

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 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 25 years formalizing and strengthening our framework of corporate governance. We intend to continue our pursuit of ongoing improvement of corporate governance to achieve sustainable enhancement of corporate value.

[▶ OMRON Corporate Governance Policies](#)

Corporate Governance Framework

OMRON has elected to be a company with an Audit & Supervisory Board. The OMRON Board of Directors consists of eight members to ensure substantive discussion and deliberations. To increase objectivity on behalf of the Board of Directors, the titles and roles of the chair 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. To enhance the oversight functions of the Board of Directors, OMRON has established the committees include the CEO Selection Advisory Committee, the Personnel Advisory Committee, the Compensation Advisory Committee, and the Corporate

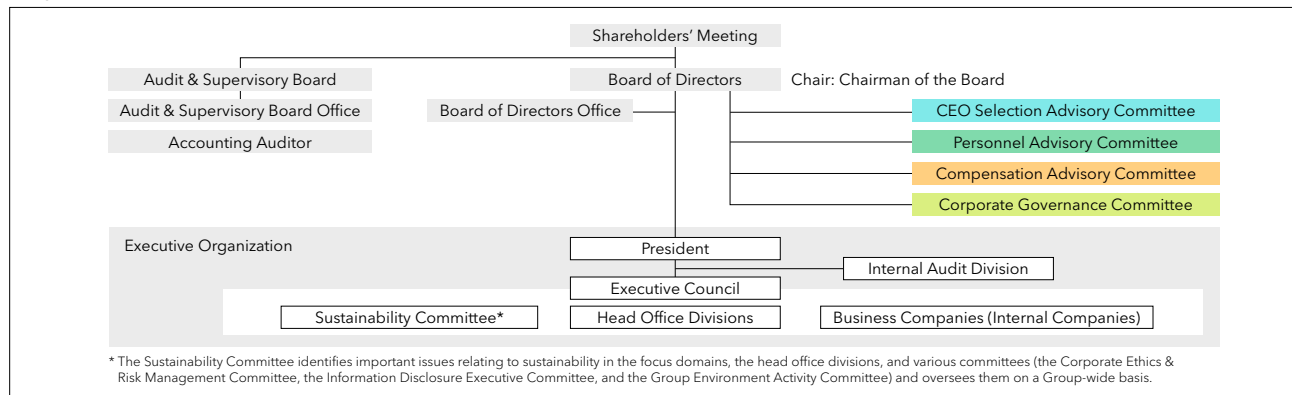
Governance Committee.

The CEO Selection Advisory Committee, the Personnel 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 Corporate Governance Committee is chaired by an independent outside director and its members are independent outside directors and independent outside Audit & Supervisory Board Members as well as non-executive inside directors. This structure endows the decision-making process with another layer of transparency and objectivity. The President and CEO is not a member of any of these committees. With these policies, OMRON has created a hybrid governance framework combining the best features of a company with an Audit & Supervisory Board and a company with a Nomination Committee.

Policy regarding Composition of the Board of Directors

In order to strengthen the supervision function of the Board of Directors, at OMRON, management oversight and business execution are kept separate, and a majority of the Board of Directors shall consist of Directors who are not involved with business execution. In addition, at least one-third of the Board of Directors shall consist of Outside Directors. Regarding Outside Directors and Outside Audit & Supervisory Board Members, from the perspective of ensuring their independence, they are elected in accordance with OMRON's "Independence Requirements for Outside Executives." Based on the above, the Board of Directors shall consist of diverse members who possess the experience, specialized knowledge, and insights necessary to realize the OMRON Group's management vision and shall ensure diversity without distinction as to gender, nationality, international experience, or age.

Corporate Governance Framework



Policy regarding Appointment of Directors and Audit & Supervisory Board Members

- Directors, Audit & Supervisory Board Members, and Executive Officers are composed of diverse members who possess the experience, specialized knowledge and insights necessary to realize the OMRON Group’s management vision and shall ensure diversity without distinction as to gender, nationality, international experience, or age.
- To swiftly respond to the need for global-scale growth and greater competitive strength, as well as significant changes in the business environment, the Personnel Advisory Committee shall work to ensure diversity in the Board of Directors, Audit & Supervisory Board, and among Executive Officers in terms including work experience, specialized knowledge, insights, gender, nationality, international experience, and age.
- The experience, specialized knowledge, and insight necessary for the realization of the OMRON Group’s management vision related to Directors and Audit & Supervisory Board Members is presented in the skill matrix.

[Criteria for Appointment of Outside Directors]

- Outside Directors are deeply involved in the CEO Selection Advisory Committee, which specializes in matters such as the appointment of the President, which is the top-priority matter in management oversight. In order to establish a highly transparent and objective system for appointing a President and CEO, Outside Directors must have management experience or equivalent experience.

[Criteria for Appointment of Outside Audit & Supervisory Board Members]

- Audit & Supervisory Board Members must possess the necessary insight, high ethical standards, fairness, and integrity as an Audit & Supervisory Board Member, as well as specialized knowledge in law, finance, accounting, management, or other areas.

