

Corporate Governance

Casio understands that, in addition to speedy decisions and the appropriate execution of duties, strong monitoring of management to bolster transparency is vital for sustained growth in enterprise value. Based on this awareness, the Company has been taking steps to strengthen its corporate governance.

We employ the Corporate Officer System, which clearly distinguishes between supervisory and executive functions in management. In this system, corporate officers, directors and corporate auditors attend meetings of the Board of Corporate Officers to discuss matters that are important for the execution of duties and to ensure that changes and measures are made smoothly throughout the Company.

With the aim of implementing swift and rational decision-making with respect to management issues, the directors, with the attendance of the corporate auditors, deliberate and pass resolutions on important matters at meetings of the Board of Directors. At the meetings of the Board of Corporate Auditors, the corporate auditors, in accordance with the auditing policy previously laid down by the Board, exercise rigorous oversight of the performance of their duties by the directors and corporate officers. This is accomplished through the perusal of the minutes of meetings of the Board of Directors and Board of corporate officers at which resolutions have been made, by information obtained through the personal attendance of the corporate auditors at meetings of the Board of Directors and the Board of Corporate Officers; and by information obtained from direct interviews with directors, corporate officers, as well as from reports submitted by directors to the corporate auditors.

In addition, to ensure that duties are properly executed and that there is management transparency, the Board of Directors passed a resolution at a meeting held in May 2006 supporting a basic policy to improve internal control systems. Under this policy, the Company is acting to strengthen these systems.

Compliance

To increase corporate value through stronger internal controls, the Company has established the Charter of Creativity for Casio and the Casio Common Commitment as action guidelines for its employees. These guidelines are based on the creed the Company has followed since it was founded: "Creativity and Contribution."

To manage risks under its basic policies for risk management, we have established a Risk Management Committee chaired by the Chief Risk Management Officer. Under the Committee, Main risk management department and the Risk Management Committee Secretariat work together to practice risk management.

