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Corporate Governance

Oki Electric Industry Co., Ltd.

Last Update: March 29, 2024
Oki Electric Industry Co., Ltd.

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Stock code: 6703 <https://www.oki.com/>

The corporate governance of Oki Electric Industry Co., Ltd. (the “Company” or “OKI”) is described below.

[I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information](#)

1. Basic Views

To earn the trust of its various stakeholders, the OKI Group recognizes ensuring sustainable growth and increasing corporate value over the medium to long term as its most important management priorities. To this end, we are working to enhance corporate governance based on our fundamental policies, including “enhancement of management fairness and transparency,” “timely decision-making processes,” and “full compliance and fortification of risk management.”

Reasons for Non-Compliance with Principles of Japan’s Corporate Governance Code

OKI complies with all the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code]

UPDATED

Details of the items disclosed in accordance with the principles of Japan’s Corporate Governance Code are as follows.

[Principle 1-4: Cross-Shareholdings]

(1) Policy on cross-shareholdings

The Company will reduce cross-shareholdings phase by phase as a result of comprehensive consideration of conditions such as the medium- and long-term improvement of the corporate value of the Company and a share certificate-issuing company. The Company aims to achieve a net asset ratio of approximately 20% by the end of FY2025, the final year of the new Medium-Term Business Plan.

(2) Outline of consideration-related cross-shareholdings

Every year, the Board of Directors validates cross-shareholdings. The decision on the suitability of holding is made for each stock based on a comprehensive consideration of quantitative and qualitative factors.

(3) Standards for the exercise of voting rights regarding cross-shareholdings

For the exercise of voting rights regarding cross-shareholdings, we classify proposals as follows, establish standards for exercise to make a decision and exercise the rights.

- In case of a proposal to elect an officer, the total number, ratio of independent officers, etc.
- In case of a proposal related to remuneration for officers, performance, asset status, etc.
- In case of a proposal for appropriation of surplus, performance, condition of retained earnings, etc.
- We shall pay extra attention to the deliberation of a proposal for anti-takeover measures, M&A or third-party allocation of shares.

[Principle 1-7: Related Party Transactions]

The Board of Directors supervises transactions involving conflicts of interests between the Company and Directors in accordance with the rules of the Board of Directors, and Audit & Supervisory Board members conduct audits in accordance with the auditing standards.

The Company does not have any major shareholder who owns 10% or more of its shares.

[Principle 2-4 (1) Ensuring Diversity in Appointment of Core Personnel]

(1) Approach to Ensuring Diversity

The OKI Group has adopted a number of human resources policies, positioning people as one of its most critical management resources for adapting to changes in the social environment and for sustainable development. In our Medium-Term Business Plan 2025, “promote measures that enable diverse talent to proactively thrive” is included as a component of “transform into a corporate culture that continually creates value,” one of our Material Issues. We have begun activities to transform our corporate culture, centered on the Organizational Culture Reform Department created in fiscal year 2023.

Promoting Diversity and Inclusion is a management strategy for strengthening human resources. The OKI Group brings together diverse human resources and, by respecting and valuing diversity, aspires to create innovation, increase motivation, and achieve sustainable organizational growth. To create a situation in which people with various experiences, knowledge, and skills can play an active role, we will attract outside talent, diversify the experiences of the talent we have internally, and encourage the diversification of attributes such as gender, age, disability, SOGI (Sexual Orientation and Gender Identity), and nationality.

<Concept, targets and status of promotion of women to managerial positions>

To help incrementally motivate female employees from the early stages of their careers, the OKI Group provides career training for female employees in their fourth year of employment as well as selective leadership strengthening training. We aim to increase the female management ratio to at least 5%(OKI) by April 2026. (The ratio of female managers in fiscal year 2022 was 3.9% for OKI.) Going forward, we aim to achieve an equal female management ratio in proportion to the number of female employees, and will continue to strengthen our initiatives for policies to encourage female employees to play an active role.

<Appointment of non-Japanese employees to managerial positions>

OKI hires people of all nationalities who can play an active role globally. For this reason, we do not set targets based on nationality, etc., for non-Japanese employees appointed to managerial positions.

<Appointment of mid-career employees to managerial positions>

The career employment rate in fiscal 2022 was 32% for OKI. As for appointments to management positions, there is no difference between career hires and new graduates, and the ratio of career hires to management positions is not set as a target. Because the ratio of career hires is determined comprehensively based on experience, ability, etc.

From the perspective of sustainable growth, the OKI Group is working to increase the number of new graduates and mid-career hires to secure human resources for existing businesses and simultaneously to advance the hiring of human resources with diverse perspectives and knowledge to create new businesses.

(2) Content and Status of Implementation of the Human Resources Development Policy and the Internal Environment Development Policy for Ensuring Diversity

The key to steering toward growth is to make the active participation and growth of diverse human resources the strength of OKI. To enable diverse and sufficient human resources to proactively take on challenges and grow so that individuals and the organization align their goals, we will promote diversity and inclusion, foster a rewarding organizational culture, implement human resources policies to secure, develop, and assign the right people for the right positions, and create a positive work environment.

In April 2023, the OKI Group revised its personnel systems for managers for the first time in about 20 years in order to improve organizational performance and create new value. In addition, OKI supports the personal growth of its employees through the use of a career design system, target management system and personnel evaluation system in order to maximize the performance and foster growth and job satisfaction of each employee.

Focusing on well-being to create an environment in which diverse human resources can take on challenges with a positive mindset, the OKI Group defined the state of enabling “workplaces offering psychological safety,” “mental and physical health,” and “fostering of job satisfaction” as “OKI Well-Being” and makes efforts to disseminate this concept to the workplace.

To enable everyone to balance work and Private Life, OKI maintains a host of systems to support balancing work and Private Life, including the flextime (with/without core time) system, the teleworking system, systems to provide special work conditions for people caring for children and nursing the elderly, as well as a Special Leave for Particular Purposes system, which can be used to nurse family members, to attend children’s school events, Shinkansen (bullet train) commuting system and so forth. In addition, in order to encourage male employees to take childcare leave, OKI introduced a system that allows employees who care for children within eight weeks of birth to take paid leave of up to 25 days (working days) during that period in October 2022. It also adopted a partnership system that treats sexual minority partnerships the same as legal marriage in some in-house systems, including leaves and leaves of absence, in April 2023.

For further details, please refer to OKI Report 2023.

<https://www.oki.com/en/ir/finance/library/ar2023.html>

[Principle 2-6: Roles as Asset Owners of Corporate Pension Funds]

The OKI Corporate Pension Fund manages funds for corporate pensions of the Company and its domestic group companies.

Each year, the Investment Management Committee drafts investment targets, asset allocations, and investment consignees, which are decided by the Board of Trustees. Members of both the Investment Management Committee and the Board of Trustees include employee representatives as well as people with expertise in the finance and human resources departments, appointed by the Company. Committee members and clerical staff improve their expertise by receiving advice from pension management consultants.

Important matters related to the operation of the Fund have been resolved at the Board of Representatives in accordance with the Fund's Articles of Incorporation, and conflicts of interest that may arise between our company and beneficiaries are also managed appropriately.

The Company entrusts the specific selection of fund investments to multiple investment institutions, monitoring the status of investment at quarterly management reporting meetings.

[Principle 3-1: Full Disclosure]

(i) Company objectives (management philosophy, etc.), management strategies, and management plans

1) The Company discloses its objectives (management philosophy, etc.) and corporate philosophy on the Company website.

<https://www.oki.com/en/profile/spirit/>

2) As for management strategies, and management plans, in May 2023 we made public the Medium-Term Business Plan 2025, which ends in fiscal year 2025.

Details are disclosed on the company website.

<https://www.oki.com/en/ir/corporate/strategy/>

(ii) Basic views and guidelines on corporate governance based on each of the principles of the code

These are described in "I.1. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information" in this report.

(iii) Board policies and procedures in determining the remuneration of senior management and Directors

These are described in "II.1. [Director Remuneration]" in this report.

(iv) Board policies and procedures in the appointment/dismissal of senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members

To ensure transparency in the process of nominating candidates for Directors, Audit & Supervisory Board members, and executive officers, the Company consults with the Personnel and Compensation Advisory Committee, a voluntary committee. After receiving the committee's response, the Board of Directors and the Audit & Supervisory Board decide on candidates. The committee consists of five non-executive Directors, and the chairman is elected from among the outside directors.

In the nomination and appointment of candidates for Directors, Audit & Supervisory Board Members and executive officers, the Company comprehensively considers the legal requirements and the following matters.

