

# CONSIDERATION FOR THE ENVIRONMENT

The OKI Group considers its mission to be responding to increasingly severe climate change and resolving social issues in order to pass on a better global environment to the next generation. Therefore, we consider environment-related business risks and opportunities from the medium- to long-term perspective to promote environmental management.

## Goals for FY2030/FY2050 and Initiatives to Achieve Them: Ensuring Promotion as “Our Own Issues”

As climate change increases in severity—also called the climate crisis—consideration for the environment is becoming increasingly urgent, including the responses of the governments of each country, investors, NGOs, companies, and other players, circular economy and other resource circulation trends, and increasingly complex laws and regulations governing chemical substances.

Based on this understanding, in October of 2020, OKI

set forth a series of environmental-management initiative goals for fiscal year 2030/fiscal year 2050 in Medium-Term Business Plan 2022. By having each of our executives and employees promote activities to attain these goals as “their own issues” as they associate such activities with “opportunities” for value creation and “risks” for management foundation, we will strive to achieve sustainable growth.

### 1 Prevention of Global Warming

FY2030: Reduce lifecycle CO<sub>2</sub> by 40% compared to FY2013

FY2050: Achieve virtually zero CO<sub>2</sub> emissions from energy at all sites, including plants (Achieve zero emissions with products/site energy saving/renewable energy as well as the contribution of environmentally friendly products)



### 2 Contribution to the Achievement of the SDGs

- Create and provide products that contribute to the resolution of the environmental issues of customers
- Innovative Mono-zukuri and Koto-zukuri in the supply chain
  - Achieve zero energy buildings (ZEB) for factories



### Awareness of Issues

In terms of the corporate activity environment, there is a tendency to be entirely preoccupied with management, including “energy saving for manufacturing sites and products, resource saving, and chemical substance management.” While this is extremely meaningful, it has been pointed out that, in recent years, some parts of OKI have started focusing their activities entirely on maintaining ISO 14001\* certification, reducing such efforts to a mere formality. In response, OKI has reorganized environment-related opportunities and risks as described below, and we are increasing opportunities to hold discussions, communicate information within the Group, and obtain education specific to each division and position so that each employee can work on the above issues as “his/her own issues.”

### Value Creation Opportunities

OKI’s key message, “Delivering OK! to your life.,” clearly expresses the significance of incorporating environmental issues into business management. Efforts to resolve environmental and other social issues are the starting point for OKI’s value creation, and such efforts can also be viewed as opportunities to ensure our significance as a company and fulfill our mission.

The key to this is the fact that we are already contributing to the resolution of environmental issues—including the “mitigation of and adaptation to climate change”—by providing various types of equipment and systems that help save on labor as well as disaster prevention systems etc. By providing society with more products and solutions that contribute to the resolution of environmental issues, we can work with our customers and partners to contribute greatly to the resolution of environmental problems in ways that our efforts alone never could. Based on this perspective, OKI is currently promoting innovation through co-creation with many partners.

### Risks for Management Foundation

At the same time, various problems increasing in severity every year, including climate change as well as waste and chemical substance management, are becoming a serious risk to both OKI’s management foundation and its customers. Based on this understanding, OKI is promoting the enhancement of activities not only at its own business sites but also throughout the supply chain, which includes suppliers.

\*ISO14001: An international standard for environmental management systems

## Formulation of Medium-Term Environmental Plan 2022

To spread the above environmental management approach throughout our organization, OKI has formulated a Medium-Term Environmental Management Plan (Medium-Term Environmental Plan) to achieve our goals for fiscal year 2030/fiscal year 2050. The Medium-Term Environmental Plan includes five pillars based on our desire to promote environmental activities as we conduct business—including SDGs and decarbonization—communicate information on the process and results of such activities to stakeholders, use the results to help achieve sustainable growth, and revitalize the environmental activities of individual employees, which provide the support necessary to make all this happen.

The details of this medium-term plan—which have been formulated as the action plan up through fiscal year 2022

necessary to achieve our goals for fiscal year 2030/fiscal year 2050 based on backcasting approach—are shown in the table below.

