

GOVERNANCE

Interview with the Chairman of the Board

Our directors and executive team will work together to complete structural reforms to ensure OMRON's sustainable growth, determined to get OMRON back on a growth trajectory and further enhance corporate value.



Chairman of the Board
Chair of the Board of Directors
Member of the CEO Selection Advisory Committee
Vice Chairman of the Corporate Governance Committee
Yoshihito Yamada

— One year has passed since you assumed office as Chairman of OMRON and Chair of the Board of Directors. How would you summarize the past 12 months?

OMRON started fiscal 2023 with a fresh executive structure and a new CEO, as well as a new CFO and newly appointed heads of all Business Companies (BC heads). The new executive team has been resolutely advancing toward realization of the SF2030 vision, including making JMDC Inc. a Group company and achieving steady progress in establishing the Data Solution Business. On the other hand, OMRON has been underperforming financially. The Board of Directors considers this to be a matter of the utmost gravity.

When I was CEO, I worked to enhance OMRON's ability to effectively respond to change. However, OMRON was not yet fully equipped with the ability to deal effectively with drastic change in the business environment. The Board of Directors also recognizes that the framework and approach were insufficient to accurately detect changes in the business environment, centering on the emergence of China risk, at an early stage enabling timely action. It is particularly regrettable that we were unable to avoid the second downward revision of the performance forecast. The Board of Directors has been working since fiscal 2023 to improve the situation to prevent recurrence.

— What improvements have been made based on the review?

Specifically, we have established a new meeting body called the "off-site meeting" as a forum for Outside Directors to have frank discussions with Business Company Presidents and Heads of Head Office Divisions at normal times, not only when the Board of Directors senses changes in the

performance trend or business environment forecasts. At off-site meetings, issues at the draft stage are discussed, prior to submission to the Board of Directors, and Executive members receive advice from Outside Directors on operational issues. The frequency and density of communication and information distribution within the management team have been increased by creating opportunities outside Board of Directors meetings to deepen cooperation between Outside Directors and Executives. Now, Business Company Presidents and Heads of Head Office Divisions actively seek advice from Outside Directors on the changes and challenges they face. My impression is that communication among the management team has been further enhanced.

In my first year as Chair of the Board of Directors, I learned that enhancement of the effectiveness of the Board of Directors is in large measure dependent on factors besides the actual discussion at Board of Directors meetings. I have seen a definite improvement in the effectiveness of the Board of Directors meetings as a result of more opportunities for the members of the Board of Directors and executives to engage in open and substantive discussions, such as freewheeling discussions at off-site meetings.

— In last year's integrated report, you highlighted your commitment to continuing to evolve governance from diverse perspectives.

What has that evolution entailed so far?

The Corporate Governance Committee has evolved. The composition of the Committee was reviewed in order to strengthen its function as an advisory body that discusses and deliberates for the "purpose of enhancing corporate

governance over the medium to long term.” Previously, the Committee was composed solely of Outside Directors and Outside Audit & Supervisory Board Members, but from fiscal 2023, the Committee also includes two non-executive inside Directors, including myself.

The aim of this change is to continuously evolve corporate governance, a key responsibility of the Board of Directors. This is because discussion based on experience and information of inside Directors, who are familiar with the business environment and what is happening inside OMRON, crossed with the external perspectives of Outside Directors, is beneficial from the viewpoint of effectiveness. However, it is important that the participating inside Directors are in a non-executive capacity, because the purpose is to strengthen the governance function. The participation of non-executive inside Directors enables in-depth discussion in line with the actual circumstances in the field and the reality of the business.

— OMRON has embarked on drastic structural reform. What was discussed at Board of Directors meetings?

It is important that the executive team viewed the issues highlighted as medium- to long-term issues, not from a short-term perspective, and took action. Therefore, in response to the executive team’s decision, the Board of Directors carefully deliberated on this initiative from a medium- to long-term perspective, representing shareholders and all other stakeholders. Under Structural Reform Program NEXT 2025, our focus is on rebuilding the Industrial Automation Business (IAB) as quickly as possible and restructuring the foundation for earnings and growth. Specifically, having earmarked April 2024 through September 2025 as a period for concentrating on structural reform companywide, we are implementing five management measures. In particular, for IAB, the Head Office and the business division are jointly running 10 task

forces, and the Board of Directors is monitoring their progress.

The Board of Directors has also begun discussing medium- to long-term growth strategies to follow structural reform. Although we set aside the medium-term management plan in order to focus on the completion of NEXT 2025, we have not lowered the flag that we raised under the long-term vision SF2030. There are two things we need to work on to realize this vision. One is to reinforce existing businesses, and the other is to establish a new business model.

Reinforcing existing businesses means rebuilding IAB. We are currently working to improve IAB’s competitiveness by strengthening product appeal and proposal capabilities. Regarding the area portfolio, our aim is to expand the customer base in Europe, the Americas, Asia, and Japan in order to achieve balanced overall global growth, shifting from the overdependence on China. As for the Healthcare Business, we seek growth globally centering on channel expansion in Asia and India.

Regarding establishment of a new business model, we are also working to shift our business model to one based on the “combination of products and services” utilizing data in order to realize SF2030. One of the results of this initiative was that OMRON made JMDC Inc. a Group company. OMRON’s strength lies in products (devices) incorporating OMRON’s core technologies, “Sensing & Control + Think.” Pursuing a customer-driven approach, each business is further strengthening the products it has been offering in its respective domains. By adding JMDC Inc.’s technology and solution development expertise to data obtained from products used in these various domains, it will be possible to create a new data solution business that is not limited to the healthcare field. For example, in the Social Systems, Solutions and Service Business, in collaboration with JMDC Inc., OMRON has already launched a solutions business in the current fiscal year that utilizes electricity usage data and

data on customers’ purchases obtained from convenience stores, retail stores, and restaurants to support their energy saving.

The Board of Directors will support the executive team not only in promoting NEXT 2025 but also in reinforcement of existing businesses and establishing a new business model for future growth.

— Finally, please send a message to your stakeholders.

I am confident that the new executive team led by CEO Tsujinaga will complete structural reform and lead OMRON to a V-shaped recovery. We, the Board of Directors, as representatives of shareholders and all other stakeholders, will closely monitor and supervise progress, while at the same time taking calculated risks and supporting the challenges of the executive team. And as Chair of the Board of Directors, I will continue to do my utmost to enhance the effectiveness of the Board of Directors and OMRON’s corporate value over the medium to long term. I greatly appreciate our stakeholders’ continued understanding and support.

