed to provide a more concrete understanding by taking actual subcontracting transactions and associating them to specific business operations. Various efforts were made to encourage understanding, such as conducting training sessions with original teaching materials prepared to suit the unique transaction conditions of various group companies.

The Compliance Committee also obtains the latest information from government websites and email notification services, and sends the information directly to committee members. The news is also posted on the committee's website, and shared with the entire group.

In offices where subcontract transactions are handled, independent audits are carried out on an ongoing basis. Casio confirms that proper, compliant transactions are executed, by inspecting the document record of the entire series of transactions from ordering to payment.

Casio will continue to promote understanding of the Subcontract Act among its employees, and work to strengthen its system for even better compliance. The company will strive to promote even sounder transactions and create value with suppliers.

In addition, Casio has announced the "Partnership-Building Declaration," making clear its approach to co-prosperity among large enterprises and SMEs.

Corruption Prevention Initiatives

Casio prohibits bribery including restrictions on illegal and improper business entertainment and gift-giving. Still, in light of recent developments including the ongoing globalization of business, the tightening of regulations, and more robust efforts to detect bribery, Casio issued the Casio Guidance on the Prohibition of Bribery (for the Casio Group) in July 2014 and the Manual on the Prohibition of Bribery (for Casio Computer Co., Ltd.) in October 2014 in order to further strengthen the handling of bribery risks throughout the Casio Group.

The Casio Guidance on the Prohibition of Bribery articulates the Group's basic stance and philosophy on the prohibition of bribery, including the prohibition of facilitation payments. The Manual on the Prohibition of Bribery specifies the structure and mechanisms for the prevention of bribery, including the designation of persons responsible for compliance, education and training, auditing, and the Whistleblower Hotline, as well as specific rules such as a limit on the monetary amount of business entertainment and gift-giving. Additionally, Casio headquarters encourages each site to produce local rules and manuals in an effort to strengthen the mechanisms for the prohibition of bribery throughout the group.

The Casio Business Conduct Guidelines, established in March 2022, clearly mandate zero-tolerance of bribery, and Casio is working to ensure that this policy is thoroughly enforced.

Tax Affairs

The Casio Group Code of Conduct stipulates that all officers and employees in the Casio Group must comply with international norms, applicable laws in each country and region, and company rules in their daily activities as the Casio Group engages in its global business.

This also applies to tax affairs. The Group strives to maintain its tax compliance by paying taxes appropriately in compliance with each country's tax laws, including transfer pricing taxation and anti-tax haven measures, as well as international rules and other statutes.

Whistleblower Hotline

As a way to ensure compliance, including respect for human rights, and to maintain sound governance, Casio set up a Whistleblower Hotline in April 2006. The hotline has been functioning with neutrality and fairness across all of its internal and external contact points.

Operating on a basis of impartiality, the hotline follows up on all whistleblower reports and consultations, and takes resolute measures against any improper behavior discovered. Effort is put into preventing issues before they grow into real problems.

The contractor operating the external contact point of the Whistleblower Hotline was changed in April 2015. Now Casio employees can utilize online whistleblower consultation and report filing in English and Chinese, and telephone consultation and reporting is also available in English. This has given employees at group companies outside Japan better access to the hotline. To ensure even greater hotline awareness, Casio will strive to further increase group-wide understanding of the system in fiscal 2016, using a special intranet site with information on whistleblower protection in Japanese, English, and Chinese.

In addition to internal hotlines, in fiscal 2018, an external whistleblower hotline was established exclusively for suppliers in October 2017.

In May 2019, the Internet-based external whistleblower hotline was overhauled to comply with Europe's GDPR and to enable whistleblowers to interact directly with the Whistleblower Hotline Office on a half-anonymous basis (actual name given to external whistleblower hotline but anonymous to the company).

In fiscal 2023, eleven issues were reported to the Hotline. Of these, five concerned harassment, and six had to do with other issues. Seven issues have been brought to a satisfactory resolution.

