

Corporate Governance

Web

Casio recognizes the importance of responding to the expectations of shareholders and other stakeholders, swift decision-making, appropriate and efficient business operations, and enhanced supervisory functions that improve the soundness and transparency of management in steadily achieving management goals and continuously increasing enterprise value. We are implementing various initiatives to improve corporate governance.

The Corporate Governance System

1. System Design

Casio is a company with an Audit & Supervisory Board. The Board of Directors and the Audit & Supervisory Board supervise management. Casio is further strengthening corporate governance by enhancing its executive officer system and expanding the responsibilities of outside directors.

The Board of Directors delegates most of the authority for important business execution to enable prompt and efficient business execution. The Board of Directors makes resolutions as required by laws and the Articles of Incorporation, as well as decisions about important business execution matters, using its vested authority to ensure that it fulfills its supervisory functions. In addition, Casio has enhanced the management supervision function of the Board of Directors by establishing the Nomination Committee and the Compensation Committee, which include outside directors.

The Audit & Supervisory Board is independent of the Board of Directors, supervises the business execution of directors and, without loss of management speed and effectiveness, takes a corporate governance stance that sufficiently fulfills the supervisory function.

2. Board of Directors and Directors

The Board of Directors has the function of making management decisions and supervising business execution, and deliberating and deciding on important management issues specified by laws, the Articles of Incorporation and Board of Director regulations. In order to enhance the efficiency and flexibility of business execution, the Board of Directors has entrusted Executive Officers with the authority for items that do not meet the standards for discussion as prescribed by laws, the Articles of Incorporation and Board of Director regulations.

In order for the Board of Directors to effectively fulfill its management supervision function, we believe the Board of Directors must be composed of members with diverse perspectives, experiences and abilities. In addition to directors from within the

company who are thoroughly knowledgeable about the company's business, the Board of Directors has outside directors with broad discernment and extensive experience.

Consideration is also given to the balance among the members of the Board of Directors for experience and accomplishment in corporate management and specialization in the fields of technical development, sales and finance and other areas.

We plan on maintaining an appropriate number of members of the Board of Directors so that swift management decisions can be made.

Currently there are eleven members, two of whom are outside directors.

The term of directors is one year in order to clarify their management responsibility and make it possible to swiftly respond to changes in the management environment.

Internal candidates for director are selected by a Nomination

Committee after discerning that they are persons capable of fulfilling management responsibilities, have the disposition required of directors, and have superior achievements, capabilities and character.

We select several knowledgeable persons to be outside directors. These outside directors are invited so they can give opinions and advice to the Board of Directors from many angles regarding contributions to society in addition to bringing an outsider's viewpoint to management and enhancing transparency of management with the goal of further strengthening the supervisory function of business execution.

The two outside directors make comments and suggestions as they see fit to guarantee the appropriateness and soundness of Board of Director decisions.

3. Audit & Supervisory Board and Audit & Supervisory Board Members

The Audit & Supervisory Board follows policies and handles assignments set out by the Audit & Supervisory Board to ensure sound and transparent business management. In addition to attending meetings of the Board of Directors and other important meetings and committee sessions, Audit & Supervisory Board Members fulfill their responsibility to rigorously monitor the Company's management processes by speaking with directors and other managers, receiving reports from them, and reading the minutes of meetings at which decisions on important matters

were made and related reference material. Audit & Supervisory Board Members coordinate with outside directors as needed to obtain information and exchange opinions, and are assigned expert assistants who support their audit activities.

More than half of the members of the Audit & Supervisory Board are outside auditors. The Audit & Supervisory Board includes members with knowledge of finance and accounting in order to strengthen its audit function.

The current Audit & Supervisory Board is composed of three Audit & Supervisory Board Members, two of whom are outside auditors.