Interview with the Outside Directors: One Year into the New Management Structure—What Kind of Governance Can Overcome Challenges?



The Board of Directors' Responsibilities and Reflections on Failing to Detect Changes in the Business Environment

— How do the Outside Directors view the significant underperformance against the initial plan for FY23? Please share your reflections as members of the board and thoughts on areas for improvement.

Kamigama: Honestly, when I received the report, I was shocked by how far things had suddenly deteriorated. It's my deep regret that, had we analyzed the indicators more effectively, we could have caught it sooner. The board should have been more proactive and engaged in deeper discussions about the factors that ultimately led to the delay in responding to the changes in conditions.

Kobayashi: Looking back, one major point of reflection is that we didn't take action to address the overly concentrated portfolio. The primary factor behind the underperformance on this occasion was the economic slowdown in China, but the management team had been concerned about our dependence on China for some time. At that point, we were in a position to insist on the development of an action plan to adjust our strategy. Portfolio imbalances are always going to occur, but we should have conducted a thorough risk analysis based on multiple scenarios. I have to say that OMRON is currently weak when it comes to building a portfolio that prepares for worst-case scenarios.

Suzuki: I had also stressed the risks of relying on China since I became an Outside Director, but I regret not pushing for concrete action sooner. For example, if we had expanded

business in North America, we could have diversified the risk, but we never took the discussions far enough to implement concrete measures. Surface-level discussions ultimately don't accomplish anything. This lowered forecast has been a valuable lesson for us.

Kobayashi: The portfolio should also be analyzed from multiple perspectives, including business domains and regions. There's no such thing as permanence in business. This has served as a reminder that we must all stay mindful of the inherent risks that come with overconcentration.

Suzuki: We also need to consider the fact that there were two lowered forecasts. This indicates that the issues were not identified after the first lowered forecast. In management, being unable to identify issues is extremely dangerous. So why were we unable to identify them in this case? Since the supply chain was involved, re-evaluating our business model and processes will likely be a topic for discussion moving forward. On the other hand, we should acknowledge President Tsujinaga's decision to cut 2,000 jobs during a difficult time in his first year. There may have been other decisions that could have been made earlier, but identifying the right time to act requires management instinct that comes only with experience. I hope the executive team can develop that kind of instinct through this experience.

Deepened Communication under a New Management Team

— What are your views of the current executive team led by President Tsujinaga, who has been navigating through such a challenging business environment?

Kamigama: OMRON has always been known for its open internal communication, but I feel it has improved even further. President Tsujinaga frequently visits employees on the field and speaks to everyone without favoritism. Communication between the board and the executive team has also improved. In particular, in FY23, new opportunities such as “off-site meetings” were introduced for the management team to have more casual discussions outside of the regular board meetings. Through such initiatives, we have been able to have open and candid exchanges with the new Business Companies heads (BC heads) over the past year.

I feel that sharing concerns and topics for discussion has become much smoother. It is as though President Tsujinaga’s personality is beginning to shine through in a positive way.

Kobayashi: The challenges faced by the BC heads become much clearer when we have open and candid conversations. In particular, in building future business models, they are likely to face many challenges precisely because of their fresh perspectives. If they communicate those challenges directly to us, as Outside Directors, we can offer more tailored advice and support. The fact that we now have an environment where we can openly share concerns about challenges is a big step forward.

Suzuki: Stakeholders had high expectations for President Tsujinaga when he took up his post, given his contributions to the growth of our core business, the Industrial

Automation Business (IAB). However, after taking office, he faced the significant challenge of having to revise the earnings forecast downward twice. The challenge now is how to navigate this difficult situation, and the new management team, which brings together young talent, is actively exchanging ideas. The transition to a new management structure in FY23 was aimed at bringing in a new generation and driving OMRON’s further growth with young talent. As such, the management team’s calm and diligent approach in determining our next steps is commendable.

Further Enhancing the Board of Directors’ Effectiveness and Sharing Concerns about Challenges Internally and Externally

— What changes have you observed at board meeting discussions?

Kamigama: Looking back, I feel that the executive team’s reports at board meetings in the past were rather formal and standardized, often simply stating: “There are no particular issues.” Now, they come to us not only with requests for proposals on topics but also to share their challenges and concerns about reports, creating an atmosphere where we can engage in constructive, in-depth discussions.

Kobayashi: We’ve always had open exchanges of opinion, but there were times in the past when “perfect” answers had been prepared in advance, or when presentations were so polished that it was hard to see what the core issues were.

Suzuki: Before the change in leadership, the board meetings had a structured, orderly atmosphere, much like a

well-coordinated formation flight. The Chairman of the Board of Directors has now shifted from Mr. Tateishi to Mr. Yamada, along with President Tsujinaga, Mr. Yukumoto, and Mr. Tomita being newly appointed as Directors. With so many changes to the board members, it is only natural that there has been a change in atmosphere as well. The first year was a period for President Tsujinaga and the BC heads to develop their own style from the ground up, and I am looking forward to seeing how the board further evolves moving forward. Now, at a time when it’s more important than ever for Outside Directors to voice their honest opinions, I believe communication with President Tsujinaga, who is a great listener, will continue to grow even further.

Kobayashi: Corporate governance should be adaptable to changes in both society and the company. What makes OMRON’s current governance system so strong is that inside Directors openly report internal challenges, offering Outside Directors and Outside Audit & Supervisory Board Members new perspectives. New non-executive Directors like Mr. Yukumoto ask very direct questions during board meetings, and this atmosphere is quite unique compared to



other companies. It allows us, as Outside Directors, to understand internal matters, receive feedback, and ask questions from an independent standpoint. This can be seen as an effective system where internal and external parties complement each other's roles.

With the Continued Evolution of the Corporate Governance Committee, Discussions on our Medium- to Long-Term Vision have Now Begun

— Amid significant changes to the Board of Directors, the structure of the Corporate Governance Committee was also revised in FY23. What was the purpose behind this change?

Kamigama: The Corporate Governance Committee is responsible for discussing measures to continuously strengthen governance and enhance management transparency and fairness from a medium- to long-term perspective. In FY23, a non-executive inside Director was added to the committee. The main goal is to strengthen discussions on future governance by considering societal changes and our business vision moving forward.



