

# Message from the Chairman



## OMRON Continues to Improve Our Unique Governance Mechanisms from Viewpoint of Society, Striving for Sustainable Enhancement of Corporate Value

August 2019  
Chairman

Fumio Tateishi

### Management Based on the OMRON Principles and Corporate Governance

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*To improve lives and contribute to a better society.* OMRON's Corporate Motto, established in 1959, reflects two desires of our founder. The first is an aspiration to contribute to a better society through business. The second is a declaration that OMRON will be a leader in creating a better society. When we officially changed our name to OMRON in 1990, we created the OMRON Principles as a way to

carry on our Corporate Motto. Since that time, we have revised these principles three times to match our development as a company and the changing times, relying on the OMRON Principles as the bedrock of our management. The objective of corporate governance at OMRON is to ensure we practice the OMRON Principles and create rising levels of corporate value.

## Corporate Governance Policies Unique to OMRON

OMRON strives for elevated transparency and fairness in management, emphasizing organic communications between supervisory and front-line execution functions to generate greater speed in our business. In other words, the role of OMRON corporate governance is to be a mechanism for innovation driven by social needs and sustainable corporate value growth.

OMRON balances the dynamic relationship between governance controls and management by clearly separating the supervisory and business execution roles in the company. The chairperson acts as the chair of the board of directors, while the CEO serves as the person ultimately responsible for business management. This system has evolved over 23 years since we established the Management Personnel Advisory Committee in 1996. And our Long-Term Vision, created in 1991, has been the foundation for making this possible. By maintaining a long-term vision, we have evolved corporate governance as a support for innovation driven by social needs and our ongoing aspirations for more innovation.

In 2017, we revised our director remuneration system, raising the ratios of medium- and long-term performance-linked compensation. We did this to further motivate our directors to practice the OMRON Principles and strive to raise corporate value over the medium and long term. We use the voluntary disclosure of this director remuneration policy to demonstrate our commitment to sustainable corporate value improvement to our stakeholders and encourage a better understanding of our management philosophy and initiatives. In recognition of our commitment, OMRON received the Minister of Economy, Trade and Industry Award in the first-ever *Corporate Governance of the Year 2018*. This award is sponsored by the Japan Association of Corporate Directors. In particular, OMRON was noted for our president selection and succession plan, operated under the CEO Selection Advisory Committee. The selection of a corporate president is the first order of business for corporate governance. Here, OMRON was singled out for high transparency in the selection process, the ongoing effectiveness of our CEO Selection Advisory Committee, and our

track record in selecting presidents. This recognition has become another motivation for future improvement.

## Building Greater Corporate Value

We have entered our third year operating under the VG2.0 medium-term management plan. Looking at our external environment, we see continued uncertainty in the global situation stemming from U.S.-China trade friction. In these times, businesses must be even more capable of responding to environmental change. OMRON aspires to solve social issues, backcasting from the future, rather than focusing on the short term.

More specifically, in 2017 we established key sustainability issues which we address by solving social issues through our businesses and by answering the expectations of our stakeholders. Sustainable corporate value growth relies on an approach combining initiatives for key sustainability issues with our VG2.0 medium-term management plan. As the result of a board of director evaluation, the OMRON board of directors identified sustainability as a key management policy and continue to address sustainability in board discussions.

We began conducting board of director evaluations in 2015, performed by the Corporate Governance Committee, which consists of outside directors and outside members of the Audit & Supervisory Board. The results of these evaluations are used to determine policies for the operation of the board of directors and key topics for the next fiscal year. In so doing, we strive to raise sustainable corporate value through exercising oversight and lifting board effectiveness. In fiscal 2019, we will once again operate our board based on these policies to achieve VG2.0 and exercise our oversight function looking ahead to our next long-term vision, which will begin in fiscal 2021.

OMRON will continue to rely on the OMRON Principles, improving our unique corporate governance mechanisms from the viewpoint of society, striving for sustainable enhancement of corporate value.

# 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\*<sup>1</sup> 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.

\*1 Omron Corporate Governance Policies <https://www.omron.com/about/corporate/governance/policy/>

### Corporate Governance Initiatives

	1999	2003	2011
President	1987: Yoshio Tateishi	2003: Hisao Sakuta	2011: Yoshihito Yamada
Chair 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* <sup>2</sup>
		1999: Adopted executive officer system	2017: Positioned president as an executive officer
Advisory Board	1999: Advisory Board		
Outside Directors		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

\*2 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 chairman 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.

