

Corporate Governance

The Oki Group is aware that its most important management priority is to respond to the trust placed in it by all stakeholders, including customers, shareholders and investors, business partners, local communities and employees, by working continuously to improve corporate value. With this in mind, the Group has strengthened its corporate governance with the three fundamental concepts of improving management fairness and transparency, clarifying decision-making processes and achieving thorough compliance. It also established the Basic Policy for the Construction of an Internal Control System based on the three fundamental concepts.

Governance Structure

Oki has adopted a corporate auditor system, and is auditing and supervising business execution through its Board of Directors and Board of Auditors. Management efficiency has been strengthened by the introduction of an executive officer system to separate management and business execution functions.

The Board of Directors normally meets every month to supervise its business execution as well as to decide on management policies and other important issues that arise. The Management Committee, which normally meets each week, makes decisions

on important aspects of the Group's operations and receives reports on important information relating to divisional operations.

Auditors audit actions of directors, through attending board meetings and other important meetings, verifying the content of reports received from directors and other officials, and checking the state of corporate operations and assets. Auditors ascertain all aspects of the Company's general business in alliance with the Internal Auditing Division in order to undertake and direct audits.

Oki appoints an external director and external auditors. The external director is entitled to raise management issues and evaluate the business environment, enabling enhanced supervision functions of the Board in its business execution. The external auditors are authorized to audit actions of directors.

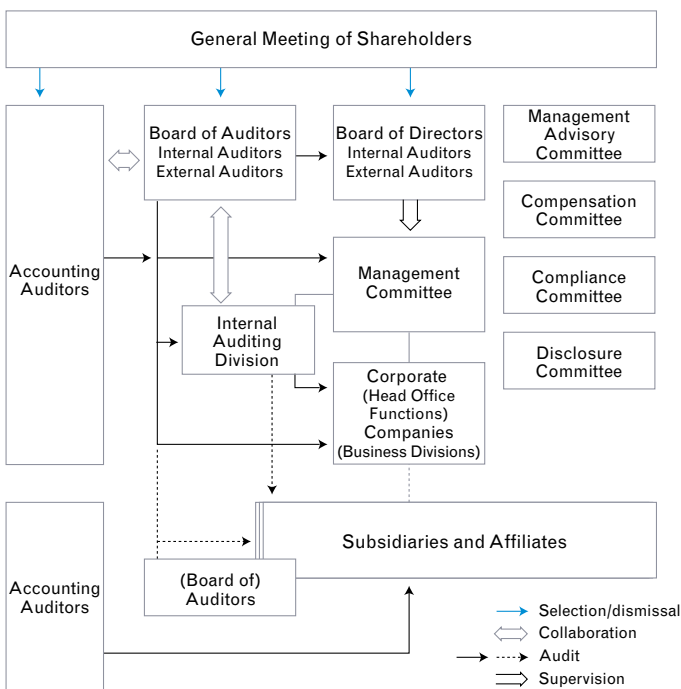
Committees in all areas have been established to strengthen Oki's corporate governance functions. The Management Advisory Committee provides advice to top management, with the objective of enhancing management transparency and soundness through the attendance of external members with expert knowledge. The Compensation Committee was established to ensure transparency in the criteria and mechanisms used to set the remuneration of directors, executive officers and management officials.

The Compliance Committee, headed by the Chief Compliance Officer, has been established with the Company-wide authority to propose and implement fundamental compliance policies.

In addition, the Disclosure Committee has been set up to strengthen the information disclosure system and ensure that disclosure to stakeholders is accurate and timely, which Oki sees as an important aspect of its continuing efforts to strengthen corporate governance.

Enhancing Compliance

Oki has adopted the Oki Code of Conduct, a set of corporate behavior standards for ensuring full compliance with relevant laws, regulations and internal rules. Along with the Code, Oki is implementing compliance education using e-learning and other methods, with the aim to enhance awareness of compliance among all employees. Oki has also set up support lines for employees to report or seek consultation in order for early detection and early correction of issues that violate compliance standards. Anchored by the Compliance Committee, the Oki Group is making every effort to improve its compliance systems.



