

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
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*
		1999: Adopted executive officer system	2017: Positioned president as an executive officer
Advisory Board	1999: Advisory Board		
Outside Director		2001: One outside director	2015: Three outside directors (eight directors)
Audit & Supervisory Board Member (Independent)	1998: One member	1999: Two members	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	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.

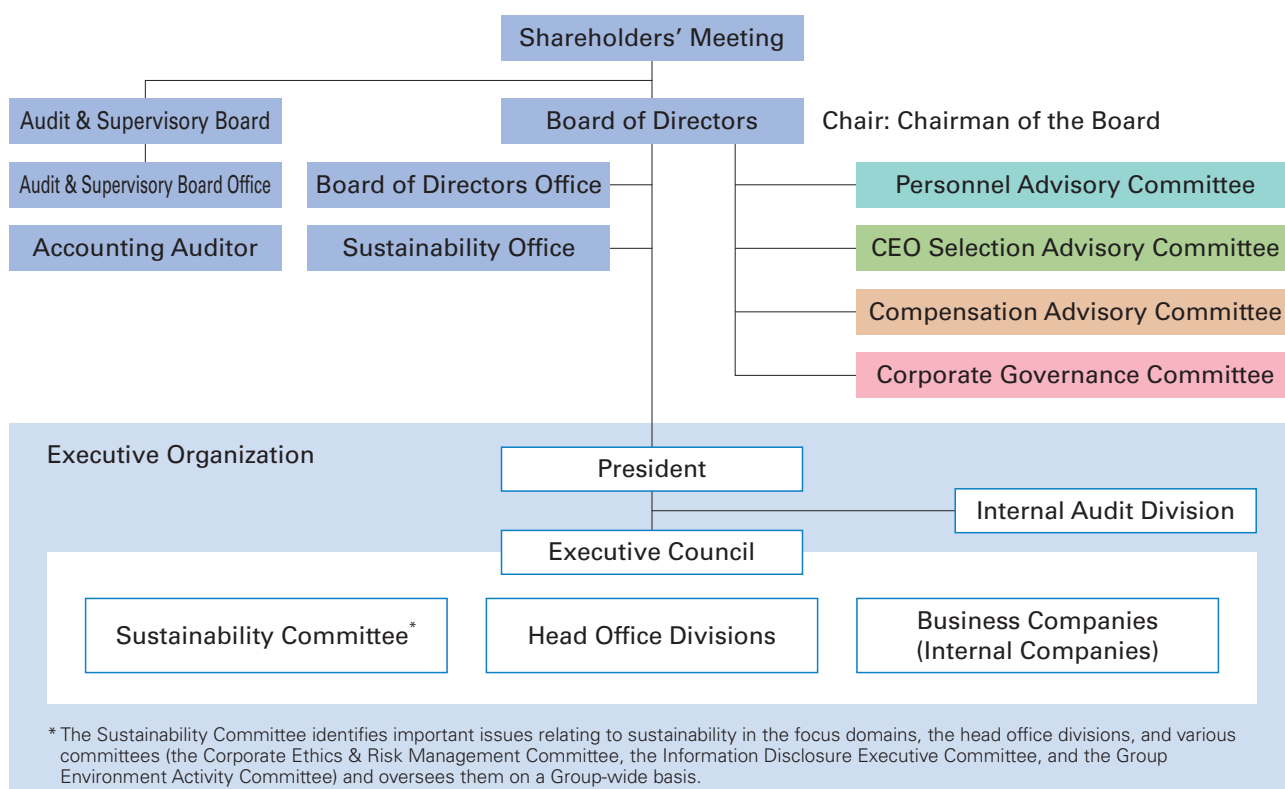
To increase objectivity on behalf of the Board of Directors, the titles and roles of chairman of the Board and President (CEO) have been separated. The Chairman serves as chair of the Board of Directors with no direct corporate representational authority.

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 2019 at a rate of 100%. Outside members had an attendance rate of 100% at the 13 meetings of the Audit & Supervisory Board.

Fiscal 2020 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.