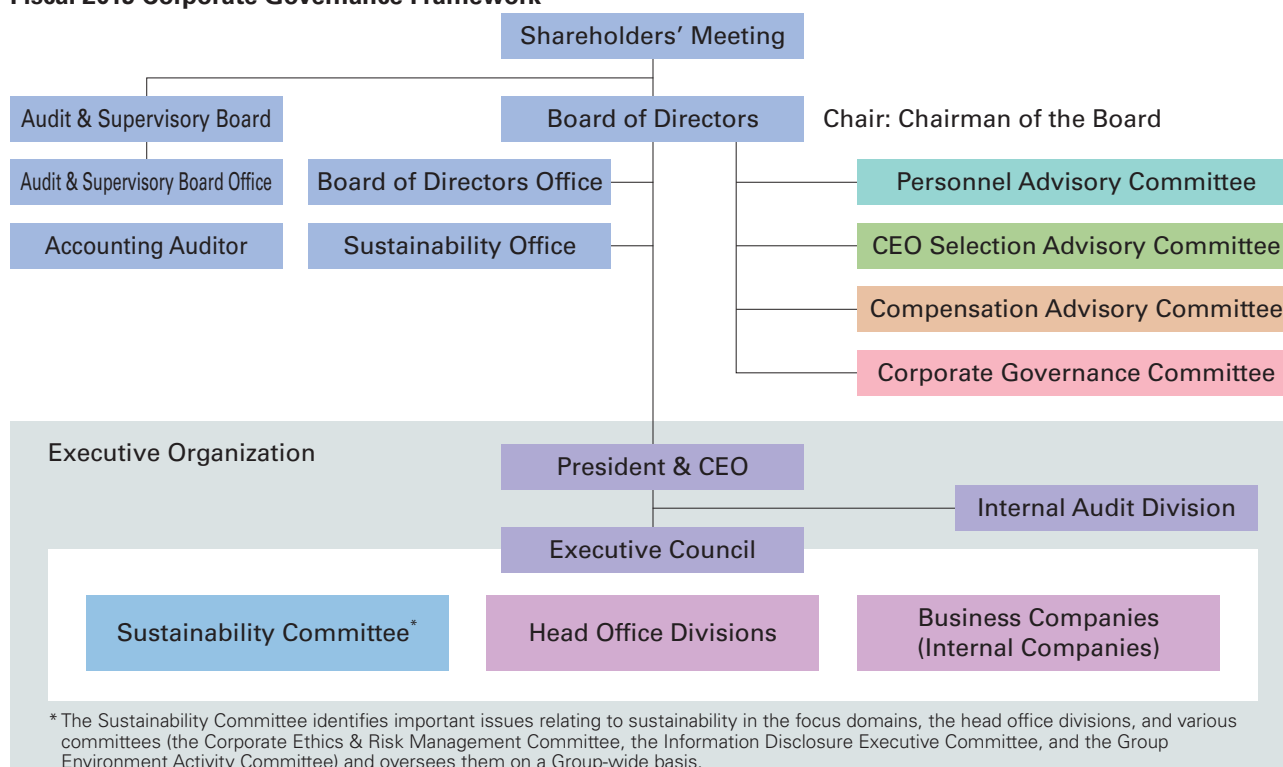
OMRON has established several advisory committees to enhance the oversight functions of the Board of Directors.

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 2018 at a rate of 100%. Outside members had an attendance rate of 96.2% at the 13 meetings of the Audit & Supervisory Board.

### Fiscal 2019 Corporate Governance Framework



**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 2019 Advisory Committee Members

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	Kuniko Nishikawa ★	□	□	◎	○
Outside Director	Takehiro Kamigama ★	□	□	□	□
Audit & Supervisory Board Member (Full-time)	Kiichiro Kondo				
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

## Director Compensation

OMRON has set up the Compensation Advisory Committee for the purpose of bolstering the management oversight function of the Board of Directors by enhancing transparency and objectivity in determining compensation amounts for each director and executive officer.

In response to a consultation request from the chairperson of the Board of Directors, the Compensation Advisory Committee deliberates on and makes recommendations regarding the Compensation Policy for Directors. The Compensation Advisory Committee also deliberates on and determines the Compensation Policy for Executive Officers in response to a consultation request from the CEO. Reflecting the committee's recommendations, the Board of Directors determines the Compensation Policy for Directors.

Based on the above-mentioned respective Compensation Policy, the Compensation Advisory Committee deliberates on compensation of Directors and Executive Officers. Director compensation is based on input from the Compensation Advisory Committee. The board of directors considers this input to determine director compensation within the scope approved by a resolution at the general meeting of shareholders. The amount of executive officer compensation is determined in accord with deliberations and reports from the Compensation Advisory Committee.

These amounts shall be within the maximum limit of the sum of compensation amounts for all directors, as set by a resolution of the General Meeting of Shareholders. The amounts of compensation for individual executive officers shall be determined according to the recommendations of the Compensation Advisory Committee.

\* See our website for more about Audit & Supervisory Board member compensation policies.

<https://www.omron.com/about/corporate/governance/compensation/>

### Compensation Policy for Directors

- 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.
- 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.
  - Compensation for outside directors shall consist of a base salary only, reflecting their roles and the need for maintaining independence.
- Base Salary**
  - The amount of a base salary shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.
- 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.
  - 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 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.
- Compensation Governance**
  - All compensation for directors 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

### (1) Compensation Composition Ratio

Compensation 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 (Performance-linked and Share-based Incentive Plan).” The ratio of compensation consisting of performance-linked compensation compared to base salary has been determined for each role:



\* Referring to Representative Director, President and CEO

\* The ratio is based on the assumption that the performance targets are set as 100% for each performance-linked compensation

### (2) Base Salary

A base salary is paid to Directors 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 to Directors excluding Directors (Independent) 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 (Performance-linked and Sharebased Incentive Plan)

Stock compensation is paid as medium-to-long-term, performance-linked compensation to Directors excluding Directors (Independent). 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.