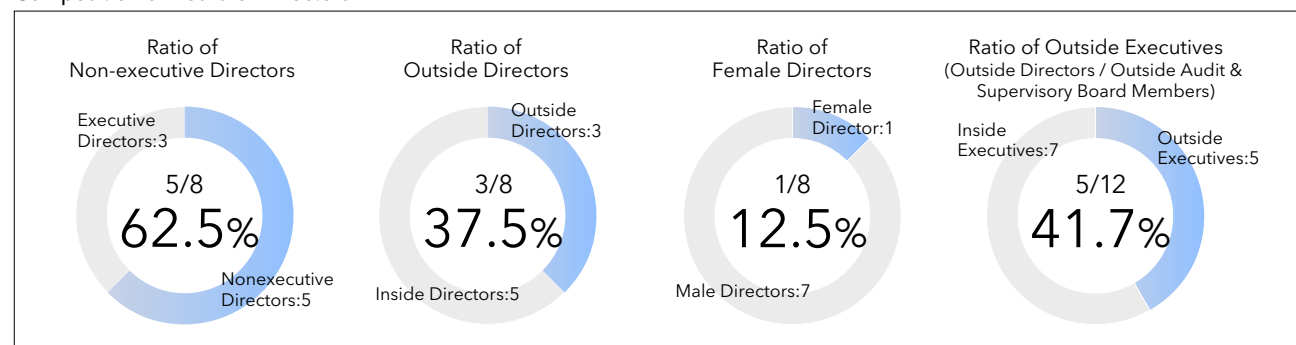
Fiscal 2024 Advisory Committee

Title	Name	Ceo selection advisory committee	Personnel Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman of the Board	Yoshihito Yamada	□			○
Representative Director	Junta Tsujinaga				
Representative Director	Kiichiro Miyata			□	
Director	Masahiko Tomita		□		
Director	Shizuto Yukumoto	○	○	○	□
Outside Director	Takehiro Kamigama ◆	◎	□	□	◎
Outside Director	Izumi Kobayashi ◆	□	◎	□	□
Outside Director	Yoshihisa Suzuki ◆	□	□	◎	□
Audit & Supervisory Board Member	Shuji Tamaki				
Audit & Supervisory Board Member	Toshio Hosoi				
Outside Audit & Supervisory Board Member	Tadashi Kunihiro ◆				□
Outside Audit & Supervisory Board Member	Hiroshi Miura ◆				□

◎ Chairperson ○ Vice-Chairperson □ Committee Member
◆ Independent under Tokyo Stock Exchange rules

* In September 2023, the Corporate Governance Committee membership was revised to consist of outside directors, outside Audit & Supervisory Board Members, and non-executive inside directors.

Composition of Board of Directors



Officer Compensation

OMRON has set up Compensation Advisory Committee for the purpose of bolstering the management oversight function of 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 Board of Directors, Compensation Advisory Committee deliberates on and makes recommendations regarding the Compensation Policy for Directors. 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, Board of Directors determines the Compensation Policy for Directors. Based on the above-mentioned respective Compensation Policy, Compensation Advisory Committee deliberates on compensation of Directors and Executive Officers. The amounts of compensation for individual Directors shall be determined by a resolution of Board of Directors, reflecting the recommendations of 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 Compensation Advisory Committee. The amounts of compensation for individual Audit & Supervisory Board members shall be determined in accordance with the Compensation Policy for Audit & Supervisory Board Members, which is set forth through discussions among Audit & Supervisory Board members. These amounts shall be within the maximum limit of the sum of compensation amounts for all Audit & Supervisory Board members, as set by a resolution of the General Meeting of Shareholders.

[➤ Compensation Policy for Directors and Overview of the Compensation Structure](#)

Status of initiatives towards improving the Board of Directors' effectiveness

1. Overview 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

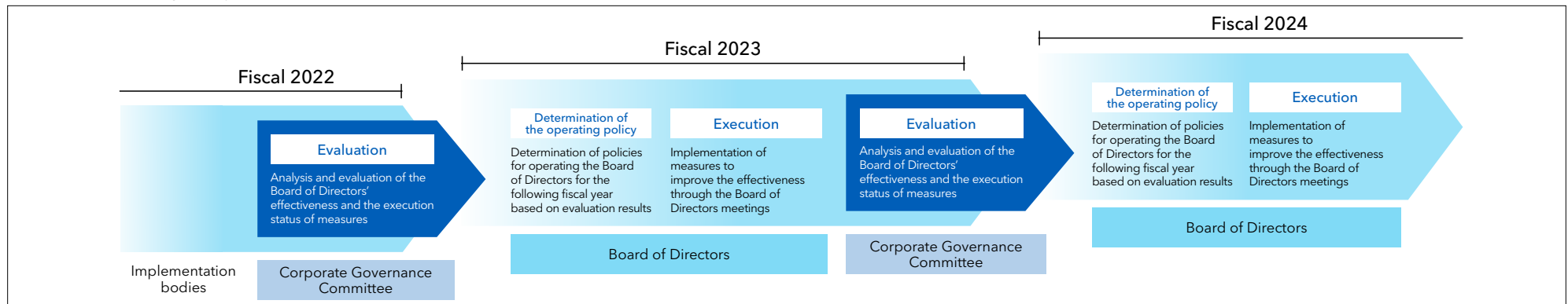
competitive edge. The ultimate objective is to achieve sustained enhancement of corporate value. To this end, the Company reinforces the supervisory functions of the Board of Directors through initiatives for improving its effectiveness.

Such initiatives are undertaken in a cycle of (1) evaluation of the Board of Directors' effectiveness and (2) determination of the policy for the operation and focus themes of the Board of Directors and formulation and implementation of annual plans.

(1) Evaluation of the Board of Directors' effectiveness

The Company's evaluation of the Board of Directors' effectiveness is conducted by the Corporate Governance Committee chaired by an Outside Director and comprising Outside Directors and Outside Audit & Supervisory Board Members (hereinafter "Outside Executives"), as well as non-executive internal Directors. Outside Executives act as members of the Board of Directors while having the perspectives of all stakeholders including the shareholders. The Corporate Governance Committee, which is composed of Outside Executives and non-executive internal Directors, performs evaluations in order to ensure that evaluations are both objective and effective.

