

CORPORATE GOVERNANCE

Basic Approach

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. 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 by considering their diversity, such as expertise, work experience, and gender, based on a skills matrix, and—because OKI believes that it is appropriate to achieve a balance of approximately 50% inside executive directors and 50% outside directors with a high level of independence—four independent outside directors are appointed 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.

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 five non-executive directors, meetings are held as appropriate, and before resolutions are passed by the board of Directors but after the committee receives advice and deliberates 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. The current Chair also serves as an independent outside director due to a resolution passed by the Board of Directors.

Appointment and Dismissal of Directors and Executive Officers

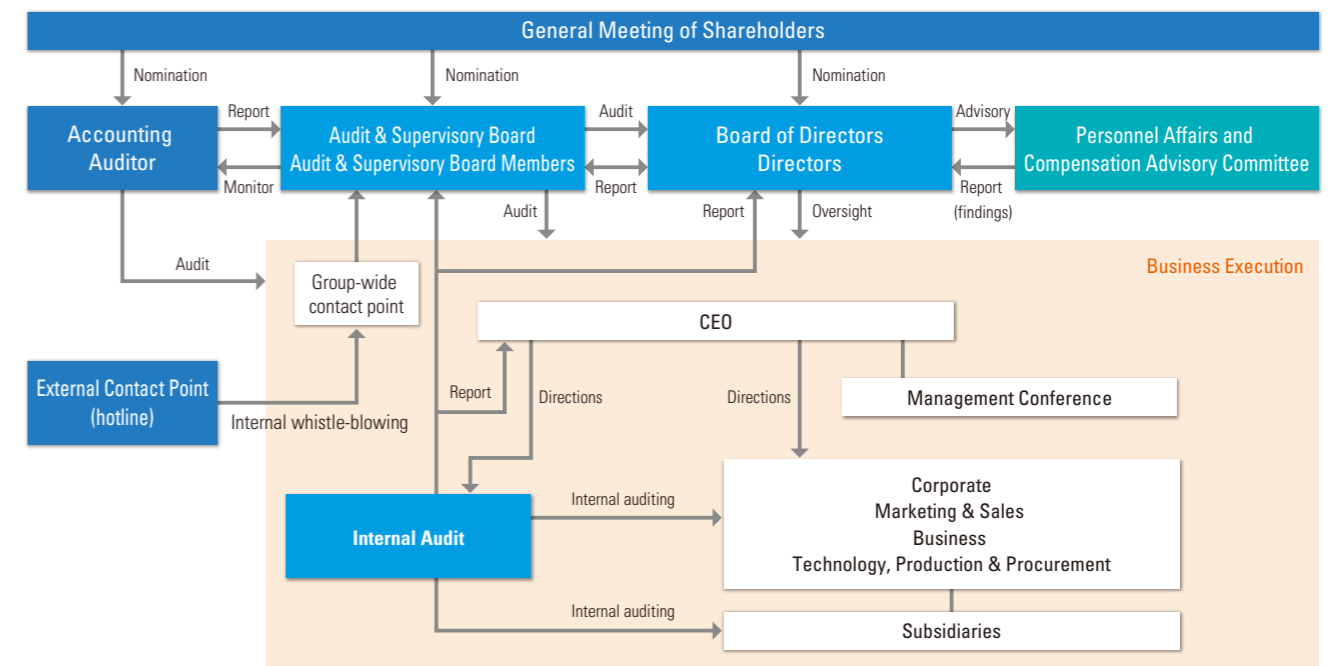
When nominating and appointing candidates for directors, Audit & Supervisory Board members, and executive officers, OKI will take the followings into consideration as well as legal eligibility:

- 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.

Further details are available on our website under “Governance Structure.”
<https://www.oki.com/en/ir/corporate/governance/structure.html>

Corporate Governance Structure



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	○	○		Senior Director
	Takahiro Mori	○			Representative Director and CEO
	Masayuki Hoshi	○			Senior Executive Vice President, Director
	Teiji Teramoto	○			Executive Vice President, Director
	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	Masashi Fuse	△		●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				●	●	●	●	
	Teiji Teramoto		●			●	●	●	
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

CORPORATE GOVERNANCE

Internal Auditing

OKI has established the Corporate Administration Division, which is tasked with internal auditing and is directly connected to the President. The division's internal auditing personnel are comprised of 19 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 performance-linked stock compensation (performance share units) used 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 posts). Separately, a resolution on performance-linked stock compensation (performance share units) for directors (excluding inside directors who do not concurrently serve as executive officers as well as outside directors) was passed at the 99th Ordinary General Meeting of Shareholders held on June 27, 2023, limiting the number of shares to within 120,700 a fiscal 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 2022.