Stock compensation for performance-linked component varies between 0% and 200%, according to achievement of net sales, EPS, and ROE targets based on the medium-term management plan, as well as sustainability evaluation\* based on a third-party organization.



As a rule, stock paid in stock-based compensation must be held by the individual during their term of service. In the event that an individual Director in question engages in serious misconduct during their term of service, 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 shall resolve to limit the payment of stock-based compensation.

\* Sustainability evaluation

An evaluation based on the Dow Jones Sustainability Indices (DJSI). The DJSI are a series of ESG Indices which include companies evaluated and selected based on long-term shareholder value perspective, reflecting economic, environmental, and social factors comprehensively.





## Outside Officers Round Table Discussion

Especially in uncertain times, it is important to optimize the balance between corporate governance and dynamic execution. This is where the effectiveness of the Board of Directors comes into question. We started evaluating the effectiveness of our Board of Directors in fiscal 2015, in addition to the work we had been doing to strengthen our board's oversight function to improve board effectiveness. We have taken this as an opportunity to change operations of the Board of Directors into something similar to a monitoring board\* which focuses on discussions of medium- and long-term issues. In this feature, we invited OMRON's outside directors and outside Audit & Supervisory Board members to participate in a round-table discussion to speak frankly about the characteristics of OMRON's governance and future issues.

† Fumio Tateishi, Chairman of the Board of Directors served as facilitator for this round-table discussion.

\* Monitoring board: A board of directors that oversees business operations, focusing on the election and dismissal of officers. This typically corresponds to a board of directors for a company that has a Nominating Committee or the like.



**Tateishi: I'd like to ask you for your frank impressions of the OMRON Board of Directors.**

**Kobayashi:** The most important characteristic is that the Board of Directors encourages a free and open discussion, no matter whether the person speaking is an inside or outside director or member of the Audit & Supervisory Board. The knowledge and expertise of our outside directors should reaffirm OMRON's policies and philosophy. We hold more meaningful discussions, even if opinions conflict at times. OMRON executives consider the requests and proposals of outside directors. These executives use the PDCA cycle to take on the many challenges they face, and it is my impression that the quality of governance is high. I feel we have even more to learn to contribute to the evolutionary process.

**Nishikawa:** Does this mean the members of Board of Directors discussing matters from various points of view? Working with the directors who also serve in an executive capacity, I feel that governance has evolved steadily each year by taking a diversity of opinions seriously and making improvements



**Eizo Kobayashi**

Outside Director  
Chairman of the Personnel Advisory Committee  
Chairman of the CEO Selection Advisory Committee  
Chairman of the Corporate Governance Committee  
Compensation Advisory Committee Member

accordingly. We outside directors are not simply looking at organization from the top down. We are also drawing on knowledge and experience from our respective fields to enhance corporate value. I believe that all members of the board share this objective.

**Kamigama:** The great thing about OMRON Board of Directors is that it is instilling the OMRON Principles among the people at the working level of the company. The other day, I attended The OMRON Global Awards (TOGA) conference. I was impressed by the presentations that showed OMRON Principles are being put into practice by OMRON employees around the world. Underlying a shared basic belief that a business should create value for society through its key practices, OMRON's mission under the OMRON Principles is "To improve lives and contribute to a better society." This fundamental approach informs the work of all OMRON employees, making OMRON fundamentally different from companies that think solely of their own profit. Although there is a clear distinction between the management oversight and executive functions of the OMRON Board of



**Kuniko Nishikawa**

Outside Director  
Chairman of the Compensation Advisory Committee  
Vice-Chairman of the Corporate Governance Committee  
Personnel Advisory Committee Member  
CEO Selection Advisory Committee Member

Directors, the objective is identical: to put the OMRON Principles into practice. I am honored and pleased to participate in this vision as an outside director. [P63 Human Resources Management \(TOGA\) →](#)

**Uchiyama:** Since you're talking about the characteristics of the OMRON Board of Directors, I'd like to talk about the mechanisms that ensure the correct functioning of the board. The person chairing the Board of Directors is important in ensuring board governance. When an executive chairs a board, there is a tendency for them to steer the board toward a conclusion. As a non-executive chair, Mr. Tateishi acts as a facilitator to draw out the experience and knowledge of outside directors, rather than head directly toward a predetermined conclusion. Directors and members of the Audit & Supervisory Board corporate auditors have different positions under the Companies Act. However, board meetings are managed without dwelling on those differences. Even as members of the Audit & Supervisory Board, we are allowed to participate actively in discussions. I think that's quite important.

**Kunihiro:** I really like OMRON. What I like is that



### Takehiro Kamigama

Outside Director  
Personnel Advisory Committee Member  
CEO Selection Advisory Committee Member  
Compensation Advisory Committee Member  
Corporate Governance Committee Member

both the Board of Directors and the people on the front lines are serious about OMRON Principles-based management and social responsibility. Solving social issues was a priority at OMRON long before people talked about ESG and SDGs. The company has many years to enhance corporate value under a long-term vision, rather than focusing on the short term. OMRON has been unwavering in this commitment. This is OMRON's greatest strength. [P19 VG2.0 Medium-Term Management Plan →](#)

**Tateishi:** In fiscal I2015, we introduced a board of directors evaluation system as a measure to improve the Board of Directors. The results of the evaluations are analyzed and reflected in the policies of the Board of Directors in the following year. Could you please share your impressions of this system?