Initiatives Towards Improving the Board of Directors' Effectiveness



(2) Determination of the policy for the operation and focus themes of the Board of Directors and formulation and implementation of annual plans

Based on the evaluation results by the Corporate Governance Committee in (1) and the business environment, etc., the Board of Directors determines the policy for the operation and focus themes of the Board of Directors for the next fiscal year. The Board of Directors formulates and implements annual plans based on this operation policy. The Company continues to improve the Board of Directors' effectiveness by implementing (1) and (2) above on a yearly basis. The Corporate Governance Committee has evaluated these initiatives to be the Company's unique, optimal activities that are both objective and effective. The Board of Directors recognizes the Company's initiatives as being more effective than evaluations by third parties.

2. Methods of Evaluation of the Board of Directors' effectiveness for fiscal 2023

The methods of the evaluation of the Board of Directors' effectiveness and the evaluation items in the self-evaluation for fiscal 2023 are as described below.

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

- Each Director and Audit & Supervisory Board Member performed self-evaluations of the contents of discussions at the meetings of the Board of Directors and the extent of oversight functions exercised, immediately following each meeting of the Board of Directors. Immediately after each meeting of the Board of Directors, Outside Executives evaluated the Board of Directors and held a review meeting to review the Board of Directors.
- Each Director and Audit & Supervisory Board Member performed self-evaluations* of the operation, etc. of the Board of Directors over the course of the year following the meetings of the Board of Directors held on February 26 and March 26, 2024.

* Self-evaluation: Performed by completing questionnaires. For each evaluation item, answers are provided using five-point scales and free comment fields.
 1) Self-evaluations performed immediately following meetings of the Board of Directors [Contents of discussions at the meeting of the Board of Directors, Extent of oversight functions exercised by the Board of Directors]
 2) Self-evaluations for the entire year, performed at the end of the fiscal year [Operation of the Board of Directors, Increasing information sharing opportunities, Each advisory Committee, Other overall issues regarding the Board of Directors]

(2) Interviews by the Chairman of the Board of Directors

- The Chairman of the Board of Directors conducted individual interviews of Directors and Audit & Supervisory Board Members between December 2023 and February 2024.

(3) Evaluation by the Corporate Governance Committee

- The Corporate Governance Committee conducted evaluations of the Board of Directors' effectiveness on March 26 and April 24, 2024.

3. Policy for the operation and focus themes of the Board of Directors for fiscal 2023

<Board of Directors Operational Policy for Fiscal 2023>
 The Board of Directors will exercise its oversight functions from a medium- to long-term perspective as we move forward to achieving the OMRON Group's long-term vision, SF2030, and the medium-term management plan, SF 1st Stage, under the new business execution system. This will be done by recognizing the link between the following focus themes and issues subject to oversight.
 <Focus Themes>

1) Monitoring progress of the long-term vision and medium-term management plan

- <Points of oversight>
- Operational status of the new business execution system
 - Progress of global human resources strategy implementation
 - Autonomous growth and business model transformation
 - Future business strategy in alliance with JMDC Inc.

2) Response to risks in the era of uncertainty

- <Points of oversight>
- Response to global geopolitical risks including changes in markets
 - Enhancement of cybersecurity

3) Construction of the Corporate IT System

- <Points of oversight>
- Progress of Enterprise Resources Planning (ERP) system deployment in Europe and Japan

*ERP: Enterprise Resources Planning

Background of the establishment of the policy for the operation and focus themes of the Board of Directors for fiscal 2023

(discussed and decided at the Board of Directors meeting held in May 2023)

The Board of Directors confirmed that monitoring progress of the long-term vision and the medium-term management plan led by the new executive structure, following the changes in President and CEO, CFO and Presidents of all Business Companies, was an important part of oversight functions, and confirmed its intent to continue discussions with an emphasis on a medium- and long-term perspective. It was also confirmed that the alliance with JMDC Inc. would be a significant, revolutionary theme for the Company. The Board also confirmed that "2) Response to risks in the era of uncertainty" and "3) Checking the progress of establishing a companywide IT system" would remain focus themes, following on from the previous fiscal year.

4. Results of evaluation of the Board of Directors' effectiveness for fiscal 2023

4-1. Performance of operation of the Board of Directors

Focus Theme 1

Monitoring progress of the long-term vision and medium-term management plan

<Operational status of the new business execution system, Autonomous growth and business model transformation>

■ Contents of reports and resolutions at the meeting of the Board of Directors

The business execution division reported the following points to the Board of Directors.

- In an agenda item regarding the business plan for fiscal 2023, each of the business companies reported on sales growth plans based on self-propulsion amid the continued slow growth in the global economy, and the Board of Directors resolved on this. In reporting Short-Term Management Plans, the President of each Business Company reported on specific initiatives toward

encouraging self-propulsion. In particular, the Industrial Automation Business (IAB) reported on a plan for winning orders by shifting toward customers with growth potential and adopting the solution business model.

