OKI

Open up your dreams

SOCIAL AND ENVIRONMENTAL REPORT 2013

The OKI Group´s initiatives of corporate social responsibility (CSR) focus on contributing to the improvement of the quality of life for people around the world through sound corporate activities based on our corporate philosophy.

Corporate Philosophy

The people of OKI, true to the company's "enterprising spirit," are committed to creating superior network solutions and providing excellent information and communications services globally to meet the diversified needs of communities worldwide in the information age.

OKI Group Charter of Corporate Conduct

For the betterment of corporate value, the OKI Group (Oki Electric Industry Co., Ltd. and members of its group of companies) seeks to provide satisfaction to its customers at all times and to become a trusted partner for our stakeholders, including shareholders and investors, employees, customers and suppliers, and the local societies of the areas in which it operates. In addition to complying with all related laws and regulations, the OKI Group will implement sound corporate activities consistent with social norms, and contribute to the improvement of the quality of life for people around the world.

Customer Satisfaction
The OKI Group is dedicated to developing and providing products and services that ensure continued customer satisfaction, in full consideration of safety and ease of use.

Fair Corporate Activities
The OKI Group conducts appropriate transactions and works to ensure fair, transparent, and free competition.

Good Communication
The OKI Group engages with society through a variety of interactions, and discloses company information in manners that are appropriate and fair.

Intellectual Property and Information Management
The OKI Group recognizes the importance of intellectual property, and properly manages and protects company and customer information, including personal information.

Respect for Human Rights
The OKI Group respects the human rights of all persons involved in its corporate activities and eliminates illicit discrimination of any kind. It does not allow child labor nor forced labor.

A Better Working Environment
The OKI Group ensures and maintains a safe and comfortable working environment for all employees.

Respect for Employees
Respecting the individuality of each employee, the OKI Group creates a corporate culture in which its personnel are encouraged to engage challenges facing the groupwith courage and determination.

Environmental Conservation
In order to realize and pass on a better global environment, the OKI Group promotes environmental management and makes efforts to conserve the environment through its products and its business activities.

Social Contribution
As a good corporate citizen, the OKI Group implements social contribution activities dedicated to the betterment of society.
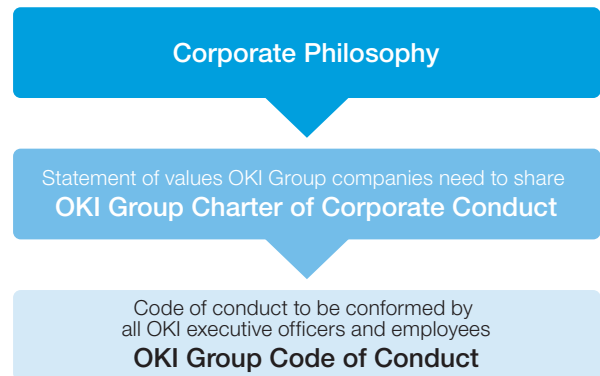
Regional Awareness
The OKI Group endeavors to build a positive relationship and grow together with local societies, respecting the cultures and customs of the countries and regions in which it operates.

The OKI Group, as described in its corporate philosophy, aims at contributing to improve the quality of life for people around the world through its core business, namely the manufacturing and distribution of products and services that can serve the development of the information age. Our commitment to the pursuit and fulfillment of this idea underlies the group's corporate social responsibility (CSR) initiatives.
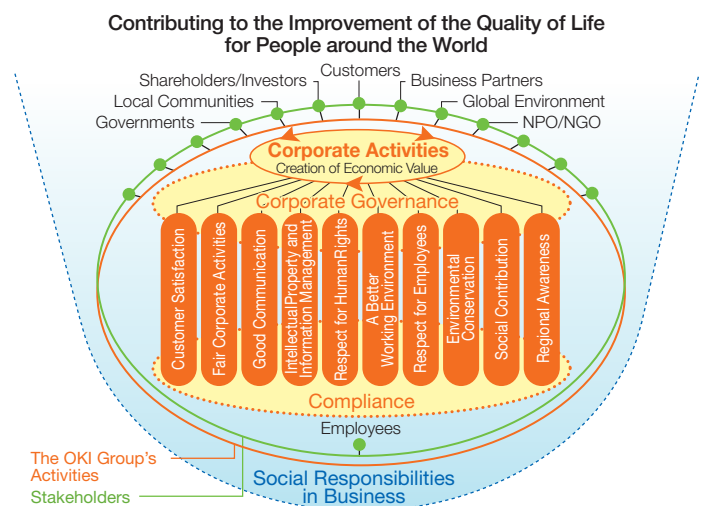
Based on this understanding, in order to cohesively promote our CSR initiatives, we enacted the OKI Group Charter of Corporate Conduct, as a statement of values to be shared by all member companies of the group. We also established the OKI Group Code of Conduct, which is to be conformed to by all executives and employees of the group. We are working to thoroughly implement the charter and the code across the group, through various means such as training programs. We have also defined priority themes to be pursued. The CSR Division, an organization dedicated to CSR-related efforts, takes the initiative in promoting activities under these themes.

We will continue to consider the UN Global Compact which states 10 principles in the areas of human rights, labor, the environment and anti-corruption, and the international standard ISO26000 regarding social responsibility. OKI Group will reconfirm the social responsibilities it should fulfill in its global corporate activities, and expectations from stakeholders. We will reconsider CSR activities from both aspects, and further strengthen contributions in our core business.

Foundation of CSR at the OKI Group

Corporate Philosophy

Statement of values OKI Group companies need to share
OKI Group Charter of Corporate Conduct

Code of conduct to be conformed by all OKI executive officers and employees
OKI Group Code of Conduct

CSR Initiatives by the OKI Group

Contributing to the Improvement of the Quality of Life for People around the World

Participation in the United Nations Global Compact

OKI declared its support for the UN Global Compact in May 2010. The OKI Group supports the Global Compact's ten principles in the areas of human rights, labor, environment, and anti-corruption, and works to contribute to building a sustainable society.

THE GLOBAL COMPACT
WE SUPPORT

The Ten Principles of the UN Global Compact		
Human Rights	Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2:	make sure that they are not complicit in human rights abuses.
Labor	Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4:	the elimination of all forms of forced and compulsory labor;
	Principle 5:	the effective abolition of child labor; and
	Principle 6:	the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7:	Businesses should support a precautionary approach to environmental challenges;
	Principle 8:	undertake initiatives to promote greater environmental responsibility; and
	Principle 9:	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.

We keep people's trust through our sincere business activities based on an "enterprising spirit."

OKI Group's corporate philosophy is "The people of OKI, true to the company's "enterprising spirit," are committed to creating superior network solutions and providing excellent information and communications services globally to meet the diversified needs of communities worldwide in the information age." This is the foundation for OKI Group's view of corporate social responsibility (CSR). Based on this "enterprising spirit" since our founding, we have strived to keep people's trust by our sincere corporate activities and unceasing work to face challenges.

However, very regrettably, in fiscal 2012 it was found that inappropriate accounting procedures were being done in an overseas consolidated subsidiary. Due to their effects, past fiscal years' results were restated. We are truly sorry for the great worry and troubles this caused for stakeholders. In order to firmly eliminate such situations, based on our newly established Compliance Commitment, management is taking the initiative to set an example, foster compliance awareness in the Group, and work to thoroughly implement it. We are reviewing the governance system, strengthening Group management, etc. We vow to continue implementing policies to prevent its reoccurrence, and build a corporate culture which prevents such a situation from arising again.

We contribute to society through our products and services.

Based on this philosophy, the OKI Group's mission is to contribute to society through our products and services. They are created by the results of our business activities, characterized by the integration of sales and marketing, technology development, production, and maintenance. More specifically, we accurately understand the needs of society, establish element technologies and manufacturing technologies, achieve a level of quality that truly satisfies customers, and offer reliable maintenance systems ensuring secure, long-time use of our products and services. As an outcome of such activities, today we provide many products and services that play important roles in providing and maintaining social infrastructures. Among them are telecommunication infrastructure for carriers, operational systems for financial institutions, automated teller machines (ATMs), and various public service systems including disaster prevention systems.
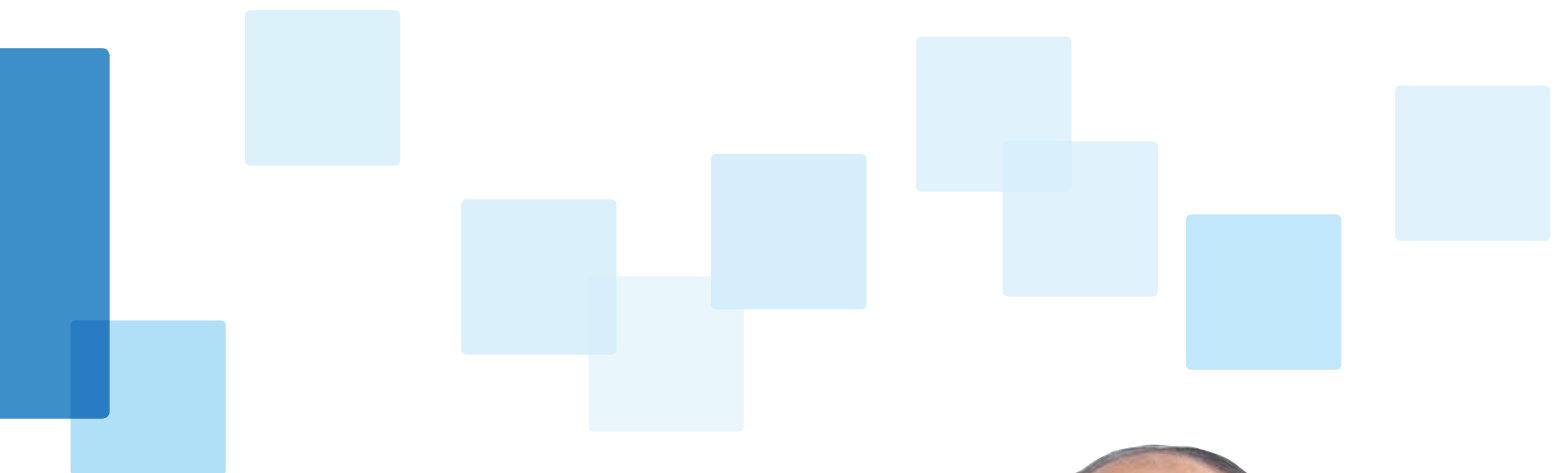
In order to further serve customers and society in this age of volatility and change, our mid-term business plan for the period from 2011 to 2013 focuses on bolstering efforts for growth under the following two strategies:

- OKI provides products and services to contribute to the development of the information society, through joint efforts by sales and marketing, technology development, production, and maintenance.
- OKI aims to become a company that makes steady growth by generating profit stably.

In fiscal 2012, the Group worked closely together on policies for business expansion. Each employee considered what customers need, and advanced our business by market-in thinking, producing solid results. Fiscal 2013 is the final year of our mid-term business plan, in which we continued to restructure our business and work on initiatives for growth. Through our products and services, we are helping people enjoy an improved quality of life.

We promote responsible corporate management as a global corporation.

In order to advance responsible management, the OKI Group has enacted and thoroughly implemented the OKI Group Charter of Corporate Conduct, the statement of values to be shared with all group companies, and the OKI Group Code of Conduct that should be conformed to by all executive officers and employees. Part of such efforts was the enactment and thorough implementation of the OKI Group Charter of Corporate Conduct, the statement of values to be shared with all group companies, and the OKI Group Code of Conduct that should be conformed to by all executive officers and employees.

Furthermore, OKI participated in the United Nations Global Compact in 2010. Since then, we have further promoted our CSR activities based on the Global Compact's ten principles in the areas of human rights, labor, environment, and anti-corruption. Fully aware of our responsibilities as a global enterprise, we will continue to help build a sustainable society, as part of our expansion of our ATM business, etc.

We contribute to the realization of a better global environment, in accordance with the OKI Group Environmental Vision 2020.

From this perspective, we believe that proactive actions for reducing environmental load are some of the most important corporate activities of the OKI Group. In order to contribute to the achievement of a better global environment considering global environmental issues, we enacted the OKI Group Environmental Vision 2020 in April 2012. The vision sets targets for 2020 in the four fields of "Realization of a low-carbon society," "Prevention of pollution," "Resource circulation" and "Biodiversity conservation." To achieve these targets, we will enhance our efforts in business activities and products.

This Social and Environmental Report 2013 is intended to help all stakeholders better understand the OKI Group's initiatives. We sincerely hope that as many people as possible will read this report. Your honest opinions regarding our CSR initiatives would be greatly appreciated.

June, 2013

Hideichi Kawasaki

President
Oki Electric Industry Co., Ltd.

Company Profile

Profile

Corporate Name:	Oki Electric Industry Co., Ltd.
Founded in:	January 1881
Company Established:	November 1, 1949
Capital:	44 billion yen
Employees:	17,459 (Consolidated),
	3,678 (Non-consolidated) *As of March 31, 2013
Head Office:	1-7-12 Toranomon, Minato-ku, Tokyo
	105-8460, Japan
	TEL: +81-3-3501-3111

Business Segments

Info-Telecom Systems

The OKI Group offers telecommunication systems, social systems, mechatronics systems, and various solutions & services, utilizing its core technologies of info-telecommunication and mechatronics, etc.
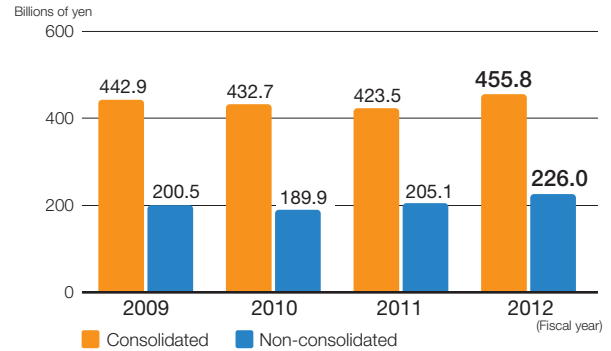
Printers

The OKI Group manufactures printers for business use utilizing its LED technology, and distributes them throughout the world.
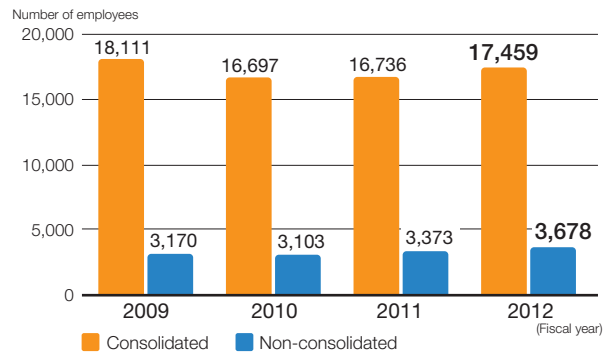
EMS and Others

The OKI Group offers EMS (Electronics Manufacturing Services) and other services, based on its highly sophisticated design and production expertise developed within the group.