- Nobility of character, wisdom, a high level of ethics, fairness, honesty, and a law-abiding spirit
- The ability to conduct duties in a manner that will help realize the OKI Group's corporate philosophy and enhance corporate value sustainably
- Length of tenure
- Audit & Supervisory Board members must have the necessary financial, accounting, and legal knowledge.
- The Company's independence criteria for Outside Officers

The criteria for submitting a proposal to dismiss a Director, an Audit & Supervisory Board Member, or an executive officer take into consideration the following: where the person's act violates or infringes on the law and the Articles of Incorporation; whether the person has become unable to properly perform his/her duties. Such proposals are immediately deliberated by the Personnel Affairs and Compensation Advisory Committee, which then submits its proposal to the Board of Directors.

(v) Explanation of individual appointments, dismissals and nominations when the Board of Directors appoints and dismisses senior management and nominates candidates for Directors and Audit & Supervisory Board Members based on (iv) above

Reasons for appointment and dismissal as well as brief backgrounds and responsibilities are described in reference documents for the General Meeting of Shareholders, business reports, corporate governance reports, financial reports, and other documents.

[Supplementary Principle 3-1 (3) Sustainability Initiatives]

(1) Sustainability Initiatives

The OKI Group has been pursuing initiatives to contribute to resolving social issues through the key Japanese concepts of “Mono-zukuri (manufacturing)” and “Koto-zukuri (creation of solutions and services)” under an enterprising spirit, as stated in its corporate philosophy, together with efforts to sustainably practice corporate activities built on integrity that meet the expectations of stakeholders. By compiling the actions that all OKI Group employees should take in the OKI Group Charter of Corporate Conduct and the OKI Group Code of Conduct and positioning them as the foundation of the values that the OKI Group should share, the OKI Group aims to foster the awareness of employees through more familiar actions.

In order to maintain this stance over the long term and practice sustainability management as a company “Delivering OK! to your life.,” the OKI Group has updated its material issues (Materiality) by reorganizing OKI’s issues according to the process when formulating its Medium-Term Business Plan 2025 announced in May 2023. Based on both OKI’s vision and contribution fields, as well as the expectations/demands of society and stakeholders and the social issues confronting OKI, we are practicing key issues that we need to address which have been organized into four categories: providing products and services that help solve social issues, reducing environmental impact through business activities, transforming into a corporate culture that continuously creates value, and strengthening the management foundation to support sustainable growth. Based on these materialities, we will continue to steadily pursue environmental, social, and governance (ESG) initiatives.

The materiality and environmental, social, and governance (ESG) initiatives in fiscal 2022 are shown in OKI Report 2023. <https://www.oki.com/en/ir/finance/library/ar2023.html>

On April 1, 2023, the Sustainability Promotion Division was established as a dedicated organization to further promote sustainability activities within the OKI Group. Under the new structure, we will promote initiatives based on the updated Material Issues, appropriately disclose progress, and engage in dialogue with stakeholders based on this to accurately grasp our own issues and the demands of society, which will lead to the strengthening of our activities.

(2) Investments in Human Capital and Intellectual Property

We are building a personnel system that will lead to the further revitalization of manufacturing sites toward the realization of sustainable growth. Under the Medium-Term Business Plan 2025, we will increase our investment in human capital from the previous mid-term total and enhance human resource development, recruitment, and grading systems to secure necessary and sufficient human resources. With regard to intellectual property, the Company has formulated a Medium-Term Intellectual Property Plan to build a business portfolio in growth/focus areas and reduce intellectual property risks in existing businesses. Appropriate management is carried out through setting targets such as for the number of patent applications. OKI will continue to actively invest in important management resources.

(3) Disclosure Based on TCFD or Equivalent Framework

The OKI Group has adopted an “Environmental Policy” to realize a better global environment and pass it on to the next generation and makes it the foundation of its environmental management. Above all, the OKI Group has been working to systematically manage measures to respond to climate-related risks and opportunities, and endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019 to further enhance the disclosure of information on governance, strategy, risk management, and indicators and targets. Along the time axis, the Strategy section analyzes climate-change scenarios if the temperature rise is limited to 1.5 degrees Celsius and in the event of a temperature rise to 3 to 4 degrees Celsius. It also covers the perspectives of resource circulation and pollution prevention, identifies risks and opportunities under these scenarios, sets countermeasures, and improves flexibility in responding to events that may occur in the future. Under this strategy, the Group seeks to create and expand products that contribute to the environment, and promotes various decarbonization measures by revising the fiscal 2030 decarbonization targets in the Environmental Vision 2030/2050 in compliance with science-based targets (SBTs) for greenhouse gas reduction that are consistent with the Paris Agreement.

For further details, please refer to OKI Report 2023.

<https://www.oki.com/en/ir/finance/library/ar2023.html>

[Principle 4-1(1): Scope and Overview of Delegation to Management]

The Company has stipulated in the rules of the Board of Directors that important matters, such as laws and regulations, matters stipulated in the Articles of Incorporation, and basic management policies are to be discussed by the Board of Directors. The details of matters to be decided by the Board of Directors are decided by the Representative Director, who also serves as President and Executive Officer, after deliberation by the Management Committee or approval procedures. Executive officers carry out their duties in accordance with basic management policies determined by the Board of Directors.

[Principle 4-9: Independence Standards and Qualifications for Independent Directors]

This information is described in “II.1. [Independent Officers]” in this report.

[Principle 4 -10 (1) Utilization of Voluntary Committees]

OKI has adopted a corporate structure with an Audit & Supervisory Board. As the Board of Directors requires both decision-making and supervisory functions, we believe that the balance between internal and executive directors and independent outside directors should be roughly evenly balanced. As of the end of June 2023, the Board of Directors consisted of four independent outside directors out of a total of eight directors, and the chairperson of the Board of Directors is a female independent outside director. The Personnel Affairs and Compensation Advisory Committee has been established as a voluntary committee to ensure transparency in the process of appointing and dismissing Directors and determining compensation for Directors. The Committee consists of five non-executive Directors and meets as necessary. Prior to resolution at the Board of Directors meeting, the Committee receives advice on the appointment and dismissal of directors, executive officers, etc., as well as the remuneration system and level, deliberates from an objective viewpoint, and reports to the Board of Directors. The Board of Directors shall consist of non-executive directors selected by resolution of the Board of Directors, the majority of which shall be independent outside directors, and the Chairperson of the Committee shall be elected by the members from among others, as stipulated in the regulations of the Personnel Affairs and Compensation Advisory Committee. As of the end of June 2023, there were five members, all of whom are outside directors (including one woman).

In fiscal year 2022, the committee deliberated and reported to the Board of Directors on such issues as the executive structure for achieving the Medium-Term Business Plan 2025, the revision of the executive compensation system so that it functions sufficiently as an incentive to enhance performance for the continuous enhancement of corporate value, and the long-term issue of development plan of successors (management human resources development).

[Principle 4-11 (1): Views on the Balance, Diversity and Size of Knowledge, Experience and Capabilities of the Board of Directors as a Whole]

OKI maintains a corporate auditor system, with the Board of Directors and the Audit & Supervisory Board. With an executive officer system in place, it strives to promote timely decision making processes by separating business execution and oversight. In order to carry out the above, the Board of Directors is required to have both decision-making and supervisory functions. In consideration of the balance between internal and executive directors and independent outside directors, as of the end of June 2023, the Company has elected 4 independent outside directors out of 8 directors. (In order to further improve the independence and objectivity of the Board of Directors, Ms. Izumi Kawashima, Independent Outside Director, serves as Chairman of the Board of Directors.)

Our approach to the Board of Directors as a whole is structured in a way that balances knowledge, experience, and ability, and balances diversity, including gender, international exposure, work experience, and age, with an appropriate size. The Articles of Incorporation of the Company stipulate that the Company shall have no more than 15 Directors to enable prompt decision-making and achieve an appropriate number of Directors. The Board of Directors has appointed five people who have sufficient knowledge, experience, and ability in areas necessary for the creation of social value, such as marketing, technology and innovation, manufacturing and SCM, and areas necessary for the strengthening of management foundations, such as human resources, finance and accounting, legal and risk management, as internal and executive directors. In addition, the Company appoints two people with experience in corporate management and two people with relevant knowledge and experience as independent outside directors in the expectation that they will provide appropriate supervision and advice based on their experience and expertise in each field. The Board of Directors is attended by four corporate auditors with experience in business execution (two internal and full-time Audit & Supervisory Board members and one independent external Audit & Supervisory Board member) and Audit & Supervisory Board members who are certified public accountants (two independent external corporate auditors).

As of June 27, 2023, the skill matrix for Directors elected at the 99th Annual General Meeting of Shareholders is as described in the Notice of Convocation of the 99th Annual General Meeting of Shareholders.

https://www.oki.com/en/ir/meeting/pdf/99all_e.pdf

[Principle 4 -11 (2) Concurrent Positions of Directors and Audit & Supervisory Board Members]

Significant concurrent positions of Directors and Audit & Supervisory Board Members (including candidates) are disclosed in the reference documents for the General Meeting of Shareholders and business reports in the “Notice of Convocation of the General Meeting of Shareholders,” as well as in security reports.