- Regarding an agenda item of “forecasts of the consolidated financial results for the second quarter and for the full-year” (hereinafter, “financial results forecast for the second quarter”), in which the first downward revision was made to the forecasts, they reported that demand had slowed down more than expected in the Chinese market and elsewhere, resulting in sluggish net sales in IAB and the Device & Module Solutions Business (DMB). They also reported that a decrease in operating income was attributable to decreased added value due to lower sales, as well as decreased sales in China that accounts for a large portion of our sales of the solution business with high added value. This resulted in changes in the sales composition of products and geographical areas and led to a lower gross profit margin. Business environment projections for the second half of the fiscal year they reported were continued sluggishness for IAB and DMB, mixed conditions for the Healthcare Business (HCB), and a continuous favorable environment for the Social Systems, Solutions and Service Business (SSB). Under these circumstances, they reported that they would accelerate the respective actions they had set, such as capturing demand through enhancing and demonstrating self-propulsion, toward fully achieving the financial results forecast for the second quarter.
- Regarding an agenda item of “forecasts of the consolidated financial results for the third quarter and for the full-year” (hereinafter, “financial results forecast for the third quarter”), in which the second downward revision was made to the forecasts, it was reported that the business environment underlying the full-year forecast worsened compared to that at the time of the forecast of the second quarter results, despite signs of moderate recovery seen in some industries served by IAB and DMB. As a result, sales, gross

profit margin and operating income would all fall well below the financial results forecast for the second quarter. Contributing factors reported by IAB were the impact from postponement or contraction of capital expenditures by major clients, such as those in the semiconductor and rechargeable battery industries. They also reported that a significant decrease in operating income was mainly attributable to an increase in inventory provisioning, in addition to lower added value accompanying decreased sales, and that the current rigid fixed cost structure allows little room for All OMRON to respond to market condition changes. In light of these circumstances and with a view to returning IAB to growth, transformation to customer-driven management and a reform of the rigid fixed cost structure were determined as challenges for expanding customer value (added value). They reported on the IAB Revival Plan and five management measures, including headcount and capacity optimization.

■ Main contents of discussions at the meeting of the Board of Directors

- Regarding the agenda item on the management plan for fiscal 2023, the Board of Directors suggested that in order to achieve the plan, it is essential to prepare for changes in the market environment, such as the possibility of a crisis in the U.S. financial markets. Next, with regard to evolving the profit structure for businesses reflecting an essential value perspective, which is important for autonomous growth, the Board of Directors confirmed that discussion had started between distributors and the management team on the solution business. In IAB’s report on the Short-Term Management Plan, the Board discussed the current state of value transfer capability, which is important for shifting to customers with growth potential and evolving into the solution business, and confirmed the need for reviewing the human resources portfolio.
- With regard to the report on the financial results forecast for the second quarter, given the drastic changes in

circumstances after the first quarter, the Board of Directors confirmed what kind of analysis and scenarios had been developed based on the latest market situation and medium- to long-term changes. The Board also mentioned the division’s failure to grasp the inventory status of distributors, and pointed out that in a highly volatile business, it is essential to improve the system so as to get the picture of real demand in the market. The Board also requested that the current inventory status be analyzed carefully, with factors other than the economic climate taken into account.

- In the reporting on the financial results forecast for the third quarter, the Board of Directors confirmed the causes of differences between our results and those of competitors, and discussed how the unbalanced area portfolio and industry portfolio, which is an issue of IAB, can be optimized and lead to growth. In terms of portfolio, the Board considered the most profitable business structure and combination and discussed how to ensure resilience in the event of a downside phase marked by economic fluctuations. The Board of Directors confirmed that the client portfolios and area portfolios need to be reviewed for all of our businesses, not just for IAB. Then, as to the fixed cost structure, in which selling and administrative expenses are relatively high, the Board confirmed that the problem lies in labor cost, IT-related operation/ maintenance, and depreciation expenses. The Board of Directors therefore confirmed the need for changing the labor cost structure, the significance of launching a companywide IT system on schedule, which is currently under development, and the importance of a shift to cash flow management for increasing investment efficiency by going beyond ROIC management led by each Business Company. Lastly, the Board of Directors discussed the withdrawal of the medium-term management plan 1st Stage, deliberated about five structural reform programs and passed resolutions on them.

<Progress of global human resources strategy implementation>

■ Contents of reports at the meeting of the Board of Directors

The business execution division reported the following points to the Board of Directors.

- They reported on the evolution of Global Core Position and Core Human Resource Strategy (hereinafter, "Core Position Strategy") with a mission to "continue supplying human resources optimal for the core positions of the OMRON Group and support OMRON's long-term growth." In this report, it was explained that the Core Position Strategy succeeded in optimal personnel placement and supply of human resource pipelines Through following a cycle of "clarification of requirements for each position," "identification of successor candidates," "development" and "evaluation and promotion" (See [Figure 1]), along with the report on the results and outcome after more than 10 years of continuous efforts.
- On the other hand, toward realizing the ideal state in the future, some items had been identified as issues, such as delay in empowerment of women in current positions, aging of incumbents and insufficient successor candidates for the positions in production- and quality-related divisions, and supply of successors with an eye to the next five years. They reported on the current state of these issues and measures to be taken.

■ Main contents of discussions at the meeting of the Board of Directors

- The Board of Directors discussed the fact that the ratio of women in officer positions is not high, and confirmed that to accelerate diversity in the management, it is important to augment human resource pipelines from general employees. To this end, the Board discussed the need for eliminating bias in every corner of the company and for promoting women by taking various opportunities, and confirmed that the business execution division would make a conscious effort to proceed with these initiatives.

