

Corporate Governance

Basic Stance for Corporate Governance

At the OMRON Group, corporate governance is defined as the system of processes and practices based on the OMRON Principles and the OMRON Management Philosophy. The system is intended to ensure transparency and fairness in business and speed up management decisions and practices. This is done by connecting the entire process from oversight and supervision all the way to business execution in order to boost the OMRON Group’s competitive edge. OMRON’s corporate governance also involves building such a system and maintaining its proper function. The ultimate objective is to achieve sustainable enhancement of corporate value by earning the support of all stakeholders.

OMRON Corporate Governance Policies

OMRON Corporation established the OMRON Corporate Governance Policies* based on the Basic Stance for Corporate Governance. Since establishing the Management Personnel Advisory Committee in 1996, we have spent more than 20 years formalizing and strengthening our framework of corporate governance.

We intend to continue our pursuit of ongoing corporate governance improvement as we develop our own unique vision of governance.

* OMRON Corporate Governance Policies <https://www.omron.com/global/en/about/corporate/governance/policy/>

Corporate Governance Initiatives

	1999	2003	2011
President	1987: Yoshio Tateishi	2003: Hisao Sakuta	2011: Yoshihito Yamada
Chairman of the Board of Directors / CEO	President served as both		2003: Chairman serves as chair of the Board of Directors; president serves as CEO
Separation of management oversight and business execution	30 directors	1999: Revised articles of incorporation, setting number of board members to 10 or fewer	
		2017: Eliminated board titles*	
		1999: Adopted executive officer system	
		2017: Positioned president as an executive officer	
Advisory Board	1999: Advisory Board		
Outside Director		2001: One outside director	2003: Two outside directors (seven directors) 2015: Three outside directors (eight directors)
Audit & Supervisory Board Members (Independent)	1998: One member	1999: Two members	2003: Three members (four auditors) 2011: Two members (four auditors)
Advisory and Other Committees	1996: Management Personnel Advisory Committee		2000: Personnel Advisory Committee
			2003: Compensation Advisory Committee
			2006: CEO Selection Advisory Committee
			2008: Corporate Governance Committee
Corporate Philosophy	1959: Corporate Motto	1990: OMRON Principles 1998: Revised	2006: Revised 2015: Revised
OMRON Corporate Governance Policies			2015: Established

* Not including chairman of the Board

Corporate Governance Framework

OMRON has elected to be a company with an Audit & Supervisory Board.

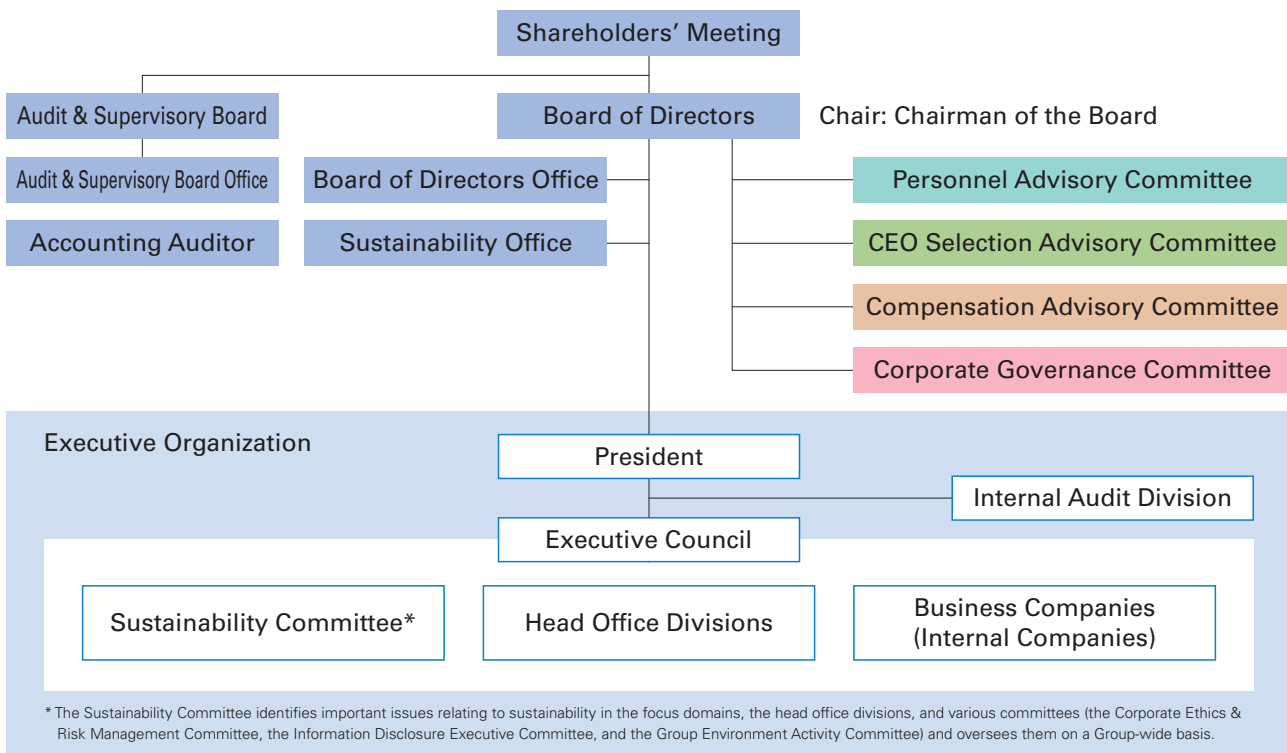
The OMRON Board of Directors is made up of eight members to ensure substantive discussion and deliberations. OMRON has separated the management oversight and business execution functions within the company, creating a system whereby the majority of Board Directors are not engaged directly in business operations. We have also adopted a policy setting the ratio of outside directors to at least one-third of the total number of directors on the board. To increase objectivity on behalf of the Board of Directors, the titles and roles of chair of the Board and President (CEO) have been separated. The Chairman serves as chair of the Board of Directors with no direct corporate representational authority.