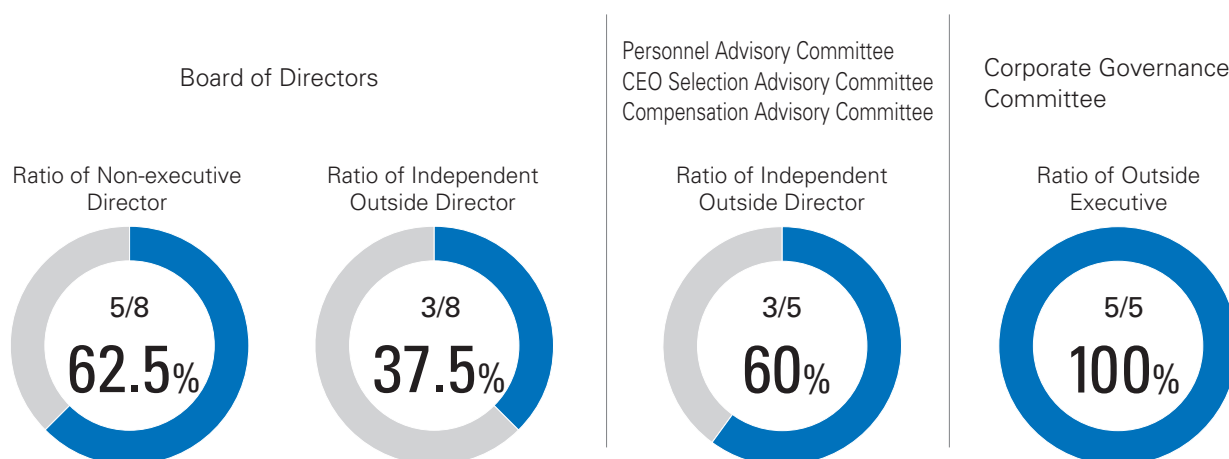
CEO Selection Advisory Committee
Deliberates candidates for selection as new CEO; deliberates succession plans and candidates in the event of an emergency.

Fiscal 2020 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)	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

Composition of the Board of Directors and Each Committee



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/global/en/about/corporate/governance/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.
 - 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 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.
 - 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.
- ⑤ **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:

Base salary	:	Short-term performance-linked compensation (bonuses)	:	Medium-to-long-term, performance-linked compensation (Performance-linked and Share-based Incentive Plan)	= 1:1:1.5*
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*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.

Base amount for each position	×	Performance score (Operating income 50%, net income 50%)	×	ROIC score	=	Short-term performance-linked compensation (bonuses)
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(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.

Base amount for each position	×	Performance score (Net sales 30%, EPS 70%)	×	ROE score	×	Sustainability evaluation *	=	Stock compensation (performance-linked)
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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.

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.

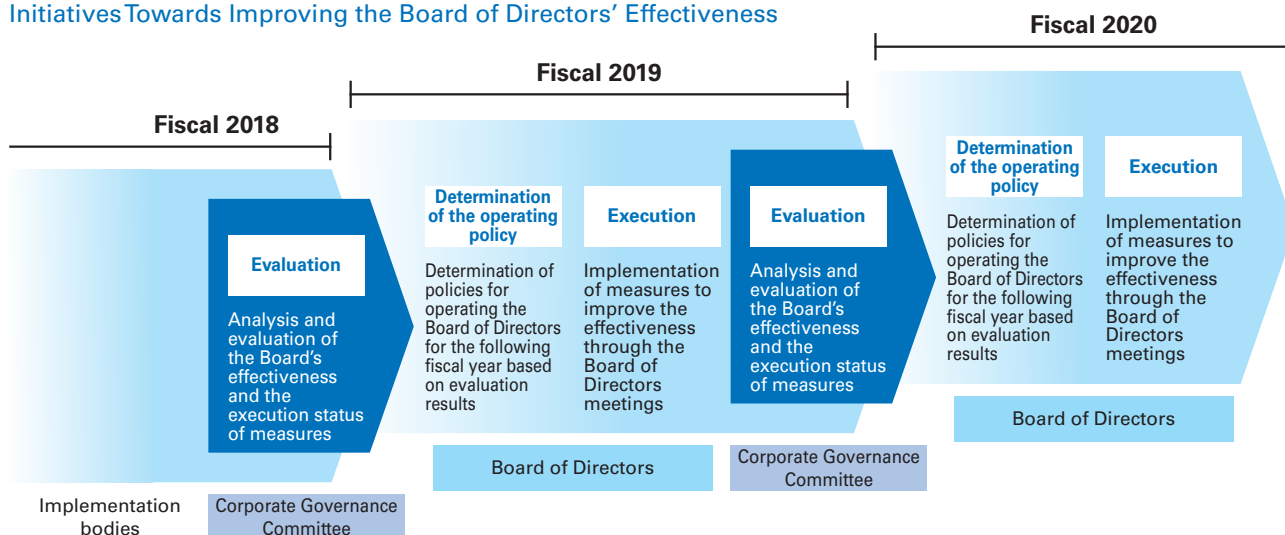
Corporate Governance Committee, which is composed only of Outside Executives, performs evaluations in order to ensure that evaluations are both objective and effective.

