

# Corporate Governance



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.

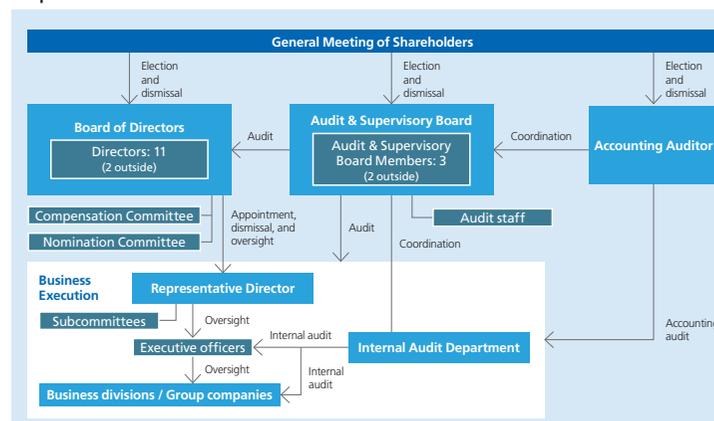
### 4. Accounting Auditor and Internal Audit

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 Basic directors paid |
|---|--------------------------------------|---|---------------|-------|---------------------|--------------------------------|
|   |                                      | Basic remuneration                          | Stock options | Bonus | Retirement benefits |                                |
| Directors (excluding outside directors) | 346                                  | 245   | —             | 101   | —                   | 10                             |
| Auditors (excluding outside auditors)   | 13                                   | 13  | —             | —     | —                   | 1                              |
| Outside officers                        | 34                                   | 34  | —             | —     | —                   | 4                              |

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) | Company  | Total consolidated remuneration (Millions of yen) | Breakdown of remuneration (Millions of yen) |               |       |                     |
|--------------|---|----------|---|---|---------------|-------|---------------------|
|              |   |          |   | Basic remuneration                          | Stock options | Bonus | Retirement benefits |
| Kazuo Kashio | 138   | Director | Submitting company                                | 98  | —             | 40    | —                   |

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