

CORPORATE GOVERNANCE

The OKI Group recognizes sustainable growth and increasing corporate value over mid- and long-term as its most important management priorities in earning the trust of its various stakeholders. 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.”

Corporate Governance Structure

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. The positions of Chief Executive Officer (CEO) and Chief Operating Officer (COO) have been established since April 2022. The new system is designed to further reinforce the management force and speed up the decision-making process, where the CEO has the ultimate responsibility for the management strategies of the whole Group and the COO is responsible for the execution of the operations. OKI also endeavors to improve the fairness and transparency of management by nominating outside directors to the Board as well as setting up a voluntary committee on nomination, remuneration, etc. so as to ensure effective supervision from an independent and objective standpoint. In addition to audits by Audit & Supervisory Board members and the Audit & Supervisory Board, OKI is making efforts toward full compliance and the fortification of risk management, such as by establishing the Risk Management Committee.

• Board of Directors

The Board of Directors in principle meets once a month, but can call extraordinary meetings when necessary, and is responsible for deciding fundamental management policies and other important matters and overseeing business execution in accordance with laws and regulations and the Articles of Incorporation. To secure the functions of the Board of Directors, OKI selects candidates for directors in consideration of diversity, such as expertise, work experience, and gender based on a skills matrix. Four directors, which is about half of the Board of Directors, are outside directors with a high level of independence in order to enhance management fairness and transparency; furthermore, one of the independent outside directors is Chair of the Board of Directors. To clarify management responsibility for each fiscal year, the Articles of Incorporation stipulates that directors are appointed for single-year terms.

• Audit & Supervisory Board

The Audit & Supervisory Board comprises five Audit & Supervisory Board members, three of which are outside Audit & Supervisory Board members with a high level of independence. Based on audit policies, methods, etc. decided at Audit & Supervisory Board meetings, Audit & Supervisory Board members attend Board of Directors’ meetings and other important meetings, verify the content of reports received from directors, etc., and conduct investigations into matters concerning the Company’s operations, financial status, etc. Collaborating closely with outside directors, the Internal Auditing Division,

and the accounting auditor, Audit & Supervisory Board members audit the performance of duties by directors. In fiscal year 2021, the effectiveness of the Audit & Supervisory Board was evaluated based on Audit & Supervisory Board members’ self-evaluation. Future improvements in auditing activities were considered, and improvement measures were developed.

• Executive Officer System

OKI appoints executive officers to implement operations in accordance with management policies determined by the Board of Directors so as to separate the functions of business execution and oversight of management and promote timely decision-making processes. Moreover, to assist the President in making decisions, the Company has established the Management Conference.

• Utilization of Voluntary Committees

OKI has established the Personnel Affairs and Compensation Advisory Committee as a voluntary body to ensure transparency in the decision-making processes and objectivity in judgment regarding appointments and dismissals of directors, as well as the compensation of board members and executive officers. The committee is made up of four outside directors, and after receiving advice and deliberating from an objective perspective on appointments and dismissals of board members and executive officers, as well as the structure and level of their compensation etc., it reports its findings to the Board of Directors.