<Future business strategy in alliance with JMDC Inc.>

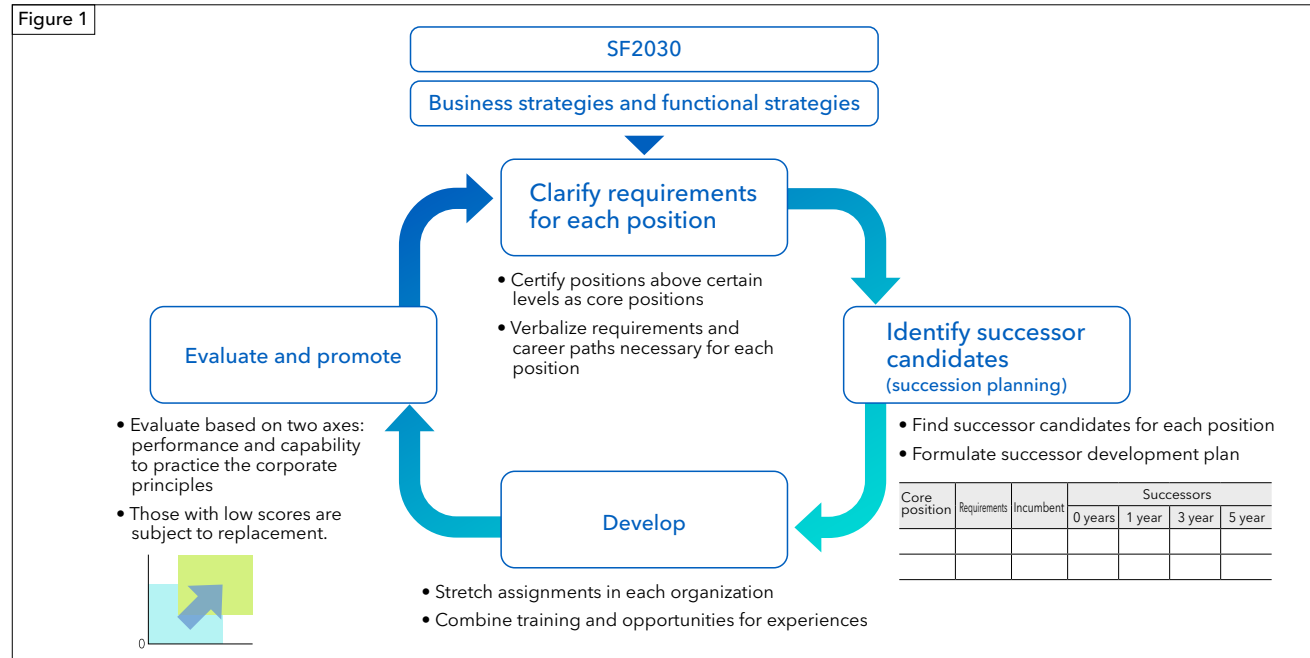
■ Contents of reports and resolutions at the meeting of the Board of Directors

The business execution division reported the following points to the Board of Directors.

- Regarding an agenda item of "consideration on the acquisition of additional shares of JMDC Inc.," they reviewed and evaluated developments after the conclusion of a capital and business alliance with JMDC Inc. following the acquisition of 33% of its shares on February 25, 2022. They reported that a strong relationship of trust was established and that JMDC Inc.'s competitive edge and the growth potential of both companies have become clear through the collaboration. With the purpose of concretizing and accelerating the

growth potential of both companies and expanding the Company's corporate value through incorporating JMDC Inc.'s business performance into that of the Company, they reported on a draft proposal for the acquisition of JMDC Inc. as a consolidated subsidiary.

- Regarding an agenda item on the acquisition of additional shares of JMDC Inc. for making it into a consolidated subsidiary, they reported on items such as a business plan premised on the consolidation, policies on TOB, investment evaluations, and risks and measures upon consolidation. Referring to a case of the business model in the M&S business*, the business plan premised on the consolidation explained that OMRON and JMDC Inc. would be able to accelerate and expand not only their respective healthcare businesses, but also the data service



business in the industrial automation and social solutions domains. In addition, they reported on governance practice that would achieve JMDC Inc.'s sustainable growth and how to protect from any damage the corporate values of both companies.

*M&S Business: Management service business, such as a comprehensive maintenance service

■ Main contents of discussions at the meeting of the Board of Directors

- The Board of Directors discussed the ideal practice of governance of JMDC Inc. after the consolidation, and confirmed that it is essential to conclude a capital and business alliance for the Company to conduct governance while leveraging JMDC Inc.'s strengths and ensuring its independence. The Board also confirmed that OMRON's purpose in the alliance with JMDC Inc. is to develop and provide devices intended for monitoring use to individuals with high risks identified through algorithms owned by JMDC Inc., which should be a major step toward reducing to close to zero the number of those experiencing an onset of serious events.
- The Board of Directors discussed how to utilize data scientists of JMDC Inc. and confirmed that, through promoting DX of the field maintenance data possessed by SSB, greater operational efficiency and other new values would be generated, which would lead to significant business growth. In addition, it was confirmed that the Company would strengthen IAB's and SSB's data business to press forward with the transformation of the entire company. The Board also requested a clear explanation as to the significance of acquiring over 50% of JMDC Inc. shares to OMRON, bearing in mind the voices of shareholders that OMRON received upon acquiring 33% of JMDC Inc. shares.
- In the conduct of TOB, the Board of Directors confirmed forecasts on corporations that might offer prices higher than the Company's projection and risks therefrom, and also confirmed that JMDC Inc. expects to learn from OMRON the capabilities for "managing a large

organization" and "executing overseas development." It was also confirmed that there is much for us to learn from JMDC Inc., such as superior human resources and high-cycle decision-making that OMRON aspires to practice. The Board urged a successful TOB and acquisition of knowhow thereafter, and passed a resolution on this agenda item.

Focus Theme 2

Response to risks in the era of uncertainty

<Response to global geopolitical risks including changes in markets>

- There was a lecture by an economist and an exchange of opinions on the U.S.-China geopolitical risk and its impact on Japan and the world economy. The Board of Directors confirmed the current state of the EV market and the possibility of expansion of hydrogen technology in China. Opinions were also exchanged about changes in people's stance on consumption after the Zero-COVID policy.

<Enhancement of cybersecurity>

■ Contents of reports at the meeting of the Board of Directors

The business execution division reported the following points to the Board of Directors.