The Oki Group's Corporate Governance Structure

Oki's Social

Corporate Social Responsibility (CSR)

The Oki Group works on various CSR activities in a positive manner, as Oki is conscious that assuring trust from all stakeholders is the very essence of enhancing corporate value. Obviously, this goes beyond merely complying with relevant laws and regulations, and calls for corporate initiatives to be developed that are sound and socially beneficial, contributing to improvements in the quality of life for people around the world.

The Oki Group Charter of Corporate Conduct

In order to achieve continual improvements in its CSR activities in a rapidly changing business environment, Oki believes it is vital for all group employees to understand its clearly defined stance on CSR activities based on its corporate mission and to share its concept of value with Group employees. Oki's recognition of the importance of these aims led to the enactment of the Oki Group Charter of Corporate Conduct in October 2005.

Based on the corporate mission, the Charter provides a clear statement of the social responsibilities the Oki Group must fulfill from a long-term global perspective, as defined in the following 10 categories:

- Customer Satisfaction • Fair Corporate Activities
- Good Communication • Intellectual Property and Information Management • Respect for Human Rights • A Better Working Environment • Respect for Employees • Environmental Conservation • Social Contribution • Regional Awareness

The Oki Group will continue to implement its corporate activities in good faith and in accordance with the Oki Group Charter of Corporate Conduct. It will also work to build trust and enhance its corporate value by actively disclosing information and maintaining effective communication with its stakeholders.

Environmental Conservation

The Oki Group's environmental philosophy calls for the realization of a better global environment for the next generation, and is put into action by providing products that contribute to the e-Society. This philosophy rests upon three broad pillars:

1. Contributing to the environment through products
2. Contributing to environmental conservation in business activities
3. Contributing to the environmental activities of society

Oki is also approaching the issue from the perspective of management systems with the creation of a Group-wide network-type environmentally conscious management system. The aim of this system is to share environmental know-how and information among the Group in order to avoid redundancies and achieve the

maximum effect from Oki's considerable investment in environmental measures.

In line with the Group-wide network-type environmentally conscious management system, Oki completed the shift to the environmental management system standard, ISO 14001 2004, during the fiscal year ended March 31, 2006, with integrated accreditation criteria applied across the entire Group. The Corporate Research and Development Center in Osaka and a further three Group companies have been accredited, bringing the number of accredited sites in Japan to 15 bases and eight subsidiaries. In total, 62 companies within the Oki Group are now ISO-certified.

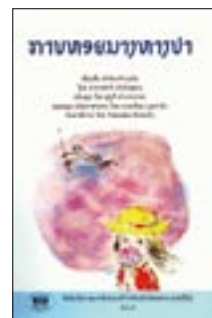


ISO 14001 2004 Certification

Contributing to Society

The Oki Group is a pioneer in company-initiated social contribution programs in three particular areas: corporate blood drives, providing home-based employment for people with serious physical challenges, and in establishing a bone-marrow donor bank.

Oki pursues its social contribution activities under this basic philosophy: "As a good corporate citizen, Oki will consider



A Shell from the Mermaid, Laotian language children's picture book

and take actions in order to realize the genuine enrichment of society, and will implement social contribution activities that earn the support of the public." The Group provides steady support in the form of contributions and donations to various voluntary and local community projects as a company, and also by supporting employee voluntary donation charities such as the Oki 100-Yen Fund of Love.

In the fiscal year ended March 31, 2006, the Group enhanced our foster-a-forest activities, which Oki has undertaken since the fiscal year ended March 31, 2002. Many employees throughout the Group as well as their families and friends attended the event to prune and trim trees in areas where Oki has offices, including Komoro City, Nagano Prefecture. Oki also supports the NPO *Action With Lao Children* by co-sponsoring the local publication of children's books with the Japan Foundation.



Volunteers in the foster-a-forest project

Responsibility