Kobayashi: Up until then, the primary role of the Corporate Governance Committee had been to evaluate the effectiveness of the Board of Directors, led by Outside Directors and Outside Audit & Supervisory Board Members. However, to shift the committee's focus toward discussions on future governance, it is important to have people who understand the internal dynamics and changes in the business. Bringing in a non-executive inside Director was a natural progression.

> Fiscal 2024 Advisory Committee

Suzuki: When I first became an Outside Director, I saw OMRON as a company that excels in governance. However, there were certain functions whose roles and initiatives hadn't changed for years, and the Corporate Governance Committee was one of them. It was the recommendation from the Outside Audit & Supervisory Board Members that "conducting regular effectiveness evaluations alone is insufficient and this should be reviewed" which made me realize OMRON itself had entered a phase where restructuring its governance system was necessary.

— What kinds of discussions are happening among Corporate Governance Committee Members?

Kamigama: Lately, there have been active discussions about revising OMRON's traditional governance system, which aims to achieve a perfect score in every area. For example, it was suggested within the committee that, even if not everything is perfect and there are gaps in certain areas, as long as corporate value increases, we should pursue a governance approach that leverages OMRON's unique strengths. The reason is that if we don't focus on initiatives that capitalize on OMRON's distinctive strengths, we risk running short on resources.

Suzuki: Innovative initiatives like Management based on the OMRON Principles and ROIC management, which OMRON has championed, are now at a stage where they need to be re-evaluated and evolved in response to changing times. Even if the governance were perfect, the fact is that earnings declined in FY23. We must keep updating our management practices in general, including governance, to keep pace with the rapid changes in the world.

Kobayashi: It's time to move away from governance aimed solely at achieving a perfect score in compliance with the Corporate Governance Code. The primary purpose of corporate governance should be to enhance profitability and growth. We have now been acutely reminded of this fact. Perhaps OMRON, as a company that excels in governance, ought to be communicating this mindset to the wider world.

Accomplishing NEXT 2025 and Rebuilding the Cycle for Enhancing Corporate Value

— Under an evolved governance system, we will tackle the challenge of completing ongoing structural reforms while also pursuing medium- to long-term growth. How should the Board of Directors respond to this challenge? Could you say a few words about your plans moving forward?

Kamigama: The top priority for the board is to closely monitor the process of achieving a V-shaped recovery for the IAB. We will establish appropriate KPIs and create an environment where Outside Directors can regularly monitor the product and area portfolios. Of course, simply monitoring will not be enough. If performance does not improve, we must push strongly for corrective action.

Customers who leave do not come back so easily, so we need to thoroughly analyze our businesses in China, North America, Europe, Japan, and new markets to identify areas with growth potential. Each region presents both risks and opportunities, which is precisely why we also wish to strengthen our monitoring efforts.

Suzuki: Portfolio optimization is a key pillar of NEXT 2025, our structural reform program. In addition, we need to focus on optimizing both the size and capabilities of our workforce.

Kamigama: In particular, optimizing organizational capabilities following our workforce reductions will be a top priority. We need to boost productivity through the use of AI and secure talent more efficiently. What's important is not the number of people, but rather a system that focuses on mid-career recruitment of individuals with truly essential skills.

Kobayashi: If the goal of optimizing organizational capabilities is clear, this company-wide structural reform should work effectively. For example, as we transform the business structure, we may need to acquire new skills, particularly in the digital space. In an extreme case, if the structural reforms involved adjusting the workforce composition and headcount to maintain the capacity to develop or recruit such talent externally, I would find that reasonable. The organization must evolve to fully leverage new talent and nurture our businesses. It is only with such a broad, strategic plan in place that structural reforms can truly have meaning. What will be crucial moving forward is fostering an organizational culture that fully utilizes the abilities of new external talent and drives the enhancement of corporate value.

— What are the key considerations when outlining a growth strategy that looks beyond the structural reforms?

Kamigama: What benefits will emerge once the reforms are completed, and what new paths for growth will open up? The key is for the executive team to be identifying that from this stage onward. If we misjudge that, we could reach the end of the structural reforms only to realize that we took the wrong path. To avoid that, it is important to have a growth strategy where, even if the path is hazy at first, the outlook becomes clearer as the structural reforms progress.

Kobayashi: If we do not have the ambition to reach the top of the mountain, the way there will never reveal itself. Once you start climbing, you might find the path blocked by a landslide. In that case, it is important to adjust course flexibly. But if you lose sight of the summit, you will not be able to move forward any further. The important thing is for the management team to have a shared vision of what OMRON should look like as a company once the structural reforms are complete.

Suzuki: It is important not only to have a shared understanding of the challenges and the path forward but also the execution ability to see it through. From the start of his term, President Tsujinaga was emphasizing that OMRON's growth requires stronger execution. Mr. Yamanishi, as the BC President that directs the IAB, has also outlined a plan to start things over again with a customer-oriented approach. The key will be to not only set the direction but also to strengthen the execution ability to see it through.

Data Solution Business Enabling Sustainable Growth in Collaboration with JMDC Inc.

— Through its partnership with JMDC Inc., OMRON is steering itself toward transforming into a data solutions business. Could you share your thoughts on creating new business value beyond the structural reforms?

Kobayashi: A key responsibility of Outside Directors is to support the executive team in taking calculated risks. But those risks must be manageable. We need to thoroughly examine the strategy behind the risks that the executive team is planning to take. If the underlying assumptions, such as market trends or geopolitical risks, are misjudged, the outcomes will inevitably be wrong, and we may end up taking risks that we should not. It's our role as Outside Directors to objectively assess the validity of the overall strategy.

Kamigama: The transformation from product value to essential value (the combination of products and services) that we're pursuing with JMDC Inc. has been attempted in various industries, but not all have succeeded. That is





because it requires a strong customer base and solid business infrastructure. However, I believe that OMRON and JMDC Inc., by leveraging their respective expertise, can make this transition more quickly than others in terms of taking on the challenge of creating value through data utilization. The vast amounts of on-site data accumulated by the Healthcare Business, as well as the Social Systems, Solutions and Service Business, should prove powerful in this new venture. That said, since it will take time to generate a profit, we, as Outside Directors, will need to monitor the progress closely.