Net Sales

Billions of yen

Fiscal year	2009	2010	2011	2012
Consolidated	442.9	432.7	423.5	455.8
Non-consolidated	200.5	189.9	205.1	226.0

Employees

Number of employees

Fiscal year	2009	2010	2011	2012
Consolidated	18,111	16,697	16,736	17,459
Non-consolidated	3,170	3,103	3,373	3,678

Editorial Policy

- The OKI Group "Social and Environmental Report" featuring our social and environmental efforts and results is published in order to inform our stakeholders of the group's CSR (corporate social responsibility) initiatives in an easy-to-understand way.

- This year's report has featured articles on the background and work to prevent reoccurrence of a restatement of past years' results due to the inappropriate accounting procedures of an overseas consolidated subsidiary, discovered in fiscal 2012.

- This report features two articles under the title "Meeting Our CSR Commitments" that cover four key challenges for the OKI Group in which our stakeholders as well as the public show an intense interest. The report also describes the seven themes we continue working on, with a focus on activity results in fiscal 2012.

- Detailed information on each priority theme, such as that on specific policies and systems for it, are provided on our website. The information on the website also includes a comparative table that shows the relationship between the OKI Group's CSR activities and the core themes of ISO26000.

[Information featured in this report]

greater — Stakeholders´ interest

Meeting Our CSR Commitments

- Corporate governance
- Priority themes (Achievements in fiscal 2012)

[Information provided on the website]

- Priority themes (Policies and systems and other related information)

Significance to the OKI Group — greater

Stakeholders´ interests
- Discussions related to GRI and ISO26000
- Initiatives in the industry such as EICC, GeSI and JEITA
- Opinions from stakeholders on last year's Social and Environmental Reports
- Opinions from stakeholders collected through various surveys of employees and others

Significance to the OKI Group
- Corporate Philosophy
- The OKI Group Charter of Corporate Conduct, the OKI Group Code of Conduct
- The OKI Group Environmental Vision 2020
- The OKI Group Environmental Policy
- The United Nations Global Compact
- Priority themes about CSR
- Risk management and other issues
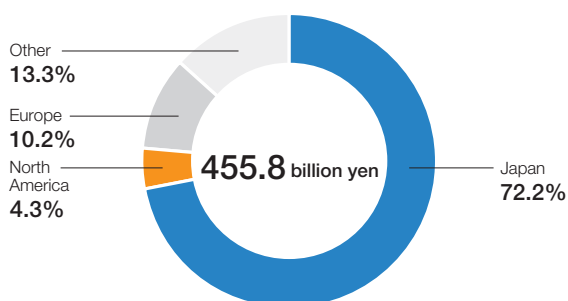
Reference Guidelines

Sustainability Reporting Guidelines Version 3.0 (GRI)
Environmental Reporting Guidelines 2012 (Ministry of the Environment)
Environmental Accounting Guidelines 2005 (Ministry of the Environment)
UN Global Compact COP (Communication on Progress) Policy

- GRI (Global Reporting Initiative): An international NGO that develops and disseminates globally applicable sustainability reporting guidelines.
- ISO26000 (International Organization for Standardization 26000): An international standard providing guidelines for social responsibility (published in November, 2010).
- EICC (Electronic Industry Citizenship Coalition): An alliance of electronic manufacturers focusing on CSR that has enacted a code of conduct in the supply chain.
- GeSI (Global e-Sustainability initiative): A partnership of information and communications technology companies that collaborates with EICC about CSR management in the supply chain.

Net Sales by Business Segment in fiscal 2012 (Consolidated)

EMS
7.2%

Printers
24.4%

455.8 billion yen

Other
4.1%

Info-telecom systems
64.3%
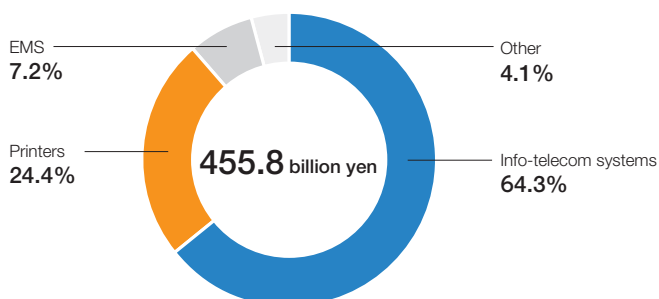
Net Sales by Market in fiscal 2012 (Consolidated)

Other
13.3%

Europe
10.2%

North America
4.3%

455.8 billion yen

Japan
72.2%

Scope Covered by this Report

Time Period

This report covers fiscal 2012 (the year from April 1, 2012 to March 31, 2013). However, the report also discusses some facts preceding this period, as well as policies and plans to be implemented in subsequent periods.

Organizations

The report covers the activities of Oki Electric Industry Co., Ltd. (OKI), and its consolidated subsidiaries. However, environmental performance data covers OKI's 13 locations and 29 subsidiaries in Japan, and our 7 overseas production subsidiaries. (1 domestic production subsidiary established in fiscal 2012 was added)

Corporate Names / Names of Organizations
Oki Electric Industry Co., Ltd. aims to be a globally known growth company. It is commonly called "OKI." In this report, Oki Electric Industry Co., Ltd. is referred to as "OKI," and its corporate group, including its subsidiaries and affiliates, as the "OKI Group." The names of the organizations referred to in this report, in principal, are those used as of April 2013.

Forecasts, Plans and Targets
In addition to factual information about the past and current activities of the OKI Group, this report also includes forecasts, plans and targets for the future. They reflect assumptions and judgments based on information available at the time of writing. Thus, readers are requested to understand that the future results of the company's activities could be different from what is described in this report.

CONTENTS

SPECIAL FEATURES: Meeting Our CSR Commitments

1 **OKI's very convenient and reliable cash recycling ATMs contribute to society** ················ 10

2 **Towards Achieving the OKI Group Environmental Vision 2020** ··········· 12

For further information, please contact

CSR Division
Oki Electric Industry Co., Ltd.
email: oki-csr@oki.com

Report on inappropriate accounting practices and improvements

Improvement policy thoroughly executed by every individual, to become a trusted company.

In fiscal 2012, due to the effects of inappropriate accounting practices in an overseas consolidated subsidiary, the fiscal 2012 first quarter report was submitted late, and OKI submitted revision reports for past fiscal years' securities reports, etc. and internal controls reports, which greatly troubled stakeholders. Here, we provide an outline of inappropriate accounting practices and responses taken, and the status of implementation of improvement policies the entire group is working on.

Outline of inappropriate accounting practices and responses taken

In June 2012, OKI Data (ODC) runs our printers business, and OKI Europe which manages ODC's European sales business became aware that figures recorded in the accounting system were inaccurate, due to a confession by the President (fired in September 2012) of sales company OKI Systems Iberica (OSIB) in Spain.

After an internal investigation, on August 8 OKI announced these inappropriate accounting practices, and that it would delay submission of its fiscal 2012 first quarter report. OKI also established an investigative committee comprised of external experts (External Investigative Committee), and proceeded to clarify all details and studied policies to prevent reoccurrence.

The External Investigative Committee clarified that the inappropriate accounting practices in OSIB were as shown in the table. Based on this investigation result and audit results of Accounting Auditors, on September 14 OKI completed submission of its first quarter report, and disclosed regarding submission of revision reports for its past years' security reports etc. and internal controls reports. The cumulative effects on consolidate results from the beginning of fiscal 2006 until fiscal 2012 first quarter were: 7.5 billion yen decrease in net sales, 21.6 billion yen decrease in operating income, 21.5 billion yen decrease in ordinary income, and a 30.8 billion yen decrease in net income.

Initiatives to prevent reoccurrence

OKI established the Reoccurrence Prevention Committee in September 2012, chaired by the President. This sorted out the reasons the inappropriate accounting practices occurred, reasons they were discovered and understood late, and issues which must be handled. It then established specific improvement policies. Each policy is being implemented by the committee member in charge of that policy.

The committee was disbanded in April 2013, but related departments continue to solidly execute and operate the policies. As part of improvement actions, their progress and effects are continually verified by the Risk Management Committee established in October 2012 (President as Committee Chairman, outside director and company audit & supervisory board members as advisors). These are efforts for solid implementation.

1. Improvement policies in response to the causes at OSIB

OSIB's own warehousing and its own fundraising enabled improper accounting. These were eliminated and prohibited, and data entered into the accounting system was checked for validity.

Also, OKI's Whistleblowing System was revised to be a new system, which now enables anonymous whistleblowing and whistleblowing to the outside director and company audit &

Inappropriate Accounting Practices Details

① Printers and consumables business related	● By repeatedly cancelling sales and recording fictitious sales, uncollectable accounts receivables were disguised to be normal ● Funds obtained by discounted bills and factoring were used to disguise accounts receivables as properly collected
② TV sales activities (own business) related	● Took over purchase debts of brokers, and concealed this by diverting borrowings etc. to repay debts ● Disguised reductions of broker accounts receivables
③ Duplicate finance	● Used the same accounts receivables to raise funds by factoring and discounted bills
④ Other inappropriate accounting practices, etc.	● Rebate obligations not recorded ● Raised funds by prepayments and did not record them ● Raised funds by borrowings and did not record them ● Recorded reduced accounts receivables of specific companies

OKI Compliance Commitment

Based on its corporate philosophy, OKI strives to contribute to society through the provision of products and services that play a role in the development of an information society. To accomplish this mission, honorable corporate activities that respond to our stakeholders, including customers, shareholders/investors, employees, partners and society are vital.

With the conviction that gaining the trust of our stakeholders is the basis for enhancing our corporate value, we, OKI's management team, will make every effort to execute honorable and reliable corporate activities using sensible judgment. Therefore, we will strive to establish and operate an effective internal control by engaging with internal and external voices at all times. OKI will take the lead to steadily implement thorough compliance by educating executives and employees of OKI and our Group companies. Should a situation occur which goes against this belief, OKI will promptly investigate the cause, take preventive measures and clarify responsibility.

On this basis, OKI will realize the "enterprising spirit" nurtured since the company's founding and provide products and services that contribute to fulfilling a comfortable existence.

President
Oki Electric Industry Co., Ltd.   *Hideichi Kawasaki*

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supervisory board members. All consolidated companies have also prepared and are implementing similar rules.

2. Improvement policies in response to the causes at OEL and ODC

ODC sets appropriate targets for and monitors sales companies, and it does monthly reviews to know the status of distribution inventory, etc.

ODC also transfers officers to work temporarily in sales companies, and monitors their business indices, to strengthen our system of checks. ODC is also reviewing its judgments on whether to renew the contracts of sales company presidents. Moreover, in order to strengthen compliance, firstly, training is provided to the European companies on the importance of financial reporting; on the other hand, the teams of the internal audit divisions of ODC and OEL are strengthened, and the 5 main sales companies under OEL were audited from January to March 2013.

3. Improvement policies in response to the causes at OKI and OKI Group

OKI adopted its Compliance Commitment in October 2012. In this, management promised anew to stakeholders that management itself reconfirms the importance of compliance, leads by example, and strives to foster compliance awareness and thoroughness in the group.

In December 2012, OKI also revised the OKI Group Code of Conduct, from 3 viewpoints: Foster a corporate culture in which people "express, encourage others to express and listen" to enable them to quickly share issues and respond accurately, Make more specific items concerning financial reports, Improve effectiveness of the Code of Conduct. All consolidated companies also adopted these revisions by March 2013, and we

are striving to thoroughly implement these revisions, by providing training, etc.

Along with these, all consolidated companies are renewing efforts to thoroughly implement accounting practices policy, and we established operating procedures to verify the validity of business indices of subsidiaries. For internal controls concerning financial reports, we confirmed the state of preparations of internal controls in OSIB, and for major consolidated companies, we renewed efforts to thoroughly implement policies, and reconfirmed the state of preparations of internal controls.

4. Other improvement policies

Considering the background and indirect causes of these inappropriate accounting practices, we are implementing improvement policies which should be applied across the organization: stronger subsidiary boards of directors, revise and thoroughly implement Group Company Management Rules, review personnel management and implement personnel rotation, clarify and thoroughly inform staff about disciplinary rules, review authorization rules for information systems, strengthen checks on accounting departments, expand the submission scope of accounting audit situation investigations and audit situation reports, review the internal audit periods, hold meetings of audit department heads, provide compliance training, do compliance awareness surveys, etc.

OKI Group continues to operate and implement more thoroughly each policy: provide ongoing compliance training, solid responses to business risks by the Risk Management Committee, etc. By doing these, we are earnestly striving to foster a corporate culture in which such a situation will never arise again, and become a company which earns your trust.

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* These featured articles were summarized based on content of the Improvement Status Report, which OKI submitted to the Tokyo Stock Exchange and Osaka Securities Exchange on April 15, 2013.