Earlier, in 2021, Casio changed the operational system to ensure highly appropriate responses to whistleblower reports and requests for consultation. The changes included:

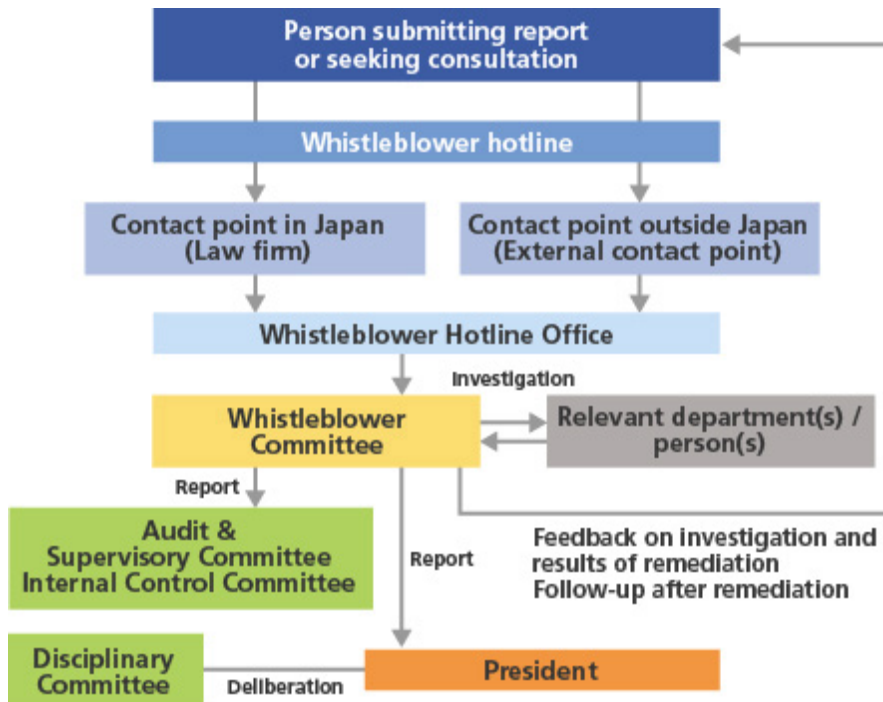
- (1) utilizing attorneys to ensure objectivity, confidentiality, and a sense of security at the contact point;
- (2) reinforcing appropriate response by the right person in the right place, including experts, while ensuring the confidentiality of whistleblowers, as an appropriate response throughout the handling process;
- (3) reinforcing final confirmation in the same manner as above to ensure the confidentiality of whistleblowers and appropriate responses; and
- (4) revision of the Basic Rules for the Whistleblower Hotline in conjunction with the change in the operational system.

In January 2022, Casio started to disclose the number and summaries of disciplinary actions within the company.

Fiscal 2022 cases reported to Whistleblower Hotline

Breakdown of whistleblower report	Harassment	Other
No. of cases	5	6

Whistleblower Hotline



Risk Management

Risk Management

Basic Approach

Casio pursues risk management under the basic policy to predict risks, implements preventative measures to minimize potential losses, and, if losses are incurred, takes effective follow-up measures to ensure business continuity. In addition, Casio has established the Casio Business Conduct Guidelines, which specifically outline important codes of conduct for executives and employees of the Casio Group in implementing the Casio corporate creed of “Creativity and Contribution” across the company’s businesses. Casio works to ensure that executives and employees comply with laws and regulations and engage in appropriate conduct from an ethical perspective based on the guidelines.

Internal Control Committee

The Internal Control Committee carries out cross-sectional integration of functions related to internal control, including compliance, information security, and risk and crisis management, to realize an effective, streamlined, and fail-proof risk management structure. It also deliberates and makes decisions on policies and responses to issues concerning internal control in general within the Casio Group.

In June 2022, the Internal Control Committee was transitioned from an independent organization to the business execution side of Casio's corporate structure in order to further promote appropriate, sound, and efficient business operations, which is the purpose of internal control. In cooperation with the Management Meeting, the Internal Control Committee visualizes and checks business operations from the viewpoint of appropriateness, soundness, and efficiency, thereby ensuring the reliability of the system for addressing various risks, including compliance aspects.