Suzuki: Even JMDC Inc., whose core business is data, has struggled to commercialize and monetize it as a solution, despite their ability to collect and process it. Since OMRON is also entering this challenging field, it is only natural that growth will take time, and we will need strong commitment and execution to move the business forward at a steady pace.

— Could you share your expectations for OMRON's new initiatives and future following the addition of JMDC Inc. to the Group?

Kamigama: JMDC Inc.'s entrepreneurial spirit is having a positive influence on OMRON. It would be interesting to create an environment going forward where OMRON can actually learn from JMDC Inc. by leveraging the differences in our cultures.

Suzuki: Synergies like that are created when opposites collide. Extending our current path will not lead to significant change. OMRON's culture needs to evolve. If the culture changes, I believe the potential for growth will increase dramatically.

Kamigama: A data utilization mindset within the Group is essential, starting with streamlining business operations. For example, when it comes to expanding overseas operations, if we continue to just send personnel from Japan each time and try to build from scratch, we will not be able to compete with local providers. A business model that leverages databases to operate remotely at pace would likely be in demand in markets like Europe and the U.S. as well.

Kobayashi: For example, our Medium-term Management Plan (SF 1st Stage) talks about "data-driven enterprise operations through DX." If Mr. Ishihara, who is Senior General Manager of Data Solution Business HQ, can take the lead and begin initiating action internally now, it could accelerate the entire Group's progress in this area. Data is meaningless if it is not used. We need to create an environment where everyone in our Group can utilize the various data that exist internally. I would like to see Mr. Ishihara's team, which can leverage the resources of JMDC Inc., take the lead in this.

Suzuki: It is also important for President Tsujinaga to send a message from the top to encourage the new team that Mr.

Ishihara has formed. We have both the immediate goal of completing the current structural reforms as well as the transformation of our business model, which is focused on medium- to long-term growth. A balance needs to be struck to ensure messaging from the top does not favor one goal over the other.

Kobayashi: It is a matter of the timeline. While our immediate focus is on re-strengthening the IAB and rebuilding our revenue and growth base, JMDC Inc.'s capabilities will be crucial for enhancing OMRON's corporate value over the next 10 years. That is the kind of message that needs to be communicated. Ultimately, prioritization is key. While there are countless tasks at hand, our resources are limited, so we need to change the way we think and act. Continuing with the old mindset will inevitably lead to inefficiencies. By eliminating unnecessary effort, even through small things like simplifying written material for the Board of Directors, we can reduce waste. We are now in a phase where each and every one of us needs to adopt that mindset. If our cultural reform proceeds in this way, new value can be created.



Kamigama: It is important to deepen the capital market's understanding of the future potential of our collaboration with JMDC Inc. I would also like us to strengthen our IR activities as well. If the new corporate value OMRON gains by incorporating JMDC Inc. into the Group is properly recognized by investors, it should allow us to take risks with greater confidence.

Kobayashi: That would have a positive effect on OMRON's share price as well. Recently, we've gradually begun to see more media coverage highlighting JMDC Inc.'s competitive edge in the health tech industry. I hope we can capitalize on this positive momentum and further intensify our IR activities.

Kamigama: While it is important to remember that both companies are independently listed, I think it would be beneficial for OMRON's and JMDC Inc.'s experienced IR teams to work together. I would also like to see enhanced information sharing within the Board of Directors.

In Challenging Times, Leaders Need to Lead and Listen to People

—What qualities do you think will be required of President Tsujinaga's leadership going forward?

Kamigama: What is great about President Tsujinaga is that he really listens to people. He is also leading by example with his customer-oriented approach. He puts a lot of effort into communicating with staff. He knows that by going directly to people rather than relying on intermediaries, he can hear frank and honest feedback. I hope he continues to take this approach, directly identifying areas where OMRON can improve and using that insight to guide his management decisions.

Kobayashi: By engaging in ongoing dialogue with a wide range of internal and external stakeholders, President Tsujinaga is enhancing his abilities as CEO, thoughtfully reflecting on the core of the business and working to convey that insight to those around him. I believe this is a strength

that only someone like President Tsujinaga, who values the opinions of others, can demonstrate.

Suzuki: I am confident that President Tsujinaga will transform OMRON as a whole into a stronger, more profitable company. He often talks about "reviving the entrepreneurial spirit from the company's founding days," but I believe OMRON will also need a strong, warrior-like mindset going forward. I would like to see us take a stronger, more aggressive approach to maximizing profits. President Tsujinaga is well-equipped with the leadership skills gained during his time at the IAB, and I am confident he will continue to leverage those skills to deliver even greater results.



Dialogue between Audit & Supervisory Board Members: "Audit 3.0" to Strengthen Resilience in the Face of Headwinds



Full-time Audit & Supervisory Board Members Contributing to the Enhancement of Corporate Value by Leveraging Their Information-Gathering Capabilities to Deep-Dive into Fundamental Issues

— In addition to the outside Audit & Supervisory Board Members, this discussion also features two full-time Audit & Supervisory Board Members. Please remind us of the roles of the full-time Audit & Supervisory Board Members at OMRON.

Tamaki: The Corporate Governance Code stipulates that "effectiveness should be enhanced by organically combining the strong independence provided by outside audit & supervisory board members with the advanced information gathering capabilities possessed by full-time audit & supervisory board members." As the full-time Audit & Supervisory Board Members at OMRON, we have always abide by those words. Gathering internal information and sharing it with the Outside Audit & Supervisory Board Members to enhance the effectiveness of governance is a key role for the full-time Audit & Supervisory Board Members. Last year's dialogue between two Outside Audit & Supervisory Board Members focused on the demonstration of independence, but this time we would like to give you a complete picture of the audits conducted by OMRON's Audit & Supervisory Board Members, including the work of the full-time Audit & Supervisory Board Members.

Hosoi: We, the four Audit & Supervisory Board Members are constantly striving to increase OMRON's corporate value through the achievement of sustainable growth. However, auditing activities cannot be carried out fully by just the four of us or our staff. By transparently and effectively communicating the activities of the Audit & Supervisory Board to external stakeholders and taking various opinions

on board, we hope to enhance the quality of audit activities.

— At the meetings of OMRON's Audit & Supervisory Board, what is the format for your discussions?