### Overview of Medium-Term Environmental Plan 2022



### Action Plan Up Through FY2022 (Overview)

Environmental Theme	Measures	Category	Scope	Action Plan Up Through FY2022
Mitigation of climate change	• Reduction of lifecycle CO <sub>2</sub>	Risk	Overall	<ul style="list-style-type: none"> <li>• Reduction of lifecycle CO<sub>2</sub> by 21% or more (compared to fiscal year 2013)</li> <li>• Purchasing CO<sub>2</sub> emissions trading rights of 1,350 t-CO<sub>2</sub> or more</li> </ul>
	• Reduction of CO <sub>2</sub> from business sites	Risk	Sites	<ul style="list-style-type: none"> <li>• Increasing the improvement rate of basic unit by 3% or more (compared to fiscal year 2019)</li> </ul>
Adaptation to climate change	• Countermeasures for abnormal weather: countermeasures for storm and flood damage, high and low temperatures, etc.	Opportunity	Products	<ul style="list-style-type: none"> <li>• Development of solutions that contribute to adaptation to climate change</li> </ul>
		Risk	Overall	<ul style="list-style-type: none"> <li>• Enhancement of BCP/BCM*<sup>1</sup> related to sites and important procurement</li> </ul>
Prevention of pollution	• Enhancement of the management of chemical substances in products	Risk	Products	<ul style="list-style-type: none"> <li>• Enhancement of chemical substance management via overall Group operation standardization</li> </ul>
	• Reduction of chemical substance emissions	Risk	Sites	<ul style="list-style-type: none"> <li>• Monitoring the emission rate*<sup>2</sup> at least twice per year</li> </ul>
Resource circulation	• Circular economy initiatives	Opportunity	Sites	<ul style="list-style-type: none"> <li>• Creation of three circular economy projects</li> </ul>
	• Reduction of waste	Risk	Sites	<ul style="list-style-type: none"> <li>• Recycling rate*<sup>3</sup> equal to the fiscal year 2014 to 2018 average or more</li> </ul>
Overall	• Expansion of products and solutions that contribute to the resolution of environmental issues	Opportunity	Products	<ul style="list-style-type: none"> <li>• Net sales of ¥72.0 billion or more (16% of the overall sales)</li> </ul>

\*1 Business continuity plan/Business continuity management

\*2 Chemical substance emissions in the atmosphere and water system/chemical substance input

\*3 Recycling amount/total amount of waste (including the valuable sale amount)

## Handling Risks and Opportunities

To promote the handling of opportunities and risks on an organizational level, the OKI Group utilizes integrated certification of ISO 14001, and specialized divisions in charge of the promotion of cross-Group environmental management activities consider the overall supply chain as they lead efforts to enhance compliance with environmental laws and regulations, activities to reduce the environmental impact, the monitoring of environment-related data,

and management activities pertaining to BCP/BCM etc. associated with climate change.

In addition, in fiscal year 2019, we formulated a medium- to long-term environmental vision leading up to fiscal year 2050 and announced our support for the TCFD\*.

\* TCFD: Task Force on Climate-related Financial Disclosures (a committee and recommendations related to disclosure by companies related to climate change)

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### Scenario Analysis: Direct Dialogue with 30 Organizations in the Group

In fiscal year 2019, OKI applied the TCFD framework not only to climate change but also to resources, chemical substances, and similar characteristics to conduct a scenario analysis (an analysis assuming multiple events). The management at more than 30 of our domestic and overseas organizations, affiliated company presidents, and members of environmental divisions directly and individually discussed the identification of business risks and opportunities assuming these events as well as the specific measures to take in response.

These discussions went on for half a year and involved a confirmation of the climate and business situation surrounding each organization. Each specific discussion lasted around two hours, stimulating quite a few organizations significantly. As a result, many sites enhanced their countermeasures for storm and flood damage as well as high temperatures, and we made progress in terms of redefining our business from the environmental perspective and implementing organizational reforms. The overall results were reported to our top management, and the progress of related measures is being confirmed via internal auditing.

### Towards the Expansion of Environmentally Friendly Products

One opportunity for OKI that was shared through the above dialogue is the provision of various products and solutions

that contribute to the resolution of climate change and other environmental issues. OKI will exploit the synergy between its Innovation Management System (see page 21) and environmental management system to generate a virtuous cycle between the environment and our business on an organizational level.

In fiscal year 2019, the net sales of these environmentally friendly products amounted to ¥49.0 billion, which was 11% of the OKI Group's total net sales. We will continue promoting our growth strategy and innovation measures, with the aim of achieving environmental contribution product sales of ¥72.0 billion (16% of the annual total, corresponding to 1.5 times the contribution from sales of these products in fiscal year 2019) by fiscal year 2022—the final fiscal year of our Medium-Term Business Plan—and an ultimate aim of achieving net sales of these products equal to at least 50% of the total by fiscal year 2030.

### Net Sales of Products and Services that Contribute to the Resolution of Environmental Issues

FY2019 Result	FY2022 Target	FY2030 Target
¥49.0 billion (11%)	¥72.0 billion (16%)	At least 50% of the overall sales ratio

### Examples of Business Activities that Contribute to the Resolution of Environmental Issues



#### Manufacturing



- Circular economy initiatives  
Preventive equipment maintenance via factory IoT control/sensing
- Achievement of zero energy factories  
Achievement of zero energy buildings (ZEBs) for factories



#### Construction and Infrastructure



- Increased efficiency/unmanned handling of on-site work by utilizing robots  
Reduction of CO<sub>2</sub> and energy saving at infrastructure construction/maintenance management sites
- Environmental monitoring/patrol support  
Reduction of the environmental impact on construction sites and surrounding areas



#### Transportation



- ITS service expansion  
Achievement of optimized and diverse movement of people and things
- Support for automated driving  
Achievement of comfortable autonomous cars through infrastructure cooperation



#### Marine



- Underwater surveys utilizing robots  
Strengthening of the infrastructure foundation, including rivers, dams, and harbors
- Promotion of DX in the marine field through acoustic technologies  
Increased ship sophistication, marine self-defense, and protection of marine resources

## Reducing CO<sub>2</sub> at Business Sites

Reducing CO<sub>2</sub> is an urgent issue for mitigating the devastating effects of climate change—for which the severity is increasing at an accelerating rate. The OKI Group is promoting CO<sub>2</sub> reduction related to its on-site business activities, both by improving efficiency and implementing CO<sub>2</sub> management.

