

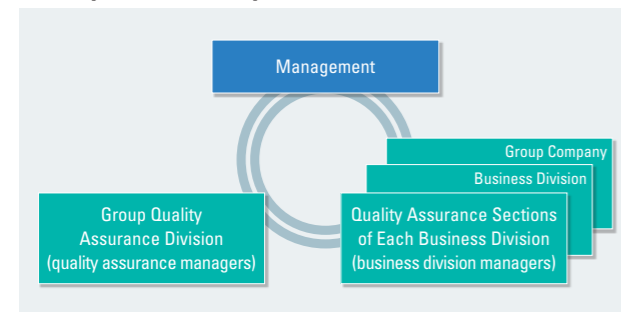
QUALITY- AND PRODUCTION-RELATED INITIATIVES

Under its quality philosophy of “we will constantly provide products able to satisfy customers,” the OKI Group considers its customers to be the center of “Mono-zukuri and Koto-zukuri” and strives to develop, produce and provide products and services with due consideration for safety and user-friendliness.

Quality-Related Initiatives

Product quality assurance in the OKI Group is achieved through the activities of all divisions and employees involved in the product life cycle. We conduct quality assurance through collaboration between the Group quality assurance division, which adopts a Groupwide perspective, and the quality assurance sections of each business division, which have business-specific functions.

Quality Assurance System



Quality Improvement Activities Based on Quality Policies

Based on our quality philosophy, we have established Group Quality Policies and engaged in quality improvement activities across our organization. In our ongoing efforts to prevent quality fraud, we conducted on-site surveys in fiscal year 2020, primarily at production bases to check whether there were any signs or potential sources of fraud. These surveys were based on the results of questionnaires filled out by all employees of OKI and manufacturing subsidiaries the previous fiscal year. We share activities from each site for fraud risk mitigation and quality improvement through means such as Groupwide quality liaison meeting, as we aim for cross-lateral development of these activities.

Quality Philosophy (Overview)	
We will constantly provide products able to satisfy customers	
FY2021 the OKI Group Quality Policies (Overview)	
1. Exhaustive quality fraud prevention	Foster a culture of compliance with relevant laws and regulations, standards, promises to customers, and voluntary standards to prevent fraud.
2. Ongoing improvement activities	Aim to improve customer satisfaction and product quality through continued steady improvements and actions focused on customer perspective.
3. Succession of know-how/technology	Learn not only from one's own experience, but also from others' experiences to pass know-how and technology on to the next generation of OKI.

Website "Quality Initiatives"
<https://www.oki.com/en/sustainability/csact/customer/quality.html>

Succession of Know-how/Technology

OKI conducts group activities in which production base supervisors announce and award everyday improvement activities. A Groupwide “Production and Quality Reform Awards Presentation” is also held once a year to award and share effective initiatives and to promote cross-lateral development and succession.



Production and Quality Reform Awards Presentation held remotely (December 2020)

Enhancing Safety and User-Friendliness

Under its Product Safety Basic Policy, the OKI Group is committed to enhancing product safety from various perspectives including by incorporating safety requirements into its own activities and into contracts with suppliers. Adopting a “bad news first” approach, we have established rules for responding quickly to quality-related problems and we manage the progress of each problem until it is corrected and prevented from recurring.

As initiatives for user-friendliness, the OKI Group is committed to universal design which is defined as the achievement of a higher level of usability (basic user friendliness) and accessibility (consideration of elderly, disabled, and so forth) in products and services so that all customers can use them properly, effectively, and satisfactorily. We also reflect the opinions of users, obtained through verification testing and the like in our products and services.

Mono-zukuri Infrastructure Reinforcement Project Activities

Within the OKI Group, asking the question of “what Mono-zukuri means to customers,” we have begun a review of our Mono-zukuri infrastructure as a foundation for growth. The development environment that has been optimized for each specific business is now seeing standardization across development tools, such as electronic CAD, mechanical CAD, component technology information systems, and PDM. The production environment is also seeing progress in standardization of operational processes through IT integration of production management systems. In addition to standardizing measures for the environment and compliance with various laws and regulations, we are committed to the development and effective use of human resources by standardizing the skill assessments of designers.

SUPPLY CHAIN INITIATIVES

To promote fair corporate activities in response to the voice of stakeholders, cooperation from suppliers is essential. We are committed to building relationships of trust with our suppliers. This commitment is reflected in our OKI Group Procurement Policies, which illustrate our basic approach to procurement activities. The policies stipulate “fair and honest selection of suppliers,” “procuring activities that incorporate the concepts of CSR,” and “pursuit of appropriate levels of quality and cost and stable procurement of materials.”

