

Corporate Governance

Casio understands how important swift decision-making, the proper performance of duties, and strengthening the management function to improve the soundness and transparency of management are to meeting the expectations of shareholders and other stakeholders, consistently achieving management goals, and continually enhancing corporate value. We have therefore implemented various measures to enhance 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.

Experience and performance in corporate management and the balance of expertise in areas such as technical development, sales, finance, and other areas are also taken into consideration. The Board of Directors is responsible for the function of overseeing decision-making and 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 the 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.

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 Directors 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 explanations 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.

Reason for Appointment as an Outside Audit & Supervisory Board Member

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.

Michiko Chiba (Independent Officer)

Ms. Chiba possesses expertise in 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.

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.

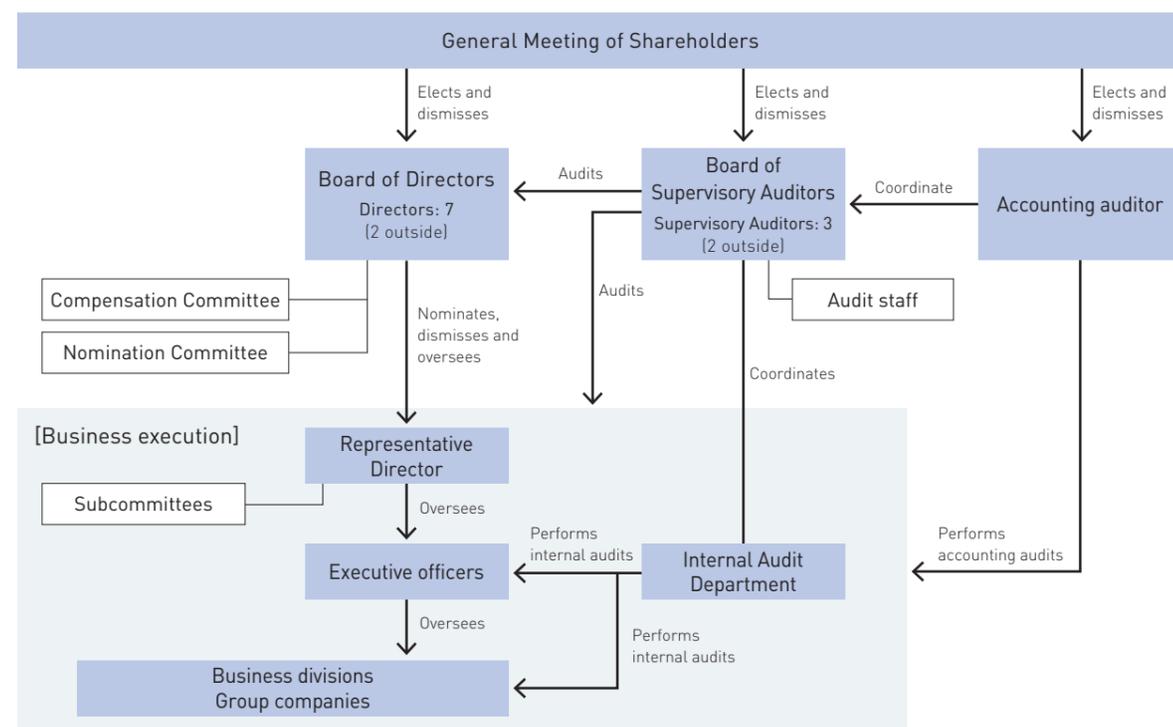
Internal Auditing

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.

Diagram of Corporate Governance System



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 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.