OMRON has established several advisory committees to enhance the oversight functions of the Board of Directors. These committees include the Personnel Advisory Committee, the CEO Selection Advisory Committee, the Compensation Advisory Committee, and the Corporate Governance Committee. The Personnel Advisory Committee, the CEO Selection Advisory Committee, and the Compensation Advisory Committee are all chaired by outside directors with at least half of the committee members being outside directors. The CEO is not a member of any of these committees. The chair and members of the Corporate Governance Committee are outside directors and outside members of the Audit & Supervisory Board. This structure offers another layer of transparency and objectivity to the decision-making process.

In these policies, OMRON has created a hybrid governance framework that combining the best features of a company with an Audit & Supervisory Board and a company with a Nomination Committee.

Outside directors and outside members of the Audit & Supervisory Board attended the 13 meetings of the Board of Directors held during fiscal 2020 at a rate of 100% and 96.2%, respectively. Outside members had an attendance rate of 96.2% at the 13 meetings of the Audit & Supervisory Board.

Fiscal 2021 OMRON's Corporate Governance Structure



Board of Directors
Selects board directors, auditors, and executive officers, determines compensation for directors and executive officers, makes decisions on important business issues, and performs other supervisory functions.

Compensation Advisory Committee
Sets policies for director and executive officer compensation; deliberates compensation levels and specific compensation packages.

Audit & Supervisory Board
Oversees corporate governance framework and execution business operations; conducts audits of day-to-day business activities, including those performed by directors.

Corporate Governance Committee
Oversees ongoing corporate governance improvement; deliberates policies to advance management transparency and fairness.

Personnel Advisory Committee
Sets standards and policies related to selecting and hiring directors, Audit & Supervisory Board members, and executive officers; deliberates on proposed candidates.

Executive Council
Deliberates and discusses important operational matters within the scope of the authority of the president and CEO; determines future direction.

CEO Selection Advisory Committee
Deliberates candidates for selection as new CEO; deliberates succession plans and candidates in the event of an emergency.

Fiscal 2021 Advisory Committee

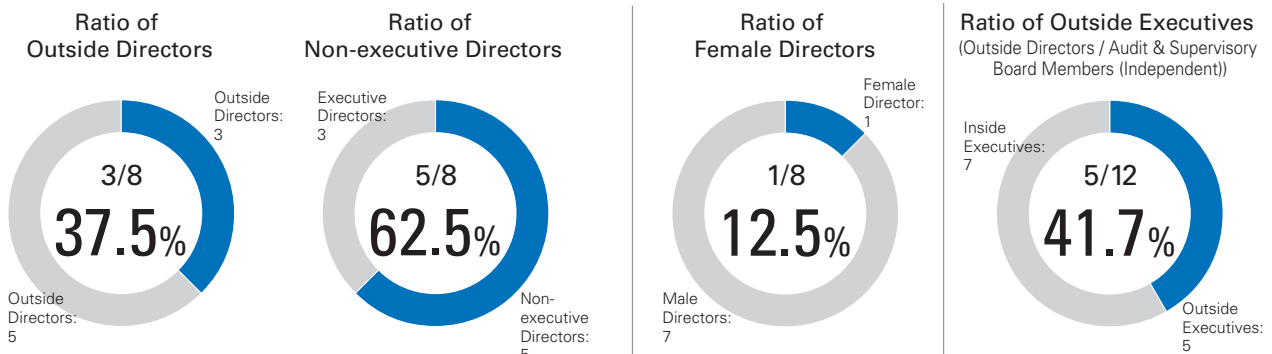
Title	Name	Personnel Advisory Committee	CEO Selection Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman of the Board	Fumio Tateishi		□		
Representative Director	Yoshihito Yamada				
Representative Director	Kiichiro Miyata	□			
Director	Koji Nitto			□	
Director	Satoshi Ando	○	○	○	
Outside Director	Eizo Kobayashi ◆	□	◎	□	◎
Outside Director	Takehiro Kamigama ◆	□	□	◎	○
Outside Director	Izumi Kobayashi ◆	◎	□	□	□
Audit & Supervisory Board Member (Full-time)	Shuji Tamaki				
Audit & Supervisory Board Member (Full-time)	Kiyoshi Yoshikawa				
Audit & Supervisory Board Member (Independent)	Hideyo Uchiyama ◆				□
Audit & Supervisory Board Member (Independent)	Tadashi Kunihiro ◆				□