Hosoi: At the meetings, the independence of Outside Audit & Supervisory Board Members constitutes an "Outer Eye," while the information-gathering power of the full-time Audit & Supervisory Board Members constitutes an "Inner Eye." We aim to create synergies between the two and produce results by multiplying the two together rather than simply adding one to the other. Although we all come from different backgrounds, we work together as one to achieve the shared objective of maintaining and enhancing corporate value. To come up with best ideas within a limited time, it is important that everyone is moving in the same direction. In this way, we combine our respective perspectives and operate with a solid foundation.

Kunihiro: When I look around at other companies in Japan, I feel that their full-time audit & supervisory board members tend to avoid proactively speaking up at the meetings of the board of directors. So one thing that makes OMRON distinctive is the way the full-time Audit & Supervisory Board Members also actively express their opinions. In addition, at each meeting of the Audit & Supervisory Board, we also have time for free discussion. This aims to ensure thorough discussion that is not limited to a specific theme. The topics of discussion are management issues for which there are no clear-cut answers. The subjects are raised mainly by the full-time Audit & Supervisory Board Members, and the issues brought up at the Audit & Supervisory Board meetings are shared by the Outside Audit & Supervisory Board Members at the meetings of the Board of Directors. To create this cycle, thorough information-gathering skills are vital. Since the Outside Audit & Supervisory Board Members have

limited time at the Company and the information they can obtain is limited, the ability to identify issues is a prerequisite for the full-time Audit & Supervisory Board Members.

Evolution to "Audit 3.0" to Enhance Corporate Value

— In last year's dialogue, there was talk about the Audit & Supervisory Board's position in leading "Audit 3.0." In what form is Audit 3.0 functioning right now?

Kunihiro: At OMRON, the Audit & Supervisory Board has established its own principles of conduct for Audit & Supervisory Board Members*. At the top of the document are these words: "We not only conduct compliance audits (Audit 1.0) and point out deficiencies; but also conduct risk-based, internal control audits (Audit 2.0) and state our views; and conduct management issue audits (Audit 3.0) and provide advice." In other words, the Audit & Supervisory Board is also committed to raising questions about the sound development of OMRON's business and the enhancement of its corporate value. At many companies in Japan, there tends to be an unspoken rule that "audit & supervisory board members should keep quiet when it comes to matters of corporate management," but at OMRON it is the opposite, we are also expected to state our views. A unique feature of OMRON is that we're required to adopt a proactive stance that goes beyond just pointing out deficiencies. For example, Directors have asked us to be more forthright in expressing opinions on management issues.

* For details of the Principles of Conduct for Audit & Supervisory Board Members, please see the OMRON website.

> Corporate Governance Framework

Tamaki: However, there is something about "Audit 3.0" that mustn't be misunderstood. This is that as a result of evolving from 1.0 to 2.0 and then 3.0, we're constantly tackling three audit areas, not just Audit 3.0. We're covering all the areas

from 1.0 to 3.0. In a nutshell, the purpose of "Audit 1.0" is to point out deficiencies and discover issues. So it is what's described as a compliance audit. But we do not stop there. Next, we have "Audit 2.0", where we endeavor to prevent recurrences and pinpoint risks. For example, we might consider the possibility that the same problem is also occurring in other departments. However, fundamental management issues, such as insufficient personnel or budgets, may be lurking in the background to that issue. And this is where "Audit 3.0" comes in. Because it's integrated with Audit 1.0 and 2.0, we're able to clearly state our opinions to the management team.

Kunihiro: If there is a difference between Audit & Supervisory Board Members and Directors, it is in the way they deal with issues. While Directors are responsible for driving the business forward, the Audit & Supervisory Board Members must focus on what the issues with that approach to business might be. What can we do as Audit & Supervisory Board Members to increase OMRON's corporate value? Our mission is to seek and present optimal solutions, without shying away from discovering issues. And of course, we must not slack off with Audit 1.0 or 2.0.

Tamaki: Looking at it from another angle, I think that precisely because we are conscious of Audit 3.0, and probe management issues such as the adequacy of resources on the frontline, the meanings of deficiencies and risks in the corporate management context become clearer. If a lack of resources is the cause of deficiencies and risks, and you try to prevent recurrences without addressing the underlying issue, sooner or later the same thing will happen again. I believe that only when Audit 1.0-3.0 are implemented as a set can true governance be achieved.

— How would you rate the progress made so far with "Audit 3.0"?

Hosoi: Comparing the progress we have made so far to

climbing a mountain, I would say we have reached the third station. So while it's still nothing to write home about, we have been making steady advances with our activities. The aim of Audit 3.0 is to examine the health condition of the company, and take steps to prevent it from getting sick and strengthen its constitution. The company's financial performance in FY23 left a lot to be desired, but we, the Audit & Supervisory Board Members identified two challenges as we discussed its health condition. One is to build a foundation for ensuring that the new restructuring-related measures take root, and the other is to transform OMRON's corporate culture, which has been handed down over many years. To tackle these challenges, the Audit & Supervisory Board has been working with the management team since FY23, providing back-up for reform. In the sense that we have been able to advance our Audit 3.0 activities, I view this as a big step.

Kunihiro: To bring management issues to light, it is also essential to learn from other companies. There is no single form of governance. Diversity is now crucial. Objectively grasping OMRON's flaws is another important role of Audit & Supervisory Board Members.



Hosoi: I feel that to evolve Audit 3.0, it is critical to learn from other companies. In FY23, we actively exchanged opinions with CEOs and audit & supervisory board members from eight companies. This exposed us to a variety of perspectives and ideas, and it was a valuable opportunity to reaffirm our own strengths and challenges. To continue to evolve further, I would like to learn from the examples of other companies and look ahead to a new way forward.

Tamaki: The Company's Principles of Conduct for Audit & Supervisory Board Members also states that we should "strive for self-improvement, be trustworthy at all times." To make this attitude a part of us, learning from other companies is imperative.

Hosoi: Going forward, we on the Audit & Supervisory Board will be observing the company not only from ground level but also from above, and digging beneath the surface to dive deep into the organization. We will keep striving to uncover management issues and address them through the evolution of Audit 3.0.

Collaborative Risk Management and Shared Awareness Essential for Governance of a Large Organization

— Mr. Miura, you became an Outside Audit & Supervisory Board Member in June 2024, so what have been your impressions of OMRON's audit and governance frameworks?

