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# Appropriate Management of Production Sites Underlies Our Reputation as a Trustworthy Manufacturer Offering Reliable Products

## The OKI Group's Production Activities

As the globalization of economy has accelerated, competition among companies has become increasingly fierce. In order to achieve continuing growth and development under these circumstances, it is indispensable for any company to offer new values to customers by developing new products and technologies. Drawing on its innovative technologies of mechatronics and info-telecommunication, the OKI Group has developed and offered various systems to support social infrastructures such as ATMs and printers. In order to manufacture such products, both appropriate production management and highly sophisticated production technologies are necessary. Among the latter are high-density mounting, high-speed testing, and high-precision processing technologies.

The OKI Group currently has production sites in Japan, Thailand, China and Great Britain. We always put importance on improving the production technologies of the entire group, and disseminating our sophisticated production management across the group. We also offer electronics manufacturing services (EMS) at these production sites. More specifically, we offer integrated production solutions to our customers who commission us by designing and manufacturing substrates or devices for them.

## Establishment and Appropriate Implementation of Management Systems

There are a wide range of issues to be addressed at any production site. Among them are the strict control of product quality, the reduction of environmental impacts arising from manufacturing activities, and the appropriate management of occupational health and safety for people working in manufacturing settings. As these issues are covered in the OKI Group Charter of Corporate Conduct, the OKI Group has established and

● The OKI Group's major overseas production sites



implemented some systems to appropriately address them.

In order to ensure quality, the OKI Group has been very active in quality control efforts with Quality Management Department to supervise the entire group while each business unit or group company has a Quality Assurance Division. The group's production sites have established their own quality control systems in accordance with their production lines and the characteristics of their products. Furthermore, every production site of the group has obtained ISO 9001 certification. (See Page 24) Regarding environmental conservation, the OKI group has established a group-wide management system to set business themes and site themes, and carry out various environmental activities in accordance with these themes in an efficient, and integrated way. (See Page 34) Occupational health is being managed at each production site by its Safety and Health Committee. The committee is comprised of members from both management and employees. (See Page 30)

Since efforts to address these issues are indispensable also for the promotion of CSR through the supply chain, the OKI Group has developed an assessment format reflecting the requirements for global CSR procurement, and disseminated it to every production site of the group. (See Page 21)

## Contributing to the Countries and Regions in Which We Operate

In response to the globalization of its corporate activities, the OKI Group has expanded its overseas market and increased the number of its overseas production sites. Today the Group's mass-produced products are manufactured by its production sites in Thailand and China. The most important key to managing these overseas production sites is responsible corporate management that pursues not only the level of manufacturing truly meeting the needs of customers but also contribution to the development of the countries and communities in which we operate.

From this perspective, the OKI Group's overseas production has been characterized not only by the pursuit of economic advantages, but also by efforts for promoting trust with local communities from the outset. As we have worked closely with local employees and vendors for the improvement of production technologies and the dissemination of sophisticated production management, local employees have begun taking initiatives in solving production problems at many overseas production sites. We have also been active in providing local employees with IT education and language education while encouraging them to obtain various certifications. We would like them to utilize their skills and capabilities acquired through their careers for society.

The OKI Group has been active in interacting with local residents and participating in various social action programs. (See Pages 32 and 33). We will continue to establish and maintain good relationships with countries and communities in which we operate through these activities.

## Trustworthy Company Close to Customers and Local Communities

Nagano Prefecture, Japan

Located in Komoro City, Nagano Prefecture, Nagano OKI celebrated its 40th anniversary in 2009. The company has entered into the EMS business since 1993. The company, as a production and R&D site of OKI, has accumulated expertise and technologies of design, development and production. It has also developed mounting technology as part of the OKI Group's extensive development base. Drawing on these expertise and technology, Nagano OKI manufactures products for customers who commission it.



State-of-the-art systems introduced for production

As a production facility involved in EMS, Nagano OKI has obtained ISO 9001 and ISO 14001 certifications while actively seeking accreditation of other quality systems adopted by customers. It also helps customers build their eco-brands by proposing environment-conscious product designs focusing on energy efficiency, the use of lead-free components, and the adoption of Green procurement.

Nagano OKI, as a company based in Komoro for a long time, has been very active in contributing to the local communities. For

example, it has been involved in a forest maintenance program at the foot of Mt. Asama under the Forest Foster Compact made between the company and Komoro City in 2005. The company has held 10 forest maintenance events in the past five years. A total of 388 employees and their family members have participated in these events, and cleaned and thinned an area of 4.5 hectares. Nagano OKI extended the compact for another five years in February 2010.



Forest program with the participation of employees and their families

Nagano OKI has also participated in various events in Nagano Prefecture to build trust with local communities. One of these events during fiscal 2009 was the Nunobiki Densetsu Walking 2009, an walking event commemorating Zenkoji Temple's Gokaicho (a once-every-seven-years special festival). A group of employees from the company joined the event as volunteers, and worked as guides or serve lunch for participating walkers.



Volunteers serving curry and rice to walkers

## Dramatic Growth with Local Employees and Partners

Jiangsu Province, China

Located in Kunshan City, Jiangsu Province, China, OKI Electric Technology (Kunshan), hereafter referred to as OKN, started manufacturing keyboards in 2004. Kunshan is well known as a major production center of PCs. OKI's keyboards have been highly regarded for their lightweight and thinness. They took a 50% share in the international market for lightweight and thin keyboards in fiscal 2008. OKN has manufactured a total of more than 20 million keyboards thus far.



Illuminated keyboard (with backlighting)

OKN has successfully expanded its business in partnership with local PC manufacturers. However, the company had to cope with some managerial difficulties in the process because its employees were from different countries including Japan, China, Korea and Taiwan. In order to avoid misunderstanding due to differences in cultural backgrounds and customs, OKN has focused on seeing-is-understanding management. More specifically, important information to be shared among employees, such as that of production plans and quality control, are posted at the shop floor. The company has given technical training programs for younger local employees with Japanese engineers as instructors. These programs not only go through ordinary technical problems but also get to more essential issues such as the significance of design



Keyboard production line

reviews. The company has also launched a Japanese class since 2009 with a Japanese speaking employee as the instructor in response to requests from employees. More than 100 employees applied for the class. As a result, an increasing number of people have started speaking Japanese. In this sense, the class has served the activation of communication between employees.

OKN has also enhanced its environmental efforts. Since it was included in the OKI Group's Scope of ISO Consolidated Certification in February 2008, the company has improved the quality of its environmental management, and established a system to be prepared for the management of chemical substances in products. This system allows easy access to important information such as conformity with relevant regulations in different countries.



Chinese engineers solving a problem through development-production cooperation

OKN sometimes failed to meet customer requirements as a production site despite its highly evaluated technological capability soon after its foundation. Today it is regarded as a model production site by customers in terms of quality. Many Chinese engineers now work as leaders in projects to develop new products with competitive features such as backlighting and innovative durability. OKN started as a company with only 30 employees. It now has nearly 400 employees and 35 business partners. It will continue to make utmost efforts to create the world's leading products as a company truly entrenched in China.