◎ Chairperson ○ Vice-Chairperson □ Committee Member ◆ Independent under Tokyo Stock Exchange rules

Approach to Composition of Board of Directors

In order to strengthen the supervisory function of the Board of Directors, OMRON supervision from execution, and the majority of the Board consists of Directors who are not involved with business execution. In addition, at least one-third of the Board of Directors consists of Outside Directors. To ensure independence, Outside Directors and Outside Audit & Supervisory Board Members (Independent) are appointed based on OMRON's Independence Requirements for Outside Executives. The diversity of the Board of Directors will also be ensured by providing a well-balanced mix of human resources with experience, expertise, and knowledge among the Directors and Audit & Supervisory Board Members.

Composition of Board of Directors



Main Areas of Experience and Expertise of Outside Directors and Audit & Supervisory Board Members (Independent)

Name & Title	Corporate management	Financial accounting	Legal Compliance Internal controls	Global business & expatriation	Manufacturing technology R&D	Background and Qualifications
Eizo Kobayashi Outside Director	●			●		General trading company
Takehiro Kamigama Outside Director	●			●	●	Manufacturing
Izumi Kobayashi Outside Director	●			●		Financial and international organization
Hideyo Uchiyama Audit & Supervisory Board Members (Independent)	●	●	●	●		Certified public accountant
Tadashi Kunihiro Audit & Supervisory Board Members (Independent)	●		●	●		Lawyer

Director Compensation

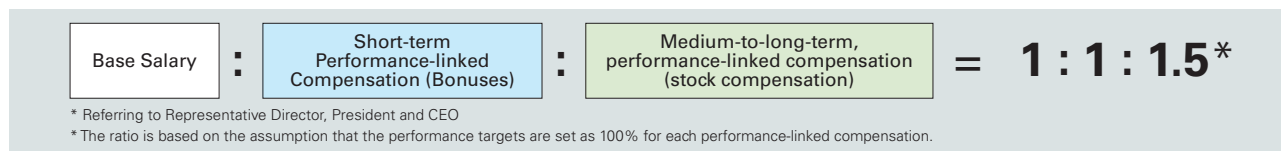
Compensation Policy for Directors

- 1 Basic Policy**
 - The Company shall provide compensation sufficient to recruit as directors exceptional people who are capable of putting the OMRON Principles into practice.
 - The compensation structure shall be sufficient to motivate directors to contribute to sustainable enhancement of corporate value.
 - The compensation structure shall maintain a high level of transparency, fairness, and rationality to ensure accountability to shareholders and other stakeholders.
- 2 Structure of Compensation**
 - Compensation for directors shall consist of a base salary, which is fixed compensation, and performance-linked compensation, which varies depending on the Company's performance.
 - The compensation composition ratio of performance-linked compensation to base salary shall be determined according to each Director's role and responsibility.
 - Compensation for outside directors shall consist of a base salary only, reflecting their roles and the need for maintaining independence.
- 3 Base Salary**
 - The amount of a base salary, paid monthly, shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.
- 4 Performance-Linked Compensation**
 - As short-term performance-linked compensation, the Company shall provide bonuses linked to yearly performance indicators, and to the degree of achievement of performance targets. Bonuses shall be paid as a lump sum after the conclusion of the fiscal year.
 - As medium- to long-term performance-linked compensation, the Company shall grant stock compensation linked to the degree of achievement of the goals of the medium-term management plan, and to the improvement in corporate value (value of stock).
 - The performance-linked component of stock compensation shall be paid after the medium-term management plan concludes, while the non-performance-linked component shall be paid after the Director retires.
 - The Company shall determine the target amounts for short-term performance-linked compensation and medium- to long-term performance-linked compensation based on the target pay mix specified according to each director's role and responsibility.
- 5 Compensation Governance**
 - The compensation composition, compensation composition ratio, level of the base salary, as well as performance indicators and evaluation methods of performance-linked compensation shall be determined based on the deliberations and recommendations of the Compensation Advisory Committee.
 - The amount of compensation for each Director shall be determined by a resolution of the Board of Directors reflecting the deliberations and recommendations of the Compensation Advisory Committee.