Risk Management Structure

The business environment surrounding the Casio Group is changing rapidly. In order to respond promptly to change amid increasing uncertainty, it is necessary to identify the signs of risks that are expected to affect the Group's business and take the required countermeasures with speed on a global basis. Under the supervision of the Internal Control Committee, Casio works to visualize and centrally manage the status of group-wide risks and to minimize the impact on the Group's business, with continuous monitoring by the Board of Directors.

Responding to Important Risks

In order to effectively conduct risk management, we predict various risks that may involve the Casio Group, and conduct global risk surveys to identify the frequency and impact of risks occurring and assess if appropriate measures are taken. In particular, Casio has identified risks including geopolitical risk and information security that affect the Group's business as important risks, and it is implementing countermeasures.

1) Geopolitical Risk

In the course of engaging in business activities on a global basis, various risks are expected to arise due to the political and economic conditions in each region. Casio prepares appropriate measures to secure the supply chain and ensure the safety of employees after analyzing the level of impact when a risk arises in each aspect of business activities, including procurement, production, logistics, and sales.

2) Information Security

In addition to responding appropriately to the increasing number of information security incidents, Casio is continuously strengthening its information security management level, both in normal times (proactive measures) and in emergency situations (post-incident measures). We have established the Computer Security Incident Response Team (CSIRT) so that take rapid action in the case of an incident. While implementing technical measures within the Group backed mainly by the Information Technology & Engineering Department, we are working on defining rules and conducting education among employees.

Business Continuity Plan (BCP)

In order to respond to emergencies with the resources of the company organization, Casio has created a Crisis Management Manual for securing the safety of all employees, executives, and their families, preserving corporate assets.

Casio is also working to strengthen its business continuity plan (BCP). In the event of a major disaster, Casio establishes a Business Continuity Task Force and conducts an emergency response based on the Business Continuity Manual to continue providing products and services to countries around the world. In doing so, we aim to live up to the trust of our business partners and customers by minimizing damage and quickly restoring business operations.

From the standpoint of corporate responsibility to society and local communities, we also consider contributing to disaster response and recovery efforts, as well as cooperating with national and local government disaster prevention and mitigation measures.

Information System Disaster Response Measures

Casio expanded its remote work system as a measure to control the spread of COVID-19. Meanwhile, it is more important than ever to build system infrastructure for supporting business continuity in natural disasters such as earthquakes, typhoons, and torrential rain. In addition, the stable operation of IT systems for business continuity is also becoming increasingly important with the digital transformation (DX) of business.

In this context, Casio employs a cloud environment and robust external data centers with quake-absorbing structures and in-house power generation as measures for ensuring business continuity. These measures ensure construction and operation of systems that can flexibly and quickly respond to business changes while ensuring the safety and availability of important servers.

Moreover, while ensuring information security, particularly in the communication environment (portal site for employees, e-mail, online meetings, etc.), the company uses external services for BCP measures.

Information Security

Casio strives to appropriately manage and handle all of its information assets, including information that it collects from customers and suppliers. Casio has articulated information protection rules along with its Information Security Rules and implements regular education for employees to continuously raise awareness of information security and ensure the implementation of safety measures. Additionally, Casio has established an organizational structure to ensure compliance with laws and regulations on privacy protection outside Japan, including the EU's General Data Protection Regulation (GDPR), which covers the handling of personal information of European users. We are also strengthening measures to respond to the increase in cyber-attacks due to recent changes in international circumstances.

Education and Awareness Raising

Information security cannot rely only on technical measures; it is also important for everyone handling information to know the required safety procedures, and to incorporate them into their work habits. At Casio Computer Co., Ltd., all officers and employees receive regular information security training through e-learning. The employees eligible for this training have been expanded to include those at Group companies in and outside Japan. The training covers general information security, as well as protection of personal information and other compliance matters, based on changes in society and in the company's business environment. Information security is being improved by providing this training content in a timely manner. In addition, to raise daily awareness, we have issued an information security handbook summarizing basic matters in clear, concise content and conduct targeted attack email training to prepare for possible contingencies as part of our training and awareness-building efforts.