Miura: To be honest, I do not think I have ever come across audit & supervisory board members who conduct themselves so courageously. Given the nature of their responsibilities, audit & supervisory board members normally find just asking themselves how they can contribute to the enhancement of corporate value to be an immense challenge. At many companies, even just assessing the compliance status of operations and the effectiveness of

internal control systems, which is their basic mission, is actually not easy. So three to five audit & supervisory board members, working in cooperation and receiving help from the internal audit division, department, the accounting auditors, and so on, are tasked with gauging the status of a huge corporate group, including its subsidiaries and affiliates domestic and overseas. But at OMRON, they are intent on doing even more, assessing risk management processes and even recommending solutions to management issues. I feel that this corporate culture, in which management seeks the views of the Audit & Supervisory Board Members and they endeavor to respond to such requests, is illustrative of an excellent governance framework.

Kunihiro: In a sense, fundamental topics such as management issues are where we are finally going to end up no matter what we are talking about. One of our strengths is a structure whereby not only the Outside Audit & Supervisory Board Members but also the full-time Audit & Supervisory Board Members bring up issues based on facts. I think we have gone one step beyond just a simple atmosphere of it being "easy to speak up," and represents a step forward in terms of sharing a common understanding.

Miura: I agree. It is certainly true that the world of corporate management is one in which there are no single right answers. There are always multiple options for the future, and managers must ultimately reject indecisiveness and choose one path with conviction. And during this process, it might be the Audit & Supervisory Board Members who can give objective advice from a slightly different perspective than on the executive side. There's a concept called the "Three Lines Model", which divides the organization into the Governing Body, Management, and Internal Audit, with each conducting monitoring from their respective standpoints, but audit & supervisory board members are in a position to make recommendations to management based on the

overall picture, rather than from the third line. In fact, for executives to make appropriate management decisions, it is also important to adopt macro perspectives, asking questions like "Does this meet the needs of society?" and "Does this meet the expectations of stakeholders?" The fact that the Audit & Supervisory Board Members fulfill this role in cooperation with the Outside Directors can be regarded as demonstrative of OMRON's pioneering approach to governance.

The Ideal Situation is for Directors and Audit & Supervisory Board Members to Work Together and Blurring the Boundaries between "Offense" and "Defense"

— How do the Outside Audit & Supervisory Board Members function within the governance framework? Please tell us what makes OMRON distinctive.

Kunihiro: OMRON's Board of Directors shares the view that governance is a function for enhancing corporate value, and cooperation between Outside Directors and Outside Audit & Supervisory Board Members is very strong. The Corporate Governance Committee also includes members from both groups, and provides a forum for close information exchange and discussion. I think with monitoring, which is among the tasks of the Outside Directors, there is a lot of overlap with the Audit & Supervisory Board Members. Personally, in my own work, I do not think much about whether I am an Outside Director or an Outside Audit & Supervisory Board Member. At the meeting of the Board of Directors or the Corporate Governance Committee, everyone speaks freely without imposing constraints on their own roles. No one says things like "I am a Director so ..." or "I am an Audit & Supervisory Board Member so ..." Although a distinction is made in the text of the Companies Act, the reality is that we just have different perspectives and backgrounds. A characteristic of OMRON is that both Outside Directors and Outside Audit & Supervisory Board

Members are committed to sharing their wisdom to the greatest extent possible in order to enhance corporate value.

Miura: Yes, I have really noticed that myself. A general view is that within a governance framework, the Audit & Supervisory Board Members are responsible for "Defense" while the Outside Directors handle "Offense". This binary distinction makes the roles easy to understand. However, in the case of a big M&A deal, for instance, the Outside Directors may take a cautious approach. And given that the Audit & Supervisory Board Members sometimes support the hefty capital expenditures required for growth businesses, I think that a sound governance framework entails both groups being conscious of both the defense and offense sides. I think OMRON is a good example of this happening naturally.

Kunihiro: Especially when responding to emergencies, action that straddles the boundary between the two is essential. When it comes to managing risks, it is not enough to simply leave it to the Audit & Supervisory Board Members.

Tamaki: "Defense" and "Offense" is a frequent topic of discussion in governance, and it is easy to understand if you compare it to soccer. During a spell when you're scoring a lot of goals (which can be compared to increasing corporate value), it's usually the forwards who are attacking, but sometimes the defenders take shots, too. Conversely, when you're under attack (protecting corporate value), even the forwards have to drop back and help out with the defense. You will never have a strong team if your attackers are saying, "I am an attacker so I will not go the defense."

Miura: When the Corporate Governance Code was first announced, it was said that the authorities' aim was to reverse the recent tendency of Japanese companies to overemphasize "Defense", and instead to promote "Offense"

in management through sensible risk-taking. So it was viewed as strategy for reviving Japan. The renewed emphasis that was put on "Offense" reflected a mood of crisis, as many companies that had grown large were being shackled by their past glories, and were lagging behind in transforming their business models to respond to the changes of the times, causing their international competitiveness to decline. During that period, however, corporate scandals were occurring one after another, and this became a national talking point. Nowadays, the concern is that most companies consider governance to be synonymous with internal control, and that little progress has been made with the discussion of "Offense-Oriented Governance".

To Avoid a Repeat Deterioration in Financial Performance, Essential to Have Wild Attitude, Rather Than Being a Straight-A Student

— FY23 saw earnings forecasts revised downward twice. Looking back on that as the Audit & Supervisory Board Members, what do you think some of the issues were?

Hosoi: We on the Audit & Supervisory Board also regret the fact that the Company did not grasp market and internal changes and take action at an early stage. By studying the past, I have discovered that when a downward revision was made, it was sometimes due to the lack of a swift response to signs of trouble. So there had been a failure to take lessons from the past. Looking ahead, discussions are currently ongoing about how to collect and analyze information more speedily and accurately, identify risks at an early stage, and take appropriate measures to enable more proactive responses.

Tamaki: During our free discussions, we ask ourselves, "What could have been done?" Communicating this experience to future generations is another responsibility of the Audit & Supervisory Board Members. We have to analyze

what happened so that we can become the storytellers. Right now, we still don't have any clear answers, but multiple hypotheses are beginning to emerge through our honest discussions.