Overview of Compensation Structure for Directors (From fiscal 2021)

(1) Compensation Composition Ratio

Compensation to Directors and Executive Officers consists of a base salary (fixed compensation) and compensation according to Company performance, namely short-term performance-linked compensation (bonuses) and medium-to-long-term, performance-linked compensation (stock compensation). The ratio of compensation consisting of performance-linked compensation compared to base salary has been determined for each role:

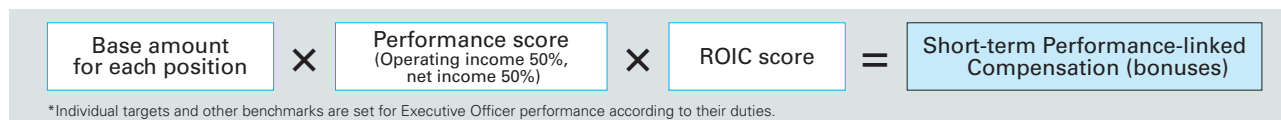


(2) Base Salary

A base salary is paid monthly to Directors and Executive Officers as fixed compensation. Base salaries are determined for each role by taking into account the salary levels of officers at other companies (benchmarked companies of the same industry and scope selected by the Compensation Advisory Committee), as surveyed by a specialized outside organization.

(3) Short-term Performance-linked Compensation (Bonuses)

Bonuses are paid as a lump sum after the fiscal year concludes to Executive Officers and Directors excluding Outside Directors as short-term performance-linked compensation, which is linked to yearly performance indicators and the degree of achievement of performance targets. Director bonuses vary between 0% and 200% according to the achievement of operating income, net income, and ROIC targets defined in the annual operating plan.



(4) Medium-to-long-term, performance-linked compensation (stock compensation)

Stock compensation is paid as medium-to-long-term, performance-linked compensation to Executive Officers and Directors excluding Outside Directors. Stock compensation comprises the performance-linked component (60%), which is linked to the degree of achievement of the medium-term management plan, and the nonperformance-linked component (40%), which aims for retention and motivation to improve share prices over the medium-to long-term, and is paid under the condition of a certain term of service. The performance-linked component of stock compensation is paid after the medium-term management plan concludes, while the non-performance-linked component is paid after the Director retires. The performance-linked component will fluctuate in the range of 0% to 200% depending on the degree of achievement of performance targets in the medium-term management plan. In the event of serious misconduct during their term of office, and such misconduct harms the Company, the Compensation Advisory Committee will deliberate and make a recommendation. Based on this discussion and recommendation, the Board of Directors and President shall resolve to limit the payment of stock-based compensation for Directors and Executive Officers, respectively.

[P82 Medium-to-long-term, performance-linked compensation](#) →

(5) Performance indicators of performance-linked compensation

- Short-term performance-linked compensation (bonuses) sets indicators to evaluate profitability and efficiency for the achievement of the short-term management plan based on the medium-term management plan.
- Medium-to-long term, performance-linked compensation (stock compensation) sets indicators to evaluate profitability and efficiency from a financial perspective, improved corporate value compared to the stock market from a corporate value perspective, and sustainable management from a non-financial perspective for the achievement of the medium-term management plan.

Initiatives Towards Improving the Board of Directors' Effectiveness

Status of Initiatives Towards Improving the Board of Directors' Effectiveness

The Company ensures transparency and fairness in business management, speeds up management decisions and practices, and strives to boost the OMRON Group's competitive edge. The ultimate objective is to achieve sustained enhancement of corporate value. To this end, the Company reinforces the oversight functions of Board of Directors through initiatives for improving its effectiveness.

Such initiatives are undertaken in a cycle of (1) evaluation of Board of Directors' effectiveness, and (2) determination of the operational policy and focus themes of Board of Directors and formulation and implementation of annual plans.