**Kobayashi:** Since beginning board of directors evaluations in fiscal 2015, we have persistently used the PDCA cycle to define policies for the board of directors. For example, the board of directors and executives are conscientious in following up and making improvements to areas that have been given low marks in evaluations. As a result, evaluation results have been steadily improving. We also clarify medium- and long-term issues, using a straight-forward PDCA cycle to achieve goals. I think we are moving in a good direction.

**Kamigama:** As Mr. Kobayashi says, the issues identified by the Board of Directors are immediately addressed, the issues get clarified and are taken up in discussions of the Board of Directors. We don't see that kind of engagement at other companies, but I think it's really important.

**Nishikawa:** I very much appreciate this Board of Directors evaluation system. I personally believe that this Board of Directors evaluation system is a very effective "tool for dialogue" between company executives and outside directors. The system makes it possible for honest opinions to be expressed directly and for one to expect a sincere response in return. What I am most concerned



about in making evaluations is the need to make honest, unbiased assessments about what exactly is necessary to improve the value of OMRON.

**Uchiyama:** OMRON Board of Directors evaluation system works very well. An area for future improvement is perform evaluations after every meeting. Even now, management themes are assessed after each meeting of the Board of Directors. Other than that, these themes are evaluated only once a year in March. We tend to forget matters addressed in annual evaluations over time. Everything becomes more homogenized. I think it's best to do evaluations immediately after each meeting of the Board of Directors and use the PDCA cycle without delay to improve effectiveness.

**Kunihiro:** My personal theory is that we must wring everything we can from our outside directors. Rather than passively listening to the ideas of outside directors, it may be necessary to take a more aggressive approach in squeezing out every



**Hideyo Uchiyama**

Audit & Supervisory Board Member (Independent)  
Corporate Governance Committee Member







### Tadashi Kunihiro

Audit & Supervisory Board Member (Independent)  
Corporate Governance Committee Member

last bit of the expertise and experience of outside directors. The criteria for evaluating the Board of Directors should not be a general yardstick. It should incorporate the OMRON uniqueness and detailed focus that we consider so important. I think in this upcoming era, it will be important to engage in and disclose our own unique measures.

[P85 Evaluating the Effectiveness of the Board of Directors →](#)

**Tateishi: The active involvement of outside directors is the driving force behind the evolution of OMRON's corporate governance. Last, I'd like to hear your thoughts about your own roles as outside directors and how you are engaging in those roles.**

**Nishikawa:** The most important thing in corporate governance is to answer the question of whether decisions are being made logically. Management is a continuous decision-making process, and the road to decisions has many twists and turns. Our role is to watch and carefully determine whether the process is logical and whether the information collected is appropriate. It is also important for us to provide new data and perspectives. As an outside director, my job is not

to interfere with day-to-day execution, but to be proactive in providing information and knowledge that I believe to be useful.

**Kamigama:** As an outside director, I focus on and oversee my area of expertise. There is no question that decision-making logic is vitally important. I ask lots of questions based on my own expertise. Once I'm satisfied with the answers, I push from behind for progress. I think that's our role. It is important to optimize the balance between corporate governance and the dynamic execution.

**Kunihiro:** I am always conscious of the need to point out that there are two sides to everything. OMRON has many strengths, but sometimes these can be weaknesses. My task as an Audit & Supervisory Board member is to provide viewpoints that may differ from the typical way of thinking at OMRON. I search for viewpoints that are lacking at OMRON and attempt to shake things up. I encourage debate, pushing like Mr. Kamigama when I am convinced of the result. I go out of my way to be skeptical for the sake of the company. In addition to serving as a check, outside directors also ensure that OMRON has a firm foundation from which to take aggressive leaps into the future.

**Uchiyama:** I know this may sound obvious, but I am always conscious of the fact that I was appointed by the general meeting of shareholders. In other words, I must never neglect to see things from the stakeholders' point of view. Further, audits must always be based on facts. Even as outside members of the Audit & Supervisory Board act as a check on the company, I am aware that observing Board of Director meeting deliberations to the greatest extent possible allows us to see what is being discussed in person. In this way, we have a better understanding of the underlying background and facts. In addition, our audit report relies heavily on accounting auditors. That's why I believe we must help create an environment where the accounting firm can do its job more easily.

**Kobayashi:** OMRON works hard to practice OMRON Principles-based management. For OMRON to make even more aggressive leaps forward, perhaps being less afraid of failure, being



more brash, and demonstrating a bit more edginess could be beneficial. This is why I like to throw rocks into the pond and stir up the waters. By asking the tough questions about OMRON's everyday business, I provide back-up for the management team and employees, so they can leap ahead with more boldness. In this respect sense, I ask questions from the view of a general bystander about the status quo at OMRON. I hope this proves useful to OMRON executives.