- They reported on external evaluations on the results of executing cybersecurity measures and on maturity of the current security status, mentioning the steady progress in security strength. On the other hand, it was reported that there remain issues such as automation of IT assets management and response to risks across the supply chain. They also reported on the formulation and disclosure of Information Security Basic Policy.

■ Main contents of discussions at the meeting of the Board of Directors

- As cyber-attacks are becoming increasingly sophisticated, the Board of Directors discussed the need for confirming the level that the Company must achieve and for setting

out a security level commensurate with the characteristics of its business. The Board also requested that they examine unnecessary IT assets in order to enhance security strength.

Focus Theme 3

Construction of the Corporate IT System

<Progress of Enterprise Resources Planning (ERP) system deployment in Europe and Japan>

■ Contents of reports at the meeting of the Board of Directors

The business execution division reported the following points to the Board of Directors.

- At the Board of Directors meeting in January, they reported on the progress of ERP deployment in Europe and Japan, and that there is no major change in the schedule and budgets. In relation to this topic, they reported on lessons learnt during the deployment in Europe, where the system had been introduced in advance, and on measures and actions to be taken upon deployment in Japan.

■ Main contents of discussions at the meeting of the Board of Directors

- The Board of Directors confirmed the results of explanation to distributors along with their feedback and confirmed that there was no major concern. The Board also confirmed the state of customer-facing operations, and by presenting case studies at other companies, pointed out that it is important to communicate well with customers in order not to accept their requests for securing extra inventory, which may stem from their anxieties concerning problems upon system start-up.
- Next, with regard to the three areas for which the system had been introduced in advance, namely, "indirect material procurement," "expense reimbursement" and "human resources management," the Board of Directors discussed the importance of confirming the post-deployment results and requested a thorough utilization of the system from here onward.

4-1-2. Significant matters other than the focus themes

<Report on the progress of important M&As and alliances>

- The business execution division reported on the business value evaluation of the important M&As and alliances that had been deliberated by the Board of Directors in the past, along with the progress of business plans and future plans pertaining to these cases. To make reports more from a business perspective, the business execution division had Presidents of business companies explain the progress of business plans that were initially laid out at the time of acquiring three businesses.

<Increasing responsibility for respecting human rights and the role expected of the Board of Directors>

- The Board of Directors invited an external lecturer and exchanged opinions to obtain the latest information about rising demands for addressing human rights issues in all the nations and regions involved in the value chain, and to confirm the role expected of the Board of Directors, as well as the current position of the Company.

<Report on the progress of intellectual property activities>

- The business execution division reported on and discussed at the Board of Directors meeting the two initiatives on intellectual property reforms started in 2015, namely, "initiative to enhance the ability to generate patents in terms of both quantity and quality" and "initiative to promote and strengthen intellectual property and intangible assets, which are the source of competitive advantage of our business model."

4.2. Evaluation by the Corporate Governance Committee

The Corporate Governance Committee conducted evaluations of the Board of Directors' effectiveness during fiscal 2023 and reported the following evaluation results at the Board of Directors meeting held on May 8, 2024.

4-2-1. Evaluation

■ Points commended

- Discussions by the Board of Directors were generally active. Many of the agenda items were commended for having a medium- to long-term perspective, and selection of the focus themes was also appropriate.
- The Board of Directors were commended for increasing opportunities for dialogue and discussions with the business execution division, which allowed for deeper discussions.
- With regard to the consolidation of JMDC Inc., the Board of Directors meetings were commended for growing understanding of this matter, through having discussions on JMDC Inc.'s positioning in our business along with issues to be focused.
- The establishment of a companywide IT system is steadily underway with concerns addressed appropriately, which had arisen before the start of the project.

■ Issues

- The Company made downward revisions to the financial results twice. The Board of Directors viewed this fact as a matter of great regret and considered insufficient discussions about downward revisions to be an issue. The Board also recognized that it is essential to detect any signs, increase predictability in the performance, and engage in preliminary discussions proactively.
- Some agenda items submitted to the Board of Directors meetings lacked pursuit of the root causes of problems. The Board of Directors viewed this as an issue.

- The Board of Directors recognized the need for exchanging opinions among the Board members and further vitalizing discussions on agenda items submitted to the Board meetings.
- In discussions about strategies of each business, the Board recognized the need to present the current state in numerical terms more clearly than ever, so as to clarify the Company's competitive advantages over competitors or to achieve uniformity in market analysis data.

■ Points requested

Toward resolving the issues mentioned above, the Corporate Governance Committee presented the following directions to be taken and made requests to the Board of Directors.

- Based on reflection on the two downward revisions, it was requested that business execution divisions share information with the members of the Board of Directors and set up a forum for discussion with them by using an Informal Meeting and the like, in the event of any signs felt in the trends in business performance or in the operating environment.
- With regard to the submission of agenda items, the Corporate Governance Committee requested the business execution division to conduct in-depth analysis of issues and clarify obstacles to the execution of plans.
- The Corporate Governance Committee requested that discussions be held among members of the Board of Directors (many-to-many discussion), instead of discussions held between an explainer and members of the Board of Directors (one-to-many discussion), to generate greater value.
- The Corporate Governance Committee requested that facts and data be organized, which are the base of discussions, and that a system be devised for allowing continual confirmation of the data.

