

# Stable Supply of Products

## Casio's Approach to Stable Product Supply

Ensuring a stable supply of products with consistent quality is an area where Casio will not allow itself to fall short. To achieve this goal, Casio is pursuing a wide range of activities aimed at strengthening the production system and improving production quality at manufacturing sites. Among other measures designed to ensure stable product supply, the company is working to shorten production lead-time, execute schedules with greater precision, build closer ties with suppliers, prepare contingency measures to deal with production risks, and establish clear division of production tasks.

### Employee Voice

"We're acting globally to ensure stable product supply."



**Toru Nishikawa**  
Product & Purchasing Unit,  
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"Our job is to quickly and reliably provide customers with products they like. Global trends these days change faster all the time, which gives rise to a variety of risks. At the same time, customer needs are growing more diverse, so we must be ready to respond more flexibly. Casio is pursuing various activities to ensure a stable product supply under today's challenging conditions."

### Policies on Stable Product Supply

1. Shortening production lead-time and improving planning and execution accuracy through the streamlining of the supply chain (procurement – production – 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 at least two production sites producing the same product and Casio Group production sites producing multiple products—which can maintain flexibility to deal with various risks involved in manufacturing.
4. Constructing an optimum production system for each product that corresponds to characteristics of location (market proximity, technological level, material procurement environment, labor costs, logistics costs, and foreign-exchange risk).

### Initiatives to Strengthen Production Quality

Casio is focusing on enhancing production quality at its production sites in order to provide customers with products of high quality at a reasonable cost. Daily improvements in production quality are made under the basic conviction that the production line never allows any defective pieces either to be produced in the first place or to be sent on to subsequent processing. The results of these activities have been shared with all production sites around the world in the form of Production Improvement Case Reports. This sharing of expertise in achieving quality improvements has helped to upgrade production quality.

### Actions for Reinforcing Production Systems

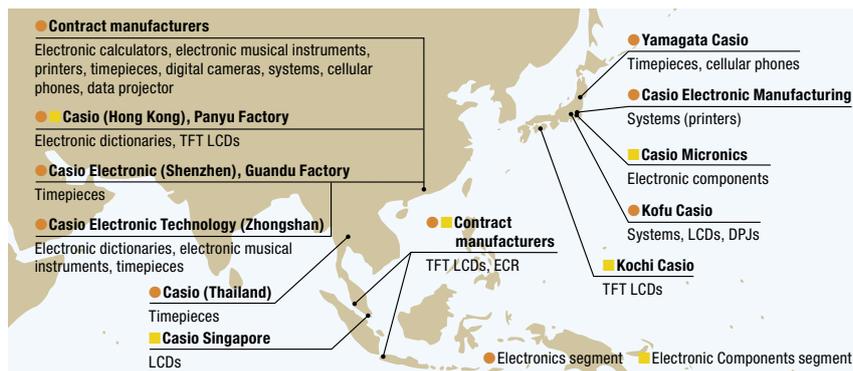
Casio closed Casio Korea in fiscal 2008 and then expanded production of digital watches at Casio Electronic Technology (Zhongshan) Co., Ltd., which first started producing digital watches in fiscal 2007. As a result, five East Asian factories were consolidated into four, enabling factory management to be standardized at the same time.

In the future, Casio will pursue better management efficiency and promote further scale optimization for each plant in this region. The aim is to improve productivity and to accelerate risk response measures through the standardization of factory management. Moreover, due to the rising cost of production in China, Casio is also working to strengthen its ability to absorb rising costs within the entire East Asian region, including ASEAN.

In the meantime, things are changing on the frontlines of production sites. By striving to maintain better control of the supply chain and to improve the link between production technologies and product design, Casio is also working to shift its production system from mass production, which depends on low labor costs, to a compact, flexible system that enables rapid switches from product to product on the line. This ensures that Casio quickly responds to market trends with no loss of quality or efficiency.

Through these activities, Casio intends to establish production facilities that are able, regardless of the country or region, to respond to a wide variety of risks and provide customers with a steady supply of products that inspire trust and afford satisfaction.

### Production and supply systems for individual products



A production line in Southern China