- Notice of Convocation of General Meeting of Shareholders: <https://www.oki.com/en/ir/stock/meeting.html>
- Security Report (Japanese only): <https://www.oki.com/jp/ir/data/report/>

The status of Outside Directors and Outside Audit & Supervisory Board Members is also described in “II.1. [Related to Directors]” and “[Related to Audit & Supervisory Board Members]” in this report.

[Principle 4-11 (3) Evaluation of the Effectiveness of the Board of Directors]

The Company conducts evaluations and analyses every year to improve the effectiveness of the Board of Directors by recognizing, sharing, and improving the directions that the Board of Directors should take and the issues related to that

direction.

[Method for Evaluating the Effectiveness of the Board of Directors]

The Board of Directors discussed methods for evaluating the effectiveness of the plan in FY2023.

- (1) We judged that self-evaluation is appropriate for conducting research and evaluation in line with our company's circumstances. Meanwhile, we have determined that conducting a third-party evaluation aimed at verifying the objectivity and validity of the evaluation process once every few years is appropriate and decided to conduct the next third-party evaluation in FY2024.
- (2) As usual, the assessment was performed in three stages: a questionnaire, individual interviews and the deliberations of the Board of Directors. The scope of the assessment included all Directors and Audit & Supervisory Board members. The Secretariat of the Board of Directors compiled the results.
- (3) As usual, the questionnaire was based on the Corporate Governance Code and related materials and was reorganized with questions that reflect free and frank evaluation of each officer.

[Results of Evaluation of the Effectiveness of the Board of Directors]

As a result of the FY2023 evaluation, we were able to confirm that the Board of Directors of our company is functioning effectively. We primarily discussed the analysis of the progress in the implementation of Medium-Term Business Plan 2025. We also discussed earnings management (including ROIC) for the appropriate allocation of management resources and reviewed the functions and roles of subsidiaries. We have decided to further discuss the development of core human resources in the upcoming fiscal year.

The Board of Directors will proceed with the initiatives below to further improve its functions in FY2024.

- Continually monitor the progress of initiatives in Medium-Term Business Plan 2025 and discuss whether the plan needs to be changed according to changes in the environment.
- Flexibly review the allocation of management resources, including human resources, especially core human resources, and financial resources based on the progress of the business plan.
- Identify potential risks early on that may hinder the implementation of growth strategies and make appropriate decisions regarding actions to eliminate or avoid the risks.

OKI will strive to continuously improve the effectiveness of the Board of Directors with the goal of increasing corporate value.

[Principle 4-14 (2): Training for Directors and Audit & Supervisory Board Members]

The Company provides opportunities for Directors and Audit & Supervisory Board Members to participate in seminars and training conducted by external specialized agencies necessary to fulfill their roles and responsibilities. Based on this policy, necessary support is provided such as holding seminars by experts and utilizing training by external organizations. Training is also provided for newly appointed officers. When outside officers are appointed, explanations are given to them to deepen their understanding of the OKI Group's business activities, and visits are also made to business sites and factories.

Full-time Audit & Supervisory Board Members are also provided with opportunities to participate in seminars held by external organizations such as the Japan Audit & Supervisory Board Members Association.

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]

Based on the recognition that constructive dialogue with shareholders and other stakeholders and the appropriate use of market feedback in management and business activities leads to greater management efficiency and greater corporate value, OKI has established the following systems and initiatives to promote constructive dialogue with shareholders.

- (i) The Company appoints senior management in charge of IR and supervises them so that constructive dialogue can be realized.
- (ii) A dedicated IR department (IR Division) is established within the Corporate Planning Department of the Company to support dialogue. This department works in a coordinated fashion to share information with related departments, including the Accounting Department, Corporate Planning Department, and business divisions. In addition, each division reports important occurrences to the person responsible for handling information, and based on this information, related divisions cooperate with each other to conduct mutual checks. A system has been established to promote cooperation among divisions, such as in the area of disclosure.
- (iii) The president and the chief financial officer take the lead in engaging in dialogue with shareholders, and the IR Division and the Corporate Secretariat, which are dedicated departments, support this dialogue. Specifically, we hold various meetings, including management briefings and quarterly financial results briefings, and hold individual meetings with major shareholders, providing opportunities for direct dialogue with shareholders and other stakeholders to a reasonable extent.
- (iv) Opinions of institutional investors, etc., obtained through IR/SR activities are periodically fed back to senior management at Board of Directors meetings.

- (v) We will ensure that senior management and employees are thoroughly informed of the strict management of insider information in accordance with the Rules for Prevention of Insider Trading to prevent insider information leaks. In addition, the Company has established the Disclosure Policy, which relates to the establishment of systems and measures to promote constructive dialogue with shareholders.

<https://www.oki.com/en/ir/corporate/disclosure.html>

[Principle 5-2: Establishing and Disclosing Business Strategies and Business Plans]

In the process of formulating the Medium-Term Business Plan 2025, OKI reorganized its business into four business segments, which had previously been divided into two segments, and reclassified them as growth or stabilization businesses. The Medium-Term Management Plan 2025 is a management plan that appropriately allocates resources to each segment based on market growth and profitability.

In addition, with the aim of achieving a more efficient management resource allocation by evaluating our business portfolio with high accuracy, we plan to upgrade our management by introducing ROIC.

2. Capital Structure

| | |
|-----------------------------------|----------------------|
| Foreign Shareholding Ratio | 20% to less than 30% |
|-----------------------------------|----------------------|

[Major Shareholders]

| Name or Company Name | Number of Shares Held | Shareholding Ratio (%) |
|--|-----------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account) | 12,574,800 | 14.51 |
| Custody Bank of Japan, Ltd. (trust account) | 4,476,000 | 5.16 |
| Okid Denki Group Employees' Shareholdings Committee | 2,208,661 | 2.55 |
| Mizuho Bank, Ltd. | 1,419,648 | 1.64 |
| Meiji Yasuda Life Insurance Company | 1,400,097 | 1.62 |
| DFA INTL SMALL CAP VALUE PORTFOLIO | 1,365,986 | 1.58 |
| Custody Bank of Japan, Ltd. (trust account 4) | 1,317,000 | 1.52 |
| State Street Bank West Client-Treaty 505234 | 1,186,593 | 1.37 |
| JP Morgan Chase Bank 385781 | 1,163,683 | 1.34 |
| Juniper | 1,153,494 | 1.33 |

| | |
|---|---|
| Controlling Shareholder (excluding Parent Company) | — |
|---|---|

| | |
|------------------------------------|------|
| Existence of Parent Company | None |
|------------------------------------|------|

Supplementary Explanation

Major shareholders are listed based on the shareholders' register as of September 30, 2023.

The Report of Possession of Large Volume (Change Report), which was opened for public inspection on January 10, 2023, stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders owned a total of 8,032,700 shares (holding ratio of 9.21 %) as of December 30, 2022. However, as the Company is unable to confirm the actual number of shares held as of September 30, 2023, OKI has not included them in the above status of major shareholders.

3. Corporate Attributes

| | |
|--|---------------------------------------|
| Listed Exchange and Market Section | Tokyo Stock Exchange, prime market |
| Fiscal Year-End | March |
| Industry | Electrical equipment |
| Number of Employees (Consolidated) at End of Previous Fiscal Year | 1,000 or more |
| Net Sales (Consolidated) for the Previous Fiscal Year | ¥100 billion to less than ¥1 trillion |
| Number of Consolidated Subsidiaries at the End of the Previous Fiscal Year | From 50 to less than 100 |

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

5. Other Special Circumstances That May Have a Material Impact on Corporate Governance

—

II. Business Management Organization and Other Corporate Governance Systems Related to Decision-Making, Execution of Business, and Management Supervision

1. Organizational Composition and Operation

| | |
|---------------------|---|
| Organizational Form | Company with an Audit & Supervisory Board |
|---------------------|---|

[Directors]

| | |
|---|------------------|
| Maximum Number of Directors Stipulated in Articles of Incorporation | 15 |
| Term of Office Stipulated in Articles of Incorporation | 1 year |
| Chairperson of the Board | Outside Director |
| Number of Directors | 8 |
| Appointment of Outside Directors | Appointed |
| Number of Outside Directors | 4 |
| Number of Independent Directors Designated from among Outside Directors | 4 |

Outside Directors' Relationships with the Company (1)

| Name | Attributes | Relationship with the Company (*) | | | | | | | | | | |
|-----------------|----------------------|-----------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Shigeru Asaba | Academic | | | | | | | | | | | |
| Tamotsu Saito | From another company | | | | | | | | △ | | | |
| Izumi Kawashima | Academic | | | | | | | | | | | |
| Makoto Kigawa | From another company | | | | | △ | | | △ | | | |

Categories of "Relationship with the Company"

"○" indicates a category into which the Director presently falls or has recently fallen. "△" indicates a category into which the Director has fallen in the past. "●" indicates a category into which a close relative of the Director presently falls or has recently fallen. "▲" indicates a category into which a close relative of the Director has fallen in the past.