(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 2019

The methods of the evaluation of Board of Directors' effectiveness and the evaluation items in the self-evaluation for fiscal 2019 are as described below.

(1) Evaluation Methods

(i) Self-evaluations by Directors and Audit & Supervisory Board Members

- Each Director and Audit & Supervisory Board Member performed self-evaluations of the content of discussions at meetings of Board of Directors and the extent of oversight functions exercised, immediately following each meeting of Board of Directors held in and after July 2019.

- Each Director and Audit & Supervisory Board Member performed self-evaluations of the operation, etc. of Board of Directors over the course of the year following the meeting of Board of Directors held in March 2020.

(ii) Interviews by the Chairman of Board of Directors

- The Chairman of Board of Directors conducted individual interviews with Directors and Audit & Supervisory Board Members between January and March 2020.

(iii) Evaluation by Corporate Governance Committee

- Corporate Governance Committee conducted evaluations of the focus themes in (i) above in March 2020.
- The effectiveness of Board of Directors was evaluated in May 2020, although this was done later than usual due to COVID-19. The evaluation was based on the overall results of self-evaluations conducted in fiscal 2019 in (i) above, and the results of the interviews in (ii) above.

(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.

(i) 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

(ii) Self-evaluations for the entire year, performed at the end of the fiscal year

1. Operation of Board of Directors
 - 1) Policy for the operation of Board of Directors for fiscal 2019
 - 2) Focus themes set forth in the operational policy
 - 3) Deliberations and reports regarding issues other than focus themes
 - 4) Board of Directors operational policy and focus themes for fiscal 2020
2. Issues Other than Operation of Board of Directors
 - 1) Separate meetings
 - 2) Provision of information such as worksite tours
 - 3) Self-evaluations performed immediately following the meetings of Board of Directors
3. Advisory Committees
4. Other Overall Issues regarding Board of Directors

(iii) 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 2019

Corporate Governance Committee conducted an evaluation of Board of Directors' effectiveness for fiscal 2019 and reported the results of the evaluation at Board of Directors meeting held on June 23.

Board of Directors Operational Policy for Fiscal 2019

"In fiscal 2019, which is the third year of OMRON's medium-term management plan, "VG2.0," Board of Directors will exercise its oversight functions by looking ahead to the completion of VG2.0 and the next long-term vision, which will be launched in fiscal 2021."

Focus Themes Set Forth in the Operational Policy

- Confirmation of the direction of long-term strategies with the next long-term vision in mind
- Continuing initiatives concerning the information system and quality strategies
- Initiatives to respond to changes in the internal and external business environment in fiscal 2019-2020

(1) General comments on evaluation

(i) Operation of Board of Directors (Operation in accordance with the operational policy, selection/discussion of focus themes, deliberation/reporting items in areas other than focus themes)

As fiscal 2019 was the third year of OMRON's medium-term management plan, "VG2.0," Board of Directors' operation was determined to be conducted by looking ahead to the next long-term vision. As such, Board of Directors determined its operational policy in a way that would exercise its oversight functions by taking the completion of VG2.0 and the next long-term vision into consideration. As such, the Board set forth the three focus themes. Based on this, the President & CEO and other executive officers implemented each focus theme, and reported its status to Board of Directors. As for the strategies based on VG2.0, the status of business execution was reported to Board of Directors, including each business company's short-term management plan, reorganization of business domains, and deliberation on potential M&A projects. Quality risks and matters subject to disciplinary actions were uniquely specified by the Company as items to be reported on a quarterly basis from the perspective of risk management, and reported accordingly.

In response to reports made by each executive officer, the Board members engaged in active discussions in order to understand the direction of executing each business operation, share issues, and to determine the need for continuous monitoring. As for the divestiture of the automotive electronic component business, discussions were comprehensive, from the underlying policy to detailed risk management. Because OMRON's business environment underwent a radical change in the fiscal year under review, executive officers reported the status of business as necessary and various suggestions were made by Outside Executives.