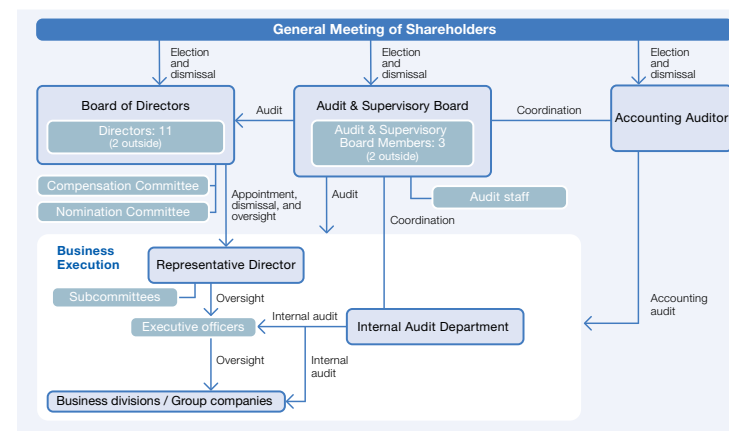
4. Accounting Auditor and Internal Audit

Independent auditing corporations conduct external audits in accordance with auditing standards generally accepted in Japan to determine fairness and appropriateness. The Internal Audit Department monitors the organizational management of the Company to check that it is appropriate and conforms to laws and regulations as well as internal standards.

5. CSR Management

In addition, the CSR Committee deliberates on basic policies and major issues in CSR activities across the Group. This committee is chaired by the officer in charge of CSR at Casio Computer Co., Ltd. and includes the officers in charge of staff function departments, Audit & Supervisory Board Members and managers of staff function departments.

Corporate Governance Framework



Director Remuneration

Total remuneration by director of submitting company, breakdown of remuneration and number of directors paid

Position	Total remuneration (Millions of yen)	Breakdown of remuneration (Millions of yen)				Number of directors paid
		Basic remuneration	Stock options	Bonus	Retirement benefits	
Directors (excluding outside directors)	337	224	—	112	—	10
Auditors (excluding outside auditors)	13	13	—	—	—	1
Outside officers	36	36	—	—	—	5

Notes: 1. The amount of remuneration paid to directors does not include the employee salaries of directors who also hold an employee post.
2. Remuneration paid to directors in the amount of no more than ¥700 million was approved at the 53rd Regular General Meeting of Shareholders held on June 26, 2009 (however, the employee salary and provision for directors' retirement benefits reserve transfers are not included).
3. Remuneration paid to auditors in the amount of no more than ¥70 million was approved at the 51st Regular General Meeting of Shareholders held on June 28, 2007 (however, the provision for directors' retirement benefits reserve transfers is not included).

Total remuneration by director of submitting company

Name	Total consolidated remuneration (Millions of yen)	Position	Company	Breakdown of remuneration (Millions of yen)			
				Basic remuneration	Stock options	Bonus	Retirement benefits
Kazuo Kashio	147	Director	Submitting company	97	—	50	—

Note: "Total consolidated remuneration" is restricted to persons with consolidated remuneration of ¥100 million or more.

Corporate Governance



Basic Internal Control System Policies

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 operations.

1. System to ensure that performance of duties by Group directors and employees comply with the Articles of Incorporation and relevant laws and regulations

- (1) Based on laws, the Articles of Incorporation and Board of Director regulations, the Board of Directors makes important decisions on legal matters and items regarding the management of the Company and Group companies, and supervises the business execution of directors in order to prevent acts in violation of laws and the Articles of Incorporation.
- (2) Specific documents on policies and rules have been prepared to support compliance with relevant laws and regulations regarding the performance of duties. After deliberation and consideration by the CSR Committee and other committees, awareness of the rules is promoted throughout Group companies.
- (3) The Whistleblower Hotline has been established inside and outside the Company and operates as the point of contact for inquiries and reporting on problems related to infringements of legal compliance and other compliance matters. The Group ensures that whistleblowers are not penalized.
- (4) The Group has absolutely no contact with organized criminal elements, which pose a threat to social order and public safety, and the entire organization is resolved to refuse any improper demands.
- (5) 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 saving and managing information relating to performance of duties by Group directors and employees

- (1) Based on the Document Management Rules and other rules, each department saves and manages information relating to the performance of duties by the directors and employees concerned.

3. System of rules and other methods to manage the risk of Group losses

- (1) The Group has 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 under the CSR Committee, based on the Risk Management Rules.
- (2) Fundamental Policies on Product Safety and an implementation system have been established with the 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.