**Tateishi: Having outside directors and members of the Audit & Supervisory Board who are skeptical in this way and yet so strongly committed to the company is a tremendous confidence-booster for OMRON. OMRON must never stop the process of evolution, so we can meet the high expectations of our stakeholders. I have a strong and renewed sense of the truth of this concept. Thank you all for your time today.**



**Fumio Tateishi**

Chairman of the Board  
CEO Selection Advisory Committee Member

## Evaluating the Effectiveness of the Board of Directors

### 1. Status of Initiatives Towards Improving the Board of Directors' Effectiveness

OMRON Corporation works to improve the board's effectiveness to realize the sustained enhancement of corporate value. The company works to improve the board's effectiveness to realize the sustained enhancement of corporate value. Such initiatives are undertaken in a cycle of **(1)** evaluation of the board's effectiveness and **(2)** determination and implementation of the policy for the operation of the board of directors based on **(1)**.

\*Please refer to our website for details of "Initiatives Towards Improving the Board of Director Effectiveness"

<https://www.omron.com/about/corporate/governance/chart/>

### 2. Overview of the Results of Evaluation of the Board of Directors' Effectiveness for Fiscal 2018

#### (1) Policy for the Operation of the Board of Directors for Fiscal 2018

The Board of Directors shall demonstrate its oversight function to ensure the achievement of the medium-term management plan "VG2.0," based on the results of evaluation of the board's effectiveness for fiscal 2017, with emphasis on the following three areas.

- Strategies regarding information systems and quality in the medium-term management strategies
- Ongoing initiatives for human resources strategies and technical strategies
- Initiatives to address material sustainability issues (materiality)

#### (2) Results of Evaluation of the Board of Directors' Effectiveness for Fiscal 2018

Based on the favorable results of self-evaluations by Directors and Audit & Supervisory Board Members and interviews conducted by Chairman of the Board of Directors in terms of evaluation of theme selection, the details of discussions, the status of operation and other matters, the Corporate Governance Committee confirmed that the Board of Directors is sustainably improving the effectiveness of the Board of Directors for sustained enhancement in corporate value and demonstrating its oversight function.

The Corporate Governance Committee evaluated each theme in the policy for the operation of the Board of Directors as follows.

As for strategies regarding information systems and quality in medium-term management strategies selected as a theme for the first time in the fiscal year under review, consensus on the future direction was fostered after the Board of Directors understood the current situation and received useful suggestions from Directors (Independent) and Audit & Supervisory Board Members (Independent) based on their experience and insights. Regarding human resources strategies and technical strategies, which are ongoing themes from fiscal 2017, the Board of Directors held in-depth discussions through multifaceted question and answer sessions with the understanding that executive organization advances strategy-based initiatives and steadily facilitates their progress and penetration. Regarding initiatives to address material sustainability issues (materiality), an ongoing theme in the third year, the Board of Directors confirmed that such initiatives and engagement activities evolve together and the system to promote the initiatives is functioning properly.

The Corporate Governance Committee recognized that themes raised as the policy for the operation of the Board of Directors for fiscal 2018 were organically associated with the keywords "human resources" and "technology," through discussions about such themes from the standpoint of enhancing medium- to long-term corporate value at the Board of Directors meetings.

In addition, Directors and Audit & Supervisory Board Members actively make comments at the Board of Directors meetings. In particular, Directors (Independent) and Audit & Supervisory Board Members (Independent) make comments and proposals based on their experience and insights. Executive organization takes the opinions and proposals of the Board of Directors seriously and leverages them to further strengthen strategies and initiatives.

#### < Overview of Discussions of Each Theme >

##### ● Strategies Regarding Information Systems

Recognized the issues of the current IT systems and discussed a direction of a company-wide IT system with an eye to next long-term vision, assuming that technological innovation mainly through AI will transform business systems drastically.

##### ● Strategies Regarding Quality

Recognized the issues of the current Quality Management System (QMS), and discussed a direction of improvement for the ideal QMS and the policy for human resource development that is the key to improvement.

##### ● Human Resources Strategies

Confirmed the whole picture of human resources strategies and progress of the main themes, and discussed a theme of future strategies (initiatives mainly to develop human resources for leadership role in charge of management, diverse human resources and self-dependent human resources).



- **Technology Strategies**

Discussed strategies for value creation and technology creation to achieve management of technology, and initiatives to identify and develop transformative human resources to support such strategies.

- **Initiatives to Address Material Sustainability Issues (Materiality)**

Confirmed the progress of initiatives to achieve targets for material sustainability issues, and also discussed target-setting and initiatives to solve new social issues.

### 3. Policy for the Operation of the Board of Directors for Fiscal 2019

Based on the evaluation results of the Board's effectiveness for fiscal 2018, the Board of Directors discussed and determined the policy for the operation of the Board of Directors for the fiscal 2019.

Fiscal 2019 is the third year of OMRON's "VG2.0" medium-term management plan. In this fiscal year, the Board of Directors will fully put its oversight and supervision functions to use, in order to ensure the achievement of VG2.0 goals, while also looking ahead to the next long-term vision set to start in fiscal 2021.