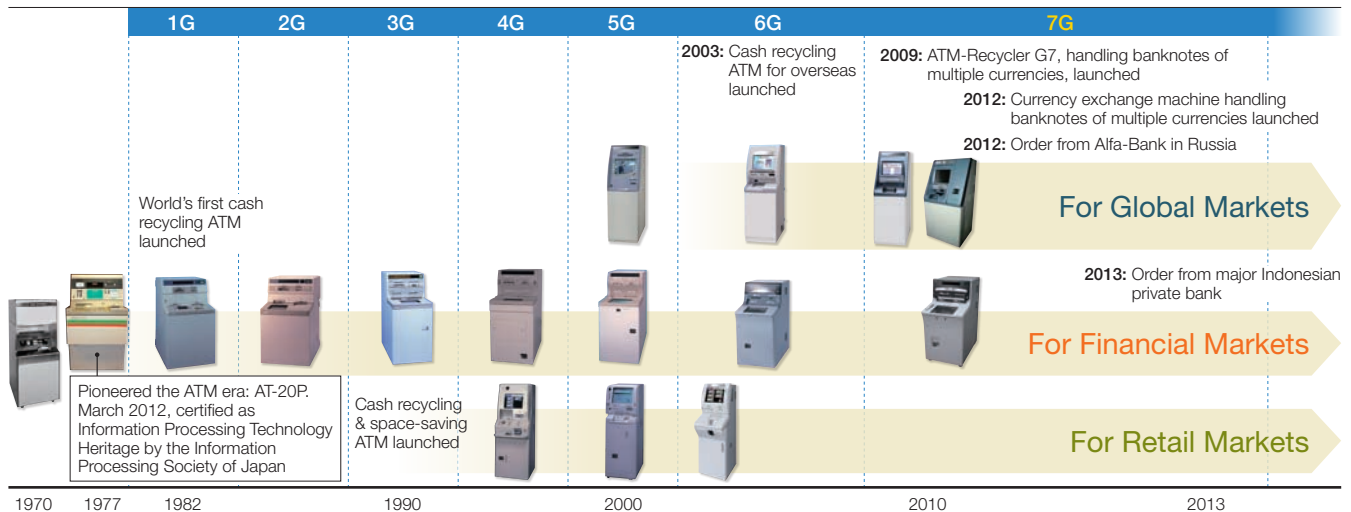ATM-Recycler G7 used in Alfa-Bank (Russia)

SPECIAL FEATURES 1

OKI's very convenient and reliable cash recycling ATMs contribute to society

Developed the world's first cash recycling ATM, which are still evolving to meet the needs of society.

ATMs are one of OKI's mainstay products. They are still taking root as essential social infrastructure for daily life. OKI developed the first large ATM in Japan in 1977, and the world's first cash recycling ATM in 1982. Recycling is the function where cash deposited in the ATM is also reused to pay out. This is common now, but around 1970 there were only cash dispensers and deposit machines. So this cash recycling ATM which handles both deposits and withdrawals in one machine and also reuses cash was highly valued as achieving revolutionary functions.

Then in 1996, we developed a space-saving ATM for retail markets. We delivered ATMs for overseas to China and Korea in 2003. OKI's cash recycling ATMs evolve with the aim of constantly improving customer satisfaction, along with the needs of society and people, such as "More transactions possible in ATMs," "Addition of security and other functions for peace of mind," and "Improve quality so customers don't have to wait." In 2006 we developed the ATM-BankIT, with high security functions, reliability and pleasant operation. Then in 2009 we developed the ATM-Recycler G7, which can handle 128 banknote denominations of multiple currencies; this was successfully sold to customers in Japan, China, Korea, then to Russia in 2012, and Indonesia in 2013.

Evolution Path of OKI ATMs

1G	2G	3G	4G	5G	6G	7G

2003: Cash recycling ATM for overseas launched

2009: ATM-Recycler G7, handling banknotes of multiple currencies, launched

2012: Currency exchange machine handling banknotes of multiple currencies launched

2012: Order from Alfa-Bank in Russia

World's first cash recycling ATM launched

For Global Markets

2013: Order from major Indonesian private bank

For Financial Markets

Pioneered the ATM era: AT-20P. March 2012, certified as Information Processing Technology Heritage by the Information Processing Society of Japan

Cash recycling & space-saving ATM launched

For Retail Markets

1970	1977	1982	1990	2000	2010	2013

Aiming for people-friendly systems, with high security, pleasant operation, etc.

When general users deposit or withdraw cash, they view ATM security as important. While user convenience is improving, various crimes which take advantage of technology continue to increase. OKI is actively working to develop new security functions and technologies. We are constantly strengthening security to prevent crimes using stolen cards, counterfeit cards, and skimming which steals card data. For example, Personal Identification Number (PIN) scrambling and "visible angle-limiting filter" etc. are installed, so PIN cannot be copied from behind a person. And we use biometric authentication functions such as vein authentication, instead of PIN.

And we think an ATM must be easy to use for anyone, so we also emphasize pleasant operation. For example, the ATM-BankIT Pro is currently the most widely used ATM in Japan; it implements universal design: voice guidance by handset for visually disabled people, and "easy operation mode" which is also easy for elderly to use, etc. And for wheelchair users, it has an ATM body shape which is easy to get close to, slanted easy to see screen, etc. There is a universal basic need to improve ease of operation, so ATMs can be used without trouble by everyone, including elderly and challenged people. We will keep working on this as one of our important themes.

ATM-Recycler G7: Handles 128 banknote denominations of multiple currencies

When the cash recycling ATM which directly dispenses and receives cash was first developed, various functions were required. The most basic function was technology which can instantly recognize counterfeit banknotes, bad condition banknotes, different sized banknotes, etc., when banknotes are deposited. Especially in a cash recycling ATM, counterfeit banknotes must not be received, so OKI's mechatronics technologies were used to recognize and reject this, providing advanced functions. ATM-Recycler G7 is the 7th generation cash recycling ATM, in which these technologies were evolved further; it achieves recognition of 128 banknote denominations of multiple currencies, with different sizes, types of pictures, and security data, used in various countries. It can receive and dispense banknotes of multiple countries at the same time: Japanese yen, dollars, and euros; the same machine can also exchange between the local country's currency and foreign currency, in both directions. This dramatically improves the convenience of foreign exchange service. This is expected to have great usage value in countries where in addition to local currency, there is great need for exchange into other major currencies.

ATM-Recycler G7

Secure, safe and very convenient cash recycling ATM, for people around the world

In 2001, OKI expanded its cash recycling ATM business into the Asian markets of China and Korea. In recent years, China has seen rapid economic growth, and the increase in personal incomes has brought an increase in the frequency of handling cash, and an increasing need to use banks to send money and pay public fees, etc.; at the same time, crowding at bank counters is becoming a problem. Cash recycling ATM installations accelerated rapidly, and OKI gained the top market share in China. These greatly reduce wait times at banks, improve convenience and safety of deposits and withdrawals, and bring great benefits to users' lives. It is thought these will continue to play a role in improving the quality of life.

And in 2012, OKI was the first Japanese manufacturer to sell a cash recycling ATM to a Russian bank. Today, Russia continues to grow economically, and dollars and euros are used in addition to its own ruble currency. The ATM-Recycler G7 is valued because it can handle multiple currencies at the same time, and has a high utilization rate and high security functions, etc. Its full scale use began in November 2012. It was also sold to a major private Indonesian bank, which plans to steadily install them starting in August 2013.

OKI will keep contributing to society and people throughout the world, by providing secure, safe and highly convenient cash recycling ATMs.

USER COMMENT

OKI's Cash Recycling ATMs Improve Customer Service

Economic growth in Russia has brought growth in numbers of installed ATMs and cash dispensers. But to achieve our aim of "providing the highest level of customer service," it is essential to fundamentally renew our ATM network to handle multiple currencies including dollars and euros, in addition to rubles. OKI's cash recycling ATMs meet this need, and in the trial period we confirmed their high utilization, convenience, safety, etc., in addition to the fast and sincere responses by OKI's staff.

Head of Retail Business Processes Department
Alfa-Bank (Russia)
Maksim Dareshin

SPECIAL FEATURES 2

Towards Achieving the OKI Group Environmental Vision 2020

Active Promotion of the OKI Group Environmental Vision 2020

OKI Group began its environmental activities in the 1970s. The basis of our environmental management is our environmental management system, which was integrated across the entire Group. Through our products and business activities, we are continually working to reduce environmental impacts.

The Environmental Vision 2020 was established in April 2012. This shows the direction of OKI Group's environmental activities in 4 areas. This vision is linked to achieving the targets of our mid-term business plan that OKI Group is now working on, and to our growth program that is focused on future business expansion. This vision is for more advanced environmental management than practiced until now. It is being pushed forward as a long term initiative.

Also, in recent years, as a global warming countermeasure, the Japan Business Federation (Keidanren) has been encouraging the creation of low carbon society execution plans. And to prevent pollution by chemicals, various regulations have been created and revised. There are also dramatic moves to create activity targets and plans against environmental problems in Japan and overseas. For example, the 11th Meeting of the Conference of the Contracting Parties to the Ramsar Convention (COP11) was held in October 2013. OKI Group aims to achieve the OKI Group Environmental Vision 2020, and thereby respond to such activities in Japan and overseas, achieve a better global environment for the next generation, and inherit the environment.

OKI Group Environmental Vision 2020

The OKI Group achieves a better global environment for the next generation and inherits the environment. Therefore, we promote environmental management and set targets for 2020 in the four fields of "Realization of a low-carbon society," "Prevention of pollution," "Resource circulation" and "Biodiversity conservation" and then actively work on the targets.

1. Realization of a low-carbon society

Contribute to realize a low-carbon society by the maximization of energy efficiency, through provision of environmentally conscious products and services and business activities.

2. Prevention of pollution

Minimize the use of chemical substances and emissions to the atmosphere and discharges to water which affect on human health and environment.

3. Resource circulation

Minimize new input resources by the expansion of recycling process of used products and production wastes, and reduction of materials at the time of production.

4. Biodiversity conservation

Establish a management system to work on the biodiversity conservation and sustainable use.

Realizing a Low Carbon Society

OKI Group continues to raise global warming countermeasures as an important theme. We are using IT technologies which are OKI's strengths, and working to create products and services which contribute to realizing a low carbon society, in response to the government's IT policies and product energy regulations. At the same time, considering the government's global warming countermeasures trend and inclinations of the electrical and electronics industry, we are also pouring effort into saving energy in our business activities. In March 2012 we announced our participation in Nippon Keidanren's Commitment to a Low Carbon Society, and in fiscal 2012 we participated in trials for full scale operations.

Green IT[*1] to Reduce Electricity Use in Next Generation Access Systems

As companies which have participated in the evolution of IT until today, OKI Group actively creates green IT products and services which help save energy. In September 2012, OKI developed OLT Drive Control Technology for next generation optical access systems. This is a new technology which contributes to achieving an energy conserving society.

In recent years, FTTH[*2] has spread rapidly, communications volume on the internet is forecast to grow, and there is progress in development of technologies for fast communication speeds. However, with higher speeds, network systems also consume more electricity, so lower power consumption during communication is growing in importance.

For next generation optical access systems which achieve fast communications by FTTH, OLT Drive Control Technology developed by OKI reduces OLT power consumption by about 30%.

In optical access systems, optical fiber is used to connect OLT[*3] installed in buildings of businesses etc., to device ONUs[*4] installed in homes. One optical fiber coming out from the OLT side is split into multiple lines before it reaches the home, and each line is pulled into a home and connected to the ONU. With this design, one OLT connects to multiple ONUs, and simultaneously sends and receives signals with them. The spread of FTTH has created a trend of increasing ONUs installed in homes, creating a corresponding need to also increase OLTs. An OLT must maintain a state which enables simultaneous transmitting and receiving with all ONUs it is connected to, and the OLT is always in a fully utilized state. Therefore, if there are few ONUs which transmit and receive, or if there is little communications volume, the OLT consumes more electricity than necessary.

The OLT Drive Control Technology now developed enables new cabling design for one OLT and the ONUs it connects to, with cabling in a virtual network with all ONUs connected to all OLTs. In this situation, the communication volumes of all ONUs are monitored, and if there is little communications volume, only one OLT operates, and other OLTs are put in a sleep state. In each home, during time periods when there are more

connections to the internet etc., the number of OLT operated units is increased. In this way, in response to communications volume, OLTs are turned on/off and the number of connected ONUs are controlled, so instead of the previous situation of OLTs always fully operating, average utilization rate is decreased, which enables reduction in power consumed during communications.

*1 Green IT: Environmental efforts related to IT that are classified into two categories: "Green of IT" and "Green by IT".
*2 FTTH (Fiber To The Home): Until now, phone lines (copper wires) have been used for cabling into homes, etc. FTTH is the name of a service which achieves high speed internet by using optical fiber instead.
*3 OLT (Optical Line Terminal): Optical access circuit terminal device installed in building of business etc. which builds a network system. Optical signals sent from ONUs are converted into electrical signals, and when sending to ONUs, the electrical signals are converted into optical signals and transmitted. The OLT also does other tasks, such as monitoring of ONUs.
*4 ONU (Optical Network Unit): Optical access terminal device installed in homes, etc. Optical signals sent from the OLT are converted into electrical signals, and when sending to the OLT, the electrical signals are converted into optical signals and transmitted. The actual circuit connection is PC etc. – ONU – OLT – internet connection device; optical signals are sent between ONU – OLT, with others transmitted in electrical signals.