Corporate Governance Committee decided that Board of Directors was effectively putting its oversight function to use, by recognizing the Board's operation based on its operational policy and discussions with regard to each focus theme from a medium- to long-term perspective. Directors and Audit & Supervisory Board members including Outside Executives spoke out based on their experience and knowledge, while executive officers took the opinions of Board of Directors very seriously, which helped them enhance their strategies and initiatives. At the Board meetings, discussions were conducted not only for pointing out issues regarding individual matters subject to deliberation and those reported, but also reflecting the perspective of medium- to long-term business growth and human resources development. In general, discussions among the Board members were oriented toward enhancing the feasibility of strategies. As such, Corporate Governance Committee concluded that Board of Directors was exercising its oversight functions. As for quality risks and matters subject to disciplinary action, both of which were specified as items to be reported regularly on a quarterly basis, it was confirmed that their initiatives had been instilled deeply into each worksite, and that the systems for these initiatives were functioning properly. Accordingly, Corporate Governance Committee considered that this indicated an improvement resulting from the Board's continuous practice of its oversight functions. In the fiscal year under review, the OMRON Group's business environment experienced radical changes caused by the US-China trade war and the COVID-19 pandemic. The Committee recognized that in response to this situation, Board of Directors' engaged in discussion on specific matters, such as things that need to be done to deal with the present situation, and those that need to be done in preparation for the time after these events eventually come to an end. The Committee understood that Board of Directors engaged in not only discussions intended to solve short-term issues but also those reflecting a medium- to long-term perspective.

(ii) Items other than the operation of Board of Directors

To improve the effectiveness of Board of Directors, the Board strived to increase information sharing opportunities by planning separate meetings and other opportunities to provide information. In the fiscal year under review, new initiatives were launched, including meetings for Outside Executives to exchange opinions with each other, as well as the practice of self-evaluations immediately following each Board meeting.

Corporate Governance Committee recognized that Board of Directors' initiatives aimed at promoting the provision of information to Outside Executives properly served as opportunities to improve the Board's effectiveness. These initiatives included workplace tours, information exchange among Outside Executives, and set-up of opportunities for communication between the President & CEO and Outside Executives. As for the Outside Executives' opinion exchange meeting, an initiative launched in the fiscal year under review, the Committee recognized the need for further enhancing its functionality. The Committee considered the self-evaluations performed immediately following each Board of Directors meeting to be effective and useful for improving the Board's effectiveness, and as an initiative unique to the Company.

(2) Overview of Board of Directors' operation

(i) Initiatives regarding focus themes

Focus theme: Confirmation of the direction of long-term strategies with the next long-term vision in mind

Board of Directors specified its operational policy for fiscal 2019 as exercising its oversight functions by looking ahead to the next long-term vision, which is to be launched in fiscal 2021. Accordingly, the Board identified confirmation of the direction of the next long-term vision as one of its focus themes. Based on this, the President & CEO made a primary report for the next long-term vision. This report on the next long-term vision focused on "things to uphold," "things to evolve," and the "direction of the OMRON Group's evolution." These were determined by redefining the impact social transformation has on the Company's business based on the anticipation that the society envisioned with the present medium-term management plan, "VG2.0," would undergo transformation toward 2030. With regard to this report, Board of Directors discussed the perspective to take for evaluation of the current medium-term management plan, "VG2.0;" the presuppositions on which the next long-term vision should be based, its significance, and methods for setting the vision's objectives; the way of management when putting the vision into practice; the responsibility of OMRON HQ; talent necessary for realizing the vision; methods of sharing the vision externally and internally, and other matters.

Corporate Governance Committee recognized that the discussion regarding the planning of the next long-term vision at Board of Directors meeting helped Outside Executives fully understand the direction of enhancing corporate value through the execution of business operations. The Committee then determined that Board of Directors was exerting its oversight functions more effectively, with Outside Executives suggesting the importance of incorporating a diversity of viewpoints from internal and external sources, and the perspective of giving excitement and motivation to employees. The Committee also made an additional comment, describing the need for continuously fulfilling its oversight functions through the opportunities of periodic reporting and discussions toward the perfection of the next long-term vision.