#### < Key Initiatives Set in Operational Policies >

- Confirmation of the direction for long-term strategies with the upcoming long-term vision in mind
- Continuous execution of strategies concerning information systems and quality
- Implementation of measures to deal with changes anticipated to occur in the internal and external business environments in fiscal 2019 and 2020

The company will make efforts in enhancing the Board's effectiveness for sustained improvement in corporate value.

### 4. Policy for the Operation of the Board of Directors for Fiscal 2016 to 2019

Since the introduction of the effectiveness evaluations of the Board of Directors, the Board of Directors has both determined the policy for the operation of the Board of Directors and exercised its oversight function focusing on operating policies and upon important topics defined therein. As a result of these initiatives, board operations now closely resemble those of a monitoring board, focused on deliberations of material medium- and long-term topics. Topics requiring continued monitoring have been classified as ongoing topics for the next fiscal year. In particular, sustainability initiatives have been categorized as three-year themes, subject to detailed discussions. These discussions included the opinions of many outside directors. The Board of Directors considered these opinions and reflected these suggestions in initiatives.

OMRON continues to improve board effectiveness to ensure sustained enhancement of corporate value.

Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
<b>Operating Policies</b>			
Transfer authority to executive officers; conduct medium- and long-term oversight	Exercise oversight functions to ensure the achievement of VG2.0	Exercise oversight functions to ensure the achievement of VG2.0	Management strategies to achieve VG2.0 Demonstrate functions beginning in fiscal 2021 Exercise oversight functions for the next long-term vision
<b>Key Initiatives</b>			
<ul style="list-style-type: none"> <li>● Next medium-term management plan based on medium- to long-term management strategy</li> <li>● Formulate ESG policies and create initiatives to execute policies</li> <li>● Strengthen oversight function and transfer authority to executive officers</li> </ul>	<ul style="list-style-type: none"> <li>● Confirm progress of short-term management plan</li> <li>● Human resources and technology strategies required for the medium-term management strategy</li> <li>● Initiatives to address material issues (materiality) set in accordance with sustainability policies</li> </ul>	<ul style="list-style-type: none"> <li>● Strategies for information systems and quality with respect to medium-term management strategies</li> <li>● Ongoing initiatives for human resources and technology strategies</li> <li>● Initiatives to address material sustainability issues (materiality)</li> </ul>	<ul style="list-style-type: none"> <li>● Confirmation of long-term strategic direction looking towards the next long-term vision</li> <li>● Continued initiatives toward strategies regarding information systems and quality</li> <li>● Continued initiatives to respond to changes in the internal and external business environment in fiscal 2019-2020</li> </ul>



# Board of Directors and Auditors

As of June 2019



## Takehiro Kamigama

Outside Director  
Personnel Advisory Committee Member  
CEO Selection Advisory Committee Member  
Compensation Advisory Committee Member  
Corporate Governance Committee Member

## Kuniko Nishikawa

Outside Director  
Chairman of the Compensation Advisory Committee  
Vice Chairman of the Corporate Governance Committee  
Personnel Advisory Committee Member  
CEO Selection Advisory Committee Member

## Eizo Kobayashi

Outside Director  
Chairman of the Personnel Advisory Committee  
Chairman of the CEO Selection Advisory Committee  
Chairman of the Corporate Governance Committee  
Compensation Advisory Committee Member

## Koji Nitto

Director, Senior Managing Executive Officer, CFO  
Compensation Advisory Committee Member

## Kiichiro Miyata

Director, Senior Managing Executive Officer, CTO  
Personnel Advisory Committee Member

## Yoshihito Yamada

President and CEO





### Hideyo Uchiyama

Audit & Supervisory Board  
Member (Independent)  
Corporate Governance  
Committee Member

### Tadashi Kunihiro

Audit & Supervisory Board  
Member (Independent)  
Corporate Governance  
Committee Member

### Kiichiro Kondo

Audit & Supervisory Board  
Member

### Kiyoshi Yoshikawa

Audit & Supervisory Board  
Member

### Fumio Tateishi

Chairman  
CEO Selection Advisory  
Committee Member

### Satoshi Ando

Director  
Vice Chairman of the Personnel  
Advisory Committee  
Vice Chairman of the CEO Selection  
Advisory Committee  
Vice Chairman of the Compensation  
Advisory Committee



# Directors, Audit & Supervisory Board Members, and Honorary Chairman

As of June 2019

## Directors



Chairman **Fumio Tateishi**

Aug. 1975 Joined OMRON  
 Jun. 1997 Director  
 Jun. 1999 Managing Executive Officer  
 Jun. 2001 Senior General Manager, Corporate Strategic Planning HQ  
 Jun. 2003 Executive Officer and Executive Vice President; President, Industrial Automation Business Company  
 Jun. 2008 Director and Executive Vice Chairman  
 Jun. 2013 Chairman of the Board (to present)



Director **Satoshi Ando**

Apr. 1977 Joined The Bank of Tokyo, Ltd. (now MUFG Bank, Ltd.)  
 July 2003 Branch Manager of Jakarta Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Resigned in June 2007)  
 Jun. 2007 Audit & Supervisory Board Member (Independent), OMRON  
 Jun. 2011 Executive Officer and Senior General Manager, Investor Relations HQ  
 Mar. 2015 Senior General Manager, Global Investor Relations & Corporate Communications HQ  
 Apr. 2015 Managing Executive Officer  
 Jun. 2017 Director (to present)