- a Executive of the Company or its subsidiary
- b Non-executive Director or executive of a parent company of the Company
- c Executive of a fellow subsidiary company of the Company
- d A party whose major client or supplier is the Company or an executive thereof
- e Major client or supplier of the Company or an executive thereof
- f Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director
- g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h Executive of a client or supplier company of the Company (which does not correspond to d, e, or f) (the Director himself/herself only)
- i Executive of a company to which Outside Directors are mutually appointed (the Director himself/herself only)
- j Executive of a company or organization that receives a donation from the Company (the Director himself/herself)
- k Other

Outside Directors' Relationships with the Company (2)

| Name | Designated as Independent Director | Supplementary Explanation of the Relationship | Reasons for Appointment |
|---------------|------------------------------------|---|---|
| Shigeru Asaba | Yes | <p>Mr. Shigeru Asaba is a professor of the Graduate School of Business and Finance of Waseda University, and an Outside Director of Nippon Beet Sugar Manufacturing Co., Ltd.</p> <p>The above company has no business relationship with OKI.</p> | <p>Mr. Shigeru Asaba is currently a professor of Waseda Business School (Graduate School of Business and Finance). Mr. Asaba has academic expertise in business in general and high ethical standards through his specialist knowledge in the fields of industrial organizations, corporate strategy, competitive strategy, ownership structures, corporate governance and corporate conduct. In addition, he has a high degree of independence from the management team, experience as an outside director of other companies, and serves as the chairman of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on his academic expertise in all aspects of business, including marketing and innovation, the Company has appointed him as an Outside Director as it is expected that he will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings. Although he has never had experience of being involved in corporate management other than as an outside officer, the Company determined that he will be able to carry out the duties of Outside</p> |

| | | | |
|-----------------|-----|--|--|
| | | | <p>Director appropriately for the aforementioned reason.</p> <p>The Company believes that he is sufficiently independent and has no risk of conflicts of interest with general shareholders.</p> |
| Tamotsu Saito | Yes | <p>Mr. Tamotsu Saito concurrently serves as Advisor of IHI Corporation, Outside Director of Furukawa Electric Co., Ltd. and Outside Director of KAJIMA CORPORATION, The volume of transactions between the companies and the Company accounts for less than 1% of the OKI Group's net sales and accounts for less than 1% of each company's net sales.</p> | <p>As a long-time representative director of IHI Corporation and a business leader not only in the industry but also in Japan, Mr. Tamotsu Saito has a wealth of management experience and high ethical standards in the manufacturing industry. In addition, he has a high degree of independence from the management team, experience as an outside director of other companies, and serves as the member of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on his manufacturing, development and global management experience, the Company has appointed him as an Outside Director as it is expected that he will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings.</p> <p>The Company believes that he is sufficiently independent and has no risk of conflicts of interest with general shareholders.</p> |
| Izumi Kawashima | Yes | <p>Ms. Izumi Kawashima is a professor on the Faculty of Social Sciences at Waseda University.</p> | <p>Ms. Izumi Kawashima is currently a professor of the Faculty of Social Sciences at Waseda University. She specializes in commercial law (mainly the Companies Act) and the Financial Instruments and Exchange Act, and particularly has academic specialist knowledge relating to the Companies Act and corporate governance as well as high ethical standards. In addition, she has a high degree of independence from the management team, and has devoted her energies to the display of the Board of Directors functions as the chairperson of the Company's Board of Directors since June 2021. Ms. Kawashima also has experience as an outside director of other companies, and serves as a member of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on her knowledge as a legal expert in the Companies Act and the Financial Instruments and Exchange Act, etc., the Company has appointed her as an Outside Director as it is expected that she will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings. Although she has never had experience of being involved in corporate management other than as an outside officer, the Company determined that she will be able to carry out the duties of Outside Director appropriately for the aforementioned reason.</p> |

| | | | |
|---------------|-----|--|---|
| | | | The Company believes that she is sufficiently independent and has no risk of conflicts of interest with general shareholders. |
| Makoto Kigawa | Yes | Mr. Makoto Kigawa has served as Managing Executive Officer and Managing Director of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) from April 2002 to March 2005. Mizuho Bank, Ltd. is a major lender of the Company with borrowings of 39.0 billion yen in fiscal 2022. In addition, he concurrently serves as Special Adviser of Yamato Holdings, Co., Ltd. and Outside Director, The Higo Bank, Ltd. The volume of transactions between the companies and the Company accounts for less than 1% of the OKI Group's net sales and accounts for less than 1% of each company's net sales. Mr. Kigawa also serves as Outside Director of Seven Bank, Ltd. and Outside Director of ICMG Co., Ltd.. However, no business relationship exists between these three companies and the OKI Group. | After serving as an officer at a financial institution, Mr. Makoto Kigawa served as Representative Director of Yamato Holdings Co., Ltd. for more than ten years, and has extensive management experience and high ethical standards, mainly in the logistics industry, including the transformation of business models using ICT. In addition, he has a high degree of independence from the management team, experience as an outside director of other companies, and serves as the member of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on his supply chain management and risk management experience, the Company has appointed him as an Outside Director as it is expected that he will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings. The Company believes that he is sufficiently independent and has no risk of conflicts of interest with general shareholders. |

| | |
|---|-------------|
| Voluntary Establishment of Committee(s) Corresponding to the Nomination Committee or Remuneration Committee | Established |
|---|-------------|

Committee's Name, Composition, and Attributes of Chairperson

| | Committee's Name | Total Committee Members | Full-time Members | Internal Directors | Outside Directors | Outside Experts | Other | Chairperson |
|---|---|-------------------------|-------------------|--------------------|-------------------|-----------------|-------|-------------------|
| Committee Corresponding to Nomination Committee | Personnel Affairs and Compensation Advisory Committee | 5 | 0 | 1 | 4 | 0 | 0 | Outside Directors |
| Committee Corresponding to Remuneration Committee | Personnel Affairs and Compensation Advisory Committee | 5 | 0 | 1 | 4 | 0 | 0 | Outside Directors |

Supplementary Explanation

OKI has established the Personnel Affairs and Compensation Advisory Committee as a voluntary body to ensure transparency and objective judgment in the decision-making processes for appointing board members and executive officers and determining their remuneration.

[Audit & Supervisory Board Members]

| | |
|---|-------------|
| Establishment of Audit & Supervisory Board | Established |
| Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation | 5 |
| Number of Audit & Supervisory Board Members | 5 |

Cooperation among Audit & Supervisory Board Members, Accounting Auditors, and the Internal Audit Department

Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings based on auditing policies and methods determined by the Audit & Supervisory Board, verify the content of reports received from Directors and others, and investigate the status of the Company's operations and assets. Audit & Supervisory Board members audit the execution of duties by Directors in close cooperation with Outside Directors, the Internal Auditing Division, and accounting auditors.

| | |
|--|-----------|
| Appointment of Outside Audit & Supervisory Board Members | Appointed |
| Number of Outside Audit & Supervisory Board Members | 3 |
| Number of Independent Officers Designated from among Outside Audit & Supervisory Board Members | 3 |

Relationship with the Company (1)

| Name | Attributes | Relationship with the Company (*) | | | | | | | | | | | | |
|-----------------|-----------------------------|-----------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k | l | m |
| Hideo Shiwa | From another company | | | | | | | | | | △ | | | |
| Ryuichi Makino | Certified Public Accountant | | | | | | | | △ | | | | | |
| Yoshihiro Tsuda | Certified Public Accountant | | | | | | | | △ | | | | | |

Categories of "Relationship with the Company"

"○" indicates a category into which the member presently falls or has recently fallen. "△" indicates a category into which the member has fallen in the past. "●" indicates a category into which a close relative of the member presently falls or has recently fallen. "▲" indicates a category into which a close relative of the member has fallen in the past.