Initiatives to Prevent Information Leakage

As an initiative to prevent information leakage, Casio ensures, as an organizational measure, that all employees handling information understand and follow necessary safety procedures. Casio requires employees to apply for permission before taking information or information devices off company premises. We have also established internal rules regarding such matters as limitations on sending emails externally, as well as proper information disposal. Training is provided on these rules in an effort to raise awareness and strengthen measures to prevent information leakage.

As a technical safety measure, Casio is strengthening its ability to monitor unauthorized access to its websites and suspicious transmissions on its internal network, in order to upgrade its preparedness against the recently growing threat of targeted attack emails and other external attacks such as those from malware via phishing emails. Furthermore, accompanying the growth of remote work and the use of cloud services, Casio has deployed a multilayered defense system including the establishment and introduction of a Zero Trust Network that includes security measures for computers used by employees and the abolition of the use of password-protected compressed files, which can become a hotbed of malware infection.

As a measure to cope with the increasing use of the cloud environment, Casio has established guidelines and security checklists for cloud use and disclosed them internally to strengthen measures to ensure safe use of the cloud environment.

Information Security Certification and Initiatives

Casio has focused on established a system for prioritizing the protection of personal information, publicly disclosed its Privacy Policy on its website, and remains committed to the safe and appropriate handling of personal information. In December 2005, Casio Computer Co., Ltd. obtained Privacy Mark^{*1} certification and has maintained it since.



Casio's Information Systems Department obtained information security management system (ISO 27001)^{*2} certification in November 2007. In February 2023, the certification was renewed, with the scope of certification expanded to include the entire Digital Division in response to the further advancement of digitalization.



JQA-IM0536

Scope of application/operations for ISO27001 certification

Digital Division, Casio Computer Co., Ltd.

Planning, development, maintenance and operation of internal information systems supporting the manufacture, sale and service operations for electronic devices at Casio Computer Co., Ltd. and each group company, and the development, maintenance and operation of network infrastructure for the Casio Group

^{*1} Privacy Mark: A program where the Japan Information Processing Development Corporation, a public-service foundation, evaluates the adequacy of corporate protective measures related to the handling of personal data. Companies that are found to have adequate protective measures in place are certified and permitted to display the Privacy Mark.

^{*2} A program whereby a company establishes a system for using, maintaining, and protecting information within the applicable scope (e.g., business, locations) based on international standards for information security management systems, and a certification body conducts audits of the system and issues certifications.

Stable Supply of Products

Approach to Stable Product Supply

Delivering a stable supply of products is one of the most important responsibilities of a manufacturer, and is required to ensure customer satisfaction and loyalty.

Casio aims to optimize the innovation process by leveraging its robust platforms for purchasing and manufacturing technologies. This allows Casio to consistently provide the market with high-quality products at reasonable prices while raising customer satisfaction.

Supply Network Is Highly Responsive to Changes in Demand

The demand/procurement environment is changing drastically this fiscal year due to the impact of COVID-19 and the changing situation in China and Russia. Casio aims to optimize production, sales and inventory, without sticking to previous divisions of rules and systems. Examples of specific activities include early achievement of supply chain reforms and engineering reforms aimed at the post-COVID period.

- Supply chain reform (Optimize production, sales and inventory with the minimum amount of resources and staff)
 - Promote automation of operations (reduce steady-state operations)
 - Introduce production linked to real demand (PSI linked, inventory reductions)
 - Optimize/introduce IT for functions of production and management sites (procurement, manufacturing, logistics)
- Engineering reforms (Raise product value and achieve competitive advantages in QCD)
 - Make costs and processes for product planning/development through manufacturing visible and seamless
 - Strengthen PLM (raise profitability after commercialization)
 - Achieve zero-defect, ultra-low-cost design and manufacture
- Sustainable supply of products

Casio seeks to increase the value of its products by actively adopting components and materials intended to contribute to a sustainable society, such as solar-powered components, renewable materials, and biomass plastics.

Diversifying Production Risk and Producing Core Components In-house

Casio maintains a stable supply of products by having each production site manufacture multiple product items, and by ensuring that two different sites can produce any given Casio product.

The company is also increasing the internal production of components in order to protect newly created technologies and to reduce parts procurement risk.

Production sites for individual products

