

# CORPORATE GOVERNANCE

The OKI Group recognizes sustainable growth and increases 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 an Audit & Supervisory Board. With an executive officer system in place, it strives to promote timely decisionmaking processes by separating business execution and oversight. It 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 objective audits by Audit & Supervisory Board members and the Audit & Supervisory Board, OKI seeks to bolster risk management and ensure rigorous compliance via the Risk Management Committee, which includes outside directors.

### ● Board of Directors, Audit & Supervisory Board

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. To enhance management fairness and transparency, two of the Board’s eight members are outside directors with a high level of independence. To clarify management responsibility for each fiscal year, shareholders are to vote on a resolution at the June 24, 2015 annual general meeting of shareholders to set tenure at a year for Board nominees approved at that annual meeting and subsequent ones.

The Audit & Supervisory Board comprises four Audit & Supervisory Board members, two 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 auditors, Audit & Supervisory Board members audit the performance of duties by directors.

### ● Executive Officer System

OKI appoints executive officers to implement operations based on 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 Executive Officer Committee.

### ● Utilization of Voluntary Committees

OKI has established the Personnel Affairs and Compensation Advisory Committee as a voluntary committee to secure transparency in the decision-making processes for appointments of board members and executive officers and remuneration for them. Outside directors play the leading role on the committee. After deliberating from an objective perspective on appointments or dismissals of board members and executive officers as well as the structure and level of their compensation etc., the committee reports their findings to the Board of Directors.

Moreover, with the establishment of the Risk Management Committee, where outside directors and Audit & Supervisory Board members attend as advisors, to grasp the risks attendant with business execution and respond to them unerringly, OKI strives to promote rigorous compliance and reinforce risk management.

## Internal Controls

In accordance with Japan’s Companies Act and the Ordinance for Enforcement of the Companies Act, the Board of Directors passed a resolution concerning the Basic Policy for the Establishment of an Internal Control System and OKI has been developing a system to secure appropriate business operations. Pursuant to the Financial Instruments and Exchange Act, we also have an internal control reporting system in place, through which we submit internal control reports to the Kanto regional bureau of the Ministry of Finance and disclose assessment results of the effectiveness of our internal controls related to financial reporting.

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