# RISK MANAGEMENT/COMPLIANCE

The OKI Group is working to reinforce risk management under the Risk Management Committee. In accordance with our "Compliance Commitment" and "OKI Group Code of Conduct" and, in order to perform corporate activities fairly, we are focusing on the enhancement of training, and we have established consultation and reporting channels.

## Advancement of Risk Management

OKI is working to reinforce risk management under the Risk Management Committee (with the president as Committee Chairman, and outside directors and Audit & Supervisory Board members as advisors). The committee deliberates and decides basic policies relating to managing risk that accompany the Group's business activities. The committee receives reports on risk information that accompany business activities from executive officers and divisions and promotes measures to prevent manifestation of risks.

The compliance risks (risks associated with violation of laws, regulations and in-house rules) requiring common management across the Group are managed by the Compliance Committee (the chair is a chief compliance officer), which oversees the Control Division that registers risks and implements preventive measures within the Group, thereby building and operating the management cycle that carries out regular verification of implementation status. Moreover, in order to discover and rectify improper activities at an early stage, we have established consultation and reporting channels to enable anonymous reports as well as reports to outside directors and Audit & Supervisory Board members at every Group company, and stipulated whistle-blowing regulations such as those about the protection of whistle-blowers.

## Emergency/Disaster Response

The OKI Group has established "Safety Countermeasure Committees" at its domestic and overseas sites, as well as at subsidiaries, in order to ensure "protect people's lives," "prevent secondary accidents," "contribute to local communities and foster good relationships with them," and "continuity of business operations" in the event of disasters. For "continuity of business operations," each business and corporate (headquarter) division develops a Business Continuity Plan (BCP), based on BCP Development Guidelines. The contents of each BCP are reviewed annually to improve its effectiveness. In fiscal year 2016, OKI implemented training drills relating to BCP activation at sales and business divisions.

## Enhancement of Compliance Training

The OKI Group implements training sessions for compliance managers at six sites in Japan for employees at the senior manager level as regular training. Participants learn in these sessions, and roll out the gained 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. We have tools in place to promote learning and retention of program content such as sharing specific examples through the booklet called "Case Examples of Compliance."

In fiscal year 2016, we offered courses on the theme of personal information protection in the "training sessions for compliance managers." In addition, in view of onsite inspections in fiscal year 2014 by the Japan Fair Trade Commission (JFTC), we implemented e-learning courses to reinforce thoroughgoing compliance with the Anti-Monopoly Act.

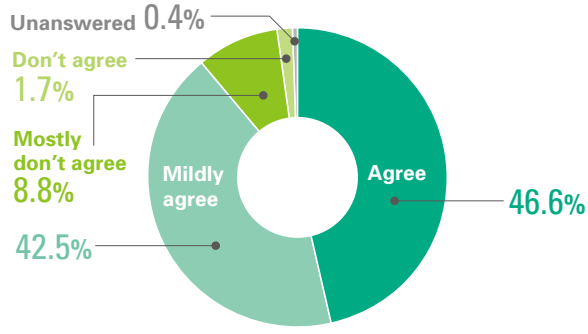
**Participation Rates in Compliance Training Programs (for the OKI Group in Japan) in Fiscal 2016**

| Training overview | Participation rate |
|---|---|
| Training sessions for compliance managers (implemented in July-August 2016) Main themes: Personal Information Protection, Contract Basics | 100% |
| e-learning courses on "Anti-Monopoly Act" (implemented from October 2016 to January 2017) | 99.9% |
| The e-learning program (about on-the-job compliance) (implemented from December 2016 to January 2017) | 100% |

Moreover, we implement fixed-point observations on conduct and awareness relating to compliance of executives and employees, and to make the most of such measures, we implement compliance awareness surveys on an ongoing basis.

Compliance Awareness Survey Results (implemented in February 2017)

At your workplace, do you think basic actions for fair corporate activities such as "express, encourage others to express and listen to" are being carried out?