Kunihiro: Discussing these hypotheses, I have come to believe that it was OMRON's weakness that led to the deterioration in financial performance. Specifically, an excessive preoccupation with "scoring 100% in all aspects of governance" resulted in sanitized presentations and reports, which ultimately shielded underlying issues from view. The times are changing dramatically. To earn money in this challenging operating environment, it is vital to have a wild and aggressive attitude, even if that means being a bit rough and ready, rather than being a serious, straight-A student. Unless OMRON adopts a hungry spirit, keeps an eye on competitive fundamentals, and engages in thorough discussions, it will probably make the same mistake again.

Transforming the Constitution of OMRON, Which Has Lost the Venture Spirit Exhibited by JMDC Inc.

— Another big topic last fiscal year was making JMDC Inc. a subsidiary. Please give us your current assessments.



Tamaki: JMDC Inc. is a fast-growing company. And from the perspective of "Audit 3.0", too, we have a lot to learn from them. Meanwhile, OMRON, which has acquired the shares, needs to fulfill its responsibilities to investors and other stakeholders by taking a firm approach to grasping risks, and that falls under the heading of "Audit 2.0". I have been trying to analyze JMDC Inc. myself in my own way, for example, by carefully reading the securities reports it has filed since it was listed. And I intend to keep working to gain a full understanding of the company and the challenges it faces.

Kunihiro: OMRON was once a start-up company, but gradually turned into a dignified large corporation without even realizing it. A culture that has been built up over many years is difficult to change from the inside. What kind of chemical reaction will JMDC Inc., with its venture spirit, bring to OMRON's corporate culture? I am really looking forward to finding out. For JMDC Inc. to be a catalyst, it should not be restricted to being a "little OMRON." I want it to demonstrate uniqueness as a transmitter of different cultures, much like the island of Dejima did during Japan's long period of isolation during the Edo period.

Hosoi: It's important that OMRON and JMDC Inc. collaborate by leveraging and synergizing their respective traits. I believe that making the most of the unique strengths of both companies and building a cooperative relationship that allows them to complement each other will lead to an increase in corporate value. By working with JMDC Inc.'s Director Audit & Supervisory Committee Members, we hope to unlock the full potential of both companies and contribute to building a foundation for achieving sustainable growth.

Miura: Changing the corporate culture is important. If the corporate culture can be evolved to take it to the next level, it can also bring about a change in the business model. Facilitating a transformation from "Selling Product Value" to "Selling Essential Value (products + services)" is a key

objective of the collaboration with the JMDC Inc. Group. I believe that the data sales style, which involves not only selling products but also providing solutions tailored to customer needs, can be utilized not only in JMDC Inc.'s data solution business, but also in the Industrial Automation Business, Healthcare Business, and Social Solution Business, and that synergies with JMDC Inc. will be maximized. I think the success of business acquisitions is measured by these sorts of intrinsic synergies.

Kunihiro: The success of the transformation from "Products" to "Products + Services" may also help with the transformation of the corporate culture. The next step should be to create a new cycle in which businesses and organizations have a positive impact on each other.

Monitoring of Structural Reform Programs Should Be Approached from Two Axes: "Present Perspective" and "Future Perspective"

— OMRON is currently pursuing a structural reform program called "NEXT2025," but it must also balance that with medium- to long-term growth. Given these circumstances, please share your thoughts on how the Audit & Supervisory Board Members should contribute to the enhancement of corporate value.

Hosoi: For the Audit & Supervisory Board members to contribute to the enhancement of corporate value, they will need to approach it not only from the perspective of restructuring, but also from the perspective of balancing that with medium- to long-term growth. One of the priorities for the Audit & Supervisory Board this fiscal year is to check on the progress with restructuring. And we're going to be approaching that from two perspectives: a "Present Perspective" to check whether there are any omissions in the content of the measures and whether they are taking root, and a "Future Perspective" to ascertain what kinds of results will appear over the medium to long term. With a

restructuring program, we should not only observe short-term outcomes, but also rigorously follow up on medium- to long-term themes. Furthermore, from FY26, the company will be implementing a new medium-term management plan to take it closer to its long-term vision, "SF2030." A crucial role of the Audit & Supervisory Board Members is to contribute to the development of strategies for the maximization of corporate value while keeping an eye on the future and properly assessing risks.

Kunihiro: The key question is how monitoring should be conducted. Medium- to long-term monitoring by the Audit & Supervisory Board alone is insufficient. The Outside Directors should also be involved, so as to allow the executive side to be observed from a range of perspectives. The forwards and the defenders must work together to deploy a variety of approaches for optimizing governance.

Tamaki: Ultimately, I think there ought to be a break from "scoring 100% for governance." Choices about what to focus on should be made, and flexible thinking should be the order of the day. OMRON's corporate climate is characterized by seriousness, but the founder, Kazuma Tateishi, advocated the "7:3 principle," which states that if



there's a 70% chance of success, you should go for it. So instead of waiting till the probability is 100%, you get going when it's 70%, and then gradually eliminate the 30% failure risk as you move forward. OMRON ought to revisit that spirit and regain the eagerness to take on challenges.

"Flexible" as the Keyword for Transforming the Corporate Culture to Realize SF2030

— How should the Audit & Supervisory Board evolve as OMRON restructures en route to SF2030? Please tell us how you envisage the future?

Miura: Generally in Japan, the larger a company grows, the greater the pressure it comes under to meet societal expectations, and it tends to fall back into a defensive approach to management in order to avoid failure. Of course, fatal mistakes cannot be tolerated, but the fact is that achieving resounding success entails taking on risk. Minor missteps can be corrected while on the go, and a corporate culture of proactively embracing risk will be a powerful weapon in the future. Faced with financial under-performance right now, tough situations will keep coming up, but I hope that this period will be valued as an

opportunity to make necessary changes. To that end, I think the Audit & Supervisory Board should evolve so that it can help the company take a new step forward.

Kunihiro: Hard times are opportunities for change, aren't they? The keyword might be "flexible." With flexibility the preoccupation with "scoring 100% for governance" as the starting point, excess, duplication, and waste must be discarded, and the focus must be narrowed. I have also seen numerous examples of companies being reborn after running into difficulties. For OMRON, this is an opportunity.

Tamaki: To abandon the pursuit of "scoring 100% for governance," the Audit & Supervisory Board must also not permit its meetings to be clean and cordial. My aim is for the Audit & Supervisory Board to also explore a new governance model that is not constrained by pre-existing notions, and to present that to the world.

