

Message from the Chairman

Our Commitment to Corporate Governance for Sustainable Growth and Greater Corporate Value

To improve lives and contribute to a better society

In 1959, the year that this corporate motto was created by our founder, OMRON net sales were a mere ¥400 million. Since that time, we have been growing our business, introducing numerous world- and Japan-first innovations driven by social needs. To contribute to society through our OMRON Principles, we must evolve our corporate governance as a framework for supporting bold decisions and answering the expectations of our stakeholders. Further, we must do so in an environment that changes rapidly and dramatically.

In our efforts for sustainable corporate value

growth, we recently did away with all director titles, except for the title of board chair, who leads the board of directors. The president (who is also our chief executive officer) is now positioned as an executive officer. With this change, we have further separated the roles of oversight and business execution, strengthening our supervisory function. Based on an evaluation of the effectiveness of our board of directors, during fiscal 2016 we expanded discussions regarding medium- and long-term management strategy. More specifically, we discussed and approved initiatives and goals under our VG2.0 medium-term management plan, which we launched in April 2017. At the same time, we



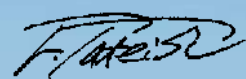
revised the compensation structure for directors and executive officers to achieve these goals. We have tied the achievement of VG2.0 financial goals and the non-financial factors of sustainability to medium-term performance-based compensation pay for our directors and officers. In this way, compensation is linked to long-term corporate value.

Fiscal 2017 will be the first year of our VG2.0 plan. We have welcomed new members to our board of directors, and expect to benefit from a stronger supervisory function based on the strengths and expertise that these new members bring. In addition to reviewing specific progress in VG2.0, the board will discuss important management issues related to sustainability, including strategies for technology and human resources. We will strive to be even more effective as a board of directors for OMRON Corporation.

In September 2015, the United Nations adopted Sustainable Development Goals, reflecting common global social issues to be resolved by the year 2030. The Paris Agreement establishing new international

rules to counter global warming came into force in November 2016. In these and other ways, the world is demanding sustainability on a global scale. Today, growing corporate value requires an aggressive and dynamic response to sustainability-related issues in our environment and society. OMRON has defined a Sustainability Policy and built a framework and a system by which we put these policies into practice. As the Board of Directors, we will exercise governance to ensure business activities under VG2.0 raise OMRON corporate value and answer the needs of international society.

We will continue to practice the OMRON Principles as they guide us toward sustainable corporate value growth and social development from a global perspective.



Fumio Tateishi
Chairman
July 2017

OMRON Principles

Our Mission

To improve lives and contribute to a better society

Our Values

- **Innovation Driven by Social Needs**
Be a pioneer in creating inspired solutions for the future.
- **Challenging Ourselves**
Pursue new challenges with passion and courage.
- **Respect for All**
Act with integrity and encourage everyone's potential.

Sustainability Policy

We believe a business should create value for society through its key practices. We are committed to sustainably increasing our long-term value by putting Our Mission and Values into practice.

- We uphold a long-term vision in our business practices to create solutions to society's needs.
- We operate as a truly global company through our fair and transparent management practices.
- We cultivate strong relationships with all of our stakeholders through responsible engagement.