Legal Compliance Initiatives

In accordance with the OKI Group Code of Conduct, we emphasize fair, honest, and non-discriminatory selection of suppliers, as well as sincere and fair business transactions. To ensure that our procurement activities are conducted properly, we conduct biannual workshops on purchasing-related laws for persons in charge of materials- and procurement-related divisions, including those of subsidiaries. At the workshops, we provide education and share information on the OKI Group's policies as well as relevant laws including the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors. In fiscal year 2020, we held the workshops on purchasing-related laws online in September and March. A total of 241 people participated.

Promoting CSR-Conscious Procurement

As a CSR guideline for suppliers and business partners, OKI established the OKI Group Supply Chain CSR Deployment Guidebook, based on which OKI is conducting CSR surveys through self-assessment questionnaires given to domestic and overseas suppliers and business partners. OKI is also monitoring CSR initiatives of domestic suppliers and business partners through visits.

In December 2020, this guidebook was revised to comply with the Responsible Business Conduct Guidelines published in March 2020 by JEITA (Japan Electronics and Information Technology Industries Association). These guidelines cover areas such as human rights and labor, occupational health and safety, environment, fair trade and ethics, product quality and safety, information security, business continuity plans, and the construction of a management system. At the same time, OKI also revised the self-assessment questionnaire given to suppliers and business partners and uses the current questionnaire to conduct surveys. OKI provides feedback about the survey results to each company and requests to make corrections as necessary. In the future, OKI will expand and revise the details of CSR surveys in light of the growing interest of stakeholders in ESG.

Procurement BCP (Stable Procurement of Materials)

The OKI Group provides many products in businesses that support social infrastructure. To ensure stable procurement of materials in these businesses, we have established a procurement BCP system. We have produced a Groupwide procedural manual to prepare for typhoons, torrential rains, and other natural disasters that are occurring frequently in recent years, in which regularly examining the locations of our suppliers' manufacturing bases and improving communication protocols for times of emergency are included.

In fiscal year 2020, facing the spread of COVID-19, the torrential rains of July 2020 that caused tremendous damage, and the earthquake off the coast of Fukushima prefecture in February 2021, we were able to maintain our supply chain by keeping in contact with suppliers and business partners across the OKI Group and making necessary adjustments. As a countermeasure against the impact of COVID-19, OKI undertook supply chain verifications such as checking the operational status of factories and impacts on delivery timelines at approximately 2,000 companies, including not only suppliers and business partners, but also secondary and lower materials manufacturers. At the same time, we are also committed to improving systems in order to respond to changes in daily habits and work-style due to the COVID-19 pandemic.

From the second half of fiscal year 2020, a global materials shortage has emerged, including for semiconductors, as demand rapidly recovered for automobiles and increased for computers and servers due to the spread of telework and lifestyle changes. OKI will continue to work with suppliers and business partners and strive to secure materials.

Constructing a Relationship of Trust with Suppliers and Business Partners

In July 2020, OKI prepared and announced a “Declaration of Partnership Building” following the encouragement of the Ministry of Economy, Trade and Industry of Japan. In addition to seeking improved added value across supply chains, OKI endorsed the framework implemented by the Council on Promoting Partnership Building for Cultivating the Future, which is made up of representatives from the business circles and the labor organizations, as well as related ministers, in order to prevent small and medium enterprises from bearing burdens caused by trade conditions under the influence of the COVID-19 pandemic. By forming new collaborations with suppliers, OKI aims to increase mutual added value to benefit parties across all supply chains.

The OKI Group has built relationships of trust as a partner in the supply chain and strengthened collaboration with suppliers for the promotion of ESG initiatives, including compliance with laws, regulations and societal norms, and environmental conservation. The framework of the Declaration of Partnership Building is based on these initiatives. This declaration once again states OKI's intention toward initiatives that increase mutual and collaborative added value through the sharing of purchasing plans and measures to improve operational efficiency by sharing and visualizing information across the entire supply chain. By training employees to make judgments and act based on the OKI Group Procurement Policies, OKI is striving to further strengthen partnerships.

OKI Declaration of Partnership Building (in Japanese): <https://www.biz-partnership.jp/declaration/68-05-22-tokyo.pdf>