

Responsibilities to Customers

Stable Supply of Products

Casio is working to strengthen its global supply chain and meet the rising demand for its products by making the most of digitalization and expanding the reach of its network.

Philosophy on Stable Supply

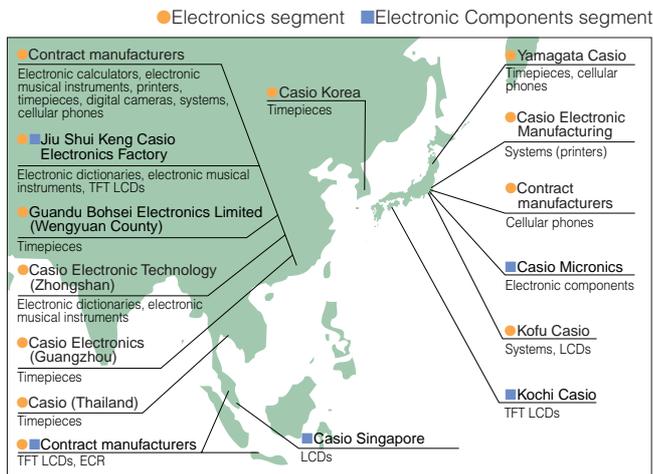
Satisfying and supporting customers with a stable supply of products is one of the most basic responsibilities of a manufacturer. Market conditions depend on the economic situation in a particular region, as well as Casio's competitiveness in the market. Casio must maintain an effective supply chain system in order to deliver products to customers at the right time with the right quality and price.

Based on this point of view, Casio is striving to strengthen and improve the quality of its global supply chain by upholding the four policies listed below.

Policies on Stable Product Supply

- (1) Shortening production lead-time and improving planning and execution accuracy through the streamlining of the supply chain (part vendors – factories – distribution – sales – service) based on information technology.
- (2) Building good relationships with contracted suppliers that provide Casio with the needed parts so as to realize stable material procurement.
- (3) Creating a decentralized production system, featuring production at dual sites, that can help manage various risks involved in manufacturing. Maintaining flexibility to deal with risk by having at least two Casio Group sites produce each item, and ensuring each factory produces multiple items.
- (4) Constructing an optimum production system that corresponds to characteristics of location for each product (market proximity, technological level, material procurement environment, labor costs, logistics costs, and foreign-exchange risk).

Production and supply systems for individual products



Strengthening Production and Supply Systems

In order to provide customers with products at more reasonable prices, Casio performs 60% of its manufacturing (on a monetary basis) outside of Japan.

Consequently, issues such as changes in various political and economic systems and cultural backgrounds that differ from those in Japan, economic conditions, exchange rate fluctuations, and compromise of technological secrets have become important risks for which the company needs to prepare.

Casio is reorganizing and strengthening each production site in the group to produce multiple items, while increasing efficiency and reducing cost rates. By optimizing the deployment of human resources at management sites in Southern China, promoting functional efficiency, and strengthening internal control, Casio aims to increase the speed of its response in the event of an accident.

Production System for Electronic Products

In December 2005, Casio liquidated two subsidiaries: Casio Electronics (Zhongshan) Co., Ltd., a production site for electronic dictionaries and calculators, and Casio Electronics (Zhuhai) Co., Ltd., a production site for electronic musical instruments. The production for both these product types was then taken over by a newly established company, Casio Electronic Technology (Zhongshan) Co., Ltd. (floor space 40,000 m²). As the two product categories are in demand in different seasons of the year, this reorganization has evened out production load fluctuation in a mutually complementary form, thereby greatly improving overall plant operating efficiency. At the same time, a common production format was adopted for Casio Electronic Technology (Zhongshan) and Jiu Shui Keng Casio Electronics Factory (operated by Casio Computer (Hong Kong) Ltd.), which has increased mutual compatibility and reduced risk related to level of operation.

In the future, Casio plans to use Casio Electronic Technology (Zhongshan) in order to carry out concentrated management and optimization of load distribution for all of Southern China, including production consignment companies outside of the group.



Casio Electronic Technology (Zhongshan)



At work at Casio Electronic Technology (Zhongshan)