OLT Drive Control Overview

OLT drive control corresponding to communications volume
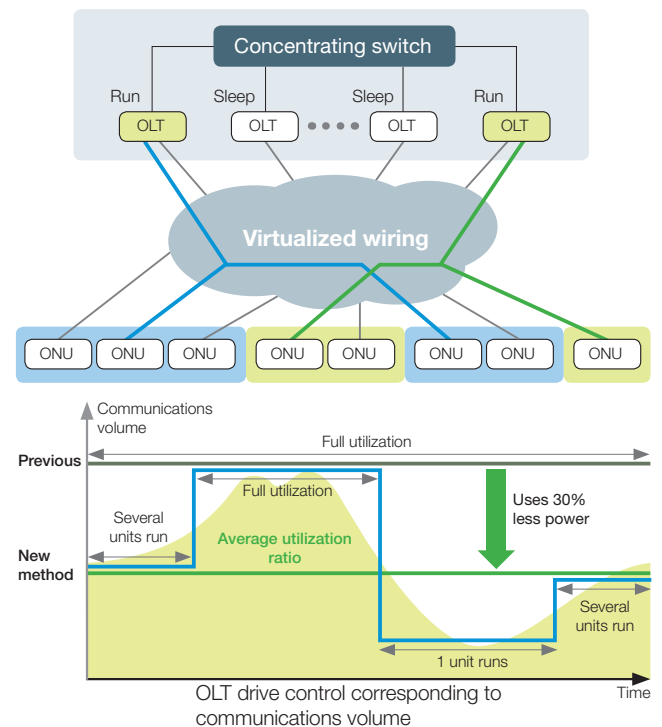
Energy-saving Efforts in Business Activities

As proclaimed in the Environmental Vision 2020, the OKI Group has been committed to energy-saving activities, because it believes the reduction of greenhouse gases such as carbon dioxide (CO_2) emitted from its business activities is important for realizing a low-carbon society. In fiscal 2012, in order to respond to the Commitment to a Low Carbon Society and the Revised Energy Saving Act, we are setting new targets and will work towards them in fiscal 2013.

Since the Great East Japan Earthquake, we have continued to work on our previous energy saving policies. We have also worked on new policies: boosting production efficiency by improving facility operations, and planned renewal of worn out
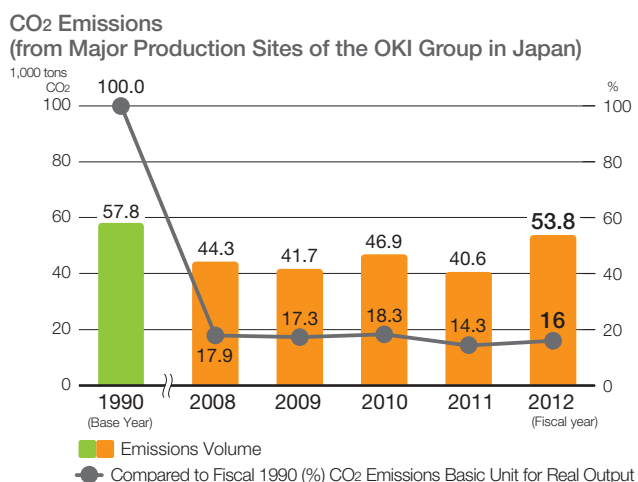
facilities (active introduction of energy saving products).

As a result of these efforts, CO_2 emissions from the OKI Group's major production sites in Japan during fiscal 2012 amounted to 53,800 tons, a 33% increase over the previous fiscal year. This means that we substantially exceeded a goal set in the Voluntary Action Plan of the Japanese electric and electronics industry, "improving the basic unit for CO_2 emissions with respect to real output* in fiscal 2010 by 35% or more compared to 1990," by making an 84% improvement.

We will continue to actively work towards realizing a low carbon society, focusing on products and services and business activities from OKI Group's long term viewpoint.

* Basic unit for CO_2 emissions with respect to real output: CO_2 emissions / real output (real output = nominal output / Bank of Japan's Domestic Corporate Goods Price Index for electrical machinery and equipment with fiscal 1990 as the base year)

CO_2 Emissions
(from Major Production Sites of the OKI Group in Japan)

Emissions Volume

Compared to Fiscal 1990 (%) CO_2 Emissions Basic Unit for Real Output

Prevention of Pollution

Chemical substances bring people considerable convenience. Some of them contain substances which harm people's health and the environment, so they need stronger relevant regulations and strict controls.

The OKI Group continues working to properly manage chemical substances in products and chemical substances handled when manufacturing, use alternate substances with less impact on human health and the environment, and reduce the amounts used.

Especially in regulations on chemical substances in products, in the EU, there is expansion of substances subject to control under REACH regulations, and the CE mark display and expansion of products subject to the revised RoHS directive, which has applied since January 2013. Regulations are being greatly strengthened, with studies for adding substances subject to regulations, etc. OKI Group responds appropriately to such regulations, and meets customer needs.

Prompt Response to Regulations about Chemical Substances in Products

Recognizing the importance of management of chemical

substances in products from early on, the OKI Group established and began operating the Product Assessment System in 1998. The group was also a pioneer in the development and implementation of a system to manage and calculate chemical substances in products, utilizing OKI's network technology. The group has always made prompt responses to the enactment and the revision of relevant regulations. More specifically, it has enhanced its systems to manage chemical substances, by revising the OKI Guidelines for Managing Chemical Substances in Products, and the OKI Green Procurement Standards. Furthermore, the system to manage and calculate chemical substances in products was developed later into a more comprehensive system which determines conformity with regulations, from the registration and calculation of chemical substances information. Called COINServ-COSMOS-R/R, we are working to enhance its functions. It has been sold to outsiders since April 2009.

In June 2012, we strengthened the calculation functions of COSMOS-R/R, enabling it to manage and calculate in the latest standard survey formats of JAMP[1] and JGPSSI.[2] Moreover, we added functions to total and manage the contained amounts of multiple Substances of Very High Concern (SVHC[3]) required under REACH regulations, and strengthened conformity with regulations.

[1] JAMP (Joint Article Management Promotion-consortium): Launched in September 2006, with the aim of spreading specific mechanisms for appropriately managing chemical substances information etc., and smoothly disclosing and communicating this in supply chains.

[2] JGPSSI (Japan Green Procurement Survey Standardization Initiative): Group which studies standardization of lists of substances subject to surveys, and survey response formats, with the aim of reducing survey labor involved in surveys of chemical substances in parts and materials. This group was disbanded in May 2012, and its work was taken over by VT62474 in Japan.
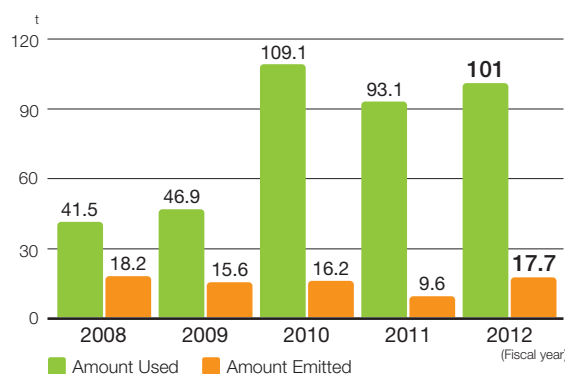
[3] SVHC (Substances of Very High Concern): Substances of Very High Concern regarding harm to the human body. Also called the Candidate List of Substances of Very High Concern for Authorisation.

Management and Reduction of Chemical Substances in Business Activities

In our business activities, while chemical substances used at our production sites are managed appropriately in accordance with the levels of environmental impact, the group is making ongoing efforts for operational improvements, to reduce the use of chemical substances as well as their emissions.

During fiscal 2012, partly because we added sites into this calculation, the emissions volume was 17.7 tons, an 84% increase over the previous fiscal year.

Use and Emission of PRTR Chemical Substances

Amount Used   Amount Emitted

## Outline of System to Manage and Calculate Chemical Substances in Products

Supplier

AIS/MSDSplus/JGP sheet

AS connection module

JAMP application service (AS)

JAMP information core global portal (GP)

Scope subject to COINServ-COSMOS-R/R

Handle latest formats

AIS Ver4
MSDSplus Ver4
JGPSSI Ver4,2

MSDSplus
AIS conversion function

SVHC contained amounts registration

Product composition data registration

Supplies composition data registration

Packaging materials composition data registration

Add composition data relations

Strengthen functions

CAS number grouping function

SVHC calculation & assessment
● Check supplies
● Check packaging materials
● Survey sheet collection %

SVHC: Calculate, determine submission, monitor

Number of units shipped

IUCLID5

Number of units shipped

Unique format

Report to consumers

Create AIS/JGP sheet

Report to downstream companies

Collect chemical substance data → Assess design → Product data report

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Resource Circulation

In order to help build a resource circulation society, the OKI Group is actively promoting resource saving and recycling in its business activities. In recent years, customers increasingly desire recycling of used products. The group has also tried to recycle as many used products as possible, utilizing the Cross-jurisdictional Waste Treatment Manufacturer Scheme. We are also working to use fewer resources at production sites.

OKI Metaltech designs and manufactures sheet metal parts of computer and communications equipment. It is actively working to use nesting technology, to reduce materials used. This technology provides a technique to design for uniform materials and sheet thickness of parts, and assign parts of multiple products to one sheet of sheet metal material, and process them without waste. This initiative reduces waste of materials, and reduced material purchase costs by 8% in fiscal 2012.
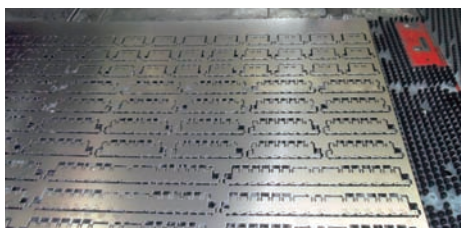
Processing by nesting technology

Biodiversity Conservation

Since the 1990s, OKI Group employees at production sites in Japan and overseas have been volunteering to work on forest conservation activities: planting trees and thinning forests, etc. OKI Group has also supported activities concerning conservation of ecosystems for many years. For example, since fiscal 2001 we have sponsored the National School and Kindergarten Biotope Contest held by the Ecosystem Conservation Society-Japan. In recent years, for spring forest conservation activities, OKI participates in the Green Wave* campaign of the Secretariat of the Convention on Biological Diversity. We strive to raise the awareness of participants: before the work, we explain the significance of forest maintenance, etc.

In response to the increasing interest in biodiversity conservation, in fiscal 2010, we endorsed the Declaration of Biodiversity by Nippon Keidanren, participated in the Japan Business & Biodiversity Partnership, and started initiatives in our main business. In fiscal 2012, we launched the Biodiversity Working Group for activities throughout the OKI Group: studying policy, sharing information, providing training, etc.

We are continuing these initiatives, and will support activities for biodiversity conservation.

* Green Wave: Campaign to plant trees etc., on the occasion of the International Day for Biological Diversity (May 22) sanctioned by the UN. This is promoted by the Secretariat of the Convention on Biological Diversity. In Japan, the Ministry of the Environment, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Land, Infrastructure, Transport and Tourism call on companies and organizations to participate.

Corporate Governance

The OKI Group regards ongoing improvements in corporate value as its most important management priority in its quest to earn the trust of stakeholders. To this end, we are working to reinforce corporate governance based on our fundamental policies, including "the enhancement of management fairness and transparency," "the acceleration of decision-making processes," and "full compliance and the fortification of risk management."

Corporate Governance Structure

OKI maintains a corporate auditor system, with a Board of Directors and an Audit & Supervisory Board. To enhance management efficiency, it has also introduced an executive officer system, with the aim of separating the roles of the Board of Directors and Audit & Supervisory Board members/ Audit & Supervisory Board (supervision and auditing of business execution) and executive officers (business execution).

The Board of Directors makes decisions on fundamental management policies and other important issues, and also supervises the execution of business. Audit & Supervisory Board members audit the business execution functions of directors—based on audit policies and methods decided at Audit & Supervisory Board meetings—through attendance to Board of Directors' meetings and other important meetings. Audit & Supervisory Board members also liaise closely with the accounting auditors and the Internal Auditing Division to accurately ascertain the overall status of company operations as well as to carry out audits of business executions. The Board of Directors and Audit & Supervisory Board include three independent director/Audit & Supervisory Board members who have no conflict of interest with general shareholders.

The Executive Officer Committee makes decisions related to the execution of Group operations. Through participation by all executive officers, the Committee seeks to accelerate decision-making and business advancement and clarify business responsibilities.

Committee Organizations

As part of its efforts to reinforce corporate governance, the Compensation Committee, whose members include an outside director, takes responsibility for ensuring transparency in the criteria and mechanisms used to set executive remuneration. We have set up the Risk Management Committee to ascertain and address risks related to our business activities. We also have the CSR Committee to deliberate basic policies related to our CSR activities as well as several dedicated committees. These include the Compliance Committee to deliberate fundamental compliance-related policies and the Information Security Committee to ensure the thorough implementation of information security measures. In addition, the Disclosure Committee ensures that disclosure to stakeholders is accurate and timely.

Internal Control

In accordance with Japan's Companies Act and the Ordinance for Enforcement of the Companies Act, the Board of Directors in May 2006 passed a resolution concerning the Basic Policy for the Establishment of an Internal Control System and OKI has been developing a system to secure appropriate business operations. Pursuant to the Financial Instruments and Exchange Act, we also have an internal control reporting system in place, through which we submit internal control reports to the Kanto regional bureau of the Ministry of Finance and disclose the assessment results of the effectiveness of internal controls related to financial reporting.