4-3. Initiatives by the Advisory Committees and evaluation by the Corporate Governance Committee

■ CEO Selection Advisory Committee

Members / Chair	Five members (three Outside Directors and two internal Directors) / Mr. Takehiro Kamigama, the lead Outside Director
Committee composition	<ul style="list-style-type: none"> ● The majority shall be Outside Directors ● The two internal Directors shall be non-executive internal Directors (the President and CEO is not a member of the committee)
Number of meetings held / Attendance rate	1 / 100%
Matters deliberated and matters reported	<ul style="list-style-type: none"> ● Deliberation on candidates for CEO ● Deliberation on a CEO successor candidate in the event of a crisis in fiscal 2024
Points commended	The CEO Selection Advisory Committee was commended for appropriately confirming a candidate for the President and CEO for the next fiscal year and a successor candidate in the event of a crisis.
Comments from the chair	Fiscal 2023 saw a change of President and CEO and the Advisory Committee entered a new cycle toward selecting a next President in the future. During the fiscal year, we focused on the review of Mr. Tsujinaga's first year in office as the President, and confirmation of issues. From the next fiscal year onward, we will engage in discussions on successors development planning for the future.

■ Personnel Advisory Committee

Members / Chair	Five members (three Outside Directors and two internal Directors) / Ms. Izumi Kobayashi, Outside Director
Committee composition	<ul style="list-style-type: none"> ● The majority shall be Outside Directors ● The Chairman of the Board of Directors and the President and CEO are not members of the committee
Number of meetings held / Attendance rate	8 / 100%
Matters deliberated and matters reported	<ul style="list-style-type: none"> ● Study toward increasing the ratio of women in officer positions ● Determination of criteria for appointing Directors, Audit & Supervisory Board Members, and Executive Officers ● Deliberation on Director candidates, Audit & Supervisory Board Member candidates, and Executive Officer candidates ● Reporting on succession planning for management executives ● Reporting on the list of candidates for Outside Director and Outside Audit & Supervisory Board Member ● Deliberation on the members of each Advisory Committee
Points commended	It was confirmed that the Personnel Advisory Committee appropriately pooled successors of top executives (CFO and other CXOs), and the committee was commended for this point. The Committee was also commended for actively seeking female candidates and reflecting them in the talent pool in an effort to increase women in officer positions.
Comments from the chair	The Committee has discussed development and promotion of global and diverse human resources, in addition to reviewing various personnel systems. We will focus on more drastic utilization of human resources, personnel development transcending the bounds of Companies, and promotion and development planning for leaders, in particular.

■ Compensation Advisory Committee

Members / Chair	Five members (three Outside Directors and two internal Directors) / Mr. Yoshihisa Suzuki, Outside Director
Committee composition	<ul style="list-style-type: none"> ● The majority shall be Outside Directors ● The Chairman of the Board of Directors and the President and CEO are not members of the committee
Number of meetings held / Attendance rate	4 / 100%
Matters deliberated and matters reported	<ul style="list-style-type: none"> ● Deliberation of compensation policy for Directors and Executive Officers ● Deliberation of compensation levels and tables for Directors and Executive Officers ● Deliberation of compensation for foreign Executive Officers ● Deliberation of evaluation criteria and payment amounts for Director bonuses and stock compensation ● Reporting on evaluation criteria and payment amounts for Executive Officer bonuses and stock compensation
Points commended	The Compensation Advisory Committee was commended for deliberating the compensation levels and other items based on the compensation structure determined in fiscal 2021 and for its appropriate operation.
Comments from the chair	We will emphasize more flexibility in the operation of the Advisory Committee in order to ensure appropriateness in the compensation system and its operation even amid rapid changes in the business performance and the start of structural reform.

■ Corporate Governance Committee

Members / Chair	Seven members (three Outside Directors, two Outside Audit & Supervisory Board Members and two non-executive internal Directors) / Mr. Takehiro Kamigama, the lead Outside Director
Committee composition	<ul style="list-style-type: none"> ● The majority shall be Outside Executives (Outside Directors and Outside Audit & Supervisory Board Members) ● Directors engaged in business execution are not members of the committee
Number of meetings held / Attendance rate	6 / 100%
Matters deliberated and matters reported	<ul style="list-style-type: none"> ● Discussion on the purpose of the Corporate Governance Committee ● Deliberation of evaluation of effectiveness of the Board of Directors in fiscal 2023 ● Deliberation of the process for evaluation of the Board of Directors' effectiveness for fiscal 2023 ● Deliberation of appointment/dismissal of Executive Officers (in the narrow sense) and heads of departments directly under the President and CEO ● Discussion on common matters pointed out in the Board of Directors review
Points commended	The Corporate Governance Committee was commended for redefining the purpose of the Committee and evolving into a forum for discussion on the essence of corporate governance, following the addition of non-executive internal Directors as Committee members from the fiscal year under review.
Comments from the chair	We welcomed non-executive internal Directors as new members and repeatedly discussed what should be the Committee's role in enhancing governance of the Company, and this process helped us evolve. Going forward, we will deepen discussion on the ideal shape of governance from a medium- to long-term perspective.

4-4. Initiatives on information sharing opportunities and evaluation by the Corporate Governance Committee

To improve the Board of Directors' effectiveness, the Corporate Governance Committee deems it important to focus not only on the time devoted to the Board of Directors meetings, but also on relevant activities as a whole. Based on this belief, the Committee commended opportunities for discussions and other various initiatives for information sharing, and requested the continued provision of such opportunities.

■ Informal Meeting

(continuously held from 2014. In addition, starting in fiscal 2023, informal meetings with a new positioning called "off-site meetings" were held.)