(1) Evaluation of Board of Directors' effectiveness

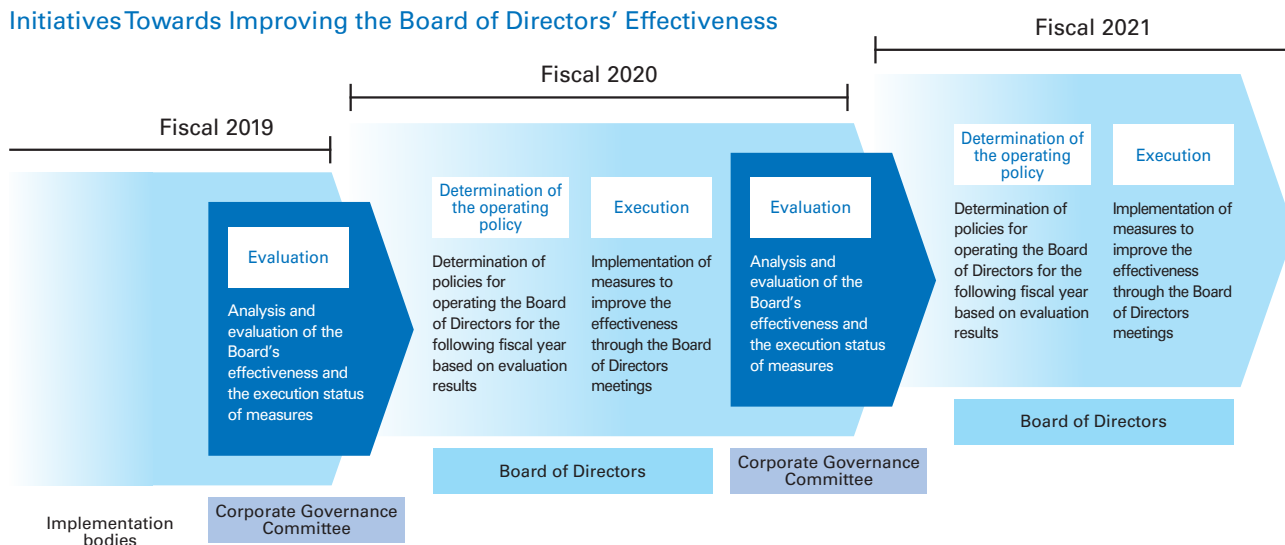
The Company's evaluation of Board of Directors' effectiveness is conducted by Corporate Governance Committee chaired by a Director (Independent) and comprising only Directors (Independent) and Audit & Supervisory Board Members (Independent) (hereinafter "Outside Executives"). Outside Executives act as members of Board of Directors while having the perspectives of all stakeholders including the shareholders. Corporate Governance Committee, which is composed only of Outside Executives, performs evaluations in order to ensure that evaluations are both objective and effective.

(2) Determination of the operational policy and focus themes of Board of Directors and formulation and implementation of annual plans

Based on the evaluation results by Corporate Governance Committee in (1) and the business environment, etc., Board of Directors determines its operational policy and focus themes for the next fiscal year. Board of Directors formulates and implements annual plans based on this operational policy.

The Company continues to improve Board of Directors' effectiveness by implementing (1) and (2) above on a yearly basis. Corporate Governance Committee has evaluated these initiatives to be the Company's unique, optimal activities that are both objective and effective. Board of Directors recognizes the Company's initiatives as being more effective than evaluations by third parties.

Initiatives Towards Improving the Board of Directors' Effectiveness



Evaluation of the Board of Directors' Effectiveness for Fiscal 2020

The methods of the evaluation of Board of Directors' effectiveness and the evaluation items in the self-evaluation for fiscal 2020 are as described below.

2-1. Evaluation Methods

① Self-evaluations by Directors and Audit & Supervisory Board Members

- Each Director and Audit & Supervisory Board Member performed self-evaluations of the contents of discussions at the meetings of the Board of Directors and the extent of oversight functions exercised, immediately following each meeting of the Board of Directors.

- Each Director and Audit & Supervisory Board Member performed self-evaluations of the operation, etc. of the Board of Directors over the course of the year following the meeting of the Board of Directors held in February and March 2021.

② Interviews by the Chair of Board of Directors

- The Chair of the Board of Directors conducted individual interviews with Directors and Audit & Supervisory Board Members between January and March 2021.

③ Evaluation by Corporate Governance Committee

- The Corporate Governance Committee evaluated the Board of Directors' effectiveness in March and April 2021.

2-2. Self-evaluation Items

Self-evaluation items are as follows. Evaluations were performed from the perspectives of whether or not Board of Directors sufficiently exercised its oversight functions, and whether it contributed to the exercise of its oversight functions. Evaluations are performed by completing anonymous questionnaires. For each evaluation item, answers are provided using five-point scales and free comment fields.

① Self-evaluations performed immediately following meetings of Board of Directors

- Content of discussions at the meeting of Board of Directors
- Extent of oversight functions exercised by Board of Directors are demonstrated

② Self-evaluations for the entire year, performed at the end of the fiscal year

- | | |
|---|--|
| 1. Operation of Board of Directors | 2. Increasing information sharing opportunities |
| 1) Board of Directors Operational Policy for Fiscal 2020 | 1) Separate meetings |
| 2) Focus themes for fiscal 2020 | 2) Initiatives on information sharing opportunities |
| 3) Deliberations and reports regarding issues other than focus themes | 3. Advisory Committees |
| 4) Board of Directors operational policy for fiscal 2021 and its focus themes | 4. Other Overall Issues regarding Board of Directors |

③ Other self-evaluations

(evaluations performed when new officers are appointed, when medium-term management plans are formulated, when changes are made to the corporate governance system, etc.)

- Scale and composition of Board of Directors
- State of operations of Board of Directors
- Operation of the advisory committees

Results of Evaluation of Board of Directors' Effectiveness for Fiscal 2020

Corporate Governance Committee conducted an evaluation of Board of Directors' effectiveness for fiscal 2020 and reported the results of the evaluation at Board of Directors meeting held on May 14.

Board of Directors Operational Policy for Fiscal 2020

"To enable the OMRON Group to deliver new value in this period of social structure transformation, Board of Directors will exercise its oversight functions in a multifaceted manner and from the short-term and medium- to long-term perspectives."

