

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. 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. By conducting objective audits with Audit & Supervisory Board members and the Audit & Supervisory Board, OKI is making efforts toward full compliance and the fortification of risk management.

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. The Board of Directors is made up of nine directors, four of whom are outside directors with a high level of independence (one of these four outside directors is a woman) in order to enhance management fairness and transparency; furthermore, one of the independent outside directors (a woman) is Chair 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 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 auditors, Audit & Supervisory Board members audit the performance of duties by directors. Moreover, Audit & Supervisory Board staff members who are not subject to instructions by the directors are assigned in order to assist the duties of Audit & Supervisory Board members.

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 for appointments and dismissals of board members and executive officers, as well as their compensation. The committee is made up of four outside directors, and after 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.

Appointments and Dismissals 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:

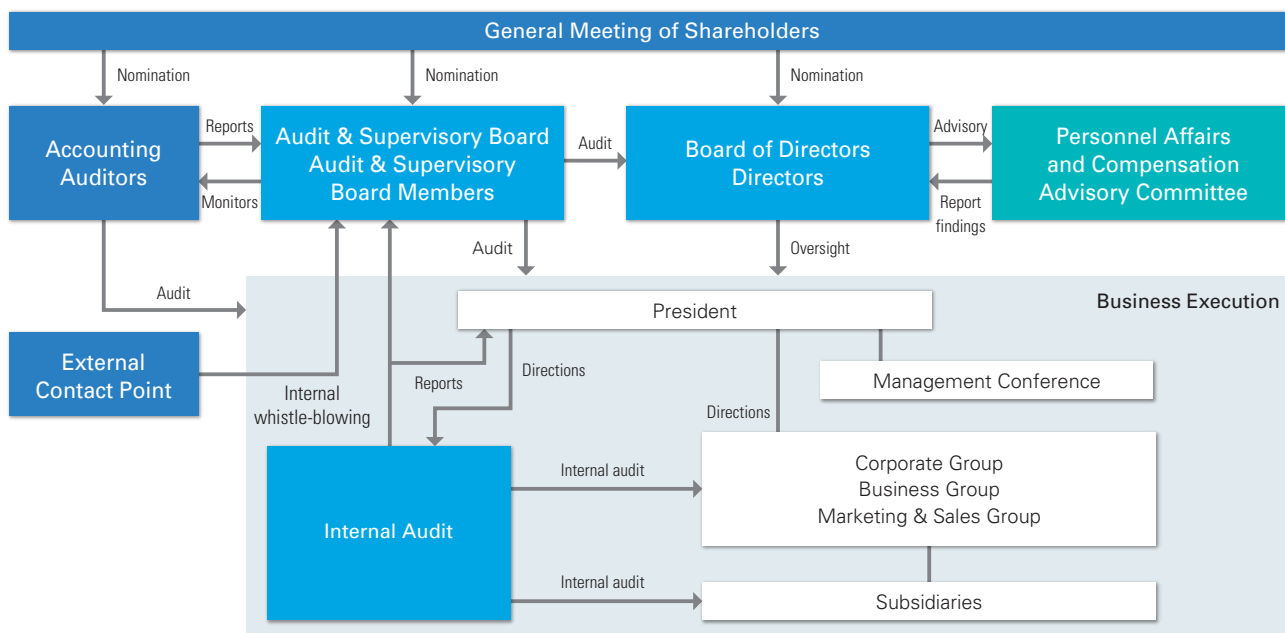
- A person who has a noble character with wisdom, high level of ethics, fairness, honesty, and a law-abiding spirit
- A person who realizes OKI Group’s corporate philosophy and conducts one’s duties to enhance corporate value continuously
- One’s length of tenure
- Audit & Supervisory Board members must 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 Article of association; reason arises that the person is unable to properly perform one’s duties. Should such an incidence occur it is immediately deliberated by Personnel Affairs and Compensation Advisory Committee, who then submit 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 26 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.

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	○			President, Representative Director
	Masayuki Hoshi	○			Senior Executive Vice President, Representative Director
	Masashi Tsuboi	○			Executive Vice President, Member of the Board
	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

Changes in Corporate Governance Structure

As of June of each year

		2014	2015	2016	2017	2018	2019	2020	2021
Director	Total Number	7	8		7			9	
	of which, Independent Outside Directors	1	2		3		4		
	Chair	President		Chairman					Independent Outside Director
	Term	2 years		1 year					
Audit & Supervisory Board Member	Total Number				4		5		
	of which, Independent Outside Audit & Supervisory Board Members				2		3		
	Term	4 years							
Voluntary Committees		Compensation Committee	Personnel Affairs and Compensation Advisory Committee						

CORPORATE GOVERNANCE

● 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 medium- to long-term incentive compensation in the form of stock-based compensation linked to medium- to long-term performance.