- (1) Attended by the Company's directors and Audit & Supervisory Board Members, meetings of the Board of Directors are held to discuss and decide important management issues facing the Group, at least once a month in principle, and make prompt and reasonable decisions.
- (2) The Company's executive officers, directors, and Audit & Supervisory Board Members attend meetings of the Board of Executive Officers to discuss and decide important business execution matters. They ensure Group-wide coordination and smooth implementation of measures.
- (3) Detailed execution procedures are outlined in the Executive Decision Making Authority Rules and the Group Company Decision Making Authority Rules.
- (4) 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 Group operations

- (1) To ensure proper operations, the Group has various rules based on the Charter of Creativity for Casio, Casio Common Commitment, and Casio Code of Conduct.
- (2) The Company has a system for assigning directors or executive officers responsibility 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.

- (3) The Group has built a system to ensure the adequacy and reliability of financial reporting. The Group makes improvements after inspecting internal controls related to business flow and financial reporting, documentation, evaluation is carried out.

6. System for employees that assist the Company's Audit & Supervisory Board Members in the performance of their duties, and the independence of those employees from the directors

- (1) Employees are appointed to assist the Audit & Supervisory Board Members in their duties.
- (2) Matters concerning the appointment, transfer, evaluation or discipline of employees who assist the Audit & Supervisory Board Members require the prior consent of the Audit & Supervisory Board.

7. System for Group directors and employees to report to the Company's Audit & Supervisory Board Members, other systems for reporting to the Company's Audit & Supervisory Board Members, and systems to ensure that audits by the Audit & Supervisory Board Members are performed effectively

- (1) If something is discovered that is likely to cause significant damage to the Group, if a violation of a law or the Articles of Incorporation occurs, or if business is executed illegally, the Company's directors and employees must immediately report it to the Audit & Supervisory Board Members.
- (2) If something is discovered that is likely to cause significant damage to the Group, if a violation of a law or the Articles of Incorporation occurs, or if business is executed illegally, the directors, auditors and employees of a Group company must immediately report it to the Company's officer with responsibility at the Group company, and the officer with responsibility must immediately report it to the Company's Audit & Supervisory Board Members.
- (3) If a Group company's directors, auditors and employees determine that a management action or guidance from the Company may violate the law or create a compliance issue, they must report it to the Company's Audit & Supervisory Board Members.
- (4) The Group's directors and employees provide the required reports and information in response to requests from the Company's Audit & Supervisory Board Members.

- (5) The Company's Internal Audit Department periodically reports the results of Group audits to the Company's Audit & Supervisory Board Members.
- (6) The Whistleblower Hotline Secretariat reports the status of whistleblower reports and measures taken to the Company's Audit & Supervisory Board Members.
- (7) The Group ensures that people who have made a report to the Company's Audit & Supervisory Board Members are not penalized.
- (8) The Company promptly processes any requests it receives for the prepayment or refund of expenses arising from the performance of duties by the Company's Audit & Supervisory Board Members.
- (9) The Company's Audit & Supervisory Board Members can attend any important internal meeting of the Company.
- (10) Important Group approval documents are reported to the Company's Audit & Supervisory Board Members after approval.

Corporate Governance



Compliance and Risk Management

Casio's effort to achieve total compliance management is based on the Casio Group Code of Conduct, a risk management system and whistleblower hotlines.

Casio Group Code of Conduct

Casio established the Casio Group Code of Conduct to make explicit its expectations that all executives and employees follow international norms, laws and ordinances applicable in each country and region, as well as all company rules, and also act with high ethical standards and good sense in their day-to-day work.

We periodically carry out education with the purpose of furthering the permeation and understanding of the Code. Also, we will carry out questionnaires about compliance and make improvements.

Whistleblower Hotline

As a way to help ensure compliance, Casio set up a Whistleblower Hotline. The hotline has been functioning with neutrality and fairness across all of its internal and external contact points. We are communicating with the Audit & Supervisory Board Members on the status of action on reports received.

Risk Management

In line with our Basic Risk Management Policy, we have created a system to effectively and efficiently manage risk. In this system, with the Chairman of the CSR Committee as the Chief Risk Management Officer and, by discussing the probability of

risks and the potential impact on operations of risks identified by the main risk management departments, the CSR Committee Secretariat decides the priority of initiatives and, upon registering risk management themes, decides on promotion.