Focus Themes

- Business operations with COVID-19 in mind
- Response to increasing geopolitical risks
- Creation of new businesses in the period of transformation and taking on the challenge of new business model development
- Building a new core information system
- Determination of the direction of next long-term vision with new values in mind

3-1. General comments on evaluation

① Operation of the Board of Directors

In order to realize further improvements in corporate value, based on the results of the evaluation of the Board of Directors' effectiveness for fiscal 2019, the Board of Directors discussed the Board of Directors' operation policy for fiscal 2020. The Board determined that in fiscal 2020, on top of the need to respond to the COVID-19 pandemic, it is important to accurately and speedily grasp global changes, and to provide new value during this period of transformation of the social structure. Based on these discussions, the Board of Directors set the "exercise of its oversight functions in a multifaceted manner and from the short-term and medium- to long-term perspectives" as its operation policy, and listed five focus themes. Based on this operation policy of the Board of Directors, the President and CEO reported on issues including initiatives for focus themes and the status of responses to environmental changes to the Board of Directors, and discussed the issues. (*Please refer to 3-2. ① "Initiatives regarding focus themes" below for more details on focus themes.)

While the next long-term vision had been scheduled to start in fiscal 2021, affected by the COVID-19 global pandemic, the Company placed the highest priorities on crisis response so as to ensure business continuity and profits. At the same time, since it is necessary to conduct preparations and transformation for the world after the containment of the COVID-19 pandemic ("post-COVID"), the President and CEO proposed to the Board of Directors to postpone the start of the next long-term vision by a year. In addition, besides resolving social issues based on SDGs, it was suggested that the next long-term vision should be formulated such that it reflects initiatives made from a medium- to long-term perspective in preparation for the post-COVID world. With regard to this, the Board of Directors deemed the postponement of the start of the next long-term vision to be appropriate. The Board also debated the importance of recognizing the speed of transformation of the social structure and the messages that must be given to both parties within and outside the Company when announcing the reason for the postponement. In particular, in order to adapt to the rapid speed of change of the social structure, the Board reaffirmed the necessity of accelerating responses at a pace beyond current expectations.

In addition to the above, the President and CEO reported the status of business execution to the Board of Directors, on issues including: the status of response to COVID-19, the performance of each fiscal year in light of the impact thereof, the short-term management plan of each BC, and initiatives related to sustainability. Regarding these issues, the Board of Directors positively evaluated the President and CEO's business operations amidst the COVID-19 crisis. Furthermore, from the perspective of social structural changes due to COVID-19, geopolitical risks and such, the Board discussed the importance of further strengthening existing businesses, creating new business opportunities, and disseminating information from the viewpoint of stakeholders, including investors. In particular, in order for the Company to grow further in the post-COVID era, the Board recognized the further importance of acquiring and utilizing human resources who are not entrapped by existing mindsets and are able to think freely and creatively, and the cultivation of a corporate culture where the spirit of constantly challenging oneself can be demonstrated. In discussions regarding sustainability, the Board recognized that it is vital for OMRON to further link sustainability initiatives to opportunities for the creation of new businesses, in order to achieve its goal of resolving social issues through its businesses.

The Corporate Governance Committee, recognizing that the Board of Directors has positioned fiscal 2020 as a year required to operate under the COVID-19 crisis and as a preparation period for the next long-term vision in view of the new society post-COVID, evaluated favorably on the following: timely reports on business conditions and focus themes were made from those involved in business execution; and Outside Directors and Audit & Supervisory Board Members (Independent) raised issues about the responses needed to realize further improvements in corporate value in the post-COVID era, and engaged in discussions thereof. Furthermore, while discussions at meetings of the Board of Directors revolved around the medium-to-long-term strategies and its function as a monitoring board heightened, it also appropriately functioned as a management board, with each important case, including the responses to quality issues, components procurement and geopolitical risks, being deliberated individually. The fine balance of these aspects was also commended by the Committee.

From the above-mentioned facts, the Corporate Governance Committee recognized that the Board of Directors exercised its oversight functions from multifaceted viewpoints including both the short-term and medium-to-long-term perspectives. Those involved in business execution took advice from the Board of Directors earnestly and evolved their strategies or initiatives accordingly. As a result of the Board and those involved in business execution working together to make the two-wheel system of management oversight and business execution function properly, gross profit margin improved despite the COVID-19 crisis, and profits grew as well. Therefore, the Committee has deemed that the effectiveness of the Board of Directors has increased.

② Increasing information sharing opportunities

The Board of Directors strove to increase information sharing opportunities by conducting individual meetings, etc. aimed at improving the effectiveness of the Board of Directors. In fiscal 2020, amidst the impact of the COVID-19 pandemic, the following meetings were held: "Interviews by the Chair of the Board of Directors" where the Chair of the Board of Directors meets with individual Directors or Audit & Supervisory Board Members; "Outside Executives Discussions" attended only by Outside Directors and Audit & Supervisory Board Members (Independent) to exchange opinions; and "Direct Meetings with the Accounting Auditor" where the Board of Directors and the Accounting Auditor have discussions directly.

