

RISK MANAGEMENT/COMPLIANCE

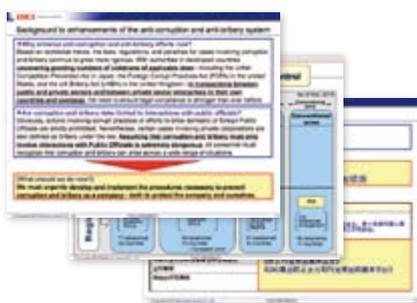
We in OKI Group have set up a Risk Management Committee as an advisory committee to the Board of Directors. The committee unerringly works to recognize the various risks that accompany business activities, and intensifies efforts to prevent those risks from manifesting. In accordance with our "Compliance Commitment" and "OKI Group Code of Conduct" and, in order to perform corporate activities fairly, we are focusing on the enhancement of training and the promotion of integrated, systematic, companywide risk management cored around the Compliance Committee. 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.

Ensuring Risk Information Sharing and Communication, Enhancing Management

In fiscal 2012, OKI set up the Risk Management Committee (with the President as Committee Chairman, and outside directors and Audit & Supervisory Board members as advisors). The committee is strengthening our risk management, and also discusses and decides basic policy related to risk management undertaken by the Group as well as handling reports on risk information that accompanies the work of executive officers and divisions as well as promoting measures to prevent manifestations of risks. In fiscal 2014, we revised the regulations on risk management to provide clearer rules on the definitions of risks, responsibilities of the division in charge of each risk, and quickly sharing and reporting risk information in the Group.

At the same time, 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 being responsible for compliance), which oversees the Control Division that registers risks, implementing preventive measures within the Group and carrying out regular verification of the implementation status.

In fiscal 2014, we strengthened the expansion of prevention measures to the companies in our overseas group, reconfirming the situations in our approaches to observe international labor standards (e.g. ILO conventions and recommendations) and local labor laws in all our overseas companies as part of our risk prevention measures related to the labor law. Apart from that, we also organized overseas training materials and carried out training in our overseas companies on subjects such as prevention of bribery corruption and security export controls.



Examples of teaching materials for overseas

Emergency/Disaster Response

The OKI Group has established "Safety Countermeasure Committees" at its domestic and overseas sites, as well as in its group companies, 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 the BCP are reviewed annually.

In fiscal 2014, we further organized in-house infrastructures on the premise of an earthquake focused directly on the metropolitan area, and, likewise, reviewed our existing BCP.

Enhancement of Compliance Training

In order to deploy compliance-related measures across the group, we in the OKI Group give training sessions for compliance managers at six sites in Japan as our 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. In addition, various measures are promoted to communicate the training information in specific formats, including the booklet called "Case Examples of Compliance" and regular articles in our house organ (Intranet) that features possible compliance related issues in operations and actions to be taken.

In fiscal 2014, taking corruption related laws and the antitrust law as the theme for our training program for our compliance managers, we focused on training as well as thoroughly incorporating our Compliance Commitment, the OKI Group Code of Conduct and measures that need to be taken at times of risk into the compliance training units for the all different levels of training, starting with new directors in the group. Note that we at OKI implement compliance awareness studies continuously to check on the benefits and issues of various forms of training. In the study implemented in February 2015, a lot of the feedback commented on how the necessary compliance related information (laws and regulations, etc.) was difficult to find. Therefore, we will continue to enhance the ways in which we link training to areas such as improving use of disseminating knowledge about the intranet "compliance portal site" we have prepared.



Compliance Portal Site

Participation rates in compliance training programs (for the OKI Group in Japan) in fiscal 2014

Training overview	Participation rate
Training session for compliance managers (implemented from July to August 2014) Focused themes: Corruption related laws and antitrust law	100%
The e-learning program (about on-the-job compliance) (implemented from December 2014 to January 2015)	100%

About On-site Investigation by the Fair Trade Commission

On 18 November 2014, the Fair Trade Commission conducted an on-site investigation at OKI due to suspicions about antitrust law violations related to our products and services for digitalizing wireless communication systems for firefighting and emergency use. We at OKI fully cooperated with the investigation and take very seriously the situation that has emerged. Therefore, we will work even harder to thoroughly implement compliance.

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Enhancement of Approaches to Anti-Corruption

We put into practice in fiscal 2013 the "OKI Group Anti-Corruption and Anti-Bribery Policy" in the group companies in and outside of Japan, and are enhancing our approach to anti-corruption.