This has been implemented as a part of efforts to develop an environment for a shift to management which supports aggressive management of the OKI Group and achieves our

"Medium-Term Business Plan 2022."

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.

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, 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 2020, 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 judged that a third-party evaluation should be introduced at least once every few years, and entrusted a trust bank with the verification of the evaluation process and the contents of the questionnaire.
2. As in the previous 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 year. It was based on "Corporate Governance Code" and related materials.

The Company received advice from the above trust bank that it should explain the "Practical Guidelines for Independent Directors" (Ministry of Economy, Trade and Industry 2020) to its directors, and conducted the explanation.

Results of Effectiveness Evaluation of the Board of Directors

With regard to the results of the evaluations for fiscal year 2020, the effectiveness of OKI's Board of Directors improved on the whole, but it was confirmed that there were points that should be further improved. The details are as described below.

As a result of discussions on "Medium-Term Business Plan 2022" both before and after the outbreak of the COVID-19, both inside and outside directors strongly shared recognition on our company's existence value, management strategy, and other issues. We will improve the accuracy of the segment-specific management indicators and the quantitative evaluation of the business portfolio and supervise the progress of the plan.

"Successor Development Plan for the President" made progress in deliberations at the Personnel and Remuneration Advisory Committee, whose members are mainly outside directors. In FY 2021, the Board of Directors will deliberate and supervise its implementation.

Operation of the board has become more efficient and the time for discussion has increased. Further operational improvements will be made so that more useful discussions can be held.

Progress in the issues recognized in the previous year, such as "increasing opportunities to provide field information to outside directors" and "increasing opportunities for communication between outside directors and the middle level" was not enough. The Company will rebuild the implementation method according to COVID-19's situation.

● Training Successors

In order to groom future successors for the position of president and other executive posts, the President is preparing a training program from the viewpoint of planning, executing and accomplishing OKI's business strategies and business plans to realize our corporate philosophy and vision for its sustainable growth and enhancing its medium- to long-term corporate value. The proposed plan is being deliberated by Personnel Affairs and Compensation Advisory Committee, with the necessary advice and recommendations being made to the President, as well as the progress being overseen.

In terms of training, we conduct a curriculum amongst some young management candidates, who are able to gain valuable experience by systematically being assigned and appointed to important positions such as a head of a division or as president of a subsidiary. In addition, we actively utilize occasions of business report, review report of business strategy at Board of Directors meetings as opportunities for outside directors to evaluate successor candidates' personality, insight and abilities.

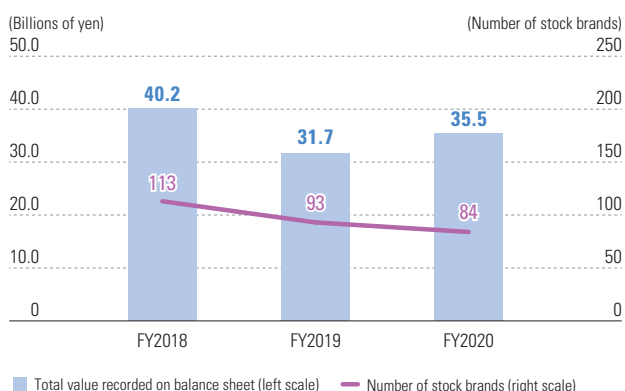
● Cross Shareholdings

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.

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



● Group Governance

The OKI Group carries out continual reviews of its Group governance systems, 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 by first identifying the number of subsidiaries that is appropriate to the scale of our business, then transferring subsidiaries which generate no synergies, or by integrating Group companies with similar or duplicate functions and improving 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 66 at the end of March 2021.

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 for the Establishment of an Internal Control System*, while our internal "Affiliated Company Management Regulations" 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, we can monitor through two channels—through the subsidiaries themselves and through relevant sections at headquarters—whether our subsidiaries are complying with the Companies Act, and whether effective institutional management is being carried out.

Since fiscal year 2020, we have been standardizing and optimizing our rules. We are seeking to ensure the entire OKI Group abides by a shared set of regulations; in addition, we are formulating regulations for strengthening the management of poorly performing subsidiaries.

