

Cultivation of Responsiveness and Management — Execution Capabilities from a Global Perspective



Expectations of an Outside Director

I assumed the position of outside director of Omron in June 2013, and one year has since passed.

Omron is a manufacturer, whereas I am from a general trading company. I believe that the Company's expectation is for me to give suggestions and advice that will help cultivate the responsiveness and the management-execution capabilities needed to advance steadily toward the achievement of Omron's goals. And I am expected to do this while quickly and accurately ascertaining changes in the operating environment from a global standpoint.

I therefore hope to support Omron's management in achieving the goals of the VG2020 long-term management strategy, and I will accomplish this by fulfilling my duties as an outside director.

Revision of Executive Compensation Systems

When I became an outside director, I also assumed the role of chairman of the Compensation Advisory Committee. In this capacity, I have advanced vigorous discussions aimed at better governing executive compensation at Omron.

Omron's management strategies had defined medium-to-long term targets, but the Company lacked compensation systems for directors that were linked to the accomplishment of these targets. I therefore felt that Omron needed better governance

for executive compensation if it was to pursue sustainable growth. For this reason, I initiated efforts aimed at a revision of compensation systems.

As new systems, we introduced medium-term, performance-linked bonuses that will be adjusted based on progress toward achieving medium-term management targets. We also issued stock options with performance-linked exercise conditions to encourage directors to hold a stake in the Company and pursue medium-to-long-term improvements in shareholder value. I feel that these systems have effectively reinforced the governance of director compensation.

The strengthening of governance must not remain confined to executive compensation and other internal systems. Governance systems must be made effective before they can contribute to improved corporate value, which is their ultimate goal. For this reason, I help to verify the effectiveness of the initiatives of the Board of Directors and the Company's various advisory committees through active participation while simultaneously providing suggestions for further reinforcing corporate governance at Omron.

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Outside Director
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