

INTERVIEW WITH HIDEICHI KAWASAKI, CHAIRMAN OF THE BOARD



Lively discussion at meetings of the Board of Directors strengthens OKI's corporate governance and underpins the Company's sustainable growth.

Chairman of the Board
Hideichi Kawasaki

Q. You have continued to chair the Board of Directors as a non-executive director.

A. The significance of the Board of Directors has changed greatly over time and I feel that its importance is still growing. The Board of Directors needs to play a key role in encouraging corporate growth strategies rather than just supervising management, and in particular, I think outside directors are extremely important in this regard.

At OKI we have added one more outside director to the Board this fiscal year. The seven members of the Board now comprise two executive directors and five non-executive directors, four of which are outside directors, including our first-ever female Board member. That said, it is not a simple matter of numbers. It is important that outside directors, in order to play their role in the Board of Directors, make advance preparations so they can invigorate the meetings of the Board of Directors.

Firstly, they need to gain a deep understanding about our Company's business conditions. For example, by taking tours of our business sites and meeting with managers responsible for each of our businesses in order to thoroughly learn about what we do. On top of this, they need to be able to engage in constructive discussions at Board of Directors' meetings, and because I play a key role as a chairman, I always try to stress the importance of establishing an environment in which everyone can speak openly and freely based on their respective points of view. When we are unable to discuss at length matters such as medium- and long-term plans or growth strategies during our regular Board meetings, we find separate opportunities to further our discussions.

Very lively discussions are currently being exchanged at our Board of Directors' meetings and I will do my best to further encourage this trend up ahead.

Q. Please tell us about the evaluation of the overall effectiveness of the Board of Directors disclosed in March 2018.

A. Regarding the effectiveness evaluation, the members of the Board of Directors participated in a questionnaire survey in fiscal year 2016 and continued to discuss this matter, but at the time we determined there to be some inadequacies in the evaluation analysis. We have disclosed the results of the Board's discussions since July 2017 in our Corporate Governance Report.

We ultimately achieved compliance with the Corporate Governance Code by disclosing our effectiveness evaluation and the results summary thereof, but we are mindful not to take "compliance" as our objective in this process. The Board has continued to place an emphasis on the shared awareness of management issues in light of the Company's actual situation. We have also been able to discuss policies for addressing these issues.

Q. How were the evaluation processes and items of evaluation in the survey decided?

A. After a proposal was submitted to the Board of Directors for an evaluation process that involves analyzing the results of a questionnaire survey completed by the directors and Audit and Supervisory Board members in attendance at Board of Directors' meetings, one of our outside directors was of the opinion that individual interviews should also be carried out. We thus decided to adopt these methods.

As for the items of evaluation in the survey, the Practical Guidelines for Corporate Governance Systems (CGS Guidelines) released in March 2017 were used as a reference. Based on the four categories in the CGS Guidelines regarding the roles of the Board of Directors, the utilization of outside directors, nominating and compensating management, and strengthening management team leadership, evaluation items on the roles of the Board, its structure, and operation were formulated. Issues in these areas were then identified in the form of survey responses.

Q. How do you feel now looking back on the effectiveness evaluation?

A. Going by the issues felt by each director and executive officer, I think having the Board members share their issues and policies was a good accomplishment. In addition, being able to share our expectations for corporate governance through the evaluation was also meaningful.

A key role that the Board of Directors must fulfil in order to enhance corporate value is to devise a bold medium- to long-term business portfolio aimed at growth. In striking the right balance of Board members to achieve this, I think the addition of new members to the Board who possess extensive management experience and appropriate expertise for strengthening governance carries great significance.