

Message from the Chairman

A portrait of an elderly Japanese man with grey hair and glasses, wearing a dark blue suit, white shirt, and a striped tie. He is standing with his hands clasped in front of him. The background is a plain, light grey.

“We are reaching for new levels of corporate governance in pursuit of sustainable growth for OMRON and society.”

In 1959, OMRON founder Kazuma Tateishi formally defined the OMRON corporate motto, “To improve lives and contribute to a better society.” In 1990, OMRON updated this motto under the OMRON Principles, revised a third time in 2015. As OMRON has grown in scope and geographical reach, the role of the OMRON Principles has become even more important as a unifying force. Our last revision reflected our strong emphasis on innovation driven by social needs. We began operating under the VG2.0 medium-term management plan in 2017. Our goal under this plan is to improve corporate value while solving social issues in domains likely to experience the most in terms of social needs.

In the second year of VG2.0, OMRON is speeding new initiatives to bolster technology management and co-create with our customers. In meeting the new challenge, the role of corporate governance is to oversee management in making business decisions to enhance corporate value. This role is more important than ever.

The OMRON style of corporate governance reflects our willingness to change as necessary in moments of growth. We work to build a better society while striving for sustainable improvement in corporate value. Along the way, we have introduced new stages of improved structures and management that contribute to our quest to achieve our ideal as a company.

For example, in 2001, we were one of the first companies to adopt independent directors. Today, one-third of our board members are independent. While maintaining our status as a company with an audit and supervisory board, in the year 2000, we established the Personnel Advisory Committee (initially the Management Personnel Advisory Committee in 1996). Following we established our Compensation Advisory Committee (2003), CEO Selection Advisory Committee (2006), and Corporate Governance Committee (2008). We have created a hybrid governance framework, combining the best features of a company with an

audit and supervisory board and a company with a nominating committee. Each of these committees is chaired by an independent director. All of OMRON’s independent directors are persons with a diverse business background. In 2015, we began evaluating the effectiveness of our board of directors through the Corporate Governance Committee, made up of independent directors and independent Audit & Supervisory Board members. Also in 2017, we introduced a new stock-based compensation system tied to long-term performance. This system serves to motivate inside directors and executive officers by tying compensation to sustainable improved corporate value, evaluated based on VG2.0 progress, corporate value improvement, and third-party evaluations.

Having continued to improve corporate governance, in 2017, our board of directors engaged in serious discussions of our progress toward VG2.0, as well as the human resources and technology strategies that form the foundation of our business plans. Throughout 2018, we will hold in-depth talks related to information systems and product quality management. During 2017 we also began executing sustainability policy finalized by the board in 2016. The board will monitor the progress of our sustainability efforts, exercising governance to ensure our initiatives respond to the expectations of international society.

We will continue to follow the OMRON Principles as we strive for corporate value improvements through sustainable growth gained by solving social issues. We will evolve our system of corporate governance, while working toward the sustainable growth for OMRON and society.



Fumio Tateishi
Chairman

August 2018