

Product Development

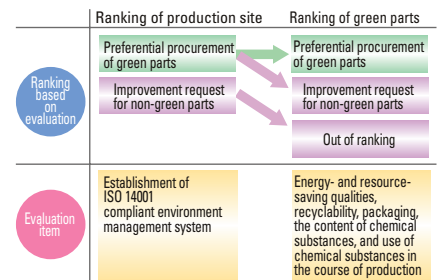
Green Procurement and purchasing

We are promoting green procurement based on the Casio Group Green Procurement Standard Manual. We also conduct green purchasing of office supplies and consumables.

Green Procurement Activities

Since November 2000, based on the Casio Group Green Procurement Standard Manual, Casio has preferentially bought parts with less environmental impacts from green factories with ISO 14001 certified environmental management systems. We encourage the suppliers of parts and materials used in Casio products

to establish ISO 14001 certified environmental management systems at their production sites. We also ask suppliers of parts to disclose information on resource saving qualities, recyclability and the content of chemical substances in compliance with environmental regulations.

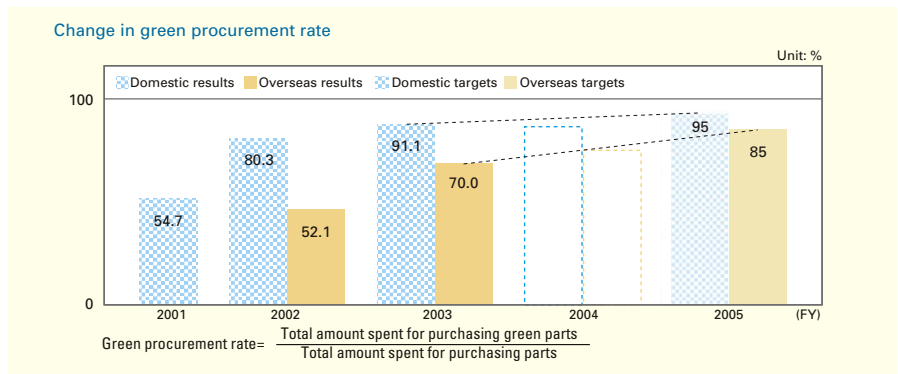


FY2003 Achievements

Achievement: 91.1% for domestic sites and 70.0% for overseas sites

In fiscal 2003, the Casio Group's green procurement rate increased to 91.1% for domestic sites, and to 70.0% for overseas sites. We have thus achieved the respective targets of 85% and 65%.

For the future, we will make steady efforts to achieve the target of increasing the rate to 95% for domestic sites and to 85% for overseas sites by fiscal 2005 as stipulated in the Environmental Action Plan.



Future Measures

Explanatory meeting on the green parts database and the revision of the Casio Group Green Procurement Standard Manual

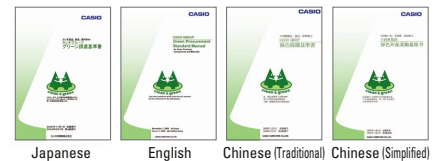
In March 2004, we fully revised the Casio Group Green Procurement Standard Manual. Specifically, regarding the survey on the chemical substances contained in the parts supplied to Casio, we changed the unit of survey from parts to the materials that constitute parts. This change is based on the European RoHS Directive standard proposed in December 2003. In addition, the manual includes the requirements of chemical substance control regulations other than those of the RoHS Directive effective at the end of April 2004, which makes it easy for designers to check the compliance with the regulations of respective areas in the world.

Also, by establishing a database of green parts survey results, we have built a system that allows the designers of new products to efficiently check the compliance with relevant regulations. We will make further efforts to achieve our goal to fully comply with the RoHS Directive by the end of 2005, which is stipulated in the Environmental Action Plan.

Along with the revision of the manual, we held an explanatory meeting for domestic suppliers in March 2004 and asked for their understanding and cooperation. We also held a meeting for overseas suppliers in China, including Hong Kong, and in the Southeast Asian countries in May 2004.



Explanatory meeting for suppliers on the revised Casio Group Green Procurement Manual



Green Purchasing Rate

Increased to 36.7%

Casio has introduced the CATS e-P system for the central management of purchasing activities regarding indirect materials (stationery, office supplies and business machines) in November 2002. Those items covered in the green purchasing and meeting eco-standards are certified with the Casio Environmental Mark to ensure that the employees in charge of purchasing goods can

easily choose Casio Environmental Mark-certified products. As a result, our domestic green purchasing rate* increased to 36.7% in fiscal 2003.

We plan to further increase our green purchasing rate to 60% by fiscal 2007 by familiarizing employees of the Casio Group with the green purchasing policy.

*From fiscal 2004, green purchasing rate is calculated by number of items.