## Elimination of Anti-Social Forces

In our "Basic Policy for the Establishment of an Internal Control System," OKI has clearly expressed its firm stance of resolutely preventing any kind of relationship with organized crime across our entire organization by working with the police against anti-social forces. The "OKI Group Code of Conduct" and related regulations declare all employees to be thoroughgoing on this front. We have also compiled a manual on how to respond to organized crime, and our transaction contracts carry a clause for eliminating organized crime.

## Approaches to Anti-Corruption

Anti-corruption is principle 10 raised in the United Nations Global Compact, and is a global social issue. We put into practice in fiscal 2013 the "OKI Group Anti-Corruption and Anti-Bribery Policy" in the subsidiaries in and outside of Japan, and are enhancing our approach to anti-corruption.

The "OKI Group Anti-Corruption and Anti-Bribery Policy" sets out fundamental points for carrying out operations properly while complying with the related regulations applicable to each country and region in which the OKI Group operates. As company bylaws, we established specific rules governing the exchange of gifts and receiving/offering entertainment, and we have put into place and administer a system in each company of the Group.

### Regarding Cease-and-Desist and Surcharge Orders by JFTC

OKI was subject to an onsite inspection by the JFTC on November 18, 2014 on suspicion of violating the Anti-Monopoly Act concerning products and services relating to digital wireless communication systems for firefighting and emergency use, and was fully cooperative with the inspection. On February 2, 2017, OKI received cease-and-desist and surcharge orders from the JFTC based on the Anti-Monopoly Act, and accepted the orders it received with sincerity and seriousness. OKI is working to further bolster compliance and to do its utmost to adopt comprehensive measures to prevent reoccurrence.

ESG SUPPORTS CORPORATE VALUE

# INFORMATION SECURITY

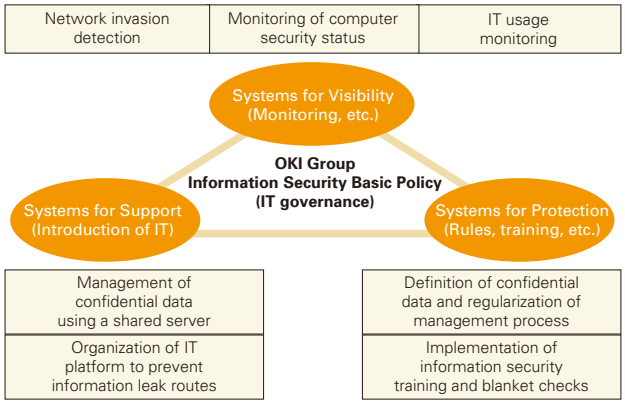
Based on the OKI Group Security Basic Policy, the OKI Group has established a system to ensure information security under the leadership of the Information Security Committee and we work to properly manage and protect company and customer information.

## Three Systems of Information Security

In the OKI Group, we use the three systems shown in the diagram below to broadly promote information security measures for computers, networks and information systems. We have established an organization specializing in security incident response called OKI-CSIRT*, which collaborates with external organizations, in order to enhance our preventive measures against threats to computer security in the Group and improve our capacity to respond to them.

In fiscal year 2016, we disseminated pseudo e-mails to all domestic e-mail users to precisely calibrate their responses to targeted e-mail attacks, which are growing ever more sophisticated, and we are implementing training to confirm and correct their responses.

*CSIRT: Computer Security Incident Response Team




## Enhanced Actions at Overseas Sites

The OKI Group has promoted information security measures at overseas sites, including such actions as laying down information security guidelines in each country and region, appointing security managers at each site, and adopting control tools. In fiscal year 2016, along with confirming the adoption and compliance status of guidelines, OKI took steps to introduce restrictions over computer operations at all sites to bolster countermeasures against information leaks in China.

## Enhancing Protection of Personal Information

We in the OKI Group have enhanced the protection of personal information, based on the Privacy Policy. We have committed to the protection of personal information under the leadership of our Chief Privacy Officer. Privacy managers have been appointed in all divisions and in Group companies. OKI and seven Group companies have acquired PrivacyMark certification as of June 2017.

To respond to the amended Act on the Protection of Personal Information, OKI updated and revised its related rules in June 2017.

Protecting your PRIVACY
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