- a Executive of the Company or its subsidiary
- b Non-executive Director or accounting advisor of the Company or its subsidiary
- c Non-executive Director or executive of a parent company of the Company
- d Audit & Supervisory Board member of a parent company of the Company
- e Executive of a fellow subsidiary company of the Company
- f A party whose major client or supplier is the Company or an executive thereof
- g Major client or supplier of the Company or an executive thereof
- h Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board member
- i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j Executive of a client or supplier company of the Company (which does not correspond to f, g, or h) (the Audit & Supervisory Board member himself/herself only)
- k Executive of a company to which Outside Directors are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself)
- m Other

Relationship with the Company (2)

| Name | Designated as Independent Officer | Supplementary Explanation of Relationship | Reasons for appointment |
|----------------|-----------------------------------|--|--|
| Hideo Shiwa | Yes | <p>Mr. Hideo Shiwa has served as Executive Officer of Fujikura Ltd. from April 2007 to March 2018 (concurrently serving as Director from June 2014 to June 2016). In addition, he is an Outside Director (Audit Committee Member) of Outsourcing Co., Ltd. Transaction amounts between OKI and the above-mentioned business partners are less than 1% of each party's sales.</p> | <p>Mr. Hideo Shiwa has headed the finance & accounting and planning divisions and presided over a business company and unit of the head office of a manufacturing company before serving as Director and Senior Managing Executive Officer and completing overseas assignments. The Company has appointed him as an Audit & Supervisory Board Member based on its judgement that he can conduct appropriate audits of its management by making use of his extensive experience, global insight, and high ethical standards. Based on his background described above, he has considerable financial, accounting and legal knowledge required for the Company's audits.</p> <p>The Company believes that he is sufficiently independent and has no risk of conflicts of interest with general shareholders.</p> |
| Ryuichi Makino | Yes | <p>Mr. Ryuichi Makino was a certified public accountant at KPMG AZSA LLC from April 1980 to June 2019. He also serves as Standing Audit & Supervisory Board Member of Synchro Food Co., Ltd., and head of Ryuichi Makino CPA Office. Transaction amounts between OKI and the above-mentioned business partners are less than 1% of each party's sales.</p> | <p>As a certified public accountant, Mr. Ryuichi Makino has been engaged in accounting audit of manufactures and other businesses in a wide range of industries for many years. He also has extensive knowledge in internal control. The Company has appointed him as an Audit & Supervisory Board Member based on its judgement that he can conduct audits of its management in an objective, neutral manner by making use of his extensive experience, insight, and high ethical standards. Based on his background described above, he has considerable financial, accounting and legal knowledge required for the Company's audits. Although he has never been involved in corporate management, the Company has determined that he is able to carry out the duties of Outside Audit & Supervisory Board Member appropriately for the aforementioned reason.</p> <p>The Company believes that he is sufficiently independent and has no risk of conflicts of interest with general shareholders.</p> |

| | | | |
|-----------------|-----|---|--|
| Yoshihiro Tsuda | Yes | Mr. Yoshihiro Tsuda serves as Outside Audit & Supervisory Board Member of PRONEXUS Inc. The volume of transactions between that company and the Company accounts for less than 1% of the OKI Group's net sales and accounts for less than 1% of that company's net sales. Although he serves as Outside Standing Audit & Supervisory Board Member of Tribeck Inc., there are no business relationships between the company and the OKI Group. | As a certified public accountant, Mr. Yoshihiro Tsuda has been involved in global accounting audits in various industries for many years. The Company has judged that he can conduct objective and neutral audits of the Company's management from a global perspective by utilizing his wealth of experience, knowledge and high ethical standards, and has therefore been appointed him as an Audit & Supervisory Board Member. Although he has no experience of being involved in the management of a company in the past, the Company believes that he will be able to appropriately execute his duties as Outside Audit & Supervisory Board Member for the reasons mentioned above. The Company believes that he is sufficiently independent and has no risk of conflicts of interest with general shareholders. |
|-----------------|-----|---|--|

[Independent Officers]

| | | |
|--------------------------------|---------|---|
| Number of Independent Officers | UPDATED | 7 |
|--------------------------------|---------|---|

Matters relating to Independent Officers

Independence Criteria for Outside Officers

The Company has established independence criteria for Outside Directors and Outside Audit & Supervisory Board Members (hereinafter collectively "Outside Officers") that it appoints. When examining officer candidates, the Company emphasizes their independence based on these criteria.

- (1) An Independent Officer has not been an executive^{*1} of the OKI Group in the past 10 years.
- (2) An Independent Officer has not been a party whose major client is the OKI Group (a party whose sales to the OKI Group exceed 2% of the total sales of that party's group), or an executive of such a party, in the most recent business year or in the past three business years.
- (3) An Independent Officer has not been a party whose major client is the OKI Group (the OKI Group's sales to the party's group exceed 2% of the total sales of the OKI Group), or an executive of such a party, in the most recent business year or in the past three business years.
- (4) An Independent Officer has not been a major shareholder of the Company (a shareholder directly or indirectly holding 10% or more of the total voting rights of the Company) or an executive of a party that is a major shareholder of the Company in the past five years.
- (5) An Independent Officer has not been an executive of a party whose major shareholder is the Company in the past five years.
- (6) An Independent Officer is not a consultant, accounting professional such as certified public accountant, or legal professional such as a lawyer who receives a large amount of money or other assets from the OKI Group aside from officer compensation (if an organization such as a corporation or an association receives the money or other assets, the consultant, accounting professional, or legal professional refers to an individual who belongs to the organization. A large amount is over ¥10 million per year on average in the past three fiscal years if the recipient is an individual, and over ¥10 million or 2% or more of the consolidated net sales of an organization per year in the past three fiscal years, whichever is higher, if the recipient is an organization).
- (7) An Independent Officer has not belonged to an auditing firm that conducts the statutory audit of the Company in the past five years.
- (8) A person is not a relative within the second degree of kinship to any the following people.
 - a. People listed in (2) to (7) above (limited to important executives^{*2} for "executives" in (2) to (5), (2) for "people belonging

to associations” in (6), important executives and people whose associations have professional qualifications such as certified public accountants or lawyers in the case of accounting or legal expert associations such as audit firms or legal firms, and people who have professional qualifications such as certified public accountants and certified public accountants for “people belonging to audit firms” in (7).

b. An important executive of the OKI Group

*1 “Executive” refers to a person who performs the business such as a Director (excluding Outside Directors), executive officer, employee, etc.

*2 “Important executive” refers to a person who performs important business such as a Director (excluding Outside Directors), an executive officer, or a department head.

When the Company appoints Outside Officers, it emphasizes the criteria above. The Company also considers whether the candidate's experience and knowledge in their fields of expertise are useful for the Company.

[Incentives]

Implementation of Measures to Provide Incentives to Directors

Performance-based pay

Supplementary Explanation

Please refer to “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in “Director Remuneration” below.

In addition, beginning in fiscal 2023, we abolished stock-based compensation stop options as a medium- to long-term incentive compensation and introduced performance-based stock-based compensation (performance share units), in which shares are distributed according to the status of performance. For details, please see Proposal 4, which was approved at the 99 Annual General Meeting of Shareholders held on June 27, 2023.

https://www.oki.com/en/ir/meeting/pdf/99all_e.pdf

[Director Remuneration]

Disclosure of Individual Directors' Remuneration

No individual disclosure

Supplementary Explanation

In FY2022 (the fiscal year ended March 2023), the total amount of compensation paid to Directors was ¥293 million, and the total amount of compensation paid to Audit & Supervisory Board Members was ¥73 million.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has established a policy for determining the details of compensation for individual Directors. The outline of the policy is as follows. The Company's basic policy is that the remuneration of directors and executive officers functions as an incentive to improve business performance in order to continuously improve corporate value and enhance corporate competitiveness, and that it is a remuneration system that can secure excellent human resources.

Details are disclosed on the Company website.

<https://www.oki.com/en/ir/corporate/governance/officers.html#co04>

[Support System for Outside Directors / Outside Audit & Supervisory Board Members]

Support System for Outside Directors

Departments in charge: Secretariat of the Board of Directors, Secretarial Division

Person in charge: Yes

Information communication system: The Company has established a system in which the information required for the execution of duties by Outside Directors is communicated through the staff member in charge. The Company provides materials and explanations prior to Board of Directors' meetings.

Support System for Outside Audit & Supervisory Board Members

Departments in charge: Dedicated staff to support Audit & Supervisory Board Members

Staff: Yes

Information communication system: Members of staff who are not subject to the instructions or orders of Directors are appointed to assist Outside Audit & Supervisory Board Members in their duties. The Company provides materials and explanations prior to Board of Directors' meetings.

[Status of People Retired from Such Positions as Representative Director and President]

Advisors Who Previously Served in Such Positions as Representative Director and President

| Name | Title / Position | Role/ Activity | Working Conditions (Full-Time/Part-Time, Paid/Unpaid, etc.) | Date of Retirement from President, etc. | Term of Office |
|------|------------------|----------------|---|---|----------------|
| — | — | — | — | — | — |

Total number of advisors who Previously Served in Such Positions as Representative Director and President —

Others

The Company has abolished the system whereby people who previously served in such positions as Representative Director and President were appointed as advisors.

