

Supply Chain Initiatives

Basic Approach

To support the Mono-zukuri infrastructure, the OKI Group aims to strengthen collaboration between plants and optimize efficiency and QCD* through Group-wide production and procurement activities. In procurement activities, the Group recognizes that the cooperation of its suppliers is essential for sustainable corporate activities that meet the expectations of stakeholders. Accordingly, it strives to build trust-based relationships, promoting stable material procurement, and advancing CSR initiatives throughout the supply chain.

* QCD: Quality, Cost, and Delivery

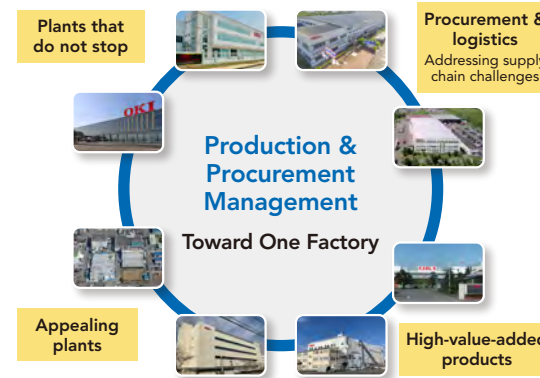
OKI Group Procurement Policies: <https://www.oki.com/global/sustainability/social/procure/policy.html>
 OKI Group Supply-Chain CSR Deployment Guidebook: https://www.oki.com/global/sustainability/social/procure/pdf/csrguide_202106.pdf
 Declaration of Partnership Building: <https://www.biz-partnership.jp/declaration/68-05-22-tokyo.pdf> (in Japanese only)

Structure

In April 2023, OKI established the Production & Procurement Management Division to integrate all of the Company's production sites and procurement divisions. This initiative is part of the Virtual One Factory concept, which aims to organically connect each production site and enhance the Group's overall Mono-zukuri strength through improved cost competitiveness and maximization of added value.

The Production & Procurement Management Division oversees each production site and takes a cross-functional approach to execution, enhancing cooperation between plants and promoting smart plants based on the following key concepts: plants that do not stop, appealing plants, and high-value-added products.

The procurement and logistics divisions under the Production & Procurement Management Division work closely with each plant and businesses to address supply chain challenges from a Group-wide perspective.



From Virtual One Factory to One Factory

The Virtual One Factory concept aims to strengthen collaboration between multiple factories by sharing different factory operations, merging them as if they were a single entity. In fiscal year 2023, infrastructure preparations (such as standardizing development environments previously optimized by each business, consolidating production technologies, and promoting human exchange) and fostering a sense of unity were advanced toward realizing this concept. Additionally, the active sharing of production innovation examples aimed at creating appealing plants increased. From April 2024, it will no longer be virtual, as the initiative evolves into One Factory, further honing the OKI Group's Mono-zukuri strengths.

Initiatives for Material Issues and Results

Material Issue	Key Initiative Theme	Initiatives for FY2023 to FY2025	FY2023 Result
Strengthening management foundation to support sustainable growth	Promote responsible procurement activities	Continuous implementation of CSR procurement promotion program	Conducted a self-assessment survey with 38 suppliers

Initiatives for Ensuring Stable Procurement of Materials

In light of increasing risks such as global material shortages triggered by the intensification of natural disasters, pandemics, and conflicts, ensuring the stable supply of materials has become a critical issue in supply chain management. OKI has positioned procurement risk as one of the common risks that must be managed across the Group and is strengthening its efforts in this area. As part of its procurement BCP, OKI has developed procedural manuals to be applied in the event of a disaster, regularly surveys the locations of suppliers' manufacturing sites, and continuously improves communication methods for emergencies.

Additionally, through regular meetings between procurement divisions, including subsidiaries, OKI promptly shares information on the supply status of materials from suppliers. We also provide access to inventory across the Group, searching for products in stock in the market, placing orders early to meet extended lead times, and using alternative products.

CSR Procurement Initiatives

To assess risks related to human rights, labor, occupational health and safety, and the environment within the supply chain, OKI conducts a CSR procurement promotion program based on the OKI Group Supply-Chain CSR Deployment Guidebook*1. As part of a three-year plan starting in fiscal year 2021, OKI conducted a self-assessment survey targeting approximately 300*2 suppliers, out of the roughly 2,000 suppliers accounting for 90% of the transaction value, selected based on transaction details and the location of their facilities. OKI provided feedback to suppliers with low overall scores or particularly low scores in specific areas, engaging in communication to understand the situation and support corrective actions*3. In fiscal year 2023, OKI reviewed the target companies and conducted the survey with 38 companies, finding no concerns with any of the suppliers. Going forward, OKI will continue to enhance CSR procurement by reviewing the survey items and target range as needed.

CSR Procurement Survey Results (cumulative)

FY	2021	2022	2023
Number of companies surveyed	61	168	206
Response rate	84%	73%	77%
Number of companies provided with feedback	5	6	6

*1 In accordance with the Responsible Business Conduct Guidelines by the Japan Electronics and Information Technology Industries Association (JEITA).

*2 At the start of the survey. Due to supplier consolidation and other factors, there were 206 suppliers as of fiscal year 2023.

*3 Examples of feedback items: environment, fair trade and ethics, information security, business continuity planning, and management systems.

For details on our CSR procurement initiatives and responsible minerals procurement, please refer to our website. <https://www.oki.com/global/sustainability/social/procure/sc.html>