### Efficiency Improvement

In terms of efficiency improvement, our objectives are to improve our basic energy unit (energy usage rate) by 1% per year or more and to reduce the amount of energy we use by 1.4% per year or more via two pillars: improving site operations—also called “Muda-tori” (eliminating waste)—and replacing air conditioning and production equipment with more efficient equipment.

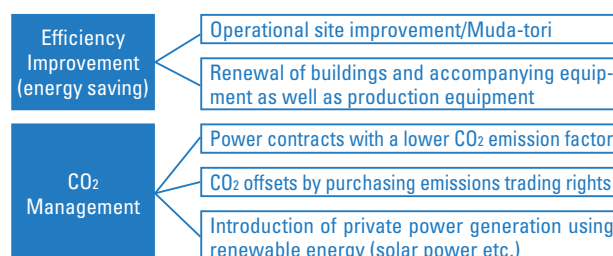
### CO<sub>2</sub> Management

In terms of CO<sub>2</sub> management—given that most of the overall OKI Group’s CO<sub>2</sub> derived from energy use is due to the use of electric power—we have long promoted power contracts that consider the CO<sub>2</sub> emission factor. In fiscal year 2020, we formulated new in-house rules related to power contracts to help ensure that our results do not

worsen compared to fiscal year 2019.

In addition, in fiscal year 2019, given the above situation, we promoted discussions that included external experts and were focused on optimal methods for introducing renewable energy. As a result, we devised a plan to purchase at least 1,350 t-CO<sub>2</sub> worth of J-Credit and similar CO<sub>2</sub> emissions trading rights during the three-year period up to fiscal year 2022. In addition, many of OKI’s factories are aging, which means that it will soon be time to renew them. We have therefore decided on a policy of introducing renewable energy suitable for each site when we renew factories or make similar improvements. In this way, we will achieve zero energy buildings (ZEBs) at factories.

### Overview of Measures to Reduce CO<sub>2</sub>



## Results of FY2019 Environmental Activities (Overview)

Category	Activity Content	FY2019 Targets → Outcome
<b>Realization of a low-carbon society</b>		
Products	Achievement of energy-saving hardware products	20% or more of developed products → 20% (energy saving of 23% or more over conventional products)
Business activities	CO <sub>2</sub> reduction at workplaces (plants and offices)	Reduction of the amount of used energy (kl) of 1.2% or more → 5.6% reduction (compared to the previous fiscal year) Efficiency improvement of 20% or more → 17% improvement (basic unit*1 compared to fiscal year 2012)
Overall	Purchasing Renewable Energy Certificates or emissions trading rights (J-Credit)	Equivalent to 53 t-CO <sub>2</sub> (110,000 kWh) → Equivalent to 209 t-CO <sub>2</sub> (430,000 kWh)
<b>Prevention of pollution</b>		
Products	Development of products complying with regulations on chemical substances in products	35 or more products → 20 products
	Ensuring legal compliance by supporting the new standard survey form (chemical substance management system/management procedure manual)	Respond to addition of RoHS prohibited substances → Ongoing survey in order of priority Add IT system functions to support SHERPA → Finished releasing two functions Confirm status of compliance with laws and regulations → No legal violations
Business activities	Monitoring of the emission rate*2 from factories	Two or more times per year throughout the Company → Two times
	Compliance with chemical substance related regulations (atmosphere/water/soil)	Compliance with legal audits, zero legal violations → Achieved
<b>Resource circulation</b>		
Products	Recycling of used products	3,100 tons or more → 2,450 tons
	Development of easily recyclable products	31 or more products → 31 products
Business activities	Maintenance of the recycling rate*3	Rate equal to the average of the last five years (fiscal year 2014 to 2018) or more → Achieved (83%)
	Monitoring of the factory resource input efficiency*4	Two or more times per year throughout the Company → Two times
<b>Common</b>		
Biodiversity conservation	Realization of a low-carbon society/prevention of pollution/resource circulation	Promotion of the above initiatives*5

\*1 Total of “improvement in energy usage rate x usage rate for entire Group” for each workplace

\*2 “Emissions/input” of chemical substances

\*3 Recycling amount/total amount of waste (including the valuable sale amount)

\*4 “Disposal amount/input” of primary resources

\*5 Efforts for conserving biodiversity

<https://www.oki.com/en/eco/management/biodiversity.html>

For details on initiatives and data, see “Environmental Conservation” on our website. <https://www.oki.com/en/eco/>