2. Matters Related to the Functions of Business Execution, Auditing and Supervision, Nomination, and Determination of Remuneration (Overview of the Current Corporate Governance System)

As a company with the Audit & Supervisory Board, the Company establishes the Board of Directors and Audit & Supervisory Board and adopts an executive officer system, aiming to promote “timely decision-making processes” by separating business execution and supervision. In addition, the Company also works on the “enhancement of management fairness and transparency” by nominating Outside Directors as well as setting up a voluntary committee concerned with personnel affairs and compensation, so as to ensure effective supervision from an independent and objective standpoint. In addition to audits by the Audit & Supervisory Board and its members, OKI seeks to ensure “full compliance and fortification of risk management,” such as by establishing the Risk Management Committee.

(1) Board of Directors

In principle, the Board of Directors meets once a month, with extraordinary meetings also held if necessary, to make decisions on basic management policies and other important matters and to supervise the execution of business in accordance with laws and regulations and the Articles of Incorporation. To secure the functions of the Board of Directors, the Company selects candidates for Directors in consideration of diversities, such as expertise, career and gender, based on the skills matrix, and includes four Independent Outside Directors (including one female Director) to improve the fairness and transparency of management, thinking that the roughly equal numbers of internal Executive Directors and highly independent Outside Directors create an appropriate balance. The Board of Directors is chaired by an Independent Outside Director. In addition, in order to further clarify the management responsibility for each business year, the Articles of Incorporation provide that the term of office shall be one year.

(2) Audit & Supervisory Board

The Audit & Supervisory Board consists of five Audit & Supervisory Board members, three of whom are highly independent outside Audit & Supervisory Board members. Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings based on audit policies and methods determined by the Audit & Supervisory Board, verify the content of reports received from Directors and others, and investigate the status of the Company's operations and assets, etc. Collaborating closely with Outside Directors, the Internal Auditing Division, accounting auditors, and Audit & Supervisory Board members audit the performance of duties by Directors. Members of staff who are not subject to the instructions and orders of Directors are appointed to assist Outside Audit & Supervisory Board Members in their duties. Details are disclosed on the "Governance System" website.

<https://www.oki.com/en/ir/corporate/governance/structure.html>

(3) Executive Officer System

The Company appoints executive officers to implement operations in accordance with management policies determined by the Board of Directors to separate the functions of business execution and oversight of management and promote timely decision-making. The Company has also established the Management Conference to help the president make

decisions.

(4) Utilization of Voluntary Committees

The Company has established the Personnel Affairs and Compensation Advisory Committee as a voluntary committee to secure transparency and objectiveness in the decision-making processes concerning appointment and dismissal of Directors and determination of compensation for officers. The committee consists of five non-executive Directors. Prior to the resolution of the Board of Directors, meeting as appropriate and the Committee receives inquiries on the appointment and dismissal of Directors, Executive Officers, etc., as well as the remuneration system and level, etc., and reports to the Board of Directors after deliberating from an objective viewpoint. The current Chairperson of the Committee is an Independent Outside Director by resolution of the Board of Directors.

(5) Accounting Audit

The Company has selected PricewaterhouseCoopers Japan LLC as its accounting auditor. To improve the transparency and correctness of the accounting process, the Company undergoes regular audits and seeks advice as needed. Three certified public accountants, all of whom belong to PricewaterhouseCoopers Japan LLC, currently audit the Company: Tsuyoshi Saito, Takeaki Ishibashi, and Yoshihiro Shiribiki. In addition, audits are assisted by 15 certified public accountants and 52 others who belong to PricewaterhouseCoopers Japan LLC (FY2022). Years of consecutive audits have been omitted, as all members have been involved in auditing the Company for less than seven years. PricewaterhouseCoopers Japan LLC has voluntarily taken measures to prevent its executive staff from being involved in its accounting audits for a period exceeding a certain period.

(6) Internal Auditing

The Company has established the Corporate Administration Division as an internal auditing division that reports directly to the president. Internal Audit Personnel of the Corporate Administration Division consists of 19 members, including one certified internal auditor and one certified fraud examiner. In accordance with the internal audit rules, the Corporate Administration Division conducts internal audits to properly understand the actual status of compliance risk management and overall operations at the Company's business units and subsidiaries, detect and prevent compliance improprieties in the execution of internal controls, and support improvement of operations.

(7) Summary of Limited Liability Contracts

The Company concluded agreements to limit liabilities with all Outside Directors and Audit & Supervisory Board Members under the provisions of Article 427, paragraph (1) of the Companies Act.

(8) Outline of liability insurance agreement for Directors

The Company concluded liability insurance agreements as defined in the provisions of Article 430-3, paragraph (1) of the Companies Act covering Directors, Audit & Supervisory Board Members Executive Officers, and those who concurrently serve as Outside Directors, etc. of the Company (plan to add Executive General Managers as insured from the next renewal in FY2023); Directors, Executive Officers, Audit & Supervisory Board Members and Corporate Officers of all of the domestic subsidiaries, and Directors, Executive Officers, Audit & Supervisory Board Members, Corporate Officers and employees who hold executive positions at some foreign subsidiaries in the U.S., China, Thailand, etc. as the insured.

3. Reasons for Adopting the Current Corporate Governance System

The Company has adopted the current system based on its judgment that the system facilitates the “improvement of fairness and transparency in management,” “acceleration of decision-making processes,” and “thorough compliance and strengthening of risk management” by separating business execution and supervision, strengthening supervisory functions through the active involvement of multiple Outside Directors, and conducting objective audits by Audit & Supervisory Board members who are independent from management, as well as by establishing voluntary committees. In keeping with the purposes of the Corporate Governance Code and the Company’s responsibilities to stakeholders, the Company continuously strives to achieve sustainable growth and increase corporate value over the medium to long term.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Invigorate General Shareholder Meetings and Smooth the Exercise of Voting Rights

| | Supplementary Explanation |
|---|--|
| Early Notification of General Shareholder Meeting | As a general rule, the convocation notice for the Ordinary General Meeting of Shareholders is sent approximately three weeks prior to the date of the meeting. In addition, prior to the dispatch of the convocation notice, in principle, it is posted at an early stage on the Tokyo Stock Exchange website and the |

| | |
|---|---|
| | Company website approximately four weeks prior to the date of the convocation. (The Notice of Convocation of the 99 th Ordinary General Meeting of Shareholders (held on June 27, 2023) was posted on the Company's website on Tuesday, May 30, 2023 and sent out on Tuesday, June 6, 2022) |
| Setting of General Meeting of Shareholders Avoiding Concentrated Days | The 99 th Ordinary General Meeting of Shareholders was held on Tuesday, June 27, 2023. |
| Allowing Electronic or Magnetic Exercise of Voting Rights | The Company has implemented this system since June 2002. From June 2019, it became possible to exercise voting rights through smartphones. |
| Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors | The Company participates in the voting platform for institutional investors operated by Investor Communications Japan Inc. (ICJ, Inc.). |
| Providing Convocation Notices (Summaries) in English | The Company prepares English versions of its convocation notices, which are disclosed on its website. |
| Others | Convocation notices are disclosed on its website. |

2. IR Activities

| | Supplementary Explanation | Presentation by Representative |
|--|---|--------------------------------|
| Preparation and Publication of Disclosure Policy | The disclosure policy is disclosed on the Company website. https://www.oki.com/en/ir/corporate/disclosure.html | |
| Regular Briefings for Analysts and Institutional Investors | Briefings on quarterly financial results and medium-term business plans are held as necessary and explained by the representative or the chief financial officer. | Provided |
| Posting of IR Materials on Website | IR-related materials are posted on the Company's website in the "Investor Relations" section so that they can be viewed by all investors. | |
| Establishment of Department / Manager in Charge of IR | The Investor Relations Department is under the the Corporate Planning Department. | |
| Others | We provide an IR e-mail distribution service to notify registered e-mail address of the Company IR information such as the latest timely disclosure. | |

3. Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanation |
|---|---|
| Stipulation of Internal Rules for Respecting the Position of Stakeholders | With regard to appropriate cooperation with stakeholders, respect for their interests, and sound business ethics, the OKI Group Charter of Corporate Conduct, established in October 2005, clearly states the basic stance that "Earning the trust of all stakeholders is the foundation for improving corporate value," expressing the OKI Group's values. In addition, the OKI Group Code of Conduct (established in August 2007, revised in December 2012) sets forth a code of conduct in which specific actions to be taken by all directors and employees of the OKI Group in order to fulfill each item of the Charter are expressed in universal terms that can be applied globally. In October 2012, we established the Compliance Declaration, which clearly states that management takes the lead in ensuring compliance in order to respond to the trust of stakeholders. In line with the "OKI Group Human Rights Policy" – which we established in October 2022 based on the UN Guiding |

Principles on Business and Human Rights – we will establish mechanisms and develop and implement measures for human rights due diligence and other requirements.

Implementation of Environmental Activities, CSR Activities, etc.