Corporate Governance Structure
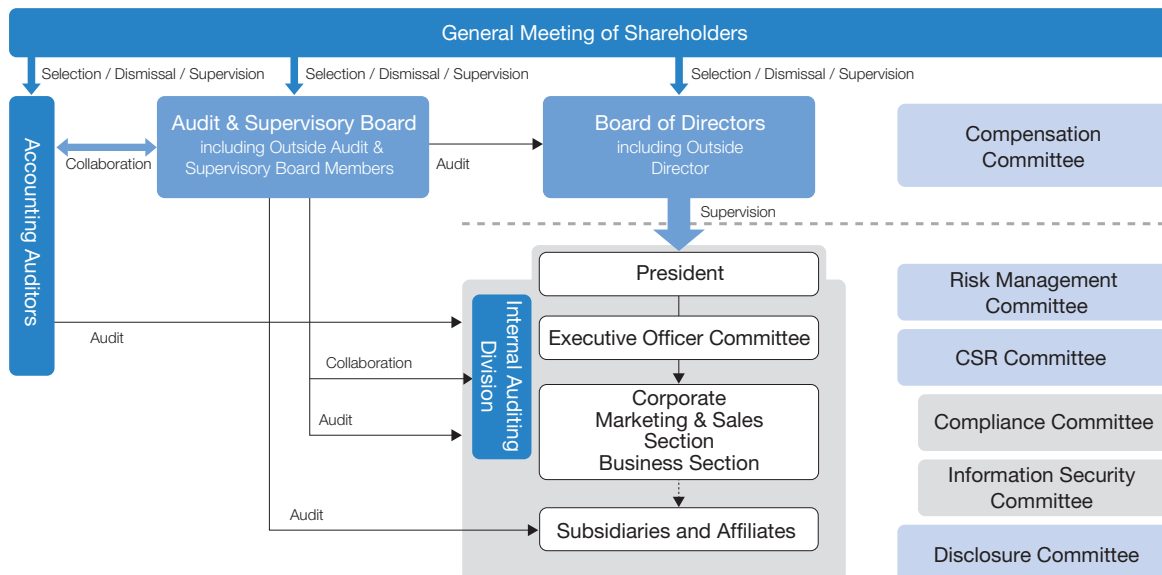
Promoting CSR at the OKI Group

In order to fulfill CSR based on the corporate philosophy, we cohesively promote our CSR initiatives, in accordance with the basic policies determined by the CSR Committee, through the cooperation between the CSR Division and other relevant business units. Our CSR focuses on the seven priority themes shown in the diagram. Details of each activity in fiscal 2012 are shown below.

CSR Priority Themes: Focal Points and Achievements

Priority Themes	Focal Points for Fiscal 2012	Achievements in Fiscal 2012	Focal Points for Fiscal 2013
Full Compliance with Laws and Regulations ➲ p.18	• Effective follow-up for risk management activities at group companies • Enhancement of measures to communicate the contents of education programs	• Top management of business units fully participate in activities • Utilization of a booklet called "Case Examples of Compliance." Series of case articles published in company news.	• Solid sharing and communication of risk information, and enhancement of its management • Enhancement of measures to communicate the contents of education programs
Information Security ➲ p.19	• Safe use of smartphones • Continuation and improvement of the checking systems for the group companies and business partners	• Prepare environment for using smartphones via OKI's cloud service • Support improvements for problems at business partners	• Safe use of smartphones • Deploy information security management policy to overseas sites
Improvement of Customer Satisfaction ➲ p.20	• Improvement of educational programs for mid-level engineers as a group • Expansion of the application range of universal design technique	• Enhance quality control training in business units • Use technology for universal design to support disabled who telework (introduction examples)	• Enhance quality control training, matching unique aspects of business • Expansion of the application range of universal design technique
Good Communication with Shareholders and Investors ➲ p.21	• Fair and timely disclosure of how the mid-term business plan is being implemented for the group's further growth	• Printer business strategy explanation meeting • Training to prevent insider trading	• Fair and timely disclosure of how the mid-term business plan is being implemented in its final fiscal year
Respect for Employees ➲ p.22	• Recruitment and training of diverse human resources • Continuing entrenchment of the supports for the development of the next generation • Continuing promotion of work-life balance • Continuing support for the mental and physical health of employees	• Support for employment of challenged people • Support for use of various systems: telework system, etc. • Introduction of tools for solid management of work hours	• Continue to strengthen fiscal 2012 focal points
Social Contribution ➲ p.23	• Continuation of the activities that provide reconstruction assistance to those affected by the Great East Japan Earthquake • Continuing promotion of social contribution activities inside and outside Japan	• Volunteer programs for recovery from the Great East Japan Earthquake, etc. • Installation of water weir barriers etc. in Thailand to protect the environment	• Study for continuation of Great East Japan Earthquake reconstruction assistance • Continuing promotion of contribution activities inside and outside Japan
Consideration for the Environment ➲ p.24	[Achievement of a low-carbon society] • Improvement of the OKI Group's basic unit for CO_2 emissions • Preparatory efforts for the Nippon Keidanren's Commitment to a Low Carbon Society [Prevention of pollution] • Improvement of operational procedures and IT systems in compliance with relevant laws and regulations, as well as industry standards [Resource circulation] • Examination of targets for reducing materials newly input at production sites [Biodiversity conservation] • Formulation of a clear policy, construction of a management framework, implementation of training programs	[Achievement of a low-carbon society] • Achieve targets for the OKI Group's basic unit for CO_2 emissions • Participate in trials for Nippon Keidanren's Commitment to a Low Carbon Society [Prevention of pollution] • Improve operational procedures and IT systems, and start operation [Resource circulation] • Examine targets for reducing materials newly input at production sites, and recycling ratio targets [Biodiversity conservation] • Formulate policy, and launch biodiversity working group in OKI Group • Add biodiversity conservation into environmental training, and deploy to entire company	[Achievement of a low-carbon society] • OKI Group's basic unit for CO_2 emissions • Start full scale operation for Nippon Keidanren's Commitment to a Low Carbon Society [Prevention of pollution] • Improve operational procedures and IT systems in compliance with relevant laws and regulations, as well as industry standards [Resource circulation] • Establish targets for reducing materials newly input at production sites, and recycling ratio targets [Biodiversity conservation] • Study and build assessment methods

Full Compliance with Laws and Regulations

The OKI Group has worked to strengthen compliance, in order to comply with all related laws and regulations and implement sound corporate activities consistent with social norms. Under the leadership of the Compliance Committee headed by the Chief Compliance Officer, we focus on the enhancement of training and the promotion of integrated, systematic, companywide risk management. Furthermore, we have established consultation and reporting channels as well as whistle-blowing regulations such as those about the protection of whistle-blowers. We thus try to discover and rectify improper activities at an early stage.

Enhancement of Compliance Training

In order to deploy compliance-related measures across the group, the OKI Group gives training sessions for Compliance Managers at six sites in Japan. Participants learn in these sessions, and roll out this knowledge in their business units. The deployment of such knowledge is checked through an e-learning program for all executive officers and employees of the group.

In fiscal 2012, in order to confirm the compliance issues being promoted in the Group and to reflect them in policies, a compliance awareness survey was done when e-learning was held in November. Also, a booklet called "Case Examples of Compliance" that features possible compliance problems and actions to be taken in a Q&A style was handed out in training sessions held for each employee rank. A series of compliance example explanation articles were also published in our company news (intranet). We are thus strengthening our work to communicate training information in specific formats.

Our company news published a series of articles explaining compliance examples

Participation rates in compliance training programs (for the OKI Group in Japan) in fiscal 2012

Training sessions for Compliance Managers	100%
e-learning program (about on-the-job compliance)	100%

Improvement of Measures to Deal with Compliance Risks

OKI has steadily promoted risk management based on its Risk Management Regulations, and established a system to deal with risks. As OKI regards compliance risks* as an especially important category thereof, each business unit of the company needs to register potential risks related to its operations with the Risk Management Promotion Office. We have also established a management cycle to develop measures against them and monitor the implementation thereof within the group on a regular basis.

In fiscal 2012, top management of divisions where prevention polices were deployed fully participated in activities, and we strengthened communication between risk management divisions and divisions where deployed, so prevention polices are solidly implemented where deployed.

* A compliance risk: a risk associated with violation of laws, regulations and in-house rules

For Fair Business Activities

To practice fair business activities, our "OKI Group Code of Conduct" clearly states that we comply with each country's and region's regulations on prohibition of monopolies and fair competition, we work for fair and free competition, and that we do not give bribes of money nor in other forms to any third parties (government officials, customers, agents, etc.), nor do we receive bribes from third parties. This is thoroughly implemented in all group companies. In fiscal 2012, we provided training in e-learning (workplace compliance) regarding trends in corruption prevention related regulations (Foreign Corrupt Practices Act, UK Bribery Act, etc.) which are becoming stricter globally.

Initiatives in Procurement Activities

The cooperation of suppliers and customers in our supply chain is essential to fulfill our social responsibilities. Based on this awareness, OKI works to build trusting relations as a partner, and the "OKI Group Procurement Policy" raises "Compliance with laws, regulations, and societal norms," "Environmental considerations," "Appropriate management and protection of information," etc. as cooperation "Requests for suppliers." In fiscal 2012, "Continue supplying when unavoidable situations occur such as disasters" and "Basic policy for conflict minerals illicitly mined in conflict-affected regions" were added to this policy, and it was revised.

Emergency / Disaster Response

The OKI Group has established "Safety Countermeasures Committees" and emergency communication networks at its domestic and overseas sites, as well as in its group companies. In the event of a disaster, appropriate countermeasures are enacted to protect people's lives, prevent secondary accidents, contribute to local communities and foster good relationships with them, and ensure continuity of business operations. For continuity of business operations, in fiscal 2008 we set guidelines for creating a Business Continuity Plan (BCP).

In fiscal 2012, based on announced revisions of the damage scale and scope of an earthquake directly under the capital, Nankai Trough Huge Earthquake, etc., each business proceeded to revise its BCP, and we also proceeded to revise the BCP of the corporate (headquarters) division. In order to accurately respond to risks such as earthquakes, we will continue to work on this as a Group.
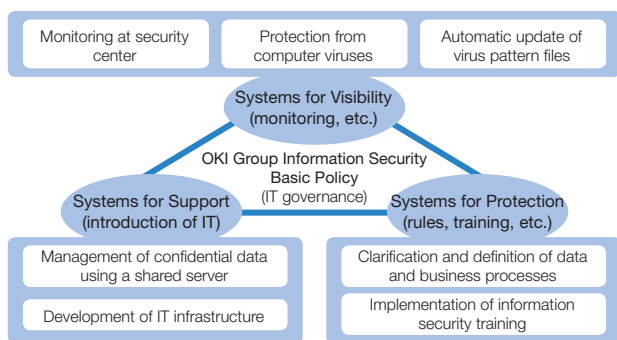
Information Security

Based on the OKI Group Security Policy, the OKI Group has established a system to ensure information security under the leadership of the Information Security Committee. We properly manage and protect company and customer information, including personal information, through various activities such as reviews of efforts for information security (biannual), and information security audits.

Three Perspectives of Information Security System

As a company which provides products and services designed for information security, in order to boost its own information security, OKI Group uses the 3 perspectives shown in the diagram below to advance its security measures.

In fiscal 2012, as a "system for visibility," we strengthened monitoring against cyber-attacks, etc. As a "system for support," OKI introduced its EXaaS Mobile Desk Service, a cloud service for smartphones which provides an environment in which people can safely and easily view company internal information from smartphones. As a "system for protection," we held group training sessions for Information Security Deployment Promoters in Charge / Promoters newly assigned in each Group company and business unit. We revised the inspection points of our Information Security Simultaneous Inspection which is done in October each year, and warned employees to be careful to protect information and trade secrets from customers, personal information etc. We worked to enhance awareness of information security overall.

Enhancement of Information Security Levels in Partners and Suppliers

In order to improve the quality of information security throughout the supply chain, since fiscal 2008 OKI has continually checked the information security measures of its business partners and suppliers handling important confidential information. More specifically, we have asked such companies to self-check their information security measures using a check list designed by us, used our own scoring system to evaluate the results of their self-checks, and shared with them the status and issues found in this process.

In fiscal 2012, we did priority rechecking of business partners and suppliers which received relatively low evaluations in investigations until now. Based on the self-check results, OKI shared issues with business partners and suppliers, and as a result of working to improve problems, half of them achieved a "high evaluation" under OKI's criteria.

OKI-CSIRT for Prompt Response to Security Accidents

In order to enhance our preventive measures against threats to computer security and improve our capacity to respond to them, we established OKI-CSIRT[*1] as an organization specializing in responding to security accidents. It also coordinates our Group with outside organizations: Nippon CSIRT Association (NCA), other company CSIRTs, related ministries and agencies, etc.

In fiscal 2012, as a response to the increase in targeted emails[*2] etc., countermeasures we have taken in Japan until now were also deployed at Group sites in China, we implemented thorough intrusion detection, and strengthened countermeasures to block information leak routes from PCs and servers infected by viruses.

*1 CSIRT: Computer Security Incident Response Team
*2 Targeted email: Email sent to a specific organization or individual, as a cyber-attack to steal information

Promotion of Acquiring ISMS Certification

The OKI Group is working to acquire the ISMS* certification for divisions involved in building and operating internal information systems, and for divisions engaged in general system design development, in order to improve the reliability of network solution construction and related services. Five companies and seven business units of the OKI Group are ISMS-certified organizations as of June 2013.

* ISMS: Information Security Management System

Enhancing the Protection of Personal Information

The OKI Group has enhanced the protection of personal information, based on the Privacy Policy enacted in 2004. We have committed to the protection of personal information under the leadership of our Chief Privacy Officer. Privacy managers have been appointed at the corporate level, and in business units and group companies. The OKI Group has also promoted its member companies' acquisition of the PrivacyMark certification, so they can take appropriate measures to protect personal information. OKI and eight group companies have acquired the PrivacyMark certification as of June 2013.

Improvement of Customer Satisfaction

Believing that quality entails "customer satisfaction," OKI's quality philosophy focuses on "providing products that always make customers happy." OKI's Quality Assurance Regulations and Product Safety Basic Policy define the company's quality philosophy, responsibility, authority, etc. These philosophy, regulations and policy are incorporated into the quality management system of each business division, in accordance with its unique business characteristics. Furthermore, we have obtained ISO9001 certification at all our production sites, and have built the most appropriate quality control system for each production line or product.