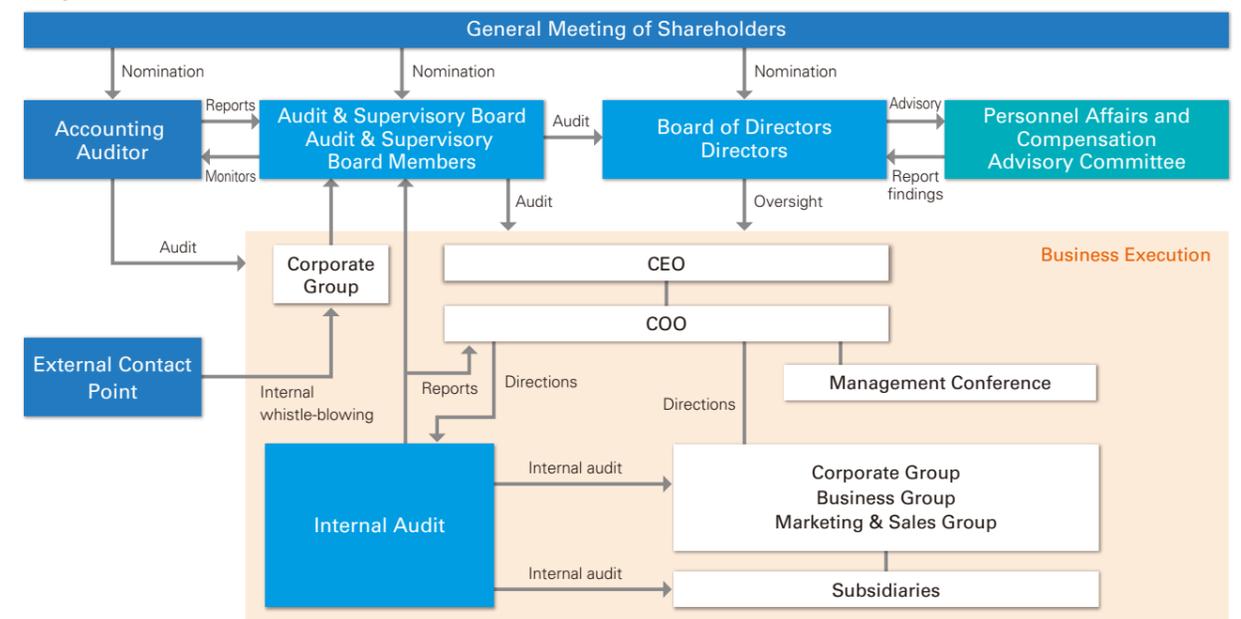
• Appointment and Dismissal of Directors and Executive Officers

When nominating and appointing candidates for directors, Audit & Supervisory Board members, and executive officers, OKI will take the followings into consideration as well as legal eligibility:

- A person who has a noble character with wisdom, high level of ethics, fairness, honesty, and a law-abiding spirit
- A person who realizes OKI Group’s corporate philosophy and conducts one’s duties to enhance corporate value continuously
- One’s length of tenure
- Audit & Supervisory Board members must have the necessary financial, accounting, and legal knowledge
- Outside directors must fulfil the OKI Group’s criteria for independence

The criteria for submitting a proposal to dismiss a director, Audit & Supervisory Board member, or executive officer takes into consideration the followings: the person’s act violates or infringes on the law and the Articles of Incorporation; or reason arises that the person is unable to properly perform one’s duties. Should such an incidence occur it is immediately consulted

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Structure of Board of Directors, Personnel Affairs and Compensation Advisory Committee, and Audit & Supervisory Board

	Name	Board of Directors	Personnel Affairs and Compensation Advisory Committee	Audit & Supervisory Board	Position
Directors	Shinya Kamagami	○			Representative Director (CEO)
	Takahiro Mori	○			Representative Director (COO)
	Masayuki Hoshi	○			Executive Vice President, Representative Director
	Masashi Fuse	○			Senior Vice President, Member of the Board
	Masatoshi Saito	○			Senior Vice President, Member of the Board
	Shigeru Asaba	○	●Chair		Independent Outside Director
	Tamotsu Saito	○	○		Independent Outside Director
	Izumi Kawashima	●Chair	○		Independent Outside Director
	Makoto Kigawa	○	○		Independent Outside Director
Audit & Supervisory Board Members	Toshiya Hatakeyama	△		●Chair	Standing Audit & Supervisory Board Member
	Toshiyuki Yokota	△		○	Standing Audit & Supervisory Board Member
	Hideo Shiwa	△		○	Independent Outside Audit & Supervisory Board Member
	Ryuichi Makino	△		○	Independent Outside Audit & Supervisory Board Member
	Yoshihiro Tsuda	△		○	Independent Outside Audit & Supervisory Board Member

○Member ●Chair △Non-member who holds right and obligation to attend

Skills Matrix of Board of Directors

	Name	Corporate management	Marketing	Technology & innovation	Human resources management	Global	Finance & accounting	Legal affairs & risk management	Manufacture & SCM
Inside	Shinya Kamagami	●	●	●				●	●
	Takahiro Mori	●	●	●	●				
	Masayuki Hoshi				●	●	●	●	
	Masashi Fuse				●		●	●	
	Masatoshi Saito			●		●			●
Outside	Shigeru Asaba		○	○	○				
	Tamotsu Saito	○	○	○	○	○		○	○
	Izumi Kawashima				○			○	
	Makoto Kigawa	○	○		○		○	○	

The above list does not represent all knowledge and experience respective individuals have.