The members of the CSR Committee from main risk management departments develop programs during the planning stage for the designated risk management themes. They plan and execute countermeasures to avoid and mitigate risk, implement measures for risks that might occur, and provide information to ensure risk awareness.

In addition, the CSR Committee Secretariat implements its management system using a PDCA cycle. It deliberates and discusses, promotes action, manages and evaluates progress, and conducts monitoring.

The Internal Audit Department audits the CSR Committee's risk management to confirm that it is operating properly.

Risk Management System



Directors and Audit & Supervisory Board Members

(As of June 29, 2016)

Chairman and CEO	Kazuo Kashio	April 1950	Joined Kashio Seisakujo
		December 1988	Representative Director and President of the Company
President and COO	Kazuhiro Kashio	June 2015	Chairman and CEO of the Company (to the present)
		April 1991	Joined the Company
Executive Vice President	Hiroshi Nakamura	May 2014	Senior Executive Managing Officer, Member of the Board, Senior General Manager of Business Headquarters of Consumer Product and System Solution of the Company
		June 2015	President and COO of the Company (to the present)
Senior Executive Managing Officers, Members of the Board	Akinori Takagi	April 2000	Joined the Company President of Casio Computer Co., GmbH Deutschland
		January 2016	Executive Vice President of the Company (to the present)
Senior Executive Managing Officers, Members of the Board	Yuichi Masuda	April 1999	Advisor of the Company
		May 2014	Senior Executive Managing Officer, Member of the Board, in charge of Finance and IR of the Company (to the present)
Senior Executive Managing Officers, Members of the Board	Shigenori Itoh	April 1978	Joined the Company
		May 2014	Senior Executive Managing Officer, Member of the Board, Senior General Manager of Timepiece Product Division of the Company (to the present)
Executive Officers, Members of the Board	Toshiyuki Yamagishi	April 1983	Joined the Company
		January 2016	Senior Executive Managing Officer, Senior General Manager of Global Marketing Headquarters of the Company (to the present)
Executive Officers, Members of the Board	Shin Takano	April 1985	Joined the Company
		June 2013	Executive Officer, Member of the Board, Senior General Manager of Corporate Management Division of the Company (to the present)
Executive Officers, Members of the Board	Harumi Saito	April 1984	Joined the Company
		June 2015	Executive Officer, Member of the Board, Senior General Manager of Finance Division of the Company (to the present)
Executive Officers, Members of the Board	Harumi Saito	April 1980	Joined the Company
		June 2016	Executive Officer, Member of the Board Senior General Manager of General Affairs & Personnel Department
Directors, Members of the Board	Hirokazu Ishikawa	(Outside)	
	Makoto Kotani	(Outside)	
Audit & Supervisory Board Member	Tadashi Takasu		
Outside Audit & Supervisory Board Members	Hironori Daitoku	(Outside)	
	Kazuhiko Tozawa	(Outside)	
Senior Executive Officers	Nobuyuki Mochinaga		General Manager of Research and Development Center
	Tetsuo Kashio		General Manager of CS Department
Senior Executive Officers	Takashi Kashio		General Manager of Legal and Intellectual Property Department and Corporate Communication Department
	Jin Nakayama		General Manager of QV Business Department
Executive Officers	Makoto Kobayashi		General Manager of CSR Promotion Department
	Atsushi Yazawa		Senior General Manager of Productin & Purchasing Unit
Executive Officers	Koji Moriya		Senior General Manager of System Product Division
	Masayuki Uehara		Senior General Manager of Domestic Sales and Marketing Division of Global Marketing Headquarters
Executive Officers	Nobuyuki Inada		General Manager of General Affairs Department of General Affairs & Personnel Division
	Toshiyuki Iguchi		Senior General Manager of Digital Signage Division
Executive Officers	Hideaki Terada		Digital Art Division
	Shinji Ota		Senior General Manager of Consumer & Educational Solution Product Division
Executive Officers	Hitoshi Ando		Senior General Manager of EMI Product Division
	Kazuyuki Yamashita		Senior General Manager of Overseas Sales Division of Global Marketing Headquarters