Initiatives to Strengthen Manufacturing

OKI is in charge of the entire Group's production management function which works to optimally use the entire group's production resources and coordinate issues, and the product safety management function which handles the Consumer Products Safety Act, Product Liability Act, etc. Therefore, corporate headquarters has a Production & Product Safety Department. This office aims to enhance our organizational abilities in "manufacturing" which links directly to quality. Since fiscal 2011, OKI Group has held Workshops on Production Reform and Improvement. At the second workshop held in December 2012, we shared use cases of 8 business units at Group production sites in Japan and overseas.

Activity results presentation at Workshop on Production Reform and Improvement

Improvement of Training on Quality

OKI has provided training on quality for different types of employees at different levels, such as when joining OKI, after assigned to a department, and mid-level engineers. We have also offered various elective training programs, from among which each employee can choose the most appropriate program for his or her need. An example is the Company Network System Business Department, which holds quality seminars for employees twice each year, to practice our quality policy of "Build customer trust by quality" created based on our quality philosophy. This provides training which directly links to practical work: policy explanation by the department manager, quality situation analysis results, examples of successes and failures explained by people who experienced them, etc. To make it easier for people to participate from each site, the Visual Nexus video meeting system (a product of that business unit) is

Seminar on quality

used to link multiple sites for training.

Also, that business unit is aware of the importance of fostering project managers (PM) who are key people for maintaining and enhancing quality. Therefore, they also provide PM training for mid-level engineers. They put effort into providing practical know-how. For example, the training discusses causes of failures and methods to avoid common issues which easily trouble PMs.

Customer Comments for Feedback on Product Development

OKI Data operates our printers business. For customers to be consistently satisfied when using its products, it collects customer satisfaction surveys and failure information each month globally. The customer desires and quality problems obtained thereby are summarized in a Customer Service Feedback Request Form, and a Customer Service Feedback Checklist. These are shared with each stage of new product development, as we work to use this feedback to make better products. In fiscal 2012, we also began visiting overseas sales subsidiaries and agencies, to directly collect product requests and customer comments.

And in Japan, about 300 to 500 customers who registered as buyers of the COREFIDO series LED printers launched in 2009 submit survey forms on why they bought the printer, its performance, ease of use, etc. Those results are used when developing new products of the series.

Universal Design Initiatives

OKI Group achieves universal design at high levels of usability and accessibility (consideration for the elderly and disabled, etc.). We define this as a situation where all customers properly and efficiently use with satisfaction. User opinions gathered in verification experiments etc. are reflected in our products and services.

Example of introduction of universal design applied technology: Workwel Communicator supports telework of severely disabled

Qol Co., Ltd. operates a prescription pharmacy business nationwide. It has the special purpose subsidiary* Qol-Assist, Co., Ltd., which provides telework to the severely disabled. As a mechanism for teleworkers to easily communicate and exchange information in each region nationwide, Qol-Assist introduced the Multipoint Voice Communication System (Workwel Communicator) for telework, developed by OKI Group's special purpose subsidiary WorkWel (OWW), with technical cooperation from OKI's research and development center.

Workwel Communicator is a system which OWW itself uses daily. For working at home, we focused on the fact that voice communication is more effective than video, so it is focused on voice phone calls. Multiple virtual conference

rooms are set up in the system, to enable timely information sharing. The user interface applies OKI's universal design concepts. It has an automatic speech function with standard conversation texts stored, etc.

* Special purpose subsidiary: Company established to provide special considerations for the employment of challenged people, as defined in the Act on Employment Promotion etc. of Persons with Disabilities.

Telework

Qol-Assist Co., Ltd.
Director and Gen. Mgr. of Telework Dept.
Challenged Employment Living Advisor
Ei Aoki

In a system for teleworkers, video calls which see into their homes is not needed, but virtual conference rooms where members can speak freely are essential. Using the Workwel Communicator solidly enhances employees' communication and conversation abilities. It is highly evaluated by teleworkers, who say "It gives me the feeling that I went to the office," "I get a strong feeling that I am working" and "I don't feel alone."

Achievements in Fiscal 2012

Good Communications with Shareholders and Investors

The OKI Group appropriately discloses useful information to shareholders and investors in a timely manner, including, management strategies and operating results. We actively work on disclosure and IR activities, focused on the IR Unit which is dedicated to such work. The group also makes every effort to prevent insider trading.

Briefing Focusing on Printer Business Strategy

OKI recognizes that the appropriate utilization of the views of the market in management practices and business activities serves to further increase operating efficiency and raise corporate value. Based on this recognition, the President and the other members of the management team conduct investor briefings, hold IR meetings and engage in various other communication activities. In fiscal 2012, we worked to provide fast and accurate disclosures and explanations of information on inappropriate accounting practices in an overseas subsidiary; we also held a corporate briefing on our printer business strategy, which is a key aspect of our mid-term business plan, where the President of OKI and the President of OKI Data which operates our printer business explained the positioning and growth strategy for our printer business.

Corporate briefing on printer business strategy (March 2013)

Communication via IR Website and Email Newsletters

OKI has an IR Website where a range of investor relations information, including financial data, is posted simultaneously in English and Japanese, in order to maintain fairness in information disclosure. We aim to make the site more accessible to investors, and are continually working to improve it. Our site won the bronze award in the "Gomez IR Site Comprehensive Ranking 2013" from the Gomez Consulting Division of Morningstar Japan, Inc., as announced in March 2013.

IRサイト
総合ランキング
銅 賞
2012年3月

We also send OKI News Emails (in Japanese and English) to approximately 1,500 people, including our institutional investors. This email newsletter includes the latest financial results, information on filings to securities exchanges, press releases on topics such as new products and services, and information on updates to our IR Website.

Thorough Prevention of Insider Trading

In order to protect shareholders and investors and gain the trust of securities markets, OKI Group clearly states in our OKI Group Code of Conduct that we will neither buy nor sell stock or other securities based on insider information, nor provide any such information to other parties. We strive to prevent insider trading. In fiscal 2012, this was a theme at our Compliance Managers Training, where we discussed cases of violations at other companies in recent years, as we renew our efforts for thorough prevention.

SRI Index Efforts

A socially responsible investing (SRI) index is a stock index which looks at CSR as important evaluation criteria in addition to financial aspects. As of April 1, 2013, OKI is a stock in the Morningstar Socially Responsible Investing Index (MS-SRI).*

* The Morningstar Socially Responsible Investment Index (MS-SRI) is the first socially responsible investment index in Japan. Morningstar Japan K.K. selects 150 companies from among approximately 3,600 listed companies in Japan by assessing their social responsibility, and converts their stock prices into the index.

MS-SRI | Morningstar Socially Responsible Investment Index

Achievements in Fiscal 2012

Respect for Employees

Believing that protection of each employee's human rights underlies all business activities, the OKI Group has proclaimed "Respect for Human Rights" in the OKI Group Charter of Corporate Conduct and the OKI Group Code of Conduct, and works for their thorough implementation through training new hires, training by rank, e-learning, etc. The group has a strong commitment to pursuing fair recruitment, and building work environments with respect for diversity based on its vision: "Pride, Passion and Sincerity." Based on this basic concept, we have also made various efforts at overseas group companies, such as encouraging the acquisition of certifications on human rights and labor, and expanded and enhanced training and systems, meeting the needs of each country or region.
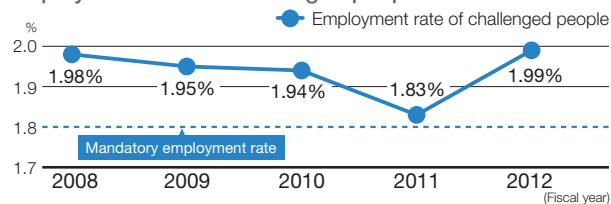
Good Labor-Management Relationship through Dialogue

OKI respects the freedom of association and collective bargaining based on the laws in each country and region, and puts great importance on building trust between labor and management. In Japan, OKI holds general labor-management meetings between OKI's top executives and union leaders, and divisional labor-management meetings, to sincerely exchange opinions and information on the business environment and labor issues.

OKI Precision (Thailand) is OKI's company for producing printer parts in Thailand. It received the Good Labor Relations and Labor Welfare Award for all 5 years up to fiscal 2012. This is for companies with excellent labor relations aspects and welfare aspects.

Promoting the Employment of Challenged People

The OKI Group has worked to recruit challenged people, especially in OKI WorkWel, a special purpose subsidiary of the group which promotes telework for the severely disabled. As of April 2013, it provides work at home via telework to 61 people with disabilities, including 40 teleworkers utilizing IT. The percentage of challenged employees at the group in fiscal 2012 was 1.99%, higher than the previous year. We will continue to promote the employment of challenged people in the future, especially in our special purpose subsidiary.

Employment rates of challenged people

— ● — Employment rate of challenged people

Fiscal year	2008	2009	2010	2011	2012
Rate	1.98%	1.95%	1.94%	1.83%	1.99%

Mandatory employment rate

Internships

Aiming to teach students about relationships between products and society, and to let them experience the interesting aspects of working at an IT equipment manufacturer, OKI sites provide internships based on the Japan Business Federation's Company Ethics Charter on Recruiting.

In fiscal 2012, OKI received 16 high school students, at our Public Systems Plant in Numazu City, Shizuoka and our Systems Hardware Business Division in Takasaki City, Gunma. Participants voiced impressions such as "A valuable opportunity to experience various operations" and "I felt the importance of communication."

Ongoing Support for Development of the Next Generation

OKI was granted the "Act on Advancement of Measures to Support Raising Next-Generation Children" certification (nicknamed "Kurumin") by the Tokyo Labor Bureau in 2009 and 2012. The main reason for its acquisition of the certification was in recognition for its activities in response to the Act on Advancement of Measures to Support Raising Next-Generation Children.

In fiscal 2012, based on the Fourth Action Plan focusing on "establishing work-family balance through various support programs that help employees take specific actions," in order to encourage use of our telework system and various other systems, we did questionnaire surveys and interviews of users.

Promotion of Work-Life Balance

In order to help its employees balance work and family life, OKI established the Work-Life Balance Promotion Committee, with members from both management and the labor union. We developed a flextime system and a HOP (discretionary labor) system, childcare work system, and nursing work system. We also strive to be considerate about work hours, enhancing various systems such as "Special Leave for a Particular Purpose" which can be used for participation in social action programs, injuries and sickness treatment, nursing, school events, etc. In fiscal 2012, we introduced tools for managers to more accurately grasp work hours and use this in their management, to solidly implement effective work hours management.

Labor Safety and Health, and Health Improvement Initiatives

OKI established "Safety and Health Committees" in each region, with members from management and the labor union. These strengthen the safety and health system, create a labor injuries and accidents prevention plan, patrol workplaces, provide safety and health training, etc. The Central Safety and Health Committee shares information on situations and initiatives in each region. OKI's fiscal 2012 frequency of industrial accidents* was 0.23.

The Central Safety and Health Committee also established the Mental Health Working Group as a specialized committee. Its mental and physical health work include promoting utilization of Kokoro Wellness Navi, a tool to support self-care.

* Frequency of industrial accidents: Number of casualties due to industrial accidents, per million man-hours worked.

Social Contribution

In accordance with the Basic Philosophy and Basic Policy for Social Contribution Activities, OKI Group has promoted various social action projects. More specifically, the group has made donations, participated in regional contribution activities, and supported social action programs by employees. In order to be involved in a wide range of social contribution activities, we have interacted and collaborated with various nonprofit organizations, and enhanced such activities in Japan and overseas.

Response to the Great East Japan Earthquake

The OKI Group is engaged in ongoing support activities to help rebuild areas damaged by the Great East Japan Earthquake.

Among them, volunteer activities for reconstruction support were organized in collaboration with Sompo Japan Insurance Inc., Marubeni Corporation and Mizuho Financial Group, Inc. Shichigahama, a town in Miyagi Prefecture damaged by tsunamis, was visited six times by volunteers from among the group's employees.

Farmland improvement work

■ Support activities in fiscal 2012

• Volunteer activities of employees for reconstruction support
• A fair of made-in-Tohoku products at the OKI Warabi Culture Festival
• Participation in bamboo-copter making at Life Learning Festival in Shichigahama Town, Miyagi Prefecture
• Donation of a refrigerated blood transport vehicle to the Japan Red Cross Fukushima Blood Center (as a matching gift from the 100 Yen Fund of Love)

Donation-based Program OKI 100 Yen Fund of Love

The OKI Group has made assistance efforts for various social action groups through the OKI 100 Yen Fund of Love, a donation-based social action program. The participants in this program include executives and employees of the member companies of the OKI Group (22 companies as of April 2012) who endorse the program. They are asked to donate 100 yen a month. Among the groups assisted by the program is the nonprofit organization "Action with Lao Children," which used donations to publish the short stories collection "San Shin Sai and iPhone" in the Lao language in March 2013. This is a collection of 17 stories, from among 47 stories which won awards in a short story

Short story collection "San Shin Sai and iPhone" published by donations

contest held by a publisher with an NGO in 2011 in Laos. Many of the submitting authors and winners were users of the school library supported by Action with Lao Children. This is one fruit of the reading promotion activities done until now by this organization.

Remote Workplace Apprenticeships for Students with Severe Disabilities

OKI WorkWel, a special purpose subsidiary of the OKI Group, utilizes its experience in telework employment of the disabled, and has been providing remote apprenticeships for students with severe disabilities continually since 2004. In September 2012, it provided remote apprenticeships to high school juniors at Kagoshima Prefectural Kagoshima Special Education School. Over the 9 years until now, 29 students at 13 schools have received remote apprenticeships from OKI WorkWel.

Remote workplace apprenticeship

Remote workplace apprenticeships use phone calls or emails to teach PC operation methods, various tool usage methods, website creating, poster designs, etc., matching the students' desires and levels. If the student has an environment which connects to the internet, the student can receive training while at school or home, reducing the burden on student and parents of going to the apprentice workplace. Also, challenged people doing telework for the company serve as teachers, so we received comments that this motivates the students towards employment.