●Required skills for Directors that have been acquired as a result of business execution experience at the OKI Group (up to five skills)

○Outside experience and specialist knowledge the Company expects in particular

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with, deliberated with, and reported to the Personnel Affairs and Compensation Advisory Committee, which then submits their proposal to the Board of Directors.

• Internal Auditing

OKI has established the Group Internal Auditing Division tasked with internal auditing. The division is comprised of 20 members, including one Certified Internal Auditor and one Certified Fraud Examiner, and, in accordance with internal audit regulations, conducts internal audits for the purpose of accurately perceiving the actual state of compliance risk management across businesses and functions in OKI's various divisions and subsidiaries, along with identifying and preventing mistakes and errors as well as corruption in the operation of internal control systems, thereby supporting operational improvements.

Compensation for the Board Members and Executive Directors

OKI's basic policy on compensation for directors and executive officers is to serve as incentives for the performance improvement with the aim of the continuous enhancement of the corporate value and the corporate competitiveness while being the compensation structure that can attract excellent human resources.

The compensation system consists of basic compensation, annual incentive compensation linked to the performance of each fiscal year, and stock-compensation type stock options as medium- to long-term incentive compensation. This has been implemented as a part of efforts to develop an environment for a shift to management which focuses on more aggressive target setting and medium- to long-term growth for achieving sustainable growth. Compensation for outside directors consists only of basic compensation.

At the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006, a resolution was passed on the remuneration for directors not to exceed ¥600 million a year (which does not include salary for employee post.) Separately, stock options as stock-based compensation for directors (excluding outside directors) was passed at the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016 and the 97th Ordinary General Meeting of Shareholders held on June 29, 2021, limiting the amount to within ¥100 million a year.

Further details regarding the type and content of compensation for the Board members and executive directors, as well as the total value of compensation paid, are available on our website.

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

Board Effectiveness Evaluation

Each year, OKI evaluates and analyzes the effectiveness of the Board of Directors by recognizing, sharing and improving the direction that the Board of Directors must aim for and issues related to that undertaking for the purpose of enhancing the Board's effectiveness.

• Board Effectiveness Evaluation Method

The Board of Directors discussed methods for evaluating the effectiveness of the Board for fiscal year 2021, and came to the conclusions outlined below:

1. We judged that self-evaluation is appropriate for conducting research and evaluation in line with our company's circumstances. On the other hand, in order to verify the objectivity and validity of the evaluation process, we have determined that it is appropriate to conduct a third-party evaluation approximately once every few years. We have decided to forgo the third-party evaluation as it was conducted in the previous fiscal year.
2. As in the previous fiscal year, the assessment was conducted in three stages: a questionnaire survey, individual hearings, and deliberations at the Board of Directors. This applied to all Directors and Audit & Supervisory Board members. The Secretariat of the Board of Directors served as the secretariat.
3. The questionnaire was the same as the previous fiscal year. It was based on "Corporate Governance Code" and related materials.

• Results of Effectiveness Evaluation of the Board of Directors

With regard to the results of the evaluations for fiscal year 2021, it was recognized that the effectiveness of OKI's Board of Directors has improved and that further improvement was needed. Overall, the effectiveness was at around the same level as that in the previous fiscal year. The details are as described below.

- In managing the progress of the "Medium-Term Business Plan 2022," the managers of business and marketing & sales sections reported directly at the Board of Directors' meeting and a Q&A session was held to provide a realistic picture. On the other hand, there were variations in the level of explanations regarding quantitative monitoring based on KPIs, and therefore, further improvements will be made to the content.
- "Successor Development Plan for the President" was discussed at the Personnel and Compensation Advisory Committee, whose members are outside directors, and the president was replaced. Going forward, we will continue to hold discussions regarding the formulation of a plan for training the next or subsequent group of management.
- No significant improvements were made in the creation of "opportunities to provide field information to outside directors" amidst the COVID-19 pandemic. We will increase the number of visits to business sites while taking measures to prevent infection and increase communication between outside directors and execution sites.

