

MESSAGE FROM THE COO

Implementing cultural reform and steering toward growth

Takahiro Mori
Representative Director and COO

T. Mori



Changing to a Culture Capable of Following through on New Things

In April 2022, I became the President and COO, and, in June, I was appointed as the Representative Director. In light of the current social unrest and management environment, I will do my best to shoulder the weight of the responsibility that has been entrusted to me.

I was involved in the Printers business for many years, and I built up my career by helping to develop new markets and working in the marketing field, thereby striving to expand our business. In fiscal year 2020, as the President of a subsidiary in charge of the above business, I worked on structural reforms aimed at achieving integration with OKI. At the end of last year, when the Company was looking for a new President, I thought about why I had been nominated, and—as I pondered the role that a President should play—I recognized that my nomination was a sign that the Company wants to change itself, including its culture, which has been passed down for many years, and I am supposed to help that.

This is something I also realized from the perspective of our subsidiaries, but—although OKI's culture is good in terms of our solid, steady approach to things—during times of especially dramatic change, that very steadiness is our enemy and

is therefore also a problem. One example of this is our lack of speed in terms of creating new businesses and innovations. OKI has built an IMS (Innovation Management System) to promote full participation innovation, and we actually come up with a lot of new ideas, but I feel like the subsequent execution phase takes entirely too long. When it comes to new business, when you reach the point where it has been explored around halfway, you should carry it out, or it does not amount to much. This might be because we have mainly conducted business in relatively stable markets, or maybe it is because we are afraid of failure, but we have a tendency to focus too much on discussion, and this does not necessarily lead to the implementation of innovations or to the achievement of actual business results.

The changes sweeping over our world could very well increase in speed, but they will never slow down. We need to stop being excessively cautious and implement cultural reforms to enable us to follow through on new things based on a renewed sense of speed and hunger, thereby raising our top line and steering our Company toward growth, and I consider this to be my personal mission.

Medium-Term Business Plan 2022 and Our FY2022 Plan

In fiscal year 2021 and 2022, the external environment changed more than initially assumed—including the effects of the prolonged COVID-19 pandemic, difficulties procuring materials, and other supply chain problems—and this has had a major effect on us. As a result, we decided that it will be difficult for us to achieve our Medium-Term Business Plan 2022 targets. Our single-year plan for fiscal year 2022 is to continue building the foundation to achieve growth as we prioritize the promotion of initiatives to increase our ability to respond to environmental changes, including measures to address supply chain effects. To reduce supply chain effects—an urgent issue for us—we are working together company-wide to enhance our procurement activities, promote alternative designs, provide fair prices to our customers, and take similar steps. In fiscal year 2022, the demand in fields related to the Company is expected to be strong. This year, we will work to achieve predicted performance values of 425 billion yen in net sales and 9 billion yen in operating income.

Looking back on our Medium-Term Business Plan 2022 progress until now, we can see that, in terms of structural

reforms, our Components & Platforms business development-system enhancements, subsidiary reorganization, overseas site reviews, and related tasks are going according to plan for the most part. In contrast, regarding our growth strategy, delays and other issues still remain in terms of new business area expansion and new product creation.

Regarding these growth strategy delays—although major changes in the external environment are certainly one contributing factor—I believe that the fundamental problem here is actually a cultural one. To execute our growth strategy, we require both a strong desire and the strong will to expand our business. In addition, for manufacturers like us, because it takes a while for investments to yield results, the continuity of our long-term story and measures is also important. To escape the diminishing equilibrium as well, we are trying to create a corporate culture that enables not only executives but also all of our employees to take on new challenges without being afraid of the corresponding risks. We will also tear down organizational walls to bring our management and sites closer together in order to boost our in-house vitality.

MESSAGE FROM THE COO

Toward Our Next Medium-Term Business Plan

Under our next Medium-Term Business Plan, which we are currently formulating, we will continue enhancing our ability to respond to environmental changes as we accelerate our existing-business selection and concentration while sowing seeds in new areas to pave the way for future growth. I also hope that we can take a hard look at growth fields, come up with a story in which we can beat our competition, and chart a course that involves boldly taking on challenges. We will also

clarify the correlations between our vision and measures as well as our KPIs so that we can effectively convey our business situation to all of our stakeholders. At the same time, we will foster an achievement awareness among all our in-house employees and organizations, strive to escape organizational silos and building-up management that are in place, and enhance our collective strength and explosiveness in order to reliably steer the Company toward growth.

Further Enhancement of Sustainability Initiatives

The various sustainability management measures stipulated in Medium-Term Business Plan 2022 are intended to help us contribute to the resolution of social issues through our products and services, thereby “Delivering OK! to your life.” which is OKI’s foundation. To achieve our goal of “Delivering OK! to your life.” in our own way, we are once again verifying our current issues of materiality during the formulation of our next Medium-Term Business Plan, and we will enhance the corresponding initiatives.