President and CEO **Yoshihito Yamada**

Apr. 1984 Joined OMRON  
 Jun. 2008 Executive Officer; Representative Director and President, OMRON HEALTHCARE Co., Ltd.  
 Mar. 2010 Senior General Manager, Corporate Strategic Planning HQ  
 Jun. 2010 Managing Executive Officer  
 Jun. 2011 Representative Director and President (to present)



Outside Director **Eizo Kobayashi**

Apr. 1972 Joined ITOCHU Corporation  
 Jun. 2000 Executive Officer, ITOCHU Corporation  
 Apr. 2002 Managing Executive Officer, ITOCHU Corporation  
 Jun. 2003 Representative Director and Managing Director, ITOCHU Corporation  
 Apr. 2004 Representative Director and Senior Managing Director, ITOCHU Corporation  
 Jun. 2004 President and CEO, ITOCHU Corporation  
 Apr. 2010 Chairman and Representative Director, ITOCHU Corporation  
 Jun. 2011 Chairman, ITOCHU Corporation  
 Jun. 2013 Outside Director, OMRON (to present)  
 Jun. 2016 Chairman, ITOCHU Corporation  
 Apr. 2018 Senior Representative, ITOCHU Corporation (to present)



Director, Senior Managing Executive Officer, CTO **Kiichiro Miyata**

Apr. 1985 Joined Tateisi Institute of Life Science, Inc. (now OMRON HEALTHCARE Co., Ltd.)  
 Mar. 2010 Representative Director and President of OMRON HEALTHCARE Co., Ltd. (Retired in March 2015)  
 Jun. 2010 Executive Officer  
 Jun. 2012 Managing Executive Officer, OMRON  
 Apr. 2015 Chief Technology Officer (CTO) and Senior General Manager of Technology & Intellectual Property HQ (to present)  
 Apr. 2017 Senior Managing Director (to present)  
 Jun. 2017 Representative Director (to present)  
 Apr. 2018 Senior General Manager, Innovation Exploring Initiative HQ (to present)



Outside Director **Kuniko Nishikawa**

Apr. 1986 Joined Citibank N.A.  
 Feb. 1996 Joined A.T. Kearney, Inc.  
 Sep. 2000 President & CEO, Supernurse Co. Ltd.  
 Aug. 2010 Established Firststar Healthcare Co. Ltd., President & CEO (to present)  
 Jun. 2013 President, Benesse MCM Corp.  
 Jun. 2015 Outside Director, OMRON (to present)  
 May 2017 Chief Executive Officer, FRONTEO Healthcare, Inc. (to present)



Director, Senior Managing Executive Officer, CFO **Koji Nitto**

Apr. 1983 Joined OMRON  
 Mar. 2011 Senior General Manager, Global Resource Management HQ  
 Jun. 2011 Executive Officer  
 Mar. 2013 Senior General Manager, Global SCM and IT Innovation HQ  
 Apr. 2013 Managing Executive Officer  
 Mar. 2014 Senior General Manager, Global Strategy HQ (to present)  
 Apr. 2014 Senior Managing Executive Officer (to present)  
 Jun. 2014 Director (to present)  
 Apr. 2017 Chief Financial Officer (CFO) (to present)



Outside Director **Takehiro Kamigama**

Apr. 1981 Joined TDK Corporation  
 Jun. 2002 Corporate Officer, TDK Corporation  
 Jun. 2003 Senior Vice President, TDK Corporation  
 Jun. 2004 Director & Executive Vice President, TDK Corporation  
 Jun. 2006 President & Representative Director, TDK Corporation  
 Jun. 2016 Chairman & Representative Director, TDK Corporation  
 Jun. 2017 Outside Director, OMRON (to present)  
 Jun. 2018 Mission Executive, TDK Corporation (to present)

## Audit & Supervisory Board Members



Audit & Supervisory Board Member

### Kiichiro Kondo

Apr. 1977 Joined Mitsui Ocean Development & Engineering Co., Ltd.  
 Jan. 1988 Joined Mitsui Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited)  
 Apr. 1999 Joined OMRON  
 Mar. 2007 Senior General Manager, Public Solutions Business Department, Social Systems Solutions and Service Business Company  
 Jun. 2007 Executive Officer  
 Apr. 2011 President and CEO, OMRON SOCIAL SOLUTIONS Co., Ltd.  
 Jun. 2011 Managing Executive Officer  
 Jun. 2015 Audit & Supervisory Board Member (to present)



Audit & Supervisory Board Member (Independent)

### Hideyo Uchiyama

Nov. 1975 Joined Arthur Young & Company  
 Dec. 1979 Joined Asahi Accounting Company (now KPMG AZSA LLC)  
 Mar. 1980 Registered as Certified Public Accountant  
 July 1999 Representative Partner, KPMG AZSA LLC  
 May 2002 Board Member, KPMG AZSA LLC  
 Jun. 2006 Executive Board Member, KPMG AZSA LLC  
 Jun. 2010 Managing Partner, KPMG AZSA LLC, Chairman, KPMG Japan  
 Sep. 2011 Chairman, KPMG Asia Pacific  
 Oct. 2013 CEO, KPMG Japan  
 Sep. 2015 Executive Advisor, ASAHI Tax Corporation (to present)  
 Jun. 2016 Audit & Supervisory Board Member (Independent), OMRON (to present)