The Corporate Governance Committee considered these initiatives to be effective opportunities for improving the Board's effectiveness. Specifically, Interviews by the Chair of the Board of Directors were commended, as they provided a place for executives to voice concerns that they may not be able to fully convey during Board of Directors meetings. In Outside

Executives Discussions, younger management executives introduced new businesses, which allowed for a deeper understanding of each of the Company's businesses as well as of the next-generation management personnel. In a Direct Meeting with the Accounting Auditor, a discussion was conducted about the medium to long term based on the Accounting Auditor's auditing knowledge. In this meeting, due to the different perspectives and stances of the Accounting Auditor and Directors and Audit & Supervisory Board Members, the subjects could not be sufficiently deliberated. The Committee requested that they should carefully determine the themes and consider how to proceed the discussion more smoothly from the next time onwards. Regarding on-site visits that could not be conducted due to the impact of COVID-19, since these visits are an important activity that allows Outside Executives to have a sense of the Company's businesses, the Committee requested for their resumption depending on the situation of the pandemic.

3-2. Overview of Board of Directors' Operations

① Initiatives regarding focus themes

Focus theme: Business operations with COVID-19 in mind

As COVID-19 has a material impact on business, the Board of Directors has set "Business operations with COVID-19 in mind" as one of its focus themes. Based on this, the President and CEO has set ① placing the highest priority on the safety and health of employees, ② fulfilling our supply responsibilities in the supply chain, and ③ securing business performance as an emergency mode as the three pillars of business operations, and the Board of Directors reported on the status of infections and measures, the global production system, careful management of fixed costs, and measures to improve earning ability. With regard to this, the Board of Directors confirmed that the safety and health of employees is our highest priority, and discussed the stable supply of products through the tri-polar framework between Japan, China, and Southeast Asia, the supply-demand trends and procurement status of key components such as semiconductors, and the need for growth investment despite the careful management of fixed costs. In particular, concerns over a further worsening of supply shortage of semiconductors were discussed and shared. Through continuous monitoring by the Board of Directors, the Company fulfilled its social responsibility towards employees and the supply chain based on its corporate principles. Even amidst the COVID-19 crisis, the Company increased its profits through improving its gross profit margin and other means. The Corporate Governance Committee commends such achievement and deems that the Board of Directors has appropriately exercised its oversight functions.

Focus theme: Response to increasing geopolitical risks

As the relationships between countries evolve and become more complex by the day, and such changes have a material impact on business and performance, the Board of Directors has set "Response to increasing geopolitical risks" as a focus theme. Based on this, the President and CEO regularly reported to the Board of Directors about changes in the business environment in each region and how performance is being impacted, in relation to topics about business performance. The President and CEO also reported on the optimal production, R&D, and the ideal management of intellectual property, as well as systems that can speedily detect and provide insight about changes in legal regulations that will affect each business. In response, the Board discussed the need to constantly bear in mind the fact that relationships between countries may evolve beyond the previous scope of expectations. In particular, due to rapid changes in geopolitical risks, the Board recognized that risk management based on an assessment of each country's circumstances is a necessary task, and confirmed that the Board will continue this discussion. The impact of geopolitical risks is reported at Board of Directors meetings, and appropriate responses are discussed. Responses against geopolitical risks are incorporated into the internal control system, and the Board of Directors sufficiently monitors such risks and recognizes the issues that must be tackled going forward. Therefore, the Corporate Governance Committee deems that the Board of Directors has appropriately exercised its oversight functions.

**Focus themes: Determination of the direction of next long-term vision with new values in mind
Creation of new businesses in the period of transformation and taking on the challenge of new business model development**

Continuing from the previous fiscal year, the Board of Directors has set the “Determination of the direction of next long-term vision with new values in mind” as a focus theme relating to the next long-term vision, which is being formulated. In addition, the Board has set the “Creation of new businesses in the period of transformation and taking on the challenge of new business model development” as a focus theme. Based on this, at Board of Directors meetings, the President and CEO reflected the current state of the assumptions and targets set for the next long-term vision, raised at Board of Directors meetings in the previous fiscal year. Furthermore, the President and CEO reported to the Board about the next long-term vision based on the post-COVID worldview and changes in values, as well as the direction of new businesses that use existing businesses as their starting point. Regarding this, the Board discussed how one’s viewpoint can widen through exchanges with people from different industries, the employment of human resources with specialized expertise, and the utilization of talented personnel obtained through M&As, since the nurturing of next-generation leaders who can guide the Company towards the next long-term vision is an important issue that is necessary for further growth. At the same time, the Board recognized the importance of creating a corporate culture that encourages employees to take on challenges, and the necessity of building mechanisms that enable trial and error. Regarding the creation of new businesses, the Board recognized that the active utilization of corporate venture capitals will be important going forward. Furthermore, in order to realize its goals, the Board concluded that it is important to link the Company’s goals to the dreams and ambitions of employees. The President and CEO also gave an interim report on the next long-term vision regarding the Industrial Automation Business and the Healthcare Business, which are mainstay businesses. In the interim report, the President and CEO reflected on each of the two above businesses over the past ten years, and reported on the social issues of each business domain in the next decade, the technologies and new business models required to resolve those issues, as well as on the status of reviews of M&A and alliances. With regard to this, the Board of Directors discussed the possibility of realizing the creation of new businesses and measures. In particular, based upon that discussion, the Board recognized that it is necessary to employ a more flexible human resources strategy throughout the Company, since the implementation of measures for new businesses will require human resources with vastly different capabilities.