Water Weir Barrier Installation for Environmental Protection in the Kingdom of Thailand

OKI Data Manufacturing (Thailand) is our printer production company in Thailand. In October 2012, it installed water weir barriers in Namtok Chet Sao Noi National Park in Saraburi Province in Central Thailand. It endorsed King Bhumibol's proposal for water management of the park, and

Employees installing water weir barrier

was done to prevent landslides in the rainy season, store water for the dry season, and protect the natural environment. In choosing the implementation place, they discussed with the forestry bureau of the local government agency, and decided on this park, where large volumes of water from the mountain in the rainy season each year cause landslides. 280 employees participated as volunteers, the officer in charge of the park explained how to install weirs, and they divided into groups to install water weir barriers in 10 places.

Achievements in Fiscal 2012

Consideration for the Environment

OKI Group achieves a better global environment for the next generation, and inherits the environment. To do that, in order to reach the targets in the OKI Group Environmental Vision 2020 (See Page 12), we coordinate and implement across the entire group the environmental management systems that underpin our environmental management commitment.

Logo for OKI Group's environmental activities

OKI Group Environmental Business Promotion Organization

OKI Group creates an environmental action plan for each of the 4 themes in the OKI Group Environmental Vision 2020, which are important business issues. We practice management of these, and actively work on activities to continually reduce environmental impacts through our products and business activities.

OKI Group Top Executives

Management instructions → OKI Group results periodic reports
Environmental Activity Plan proposals

Manager Responsible for Environmental Management

OKI Group Environmental Policy
OKI Group Environmental Activity Plan → Operating results periodic reports

Business Unit / Group Company

- Environmental impact reduction activities through products
  Lower power consumption, manage chemicals in products
- Environmental impact reduction activities through business activities
  Save energy, save resources, reduce waste matter

OKI Group Environmental Policy

The OKI Group achieves a better global environment by providing products and services that contribute to the development of the information society for the next generation, and inherits this within the group.

1 Aim to maximize measures' effects by implementing the OKI Group environmental management.
(1) Take actions to provide environment-friendly products and services in all business processes through product planning, manufacturing and maintenance operation.
(2) In the business activities, strive to save energy/ resources and take actions to reduce and recycle wastes.
(3) Work on the biodiversity conservation and sustainable use.

2 Comply with applicable environmental legal requirements and regulations, and with customer requirements and other requirements to which the OKI Group subscribes, and prevent pollution.

3 Adequately implement PDmCA (Plan-Do-multiple Check-Act) in the environmental management system, and take actions to progress environmental performances and to continue improvements of its operation system.

4 Disclose environmental information, and make wide contribution to the society by supporting environmental activities.

OKI Group Environmental Activity Plan (Fiscal 2012): Targets and Achievements

	Environmental Vision Theme	Activities	Targets for Fiscal 2015	Targets for Fiscal 2012	Achievements in Fiscal 2012 Results	Evaluation	See Page
Products	Prevention of pollution	Operate and improve chemical substance management • Regulations to control chemical substances in Japan and overseas • Response to revised standards of the industry	Develop chemical substances management procedures, in response to regulatory roadmaps in Japan and overseas	Legal revisions and industry information are reflected in our chemical substances management procedures document, and deployed and implemented in the Group

Supply CMS* assessment procedures are deployed to major suppliers | Revised and began implementing the chemical substance management procedures document
Deployed to major suppliers, and revise part of the procedures document | ○ | 14 |
| | | | Build databases in response to regulatory roadmaps in Japan and overseas | Deploy across entire company the functions to increase survey efficiency for chemical substances | Completed addition of survey functions
Began deploying to entire company | ○ | |
	Realization of low carbon society	Conform with laws and regulations about power saving as well as the industry's initiatives	Achieve mid-term targets for larger amount of contribution to CO2 emissions reduction	Register five or more new OKI Eco Products in accordance with the new certification standards	Registered nine new Eco Products	○	Website
Business Activities	Realization of low carbon society	Reduce CO2 emitted from business activities (by introducing highly efficient equipment, and revising operational systems)	Basic unit to be reduced by 3% or more (compared to fiscal 2012)	Basic unit to be reduced by 1% or more (compared to the average of the past five years)	Reduced basic unit by 4.9%	○	13,25, 26,27
	Resource circulation	Reduce newly input resources at production sites	Achieve mid-term targets for the reduction of newly input resources and higher recycling efficiency	Maintain and continue zero-emission	Maintained and continued zero-emission	○	15,25,27
Environmental Management	Biodiversity conservation	Build and operate a biodiversity management system	Create and deploy a procedure to evaluate biodiversity	Clarify policy
Build a management system	Created policy
Built system and began activities	○	15
	Shared themes	Streamline OKI Group Environmental Management System	Achieve mid-term target for each theme in our environmental vision	Implement the consolidated certification plan
Study the addition of locations subject to plan	Completed consolidation certification as planned
Completed advance preparation for additions	○	Website

* CMS: Chemical Management System

Environmental Contribution through Products

As a company responsible for IT, OKI Group is researching and developing products which contribute to realizing a low carbon society by IT.

Eco Driving: Higher Gas Mileage by Automatic Driving

OKI developed "high reliability vehicle-to-vehicle communication technology," and participated in the Energy ITS project by the New Energy and Industrial Technology Development Organization (NEDO). This experimented with

Automatic driving and queue driving with 4 meter gaps between vehicles

automatic driving and queue driving with 4 meter gaps between 4 large trucks.

Based on vehicle-to-vehicle communication technology developed until now which supports safe driving, we set the target value for communications quality at about 100 times higher. To make it even more reliable, we used a subsystem with optical vehicle-to-vehicle communication using light as the communications media, combined with vehicle-to-vehicle communication by radio.

This technology enables energy saving driving, with automatic driving which reduces fuel wasted due to unnecessary deceleration and traffic jams, and queue driving with less distance between vehicles to reduce air resistance. NEDO announced this experiment's results on February 25, 2013.

Contributions to Environment Conservation in Business Activities

Each of OKI Group's sites works on various energy saving and resource saving activities, and works on activities which lead to realizing a low carbon society and resource recycling.

Nagano OKI's Initiatives to Save Energy and Recycle Resources

Nagano OKI is in Komoro City, Nagano Prefecture. In July 2012, as an energy saving policy, they installed shading insulation material on the factory's roof, and worked to boost air conditioning efficiency, so the amount of electricity consumed in July was 14% less than in the year before. In the factory, due to heat from various production equipment and from sunlight hitting the roof, cooling by air conditioning is
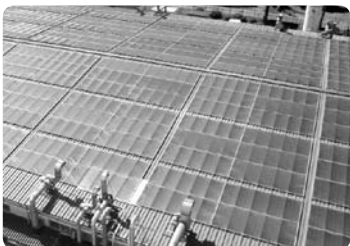
Factory with shading insulation material installed

necessary in summer.

This installed shading insulation material is a net made from tightly woven polyester flame retardant threading which screens sunlight. Installing it horizontally on the factory roof reduces the transmission of heat to the roof surface, and heat held between the net and roof is released, preventing temperature rise in the factory. After it was installed, room temperatures in the factory were about 3°C lower than before it was installed.

Also, shading films were pasted onto windows of the factory, etc., and total electricity consumption in July 2012 was reduced by 40,000kWh, equivalent to 8.7% of the total in the previous year.

On the other hand, as an energy saving initiative, in 2012, Nagano OKI began recycling lead-free solder. By using lead-free solder recycling equipment, after use, oxidized portions of lead-free solder are removed, and unoxidized portions are reused. The fiscal 2012 recycling ratio was 39%.

Lead-free solder recycling equipment

Boosting Environmental Skills

OKI Group aims to raise the level of environmental awareness and activities, so it provides environmental training in the entire group each year. And environmental training is provided at each location, corresponding to its operations.

Environmental Training in the Entire OKI Group

General training (e-learning)	Specialized training (e-learning or classroom training)	Internal auditor training (classroom training)
• Aim to introduce ISO 14001 • OKI Group environmental policy, activity plans, etc.	• Management of chemicals in products • Disposal of industrial waste & used products • Eco inspection seminar	• Auditor development training • Auditor leader development training • Auditor refresher training

Responses to Environmental Pollution, etc.

Pollution of Groundwater and Soil

The OKI Group installed observation wells at business locations, and is monitoring groundwater. A survey was done for a land transaction in fiscal 2012, which found environmental pollution in the soil and groundwater of OKI System Center in Warabi City, Saitama Prefecture. This was reported to the government, and appropriate action was taken in accordance with environmental regulations.

Environmental Accidents, Claims, etc.
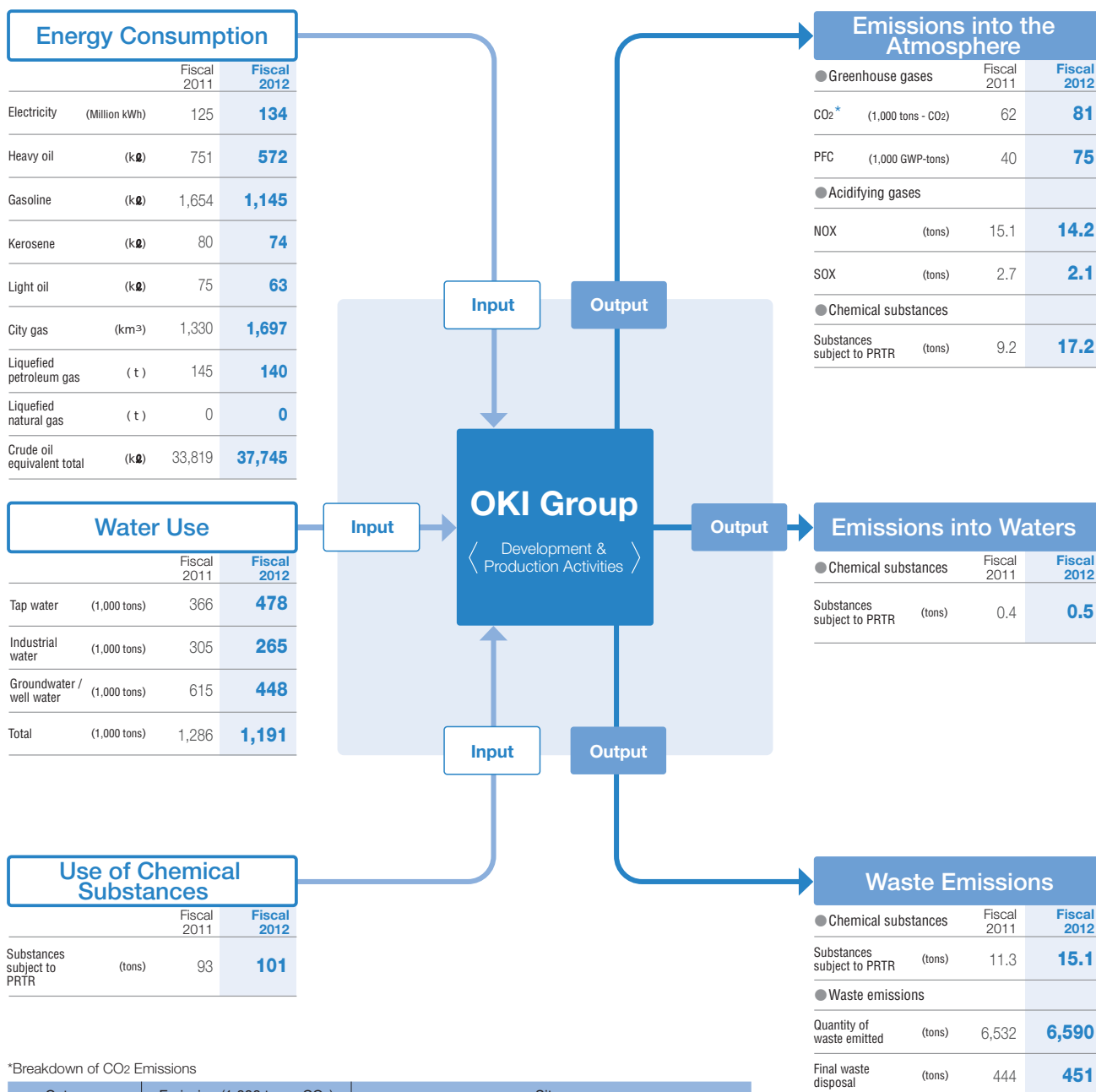
There were no environment-related accidents nor large claims made against the OKI Group in fiscal 2012. Whenever such an event occurs, we take action to alleviate the effects, and in accordance with rules for corrective and preventative actions, we find the causes and take action to prevent reoccurrence. We also do appropriate disclosure in accordance with rules on external communication.

Consideration for the Environment - Detailed Data

Environmental Impact of Business Activities (Material Balance)

The OKI Group uses energy, water and chemical substances as "inputs" to conduct business activities focusing on development and production, while discharging substances with environmental impact into the atmosphere and waters, and emitting wastes as "outputs."

In the fiscal 2012 second half, newly established production sites were added to the scope subject to Material Balance calculations, which increased some energy consumption categories.