In order to practice sustainability management as a company “Delivering OK! to your life.,” in accordance with its corporate philosophy, the OKI Group formulated the 2025 Medium-Term Business Plan, which it announced in May 2023, and updated its materiality. In addition to the “Realization of goods and services that solve social issues,” which addresses social issues in the three areas of contribution, the OKI Group will steadily advance its environmental, social and governance initiatives by implementing initiatives to reduce the environmental impact of its business activities, transform its corporate culture into one that continues to create value, and strengthen its management base to support sustainable growth.

In our environmental activities, our mission is to pass on a better global environment to the next generation through the resolution of social issues in the face of increasingly serious climate change, and we are promoting environmental management by considering the management risks and opportunities related to the environment from a medium- to long-term perspective. We are promoting the provision of products and services that contribute to the resolution of environmental issues as well as the reduction of CO2 emissions and other environmental impacts in the manufacturing process. With regard to the prevention of global warming, we are committed to the SBTs (greenhouse gas reduction targets scientifically consistent with the Paris Agreement), and in September 2022, we revised the FY 2030 goal of decarbonization in the OKI Environmental Vision 2030/2050 to conform to the SBTs. In 2030, we set a goal to reduce CO2 emissions at our own sites by 42% from the FY 2020 level, to reduce CO2 emissions from our suppliers and from the use of our products by 25% from the FY level, to reduce CO2 emissions at our own sites to virtually 0 in FY 2050, and to reduce the consumption of electricity for new products to virtually 0, and in the Medium-Term Business Plan 2025, we set a goal for FY 2025 to reduce CO2 emissions at our own sites by 21% from the FY 2020 level. To achieve these goals, we are studying and promoting various measures related to energy conservation and the introduction of renewable energy.

The OKI Group also supports the Task Force on Climate-related Financial Disclosures (TCFD), which systematically manages climate-related risks and opportunities and measures to address them, and strives to enhance disclosure of such information.

As for CSR activities, the OKI Group Charter of Corporate Behavior and the OKI Group Code of Conduct summarize the actions that must be taken in order to implement sincere corporate activities that meet the expectations of stakeholders, and the OKI Group Code of Conduct has been adopted by all companies in the Group to ensure that all employees are informed and thoroughly informed through training and other means. The Charter and the Code are positioned as values that should be shared by all officers and employees of the OKI Group in order to enhance corporate value.

For more information on these initiatives, please see OKI Report <https://www.oki.com/en/ir/finance/library/ar2023.html> and

Our company Sustainability Site. <https://www.oki.com/en/sustainability/>

Development of Policies on the Provision of Information to Stakeholders

The OKI Group’s Charter of Corporate Conduct emphasizes “good communication” and sets forth a basic policy: “The OKI Group engages with society through a variety of interactions, and discloses Company information in an appropriate and fair manner.” In addition, the OKI Group Code of Conduct, established in August 2007, stipulates the basic policy as a code of conduct for each executive and employee to follow.

Others

Initiatives for Personalized Work Styles of Diverse Human Resources

Since fiscal year 2020, the OKI Group has been reviewing its systems, promoting the digital transformation of work styles, and reorganizing offices for the purpose of invigorating co-creation with customers and increasing employee collaboration, based on the concept of “derive maximum value out of time and dramatically improve work life quality.”

For details, please refer to OKI Report 2023

<https://www.oki.com/en/ir/finance/library/ar2023.html>

or our company website.

<https://www.oki.com/en/sustainability/csraact/emply/swl.html>

- Greater Flexibility in Work Location and Hours
- Support for Balancing Work and Private Life
- Initiatives for Sexual Minorities

In addition, we will establish the Office of Organizational Culture Reform Department to create an environment where employees can work flexibly and implement measures to improve their job satisfaction through active participation in fiscal year 2023.

Initiatives for Health Management

Recognizing that ensuring the physical and mental health of its employees is essential for company management, the OKI Group has been promoting health management based on the “OKI Group Health Management Declaration” with the aim of enabling each and every employee to fully demonstrate his or her abilities by staying healthy, in both body and mind.

To prevent diseases and promote the health of employees and their families more effectively, the OKI Group conducts health management under a “collaborative health” system in which Group companies, including occupational health staff, and the health insurance associations work together. In addition, based on analysis of data mutually held by the companies and the health insurance associations, the OKI Group has identified priority health issues to be addressed from the three perspectives of “body,” “mind,” and “awareness,” and has set target indicators for promoting health.

In March 2023, OKI was certified as a “2023 Health and Productivity Management Outstanding Organization” in the large enterprise category as a company that takes proactive initiatives for health promotion. This is the seventh consecutive year since 2017 that we have been certified. In addition, in March 2023, OKI was recognized by the Japan’s Sports Agency as “Sports Yell Company 2023” as a company that actively promotes of sports activities to improve the health of its employees. We will continue to increase the number of employees with exercise habits, leading to the development of both physical and mental health.

IV Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and Progress in the System’s Development

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, our company has established a basic policy on internal control in order to contribute to the sustainable development of society through the enhancement of corporate value and facilitate voluntary and autonomous achievement of our goals. The Company has developed, and is implementing, an internal control system in keeping with this basic policy and strives to make continuous improvements to this system.

1. Structure to ensure that the execution of duties by Directors and hired experts is in keeping with corporate law and the Articles of Incorporation

- (1) Directors and executive officers shall spearhead efforts aimed at establishing corporate ethics at both the Company and its subsidiaries (referred to below as the “OKI Group”) and conduct themselves in accordance with the OKI Group Charter of Corporate Conduct and the OKI Group Code of Conduct, which were formulated to ensure that all directors, executive officers, and other hired experts comply with laws, ordinances, the Company's Articles of Incorporation, and its internal rules and regulations. At the same time, directors and executive officers shall repeatedly communicate the importance of this compliance to facilitate full awareness among all members of the OKI Group.

- (2) The Compliance Committee, chaired by the compliance officer, shall be established to report, deliberate and decide upon matters related to compliance in the OKI Group.
- (3) In order to raise awareness among all members of the OKI Group regarding compliance with decisions reached by the Compliance Committee, the division responsible for compliance-related matters plans and implements relevant and concrete measures such as education and training for directors, executive officers and employees.
- (4) Violations of laws and regulations, articles of incorporation, etc. shall be dealt with strictly in accordance with disciplinary provisions.
- (5) An independent internal audit division under the direct control of the president audits the status of compliance with laws and regulations, the articles of incorporation, internal rules, etc. in the OKI Group. Through these audits, the division identifies issues, proposes improvement measures, and conducts other relevant activities.
- (6) In order to promptly detect and correct misconduct, the Company has established internal reporting rules along with mechanisms for reporting to Outside Directors and Audit & Supervisory Board Members and has set up contacts point for reporting and consultation.
- (7) In cooperation with the police and other related organizations, we will take a resolute stance against antisocial forces that threaten the order and safety of civil society, and we will seek to cut off all relations with these forces.

2. System relating to storage and management of information in regard to the execution of duties of Directors

- (1) Documents and information related to the execution of duties by Directors shall be appropriately stored and managed in accordance with laws, regulations and internal rules.
- (2) With regard to information security, in accordance with the Electronic Information Management Rules and related regulations, the OKI Group shall delineate systems associated with responsibility for information security and establish a framework for the continuous implementation of measures aimed at maintaining and improving information security in the OKI Group.
- (3) The OKI Group shall establish rules related to the protection of personal information and the management of trade secrets, and store and manage personal information and important trade secrets appropriately and safely.
- (4) The Company shall develop rules related to the disclosure of important information and shall establish a system for the appropriate, timely and fair disclosure of information that must be communicated in accordance with requirements stipulated by laws, regulations, stock exchange rules, etc.

3. Regulations and other systems related to managing the risk of losses

- (1) To facilitate risk management, the Risk Management Committee, chaired by the President and CEO, shall be established in accordance with Risk Management Rules to accurately ascertain risks associated with the business activities of the OKI Group and promote measures aimed at preventing their materialization.
- (2) In accordance with these Risk Management Rules, all divisions of the OKI Group shall manage risks that may arise in relation to the business operations for which these divisions are responsible. For risks that require company-wide management, a supervisory department shall be established, and this department shall determine a response policy after evaluating the risks, and establish appropriate systems based on this policy.
- (3) When a member of the OKI Group becomes aware of a crisis or an impending crisis, he or she shall promptly report the situation to the Secretariat of the Risk Management Committee. The Secretariat shall provide guidance concerning actions to be taken and report particularly critical matters to directors and Audit & Supervisory Board members. In the event of a disaster, the Company will respond through a variety of potential measures (establishment of an emergency response headquarters, etc.) while considering factors such as the area in which the disaster occurred and the scale of the disaster.
- (4) The Board of Directors shall also review the risk management system each year.