Audit & Supervisory Board Member

### Kiyoishi Yoshikawa

Apr. 1983 Joined OMRON  
 Mar. 2010 Senior General Manager, Monozukuri Innovation HQ  
 (now Senior General Manager, Global Manufacturing Innovation HQ)  
 Jun. 2010 Executive Officer  
 Apr. 2016 Managing Executive Officer  
 Jun. 2019 Audit & Supervisory Board Member (to present)



Audit & Supervisory Board Member (Independent)

### Tadashi Kunihiro

Apr. 1986 Registered as attorney with the Daini Tokyo Bar Association; Joined Nasu & Iguchi Law Office  
 Jan. 1994 Established Kunihiro Law Office (now T. Kunihiro & Co. Attorneys-at-Law)  
 Jun. 2017 Audit & Supervisory Board Member (Independent), OMRON (to present)

## Honorary Chairman



Honorary Chairman **Yoshio Tateishi**

Apr. 1963 Joined OMRON  
 May 1973 Director  
 Jun. 1976 Managing Director  
 Jun. 1983 Senior Managing Director  
 Jun. 1987 President and CEO  
 Jun. 2003 Representative Director and Chairman of the Board  
 May 2007 Chairman, Kyoto Chamber of Commerce and Industry (to present)  
 Jun. 2011 Honorary Chairman (to present)

## Executive Officers

### President



**Yoshihito Yamada**

CEO

### Executive Vice President



**Yutaka Miyanaga**

Company President,  
Industrial Automation Company

### Senior Managing Executive Officers



**Kiichiro Miyata**

CTO and Senior General Manager,  
Technology & Intellectual Property HQ  
and Senior General Manager, Innovation  
Exploring Initiative HQ



**Koji Nitto**

CFO and Senior General Manager,  
Global Strategy HQ

### Managing Executive Officers



**Katsuhiko Wada**

President and CEO,  
OMRON AUTOMOTIVE ELECTRONICS  
CO., LTD.



**Nigel Blakeway**

Chairman and CEO, OMRON MANAGEMENT  
CENTER OF AMERICA, INC.  
and Chairman, OMRON MANAGEMENT  
CENTER OF EUROPE  
and Chairman, OMRON MANAGEMENT  
CENTER OF ASIA PACIFIC



**Shizuto Yukumoto**

Company President,  
Electronic and Mechanical Components  
Company, and Senior General Manager,  
Business Development HQ



**Seigo Kinugawa**

CEO, OMRON EUROPE B.V.,  
Industrial Automation Company



**Toshio Hosoi**

President and CEO,  
OMRON SOCIAL SOLUTIONS Co., Ltd.



**Masahiko Tomita**

Senior General Manager,  
Global Human Resources and  
Administration HQ



**Isao Ogino**

President and CEO,  
OMRON HEALTHCARE Co., Ltd.



**Junta Tsujinaga**

Senior General Manager,  
Product Business Division HQ,  
Industrial Automation Company



## Executive Officers

**Goshi Oba**

Chairman and President,  
OMRON INDUSTRIAL AUTOMATION  
(CHINA) CO., LTD.

**Takayoshi Oue**

Senior General Manager,  
Global Finance and Accounting HQ

**Takashi Kitagawa**

Senior General Manager,  
Board of Directors Office

**Munenori Odake**

Senior General Manager,  
Sales & Marketing Division HQ,  
Industrial Automation Company

**Shuji Tamaki**

Senior General Manager,  
Global Risk Management and Legal HQ

**Makoto Ota**

President and CEO,  
OMRON RELAY & DEVICES Corporation,  
and Senior General Manager, Production  
Division HQ, Electronic and Mechanical  
Components Company

**Tsutomu Igaki**

Senior General Manager,  
Global Investor & Brand  
Communications HQ

**Jian Xu**

China Manufacturing Innovation Project  
Executive, Global Manufacturing  
Innovation HQ,  
and President and CEO,  
SHANGHAI OMRON CONTROL  
COMPONENTS CO., LTD.

**Kenji Eda**

Senior General Manager,  
Global Manufacturing Innovation HQ

**Shinji Fukui**

Senior General Manager,  
Technology Development Division HQ,  
Industrial Automation Company

**Masako Kubo**

President and CEO,  
OMRON EXPERTLINK CO., LTD.

**Seiji Takeda**

General Manager,  
Corporate Planning Dept.,  
Global Strategy HQ

**Taisuke Tateishi**

Senior General Manager,  
Environmental Solutions Business HQ

**Katsuhiro Shikata**

President and CEO,  
OMRON FIELD ENGINEERING CO., LTD.

**Virendra Shelar**

President, OMRON MANAGEMENT  
CENTER OF ASIA PACIFIC,  
and General Manager, Global Human  
Resource Strategy Dept.

**Masayuki Yamamoto**

Senior General Manager,  
Strategy Planning Division HQ,  
Industrial Automation Company