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 fiscal year before last.
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. Like the previous fiscal year, the questionnaire was based on the "Corporate Governance Code" and related materials, and we restructured the questions to enable the application of a more honest evaluation by each officer.

Results of Effectiveness Evaluation of the Board of Directors

As a result of our fiscal year 2022 evaluation, we confirmed that OKI's Board of Directors is functioning effectively. To further improve the functions of the Board of Directors, we will promote the initiatives below.

- Upon formulating Medium-Term Business Plan 2025, the people in charge of each item covered by the management plan were able to participate in active discussions with the Board of Directors, during which they honestly exchanged opinions. To effectively manage the progress of this plan, the managers of each new business division will regularly report on the progress of relevant measures to the Board of Directors, and the Board of Directors will offer suitable advice to the execution side.
- We will strive to achieve more sophisticated management of our revenue, including ROIC, so as to appropriately allocate management resources to our business portfolio in line with our management strategy.
- To diversify OKI's core human resources, which are essential for achieving its growth strategy, the Company will assign an order of priority based on its situation.
- In addition, regarding our subsidiaries—which have decreased to around half compared to our peak—we will reconsider their functions and roles in line with our Medium-Term Business Plan strategy and simultaneously strive to enhance our Group governance.

Deliberation by the Board of Directors and Personnel Affairs and Compensation Advisory Committee

OKI always tries to take enough time to ensure comprehensive deliberations by the Board of Directors, and—in cases where there is still not enough time—we take steps that include off-site meetings. In addition, to contribute to the understanding of outside directors, we set up places to explain planned agenda details in advance. Similarly, regarding the Personnel Affairs and Compensation Advisory Committee, which consists mainly of outside directors, we are careful to ensure beneficial reporting, such as by setting up observers as deemed necessary by the Chair.

Note that, in fiscal year 2022, the main agenda item faced by the Board of Directors was to formulate our new Medium-Term Business Plan, so they deliberated on the Company's medium- to long-term direction. Meanwhile, the Personnel Affairs and Compensation Advisory Committee deliberated mainly on medium- to long-term incentive compensation and other details in line with the Medium-Term Business Plan.

Main Items Deliberated on by the Board of Directors

- Formulating Medium-Term Business Plan 2025
- Revising the OKI Environmental Vision
- Formulating the OKI Group Human Rights Policy
- Revising the Basic Policy Concerning the Development of Internal Control Systems
- Reducing cross shareholdings

Main Items Deliberated on by the Personnel Affairs and Compensation Advisory Committee

- Successor Development Plan (management personnel)
- Revising the executive compensation system
*Including introducing performance-linked stock compensation

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.

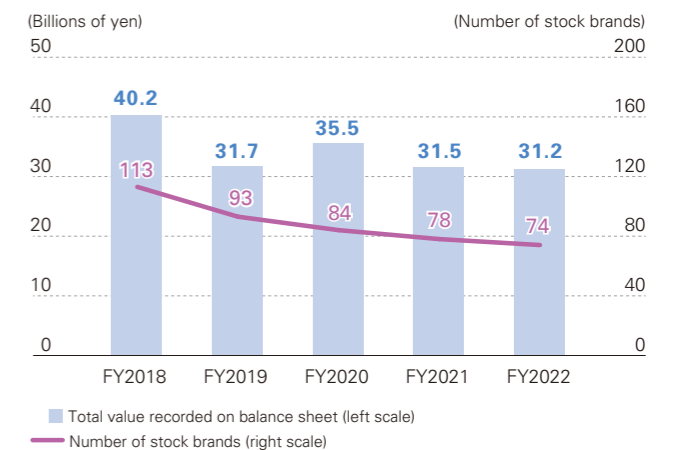
Cross Shareholdings

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. Note that—by fiscal year 2025, which is the final fiscal year covered by the new Medium-Term Business Plan—we are aiming to achieve a net asset ratio of approximately 20%. 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.

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



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