Focus theme: Continuing initiatives concerning information system strategies

Based on the recognition of issues related to existing IT systems, the Company has been implementing a Group-wide IT system strategy formulated in fiscal 2018, with the aim of achieving the ideal management system. As such, Board of Directors specified this as a focus theme for fiscal 2019, as it was in fiscal 2018. Accordingly, the President & CEO and the CFO reported the implementation status of the Group-wide IT system strategy in fiscal 2019, with a focus on what the Group-wide IT system strategy aims to achieve, and the progress of the implementation of each management system. In response, Board of Directors engaged in a discussion on such matters as standardization of the IT system, visualization of existing tasks necessary for the IT system standardization, the creation of a step-by-step roadmap for improving feasibility, the need for experienced personnel, the integration of efforts with frontline staff members to promote the project, etc.

Corporate Governance Committee found that Board of Directors, through a discussion regarding continuous implementation of initiatives regarding the information system, became aware of the direction of the IT system strategy, which executive officers had identified and had been promoting as one of the top-priority management challenges, as well as its progress. The Committee also found that items that require the utmost attention when putting plans into practice were shared among Board members based on Outside Executives' suggestions regarding issues and risks related to the implementation of plans. Due to these reasons, Corporate Governance Committee concluded that Board of Directors exercised its oversight functions. Moreover, because issues such as the need for reinforcing project management, reflecting its nature of being a long-term project, as well as the need for experienced personnel, concerns about all-around goals were brought up, Corporate Governance Committee considered that Board of Directors was generally performing appropriate oversight. The Committee added a comment that the Board should continuously fulfill its oversight functions for strategies related to information systems, by taking opportunities for periodic reporting and discussions.

Focus theme: Continuing initiatives concerning quality strategies

Since fiscal 2018, the Company has been working on rebuilding its quality management system (QMS) in order to reinforce its quality capabilities, which is one of the Company's top-priority challenges, based on the awareness of issues related to its existing QMS. Accordingly, Board of Directors specified this as a focus theme for fiscal 2019, as it was done in fiscal 2018. In fiscal 2019, a round of effectiveness audits toward rebuilding QMS has been completed across the Group. As such, the President & CEO and the CTO reported common issues that require focus, and key initiatives for fiscal 2020 intended to solve them. In response, Board of

Directors reconfirmed the Group-wide framework of QMS, and discussed the auditing for effectiveness tailored for each business's characteristics, human resources development to nurture auditors for effectiveness, etc. Corporate Governance Committee recognized that discussions regarding continuing initiatives concerning quality strategies at Board of Directors helped realize anew that executive officers were addressing this issue by specifying it as one of its top-priority management challenges. Moreover, the Committee noted that various suggestions for ensuring the practice of quality strategies were made by Outside Executives. Due to these reasons, Corporate Governance Committee concluded that Board of Directors properly exercised its oversight functions. Moreover, the Committee recognized that the Board was performing appropriate oversight as a whole, because the need for focusing on highly effective processes was also brought up for discussion. This was to avoid the possibility that QMS would become a formality through reliance on a single unified activity, which could eventually cause a reduction of quality.

Focus theme: Initiatives to respond to changes in the business environment

Aware that the speed of changes in the business environment has recently continued to accelerate, Board of Directors specified recognition of the business environment as one of its focus themes for fiscal 2019. Accordingly, the President & CEO and the CFO reported on the changes in the business environment recognized through the execution of business and initiatives to respond to them as part of the agenda of quarterly results review. With regard to this report, Board of Directors confirmed the growth of business and investment themes of focus, and discussed ways of improving accuracy in the projection of results, in response to changes in the business environment. Corporate Governance Committee determined that Board of Directors exercised its oversight functions, as the Board strengthened understanding of each business company's methods for detecting and analyzing changes in their respective business environments, and made specific proposals regarding the challenges the Company should tackle in these times of economic recession.

(ii) Other deliberation/reporting items

Board of Directors deliberated 28 issues to be resolved at Board of Directors meeting, as well as 29 reported issues. These included regular meeting agendas such as quarterly results and other matters for which deliberation is legally required, as well as quality risks and matters subject to disciplinary action.

Board of Directors operational policy for fiscal 2020 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 2020. Based on the results of this discussion, Board of Directors operational policy for fiscal 2020 and its focus themes were determined at Board of Directors meeting held on July 28.

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