Purpose (Number of meetings held)	The meeting was set up as a forum to discuss business strategies and business issues, etc. at an early phase or to consult on specific themes. Moreover, meetings are held as an opportunity for sharing the latest case studies and trends that the Board of Directors must be aware of, helping Outside Executives to deepen their understanding and the business execution division to resolve their issues. (8)
Structure	Determined depending on themes; some meetings are attended by all Directors and Audit & Supervisory Board Members, while others may be attended only by Outside Executives.
Initiatives	<ul style="list-style-type: none"> ● All Directors and Audit & Supervisory Board Members engaged in discussion on the themes of "Increasing responsibility for respecting human rights and the role expected of the Board of Directors," "Study on corporate governance" and "U.S.-China geopolitical risk and its impact on Japan and the world economy." ● An opportunity was set up for the business execution division to individually consult with Outside Executives and non-executive internal Directors on the theme of "Policies and guidelines for Short-Term Management Plan." ● An opportunity was held for opinion exchange among Outside Directors and internal Directors on the theme of "Progress of the global human resource strategy" and "Value-up of the Board of Directors."

■ Outside Executives' and top Executives' opinion exchange meeting (continuously held from fiscal 2019)

Purpose (Number of meetings held)	Opportunities are provided for the exchange of opinions between Outside Executives and top Executives, which leads to an improvement in understanding of the Company's business and organizational culture. (4)
Initiatives	<ul style="list-style-type: none"> ● An opinion exchange meeting between newly appointed Presidents of Business Companies and Outside Directors was held individually to discuss on the theme of "the operation status of the new executive structure and issues toward growth."

■ Interviews by the Chairman of the Board of Directors (continuously held from fiscal 2016)

Purpose (Number of meetings held)	The Chairman of the Board of Directors holds individual interviews with Directors and Audit & Supervisory Board Members once a year to discuss improvement plans related to the operation of the Board of Directors. 1 for each (for a total of 11) * Individual interviews with all Directors and Audit & Supervisory Board Members
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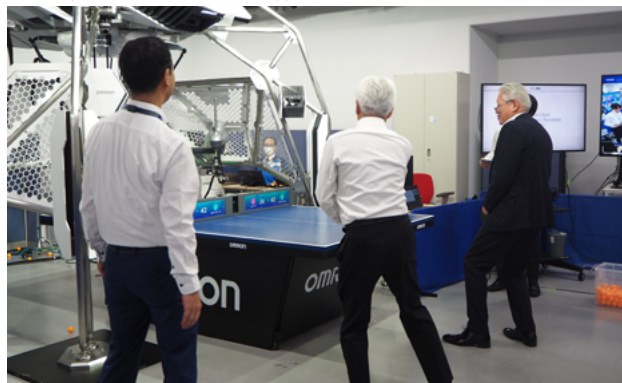
■ Board of Directors review (continuously held from fiscal 2021)

Purpose (Number of meetings held)	Outside Executives conduct a review of the Board of Directors immediately after meetings of the Board of Directors. Outside Executives sharing amongst themselves impressions, issues and improvements immediately following meetings of the Board of Directors lead to the improvement of the evaluation of the Board of Directors. (13)
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■ Outside Executives' and Accounting Auditor's opinion exchange meeting (continuously held from fiscal 2015)

Purpose (Number of meetings held)	Supervisory and auditing functions are being strengthened by sharing the viewpoints of the Accounting Auditor with Outside Executives. In addition, through this approach, we are building a relationship in which Outside Executives directly exchange information about risks in the Company with the Accounting Auditor. (2)
Initiatives	<ul style="list-style-type: none"> Opinions were exchanged about the Accounting Auditor's attention points regarding potential business management issues in the future. Opinions were exchanged about points in addressing fraud and risk and about governance enhancement based on onsite audits from the viewpoint of the Accounting Auditor.

Visiting Keihanna Technology Innovation Center



■ Observation of Executive Committee meetings (continuously held from fiscal 2021)

Purpose (Number of meetings held)	Outside Executives may observe monthly Executive Committee meetings (management meetings by Executives), as fully understanding the situation of the business execution division will lead to the expansion of the breadth and depth of discussions at the Board of Directors meetings
Initiatives	<ul style="list-style-type: none"> Agenda of Executive Committee Meeting is sent to Outside Executives before the meeting every month. Outside Executives monitor online the agenda item they want to observe. Meeting minutes are sent to members of the Board of Directors every quarter.

■ On-site visits (continuously held from fiscal 2015)

Purpose (Number of meetings held)	Opportunities are provided for Outside Executives to visit major bases, exhibitions, etc. and participate in in-house events, which lead to an improvement in understanding of the Company's business and organizational culture. (5)
Initiatives	<ul style="list-style-type: none"> Had a tour of renovated OMRON Communication Plaza. Visited Keihanna Technology Innovation Center, our global R&D core base. Visited OMRON SINIC X Corporation engaged in research and development of innovative technologies needed in society in the near future. Visited the booth of IAB at International Robot Exhibition 2023 (iREX2023). Visited the booth of IAB at Japan's largest automation exhibition IIFES 2024.

Visiting OMRON SINIC X Corporation



5. Policy for the operation and focus themes of the Board of Directors for fiscal 2024

Based on the results of evaluation conducted by the Corporate Governance Committee, the Board of Directors engaged in a discussion to determine its operational policy for fiscal 2024. Based on the results of this discussion, the Board of Directors operational policy for fiscal 2024 and its focus themes were determined at the Board of Directors meeting held on June 4.

<Board of Directors Operational Policy for Fiscal 2024>

The Board of Directors will exercise its oversight functions from a medium- to long-term perspective as we move forward to realize the OMRON Group's Long-term Vision SF2030 and accomplish the Structural Reform Program NEXT 2025. This will be done by recognizing the link between the following two focus themes and issues subject to oversight.

<Focus Themes>

1) Progress monitoring toward accomplishing the structural reform program (NEXT 2025)

< Points of oversight>

- Business/regional portfolio optimization
- Organizational capability to realize the above

2) Progress monitoring toward realizing the long-term vision

< Points of oversight>

- Issues in achieving growth for the data solution business and countermeasures
- Global human resources strategy