

# CORPORATE GOVERNANCE

The OKI Group regards ongoing improvements in corporate value as its most important management priority in its quest to earn the trust of stakeholders. To this end, we are working to reinforce corporate governance based on our fundamental policies, including “the enhancement of management fairness and transparency,” “the acceleration of decision-making processes,” and “full compliance and the fortification of risk management.”

## Corporate Governance Structure

OKI maintains a corporate auditor system, with a Board of Directors and an Audit & Supervisory Board. To enhance management efficiency, it has also introduced an executive officer system, with the aim of separating the roles of the Board of Directors and Audit & Supervisory Board members/Audit & Supervisory Board (supervision and auditing of business execution) and executive officers (business execution).

The Board of Directors makes decisions on fundamental management policies and other important issues, and also supervises the execution of business. Audit & Supervisory Board members audit the business execution functions of directors—based on audit policies and methods decided at Audit & Supervisory Board meetings—through attendance to Board of Directors’ meetings and other important meetings. Audit & Supervisory Board members also liaise closely with the accounting auditors and the Internal Auditing Division to accurately ascertain the overall status of company operations as well as to carry out audits of business executions. The Board of Directors and Audit & Supervisory Board include three independent director/Audit & Supervisory Board members who have no conflict of interest with general shareholders.

The Executive Officer Committee makes decisions related to the execution of Group operations. Through participation by all executive officers, the Committee seeks to accelerate decision-making and business advancement and clarify business responsibilities.

## Committee Organizations

As part of its efforts to reinforce corporate governance, the Compensation Committee, whose members include an outside director, takes responsibility for ensuring transparency in the criteria and mechanisms used to set executive remuneration. We have set up the Risk Management Committee to ascertain and address risks related to our business activities. We also have the CSR Committee to deliberate basic policies related to our CSR activities as well as several dedicated committees. These include the Compliance Committee to deliberate fundamental compliance-related policies and the Information Security Committee to ensure the thorough implementation of information security measures. In addition, the Disclosure Committee ensures that disclosure to stakeholders is accurate and timely.

## Internal Control

In accordance with Japan’s Companies Act and the Ordinance for Enforcement of the Companies Act, the Board of Directors in May 2006 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 the assessment results of the effectiveness of internal controls related to financial reporting.

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