Training Successors

The selection and training plans for successor candidates for the position of president are prepared in collaboration with the incumbent president and the Personnel Affairs and Compensation Advisory Committee, taking into account our corporate philosophy and business environment and based on thorough discussions of the selection criteria and the job requirements. Specific candidates are selected objectively through a multifaceted evaluation according to a selection criteria and selection process. The Board of Directors consults the Personnel Affairs and Compensation Advisory Committee, which then deliberates and reports to the Board of Directors for a resolution before making a decision.

In terms of training, we select potential management candidates from within the company. After management has gauged the talent pool, we provide training for management personnel and evaluate them by assigning and appointing them to key positions, such as a head of a division or as president of a subsidiary, to gain experience.

In addition, we actively utilize occasions of business report and review report of business strategy at Board of Directors meetings as opportunities for outside directors to evaluate management candidates' credentials and abilities.

Cross Shareholdings

OKI will reduce the number of cross shareholdings in stages, verifying medium- to long-term corporate value enhancement of the Company and share-issuing company and other circumstances comprehensively. The number of cross shareholdings is verified annually by the Board of Directors, who determines whether or not it is appropriate to hold for each individual issue, by taking into account quantitative and qualitative factors comprehensively.

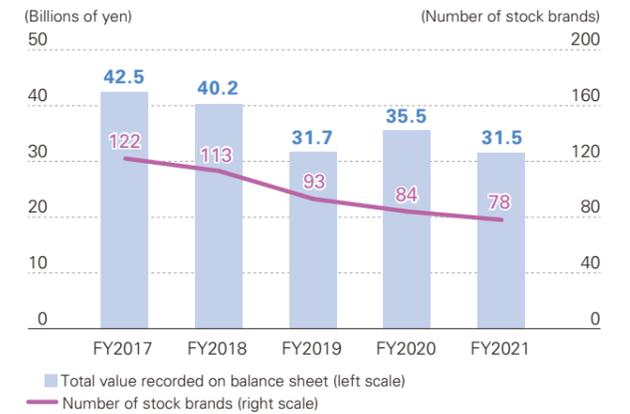
In exercising our voting rights for our cross shareholdings, we categorize bills as follows, make judgements and exercise our voting rights based on exercising criteria.

- In the case of appointing executives, we consider total number, ratio of independent directors, etc.
- In the case of executive compensation, we look at business performance, status of assets, etc.
- In the case of the appropriation of surplus, we consider business performance, retained earnings, etc.
- Special consideration will be given to anti-takeover measures, M&A and third-party share allocation.

Group Governance

The OKI Group's governance systems undergo continual reviews, in accordance with the section on "Business Portfolio Management" contained within the Ministry of Economy, Trade and Industry's "Practical Guidelines for Group Governance Systems." Specifically, we are restructuring our subsidiaries

Number of Stock Brands in Cross Shareholdings and Total Value Recorded on Balance Sheet



by first identifying the number of subsidiaries that is appropriate to the scale of our business, then transferring subsidiaries which generate little synergy effects, or by integrating subsidiaries with similar or duplicate functions to improve their management efficiency. As a result of this restructuring, we reduced the number of OKI Group subsidiaries from 94 at the end of March 2017 to 62 at the end of March 2022.

We have established management systems to ensure our subsidiaries carry out their business in an appropriate manner; specifically, they are required to adhere to our Basic Policy Concerning the Development of Internal Control Systems*, while our internal "Management Regulations for Associated Companies" stipulate that they must comply with the Companies Act and all other relevant laws and regulations. Furthermore, while our Headquarters Section is tasked with formulating and overseeing our management policy, our Business Section has the right and responsibility of managing our subsidiaries.

As part of our initiatives to strengthen governance, we intend to ensure a stricter separation of supervisory and executive roles on our subsidiaries' Boards of Directors; to this end, we are reviewing their constituent members. We require our subsidiaries' Boards of Directors to issue notifications of meetings in advance, distribute information related to meeting agendas, and draw up and store meeting minutes on our online database system; in this way, the headquarters can monitor whether effective institutional management is being carried out.

We have also been creating a shared set of regulations for the entire OKI Group, as well as standardizing and optimizing our rules.

*Basic Policy Concerning the Development of Internal Control Systems
<https://www.oki.com/en/ir/corporate/governance/policy.html>

Details regarding corporate governance are also available on our website. <https://www.oki.com/en/ir/corporate/governance/>