Alongside such initiatives, we are also working to develop human resources with the skillsets to undertake Group management. From fiscal year 2019, we have expanded training programs for new directors and executive officers at our subsidiaries and made improvements to our personnel rotation systems. As well as optimizing the number of subsidiaries we possess, we are thereby seeking to raise the level of our Group governance systems.

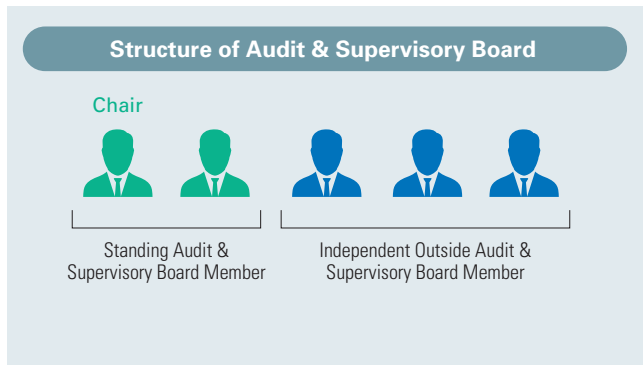
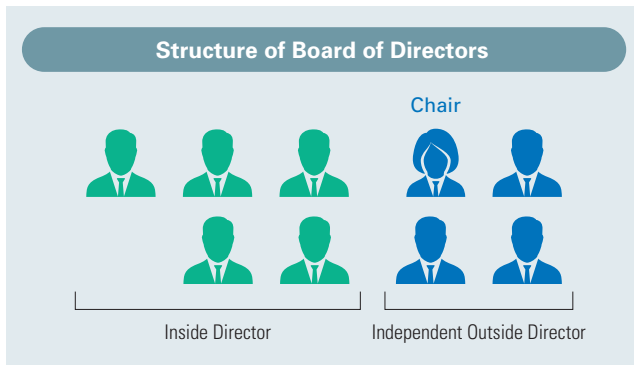
*Basic Policy on Establishing Internal Control Systems
<https://www.oki.com/en/ir/corporate/governance/policy.html>

CORPORATE GOVERNANCE

●Activities of Independent Outside Members of the Board of Directors and Audit & Supervisory Board

OKI operates a governance system with both a Board of Directors and an Audit & Supervisory Board. With regard to the Board of Directors, we have increased both its independence and its objectivity by appointing a minority of independent outside directors; we also appointed a female independent outside director as Chair at a Board of Directors meeting held in June 2021. With regard to the Audit & Supervisory Board,

we increased the number of board members at the General Meeting of Shareholders held in June 2021; the majority of the Audit & Supervisory Board now comprises independent outside Audit & Supervisory Board members. Both the Audit & Supervisory Board and its constituent members are endeavoring to evolve governance at the OKI Group, with the twin goals of improving the quality of their auditing activities and of strengthening the measures laid out in the Medium-Term Business Plan 2022, entitled “Building Foundations to Realize Sustainable Growth by Solving Social Issues.”



Message from a Newly Appointed Outside Audit & Supervisory Board Member

I worked at an auditing firm for 34 years, where I largely worked on financial audits. I was posted overseas to the U.S. and to the U.K., I worked on both human affairs and human resources developed at auditing firms and, as an executive board member at the Japanese Institute of Certified Public Accountants, I was also tasked with developing future generations of certified public accountants. My first involvement with corporate governance at the OKI Group came in 2019, when I was appointed an Audit & Supervisory Board member of the subsidiary, at the then Oki Data Corporation; then in June 2021, I was appointed an Audit & Supervisory Board member here at OKI.

Corporate governance in Japan continues to progress and evolve, as exemplified by the second revision to the Corporate Governance Code, and the restructuring of the Tokyo Stock Exchange into three market segments.

Changes are also afoot in the field of financial auditing, in which I worked for many years. Audit reports will be required to communicate key audit matters (KAM) from this year, while from next year, a new section entitled “Other Information” will also be required. These ongoing revisions to auditing standards aim to ensure that shareholders and investors are provided with useful



information. It is worth noting that both auditors and members of various audit & supervisory boards were closely involved in these revisions.

Evidently, significant changes are taking place both inside and outside the OKI Group. In my role as an Audit & Supervisory Board member and as an independent outside officer, I intend to utilize the experience and expertise I have gained through financial auditing to ensure that I maintain an appropriate distance from executive matters, that I am thorough in my communications, and that I work together with my fellow outside directors. By improving OKI’s governance in this way, I hope to be of benefit to all OKI stakeholders.