Revising our Environmental Vision to help resolve medium to long-term environmental issues

As we continuously verify issues of materiality, we are promoting deeper discussion of social issues that must be

addressed, but initiatives targeting climate change and other environmental issues are more important than ever before. In fiscal year 2022, OKI revised the fiscal year 2030 targets in OKI Environmental Vision 2030/2050—which defines our medium to long-term environmental targets—to details in compliance with the science-based targets for reducing greenhouse gas emissions that are in line with the Paris Agreement (SBT), and we also changed our targets related to the prevention of global warming to values aimed at the achievement of the 1.5°C scenario stipulated by the SBT.

Our target for the CO₂ emissions of our sites is to reduce them by 42% by fiscal year 2030 (compared to fiscal year 2020). As an example of a specific initiative, we have incorporated various environmental-impact reduction measures

into the Honjo Plant H1 building (in Honjo, Saitama)—which started up full-scale operations in July 2022—and it is Japan’s first large-scale production facility to obtain “ZEB*” certification. Regarding our various offices as well, we are considering how to increase the efficiency of production equipment and facilities, such as through the combined use of renewable energy similar to the solar power used for the H1 building.

In addition, to further promote the resolution of environmental issues through our products and solutions, we are working on expanding the creation of environmentally contributing products. Our Environmental Vision targets for 2050 include the achievement of net zero power consumption by new products through the combination of energy-saving and energy-producing technologies, and, in the medium term, one of our targets is to increase the net sales ratio of our environmentally contributing products (which was 31% in fiscal year 2021) to 50% by fiscal year 2030.

Active participation of diverse human resources as the key to our growth

To achieve OKI’s growth as stipulated in our next Medium-Term Business Plan, it is essential to ensure the active participation of diverse human resources and to enhance human resources that support our business in manufacturing and growth areas. Under OKI’s current Medium-Term Business Plan, to enhance our focus technology AI Edge, we set a target of training 300 AI technicians with practical skills by the end of fiscal 2022, and—by, for example, jointly establishing the AI and Data Science Social Implementation Lab with Chuo University to implement practical education in this regard—we achieved this goal at the end of fiscal year 2021, well ahead of schedule. As we build systems for evaluating and utilizing such highly specialized human resources, we are also working on reforming our way of thinking, reviewing our systems, and promoting diversity and inclusion in order to achieve a workplace that is comfortable for all employees to work in and enables them to fully demonstrate their abilities.

Achieving governance that responds to the trust of diverse stakeholders

As a result of revisions to the Corporate Governance Code in



June 2021, ensuring board independence, promoting diversity in core human resources, and attention to sustainability and ESG were identified as aspects of our basic approach. OKI continuously pursues initiatives to improve its governance, including the decision in June 2017 to always have a Board of Directors that consists of at least 40% outside directors as well as the appointment of an independent outside director as the Chair of the Board of Directors starting in 2021 and annual board effectiveness evaluations. In addition, as a system to promote sustainability, we set up a Sustainability Promotion Working Group chaired by the President, which handles the promotion of initiatives based on issues of materiality, disclosure in line with the TCFD, and other tasks.

To continue to respond to the trust of our diverse stakeholders and achieve both sustainable growth and improved corporate value in the medium to long term, we will suitably disclose information on the situation of various initiatives while also pursuing dialogues with all our stakeholders to achieve co-creation as we resolve issues.

Actions to Pave the Way to a Brighter Future and Pass the Baton to the Next Generation

In keeping with the “enterprising spirit” expressed by our corporate philosophy, we will strive to resolve social issues and provide products and solutions that support social infrastructure with the aim of achieving the sustainable growth of both society and the Company. To steadily implement our goal of “Delivering OK! to your life.”—the OKI Group’s general reason for existence—it is essential that we steer toward growth instead of simply maintaining the status quo. Reforming our

culture—which has been ingrained over the course of many years—will not be accomplished overnight, but I have an unwavering resolve to implement the measures necessary to follow through on this, pave the way to a brighter future, and pass the baton to the next generation.

I look forward to the ongoing guidance and encouragement of all our stakeholders in this regard.

Leading the way for environmental initiatives at OKI’s manufacturing sites

Our Honjo Plant H1 building has started operating as our flagship factory under our new digital transformation (DX) strategy (see page 33). This building boasts high environmental performance, including the utilization of the solar panels installed on the roof and other natural energy, high heat insulation, and the control of lighting, air conditioning, and ventilation in line with the operation status. We also used locally produced Chichibu-sugi (cedar) for the building to more effectively coexist with the local community.



*ZEB (net zero energy buildings): Net zero energy buildings are buildings that aim to consume zero net primary energy through energy-saving technology, such as sensors and highly heat-insulated structures, as well as energy-producing technology through renewable energy, all while realizing a pleasant indoor environment. Buildings are classified into the following four categories based on their energy reduction percentages (energy consumed by production equipment and OA equipment is excluded from ZEB calculation). “ZEB”: 100% or higher; Nearly ZEB: 75% or higher; ZEB Ready: 50% or higher; ZEB Oriented 40% or 30% or higher