Regarding the next long-term vision, the Board displayed their awareness of issues based on changes in the external environment, including the COVID-19 crisis and geopolitical risks. The Committee commends the Board for making steady progress towards completion within fiscal 2021. Furthermore, since discussions are being made at Board of Directors meetings about issues and tasks necessary for further growth, the Corporate Governance Committee deems that it has appropriately exercised its oversight functions. The Committee has also verified that the Board will continue to fulfill its oversight functions in preparation for the start of the next long-term vision in fiscal 2022.

Focus theme: Building a new core information system

As IT systems vary between business divisions and regions, recognizing the importance of having a unified system globally, the Board of Directors has set “Building a new core information system” as a focus theme, for the third year following fiscal 2018 and fiscal 2019. Based on this, the President and CEO reported to the Board of Directors that the planning phase is progressing according to schedule and the advanced introduction of a portion of the systems, including the purchase of indirect materials and reimbursements, is progressing smoothly, but that it is necessary to review the scope of implementation due to the issue of a lack of IT personnel. Regarding this, the Board discussed the importance of spreading awareness throughout the Company that they are building an operational process that must be compatible with system flows based on global standards, the importance of bridging the people in charge of bringing this large-scale decade-long project to its fruition, the people on site, and the human resources who are constructing the system, as well as the need to continue discussions on this theme, from the standpoint of scale and difficulty. In particular, the Board recognized that the most important issue which should be the top priority is to secure and allocate talented personnel from each business division.

The Board discussed the key mindset and human resources needed for this large-scale project at meetings by leveraging the experience and insights of the Outside Executives, and as a result of the discussions, the future direction of monitoring became clarified. Thus, the Corporate Governance Committee judges that the effectiveness of the Board of Directors has appropriately exercised its oversight functions.

② Other deliberation/reporting items

The Board of Directors has deliberated on 29 proposals to be resolved and 30 reported cases, including quarterly business results as a legally required matter for deliberation, election proposals of executives, etc., and regularly reported proposals such as those relating to product quality risks and disciplinary cases.

The Corporate Governance Committee commends the Board of Directors for making explanations in election proposals of executives, a legally required matter for deliberation, based on the status of the promotion of diversity, as well as for making highly transparent explanation for each individual case for Outside Executives.

3-3. Overview of increasing information sharing opportunities

The Board of Directors and the Audit & Supervisory Board are working to facilitate information sharing outside of meetings of Board of Directors in order to improve the effectiveness of the Board. In fiscal 2020, individual meetings were held to help Outside Executives better understand execution and to deepen communication between them.

The specific approaches are as follows.

① Individual meetings

● Outside Directors' and Accounting Auditor's opinion exchange meeting (continuously held from fiscal 2015)

Supervisory and auditing functions are being strengthened by sharing the viewpoints of the Accounting Auditor with Outside Directors. In addition, we are building a relationship through this approach to exchange information on risks and other information without going through OMRON.

● Interviews by the Chair of the Board of Directors (continuously held from fiscal 2016)

The Chair of the Board of Directors holds individual interviews with Directors and Audit & Supervisory Board Members once a year to discuss improvement plans related to the operation of the Board of Directors.

● Outside Executives Discussions (continuously held from fiscal 2019)

Outside Executives hold quarterly opinion exchange meetings to deepen communication between them.

Board of Directors operational policy for fiscal 2021 and its focus themes

Based on the results of evaluation conducted by Corporate Governance Committee, Board of Directors engaged in a discussion to determine its operational policy for fiscal 2021. Based on the results of this discussion, Board of Directors operational policy for fiscal 2021 and its focus themes were determined at Board of Directors meeting held on May 27.

Board of Directors Operational Policy for Fiscal 2021

"To enable the OMRON Group to achieve dramatically improved corporate value in the next decade, the Board of Directors will exercise its oversight functions in a multifaceted manner and from the short-term and medium- to long-term perspectives."

Focus Themes

- Completion of next long-term vision and determination of medium-term management plan
- < Points to be supervised >
 - Response to the new normal era post COVID
 - Initiatives for key sustainability issues
 - Transformation of business model and acceleration of innovation
 - Reform of human resources management
 - Strengthening resilience
- Response to increasing geopolitical risks
- Checking the progress of establishing a companywide IT system