These rules and policies take account of the global trends toward stricter sanctions imposed by laws and regulations relating to anti-corruption (such as the Foreign Corrupt Practices Act, and UK Bribery Act), and set out the 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. In fiscal 2014, we trained employees to understand and thoroughly implement this basic policy. And, we also commenced full operation of specific rules in OKI governing the exchange of gifts and receiving/offering entertainment, and pressed ahead with preparations to run the program in all the companies of the group.

Note that OKI is a managing member of the Anti-Corruption Working Group of Global Compact Network Japan (GCNJ). The Working Group shares issues for engaging in anti-corruption measures with the participant companies, promotes information exchanges with experts and discusses anti-corruption measures that should be taken by the participant companies of the UN Global Compact.



Introducing the activities of the Anti-Corruption Working Group at the GCNJ Learning Forum (4 June 2014)

Elimination of Anti-Social Forces

Regarding our response to anti-social forces that threaten civilian order and safety, across our entire organization we make our corporate stance fully clear in our "Basic Policy for the Establishment of an Internal Control System" by working with the police to resolutely prevent any kind of relationship with organized crime. Furthermore, our "OKI Group Code of Conduct" lays out our code as a conduct for each individual to maintain a resolute attitude to shut out such anti-social forces. To enable employees to take a strong, specific stance, we have compiled a manual on how to respond to organized crime as well as a Case Examples of Compliance and DVD training material that provide extensive help. In addition, our transaction contracts carry a clause for eliminating organized crime, so if we ascertain that a business partner is a criminal organization, we can sever the relationship.

Teaming up with Suppliers - Enhanced CSR Procurement Activities

To comply with social responsibilities while responding to our stakeholders' requests, cooperation from the suppliers within the supply chain is essential. Recognizing this point, OKI will dedicate itself to building a trusting relationship as a partner, and promote CSR procurement based on the "OKI Group Procurement Policies".

In fiscal 2014, we continued on with our work from the previous fiscal year with major suppliers based on the "OKI Group Supply Chain CSR Promotion Guidebook", which conforms to the "Supply Chain CSR Deployment Guidebook" of the Japan Electronics and

Information Technology Industries Association (JEITA), using it to implement a survey on their CSR promotion and the activities and another survey on the usage situation of conflict minerals. Also, for overseas suppliers, we referred to the EICC* Code of Conduct to compile a survey chart, which we started to use in some areas to conduct surveys.

* Electrical Industry's Citizenship Coalition

OKI Group Procurement Policies List of Requests for suppliers

1. **Compliance with laws, regulations, and societal norms**
 - Compliance with laws and regulations related to production and sale of materials, environmental laws and regulations, laws and regulations related to product safety, laws and regulations related to labor, occupational health and safety, and other laws and regulations
 - Prohibition of child labor and forced labor
 - Prohibition of discrimination by race, gender, or other characteristic
 - Realizing a safe and sanitary working environment
 - Prohibition of deviation from fair business practices
2. **Environmental considerations**
3. **Sound and stable business management**
4. **Appropriate levels of quality and cost, and stable supply**
5. **Appropriate management and protection of information**
6. **Cooperation for continuous supply**
7. **Basic policy for conflict minerals**

TOPICS

Providing Electronic Component BCP Support Service and Conflict Minerals Survey Service

OKI Engineering (OEG), a company providing technical services for reliable evaluations and environment conservation, started in September 2014 to provide a BCP support service for electrical components and survey service for conflict minerals. The BCP support service involves finding out information on component production cancellation and conducting surveys on alternative components for customers that are using the component concerned. This service helps reduce component supply disruption risks, which is an essential part of BCP. Whereas, the survey service for conflict minerals involves OEG conducting a survey on the conflict minerals using the CFSI's Conflict Minerals Reporting Template to investigate the components used in the customer's products and then OEG compile the survey results and do the calculations for each individual component.



VOICE

OKI Engineering
Yuji Emori,
Electronic Parts Information Division

At OKI Engineering, we already have been providing an environmental information survey service for electrical components under the RoHS Directive and REACH Regulation, but to fulfill requests from customers we have started providing a service to establish a business continuation plan in the manufacturing industry as well as another service for investigating conflict minerals. Team work with suppliers is essential for a company to fulfill its social responsibility. From here on too, we at OEG will continue to provide services that contribute to the promotion of CSR in the supply chain.