Energy Consumption

		Fiscal 2011	Fiscal 2012
Electricity	(Million kWh)	125	134
Heavy oil	(kℓ)	751	572
Gasoline	(kℓ)	1,654	1,145
Kerosene	(kℓ)	80	74
Light oil	(kℓ)	75	63
City gas	(km³)	1,330	1,697
Liquefied petroleum gas	(t)	145	140
Liquefied natural gas	(t)	0	0
Crude oil equivalent total	(kℓ)	33,819	37,745

Water Use

		Fiscal 2011	Fiscal 2012
Tap water	(1,000 tons)	366	478
Industrial water	(1,000 tons)	305	265
Groundwater / well water	(1,000 tons)	615	448
Total	(1,000 tons)	1,286	1,191

Use of Chemical Substances

		Fiscal 2011	Fiscal 2012
Substances subject to PRTR	(tons)	93	101

Input **Output**

OKI Group
⟨ Development & Production Activities ⟩

Input **Output**

Input **Output**

Emissions into the Atmosphere

		Fiscal 2011	Fiscal 2012
● Greenhouse gases			
CO_2*	(1,000 tons - CO_2)	62	81
PFC	(1,000 GWP-tons)	40	75
● Acidifying gases			
NOX	(tons)	15.1	14.2
SOX	(tons)	2.7	2.1
● Chemical substances			
Substances subject to PRTR	(tons)	9.2	17.2

Emissions into Waters

		Fiscal 2011	Fiscal 2012
● Chemical substances			
Substances subject to PRTR	(tons)	0.4	0.5

Waste Emissions

		Fiscal 2011	Fiscal 2012
● Chemical substances			
Substances subject to PRTR	(tons)	11.3	15.1
● Waste emissions			
Quantity of waste emitted	(tons)	6,532	6,590
Final waste disposal	(tons)	444	451

*Breakdown of CO_2 Emissions

| Category	Emission (1,000 tons- CO_2)	Sites
OKI Group's major sites in Japan	54	Warabi district, Shibaura district, Takasaki district, Honjo district, Tomioka district, Numazu district, OKI Data, Nagano OKI, OKI Printed Circuits, OKI Metaltech, OKI Digital Imaging, OKI TANAKA Circuits
Other sites	27	Sites other than the above
Total	81	All sites in the scope

Reducing Environmental Impact of Business Activities and Products

The OKI Group has been active in reducing environmental impact of its business activities and products, in order to contribute to environmental conservation.

Reducing Environmental Impact of Physical Distribution

As a shipper, OKI has enhanced its efforts to reduce environmental impacts of physical distribution, in partnership with OKI Proserve (OPS). As a pioneer in reducing CO_2 emissions by adopting modal shift, OPS has organized transit information into a database to meet the requirements of the Energy Saving Act. In fiscal 2012, CO_2 emissions reduced by modal shift amounted to 540 tons (9% less than the previous fiscal year). The total volume of CO_2 emitted from our transport activities in fiscal 2012 amounted to 4,479 tons, 4% less than the previous fiscal year, partly due to grouping shipments together and better loading efficiency.

**CO2 Emissions from Transport Activities**
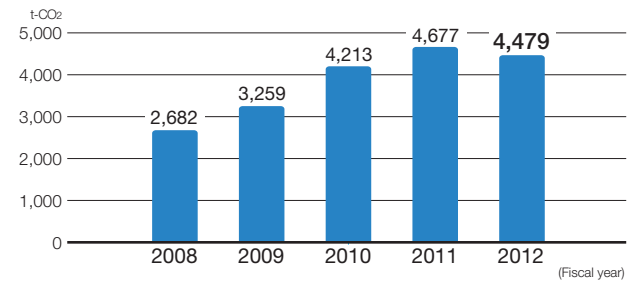
Promotion of Material Recycling (Zero Emission)

The OKI Group appropriately recycles its wastes generated at production sites etc., and has been active in improving its material recycling rate.[1] In 2002, we achieved "zero emission"[2] at our main production sites. In fiscal 2012, the material recycling rate was 99.1%.

[1] Material recycling rate: (quantity of material-recycled resources) / (quantity of material- recycled resources + quantity of wastes subject to final disposal) x 100
[2] Zero emission: defined by the OKI Group as a material recycling rate of 99% or more

Material Recycling Rates of Main Production Sites

Zero emission (over 99% recycled)
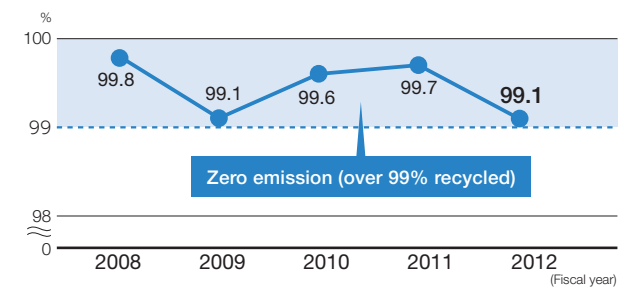
Amount of Wastes Subject to Final Disposal

The amount of the general and industrial wastes emitted from the OKI Group's main production sites and subject to final disposal was 18 tons in fiscal 2012.

Amount of Wastes Subject to Final Disposal Emitted from Main Production Sites
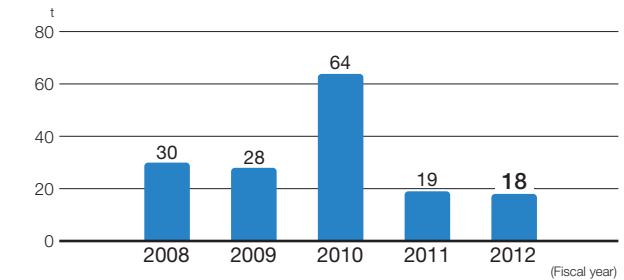
Recycling of Used Products

The volume of used products collected in fiscal 2012 was 3,816 tons (19% less than in fiscal 2011), mainly information equipment such as ATMs. The material recycling rate was 98.5%.

Recycling of Used Products

- Reuse rate[1] (left axis)
- Material recycling rate[2] (right axis)
- Recycling rate[3] (right axis)
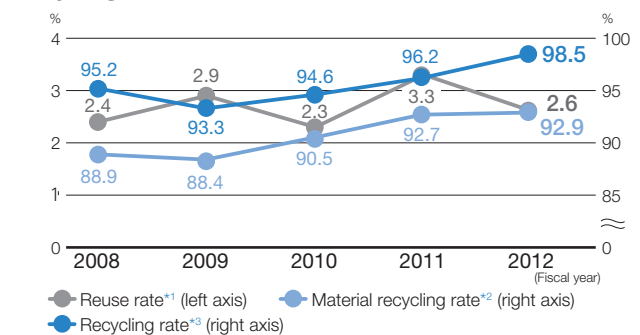
[1] Reuse rate: the ratio of reused parts and materials, to collected used products (in mass).
[2] Material recycling rate: the ratio of material recycling and reuse, to collected used products (in mass).
[3] Recycling rate: the ratio of material recycling, thermal recycling and reuse, to collected used products (in mass).

Consideration for the Environment - Detailed Data

Environmentally Conscious Products

The OKI Group has developed various environmentally conscious products utilizing its innovative technologies, and offered them to customers.

Achieving World's Lowest Standby Power Consumption: ATM-BankIT Pro

OKI launched ATM-BankIT Pro, its latest model ATM for financial institutions, in October 2012. When it is not operated for a certain amount of time, its power saving mode cuts the unit's power, reducing standby power consumption to 75% less than conventional models, achieving the industry's lowest level. Even in its normal operating mode, standby power consumption is reduced by 45%. Also, its banknote transport route is shortened, and the transport route is simplified, which reduces transport related power consumption and greatly reduces banknote jams. Moreover, instead of the previous hard disk storage device, it uses SSD* with no moving parts and excellent reliability, for a downtime ratio which is 50% lower than conventional models, making it better for long term use and diverse installation locations.

* SSD (Solid State Drive): Memory device using flash memory for data memory media. Compared to hard disk drives, SSD has the advantages of less power consumption and higher durability.

ATM-BankIT Pro

World's Thinnest A4 Color LED Printer: C301dn

OKI Data launched its C301dn A4 color LED printer, achieving the world's thinnest main unit size at 24.2cm, in April 2012. It is designed so it can be used on the side of a desk. It uses LED printing to deliver high performance and high durability, with a printing life of 300,000 pages. This product has an intelligent quick print function, which controls the fuser's temperature to suit the number of pages printed. The fuser must be heated to fuse the toner to the printing paper. When there are few pages to print, print speed is adjusted to enable printing at lower temperature. This reduces by up to 20% the power used to heat the fuser, and shortens the time until printing starts.

World's thinnest A4 color LED printer: C301dn

SIP-PBX Using 50% Less Power: DISCOVERY neo for Large Offices

OKI launched its DISCOVERY neo SIP-PBX[1] for large offices, achieving excellent unified communication,[2] in September 2012. This product greatly improves efficiency of the unit's package, for up to 50% less power consumption per installation space compared to conventional models. And SSD is used for control, so by using the optional long life type for the backup battery, one greatly reduces the trouble and cost of periodic maintenance. Also, redundancy of various control and circuit unit packages creates a highly reliable, worry-free system.

[1]. SIP-PBX: Session Initiation Protocol (SIP) protocol is used for real time communication in both directions on the IP network. SIP is used in various communication terminals: IP phones, video conferencing, chat, etc.
[2]. Unified Communication (UC): Various means of communication (phone, email, mobile, video conference, etc.) are unified in the IP network.

DISCOVERY neo

Environmental Accounting

The OKI Group introduced environmental accounting in fiscal 1999. Since then, we have conducted environmental activities in a highly efficient way to optimize investment effects.

Environmental Conservation Costs

When OKI Group makes capital investments to renew or introduce infrastructure, it selects equipment with low environmental impact. Capital investment in fiscal 2012 amounted to 313 million yen (compared to 373 million yen in fiscal 2011) while the amount of costs was 1.237 billion yen (compared to 1.397 billion yen in fiscal 2011).

Investment / Costs
(Unit: million yen)

Category		Main Efforts	Investment 2011	Investment 2012	Costs 2011	Costs 2012
Cost in business areas	Pollution prevention cost	Investment in pollution control facilities, and maintenance and operation costs	6	26	46	64
	Global environment conservation cost	Investment in energy-saving facilities, and maintenance and operation costs	164	145	133	50
	Resource recycling cost	Investment in facilities for internal treatment of organic waste liquid, waste recycling costs	156	39	244	263
	Total		326	210	423	377
Upstream / downstream cost		Green procurement (chemical substances survey) costs, costs for remodeling systems to collect data on chemical substances contained in products	28	77	280	183
Administration cost		Costs for obtaining environment management certifications, and maintenance and operation costs	16	25	219	243
R&D cost		R&D costs for creating energy-saving products	1	1	471	430
Social activity cost		Costs for planting trees in production sites, costs for activities contributing to local communities	2	1	3	3
Environmental damage cost		Cost for reserves to respond to environmental damages, insurance cost and surcharge	0	0	1	1
Other costs		—	0	0	0	0
Total			373	313	1,397	1,237

Benefits Related to Environmental Conservation Costs

The economic effects decreased to 290 million yen (compared to 660 million yen in the previous fiscal year). This was partly due to higher electricity prices, despite our efforts to reduce energy use by various power-saving efforts at each business location.

Accounting Conditions
① When environmental conservation costs and other costs are used for a single activity, only the environment costs are calculated for environmental accounting.
② The depreciation cost of investment is calculated using the fixed installment method for a period of three years. The economic benefits achieved due to these investments is calculated for three years, in line with the depreciation period.
③ Personnel costs are calculated by prorating the personnel costs for the total time spent on environmental conservation activities.
④ The real income effect represents the value for the current fiscal year.

Economic Effects
(Unit: million yen)

Category		Main Efforts	Effects 2011	Effects 2012
Cost reduction effect	Effect of saving energy and resources	Reduction of electricity, petroleum, gas, packaging materials, etc. used in business activities	256	−18
	Effect of reducing treatment cost	Reduction of wastes generated from business activities through recycling	22	20
Real income effect		Sale of valuable wastes generated from business activities	376	286
		Sale of used valuable products	10	3
Total			664	291

Environmental Conservation Effects

Environmental Impact Indices		Impact 2011	Impact 2012	Difference compared to previous fiscal year
CO_2 emissions (tons-CO_2)		61,667	81,261	19,594
Waste emissions	Final waste disposal (tons)	444	451	7

Major Environmental Conservation Efforts

The following tables show main efforts with respect to "investment," "costs" and "economic effects" calculated in our environmental accounting.

Main Efforts by OKI Group in Japan
(Unit: 1,000 yen)

Category	Main Efforts	Amount	Site
Investment	Introduced energy-saving equipment in board manufacturing line	72,831	Honjo district
	Renewal of lighting fixtures	29,087	Tomioka district
	Renewal to energy-saving air conditioning systems	24,000	Honjo district
	Renewal of lighting fixtures	13,000	Takasaki district
	Renewal to energy-saving air conditioning systems	13,000	Nagano OKI
Costs	Environmental equipment operation monitoring costs	73,692	Takasaki district
	Waste matter company contract costs	59,818	OKI Printed Circuits
	Development costs for making existing products more energy-efficient	49,870	OKI Data
	Development costs for environmentally conscious products	10,260	OKI Digital Imaging
	Development costs for environmentally conscious products	8,429	Numazu district
Economic Effects	Energy saving effects through various power-saving efforts	152,238	Tomioka district
	Sale of valuable waste	132,704	OKI Sensor Device
	Sale of valuable waste	70,254	OKI Printed Circuits
	Energy saving benefits of various power-saving efforts	21,479	OKI Digital Imaging
	Saving power by Cool Tight paint on factory roofs	9,914	OKI Micro Engineering

Main Efforts by OKI Group in Overseas
(Unit: 1,000 yen)

Category	Main Efforts	Amount	Site
Investment	Equipment purchase costs and equipment improvement costs, to raise production efficiency	7,469	Oki Micro Engineering (DG)
	Installation of automatic treatment equipment	1,829	Oki Micro Engineering (DG)
	Installation of lighting inverter control devices	1,687	OKI (UK)
Costs	Waste management costs	1,582	OKI (UK)
	Waste management costs	876	OKI Precision (Thailand)
	Costs for more greenery	529	OKI Electric Industry (Shenzhen)

* Exchange rates : 131.15 yen / £, 2.71 yen / Baht

OKI

Oki Electric Industry Co., Ltd.