4. System for ensuring the efficiency of execution of duties by Directors

- (1) The Board of Directors meets once a month, in principle, to decide on important matters such as basic management policies and to review the status of business execution performed by Directors.
- (2) By appointing executive officers who execute business in accordance with basic management policies determined by the Board of Directors, the Company will maintain separation between business execution and supervision and accelerate the decision-making process. In addition, the Company will organize a Management Committee composed of Executive Officers, etc. to assist the President and CEO in the decision-making process.
- (3) Responsibilities and authorities related to the execution of business operations shall be defined in the Rules of Division of Duties and Rules of Authority.
- (4) The Board of Directors shall make decisions regarding the OKI Group's medium-term management plan and annual plan and supervise the status of their execution.
- (5) Executive officers shall execute their duties efficiently and in accordance with the OKI Group's medium-term management plan and annual plan, as established by the Board of Directors. The progress of the annual plan shall be confirmed by the Management Committee and reported to the Board of Directors.

5. System for ensuring the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

- (1) The Company shall provide guidance and support for the development of systems designed to ensure the

appropriateness of operations at subsidiaries.

- (2) In order to improve the soundness and efficiency of management in the OKI Group, directors and corporate auditors shall be dispatched to subsidiaries as necessary in accordance with the management rules of affiliated companies, and a division responsible for the management of subsidiaries shall be established within the OKI Group. The division responsible for management of subsidiaries shall receive reports from these subsidiaries on important matters related to their business operations and hold relevant discussions. Matters of special importance shall be referred to the Management Committee or the Board of Directors.
- (3) Each subsidiary shall establish internal reporting rules as well as mechanisms for making reports to its Outside Directors and Audit & Supervisory Board Members. In addition, all subsidiaries shall establish contact points for reporting and consultation, and shall strive to promptly detect misconduct and correct this misconduct after reporting it to the Company.
- (4) The OKI Group shall aim to improve the efficiency of decision-making and operations performed by each group company by establishing common rules for the entire Group.
- (5) The Internal Audit Division of our company shall audit the appropriateness of the OKI Group's business operations while conducting proper verification procedures, providing advice, etc.

6. System for ensuring the reliability of financial reporting

- (1) In order to ensure the reliability the OKI Group's financial reporting, the internal control system for financial reporting shall be established, maintained and improved in accordance with Corporate Accounting Regulations, the Financial Instruments and Exchange Act and other applicable laws and regulations.
- (2) As they executive their respective operations, all divisions and subsidiaries of our company shall ensure appropriate financial reporting by implementing checks and balances based on separation of duties and daily monitoring.

7. Matters concerning employees who are responsible for assisting Audit & Supervisory Board members and the independence of these employees from the influence of Directors

- (1) Staff shall be appointed to assist Audit & Supervisory Board members in their duties.
- (2) In order to ensure the independence and the effectiveness of instructions, staff assigned to Audit & Supervisory Board members shall be employees who are not subject to instructions and orders of Directors, and the prior consent of the Audit & Supervisory Board shall be obtained for personnel transfers and personnel evaluations.

8. System for reporting by Directors and employees to Audit & Supervisory Board Members, and other systems for reporting to Audit & Supervisory Board Members

- (1) If any director or employee, or any director, Audit & Supervisory Board member, or employee of a subsidiary, discovers a situation that may cause significant damage to the Company, in accordance with laws and ordinances, he or she shall immediately report all relevant information to an Audit & Supervisory Board member either directly or through the responsible principal body.
- (2) Directors shall provide opportunities for full-time Audit & Supervisory Board Members to attend both Board of Directors' and Management Committee meetings to ensure that these members can understand processes applied when making important decisions and circumstances related to the execution of business operations. In addition, directors shall develop a system that enables the viewing of requests for managerial decisions and other important documents.
- (3) Directors shall establish a system under which Audit & Supervisory Board members attend meetings of, and receive reports from, the Risk Management Committee.
- (4) Directors shall ensure that Audit & Supervisory Board members receive internal reports in accordance with the Company's Internal Reporting Regulations and provide a system through which Audit & Supervisory Board members can be informed of current circumstances related to internal reporting.
- (5) Directors shall establish a system under which Audit & Supervisory Board members receive periodic reports from directors and employees regarding circumstances related to the establishment and implementation of internal control systems and the statuses of internal audits. Additionally, directors shall provide a system that allows Audit & Supervisory Board members to request reports from directors and employees regarding matters they deem necessary.
- (6) No individual who has made a report to a corporate auditor shall be treated disadvantageously on account of this report.
- (7) Directors and employees of subsidiaries shall promptly report to corresponding corporate auditors on matters for which reports are required by laws and regulations and matters regarding which reports were requested by these same auditors. Furthermore, these directors and employees shall provide additional reports to the headquarters responsible for subsidiaries of our company.

9. Other systems to ensure effective audits by Audit & Supervisory Board members

- (1) When investigating the status of the Company's operations and assets and performing other auditing duties, Audit & Supervisory Board Members shall maintain close coordination with the Internal Audit Division and ensure that these auditing duties are being performed efficiently and effectively.
- (2) Audit & Supervisory Board Members shall maintain close cooperation with accounting auditors and ensure efficient audits through a variety of means, including regular meetings with accounting auditors, attendance of on-site audits performed by accounting auditors and as necessary, requests for reports from accounting auditors regarding the progress

of audits.

- (3) The Company shall pay the expenses necessary for the execution of duties performed by Audit & Supervisory Board Members.
- (4) Audit & Supervisory Board Members may, if necessary, receive advice on audit services from entities such as attorneys and certified public accountants at the expense of the Company.

2. Basic Views on Eliminating Anti-Social Forces and Status of Related Measures

The Company opposes anti-social forces that threaten the order and safety of civil society and cooperates with relevant organizations such as the police and taking a resolute organization-wide stance to proscribe any relations with anti-social forces.

(Status of Measures to Eliminate Anti-Social Forces)

1. “Basic Policy Concerning the Development of Internal Control Systems,” the “OKI Group Code of Conduct,” and the “Regulations Concerning Response to Antisocial Forces” clearly state that the Company will take a firm stance against antisocial forces and eliminate any and all relationships with such forces.
2. Human Resources & General Affairs Division of Corporate Group is designated as the Response Control Department, and a person responsible for preventing unauthorized requests is set up at each office and business site.
3. The Company also works closely with the National Police Agency, the Metropolitan Police Department, and organizations related to the elimination of anti-social forces (such as the Federation of Metropolitan Police Department Special Violence Prevention Countermeasures, the Prefectural Center for the Promotion of Violence Campaign, etc.)
4. The Company strives to accumulate internal and industry experience, collects information from police and other related organizations, and maintains a database of information on anti-social forces to help prevent damage.
5. Training and education are provided by people in charge of preventing inappropriate requests in each region and workplace.

V Others

1. Adoption of Anti-Takeover Measures

| | |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not adopted |
|------------------------------------|-------------|

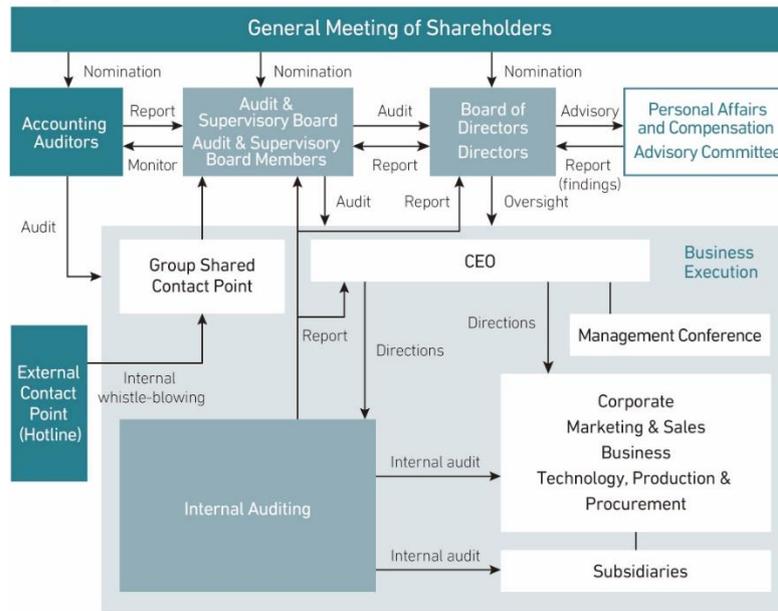
Supplementary Explanation

2. Other Matters Concerning the Corporate Governance System

(Outline of the Timely Disclosure System)

1. At OKI, matters decided by the Board of Directors and the Management Committee are communicated to the person responsible for information handling by means of minutes and other methods. Occurrences affecting the Company are also reported to the person responsible for information handling from each department. The Company performs mutual checks on such information by coordinating between related departments and considers disclosure.
2. In principle, information is disclosed to parties related to capital markets including shareholders, investors by a predetermined person responsible for disclosure.

Corporate Governance Structure



Timely Disclosure System (Account Settlement)

