

CORPORATE GOVERNANCE

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.

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.

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. To enhance management fairness and transparency, four of the Board's seven members (including one female member) are outside directors with a high level of independence. The chairman presides over meetings of the Board of Directors. To clarify management responsibility for each fiscal year, directors are appointed for single-year terms.

Audit & Supervisory Board

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.

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 bolster and 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."

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 Committee.

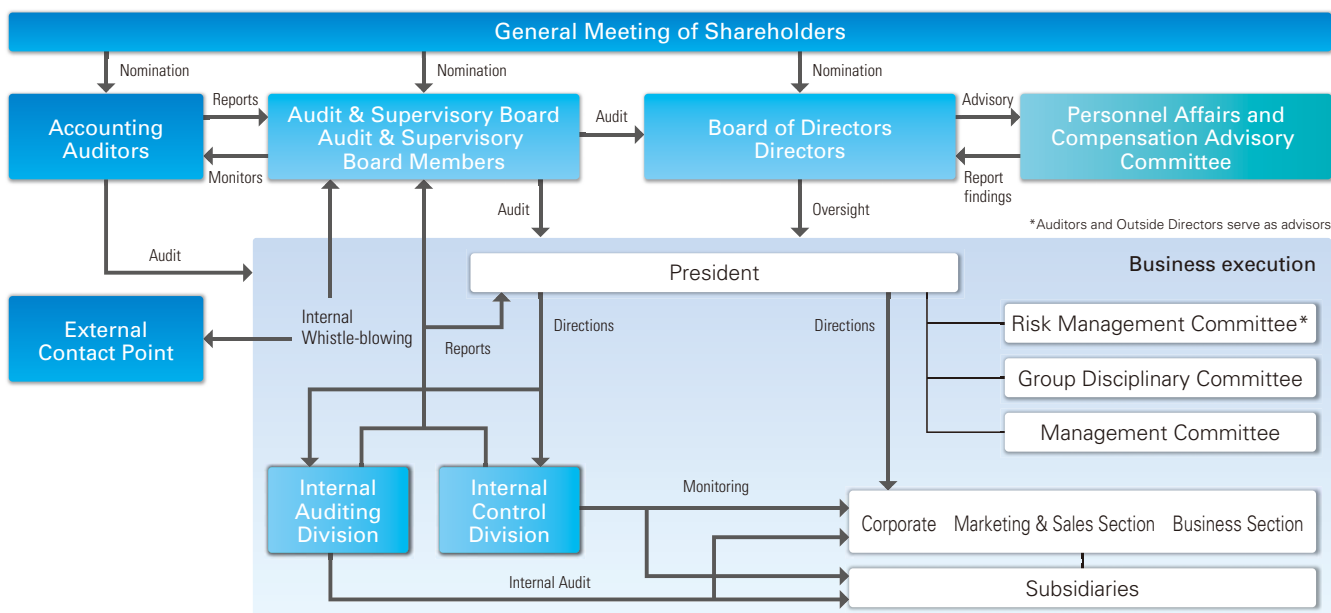
Utilization of Voluntary Committees

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 leading roles 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 its findings to the Board of Directors.

Internal Auditing

The Internal Auditing Division is tasked with internal auditing and its staff comprises nine internal auditors. The division must accurately perceive the actual state of compliance risk management across businesses and functions in the OKI Group, and on that basis conduct internal audits for the purpose of identifying and preventing mistakes and errors as well as corruption in the operation of internal control systems with the goal of supporting operational improvements.

Corporate Governance Structure



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

●:Chair △:Advisory role

	Name	Board of Directors	Personnel Affairs and Compensation Advisory Committee	Audit & Supervisory Board	
Director	Hideichi Kawasaki	●	○		Chairman of the Board
	Shinya Kamagami	○			Representative Director (President)
	Masayuki Hoshi	○			Director (Executive Vice President)
	Minoru Morio	○	●		Independent Outside Director
	Shigeru Asaba	○	○		
	Tamotsu Saito	○	○		
	Izumi Kawashima	○	○		
Audit & Supervisory Board Member	Hisao Suzuki	△		●	Standing Audit & Supervisory Board Member
	Sei Yano	△		○	
	Kuninori Hamaguchi	△		○	Independent Outside Audit & Supervisory Board Member
	Yoichi Nitta	△		○	

Changes in Corporate Governance Structure

		2014/6	2015/6	2016/6	2017/6	2018/6
Director	Total Number	7	8	7		
	of which, Independent Outside Directors	1	2	3		4
	Chair	President		Chairman		
	Term	2 years	1 year			
Audit & Supervisory Board Member	Total Number	4				
	of which, Independent Outside Audit & Supervisory Board Members	2				
	Term	4 years				
Voluntary Committees		Compensation Committee	Personnel Affairs and Compensation Advisory Committee			

Compensation for the Board Members and Executive Directors

In order to secure transparency and objectiveness in the decision-making processes concerning compensation for officers, the Personnel Affairs and Compensation Advisory Committee deliberates on the structure and level of compensation for directors and executive officers from an objective viewpoint, and reports the results to the Board of 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 compensation-type stock option as medium- to long-term incentive compensation. These changes have been implemented as part of efforts to develop an environment for a shift to the management focused on "more aggressive goal setting" and "growth over medium- to long-term" in order to achieve "continuous growth" of the OKI Group.

Type	Content of Compensation
Basic compensation	When serving as executive officer concurrently, monetary compensation shall be paid, determined individually tailored to position, followed by duties.
Annual incentive compensation	Monetary compensation shall be paid, determined individually with a linkage with the past fiscal year's consolidated business performance of the OKI Group and that of the division each director/executive officer is responsible for. The amount of payments is 35% of the basic compensation in case that the rate of payments is 100%. The rate of payments is determined within the scope of 0% to 200%, according to a linkage with business performance and the President's qualitative assessment.
Medium- to long-term incentive compensation	Compensation-type stock option shall be granted, around 13% of basic compensation amount, in the view of value sharing with shareholders and the enhancement of corporate value as well as shareholders' value over the medium- to long-term.

Compensation for outside directors consists only of basic compensation. In addition, the appropriateness of the structure and level of compensation is validated utilizing objective evaluation data from external organizations and others.