Hosoi: We are going to keep striving to evolve the Audit & Supervisory Board so that when its members a decade from now look back on today, there will be no regrets. With a venture spirit, we will actively incorporate AI utilization and

collaboration with other companies to build an "Audit 4.0" future that puts us a step ahead of the pack. As a future-oriented audit team, we intend to deliver more valuable audits by constantly taking on challenges and adapting to changes.

— Mr. Miura, you've just started your first year as an Outside Audit & Supervisory Board Member, but please remind us of your future aspirations.

Miura: I became an Outside Audit & Supervisory Board Member in June 2024, so I have only recently joined the Audit & Supervisory Board, but the spirit of OMRON's Audit & Supervisory Board Members, which has been created by all of the previous Audit & Supervisory Board Members, is already infusing me. The immediate challenge is to analyze the causes of the deterioration in financial performance, create a scenario for recovery, and transform the corporate culture for the next stage of growth. While making use of my "Outer Eye" as an Outside Audit & Supervisory Board Member, I intend to work closely with the "Inner Eye" of the Full-time Audit & Supervisory Board Members and the Directors to contribute to the enhancement of OMRON's 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 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

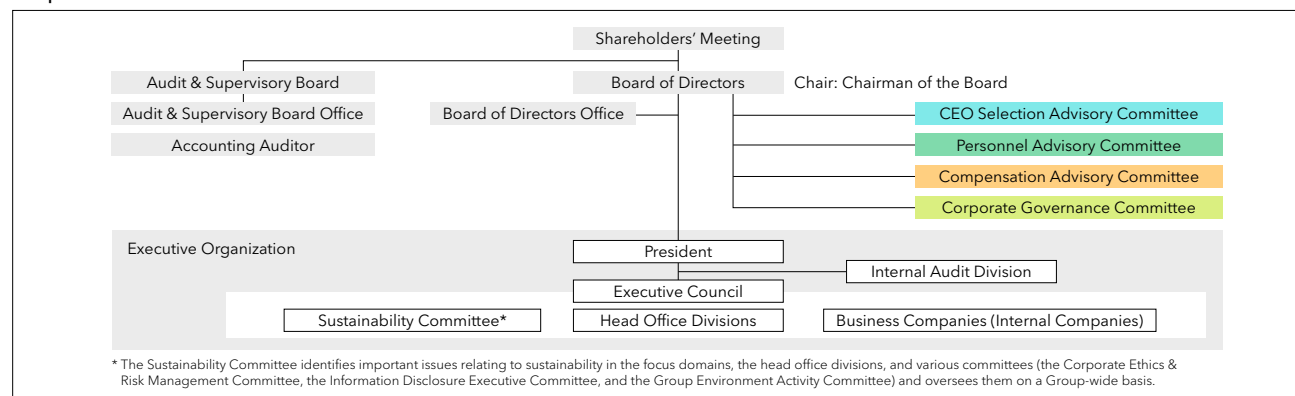
Governance Committee.

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.

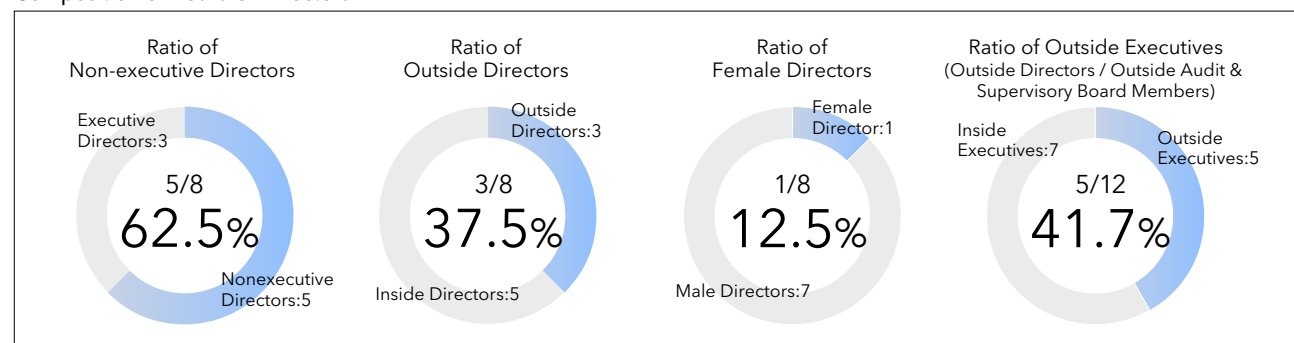
Fiscal 2024 Advisory Committee

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

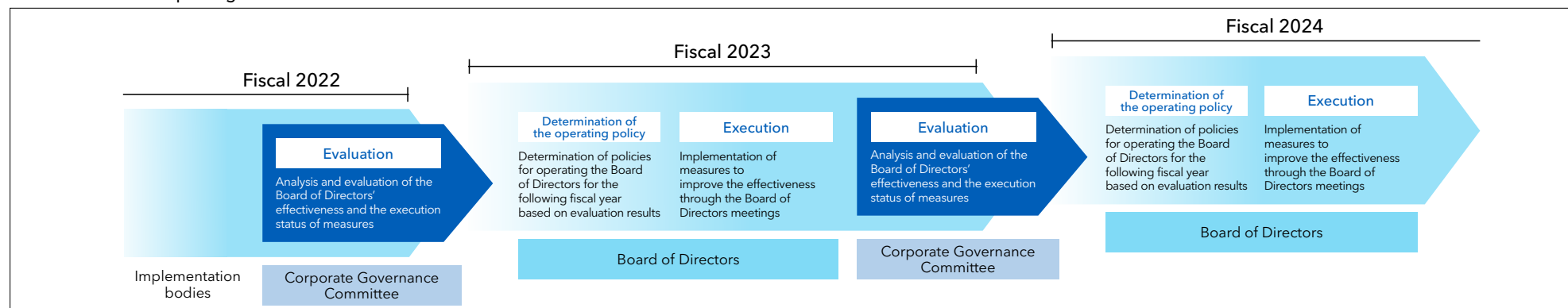
competitive edge. The ultimate objective is to achieve sustained enhancement of corporate value. To this end, the Company reinforces the supervisory functions of the Board of Directors through initiatives for improving its effectiveness.

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.>

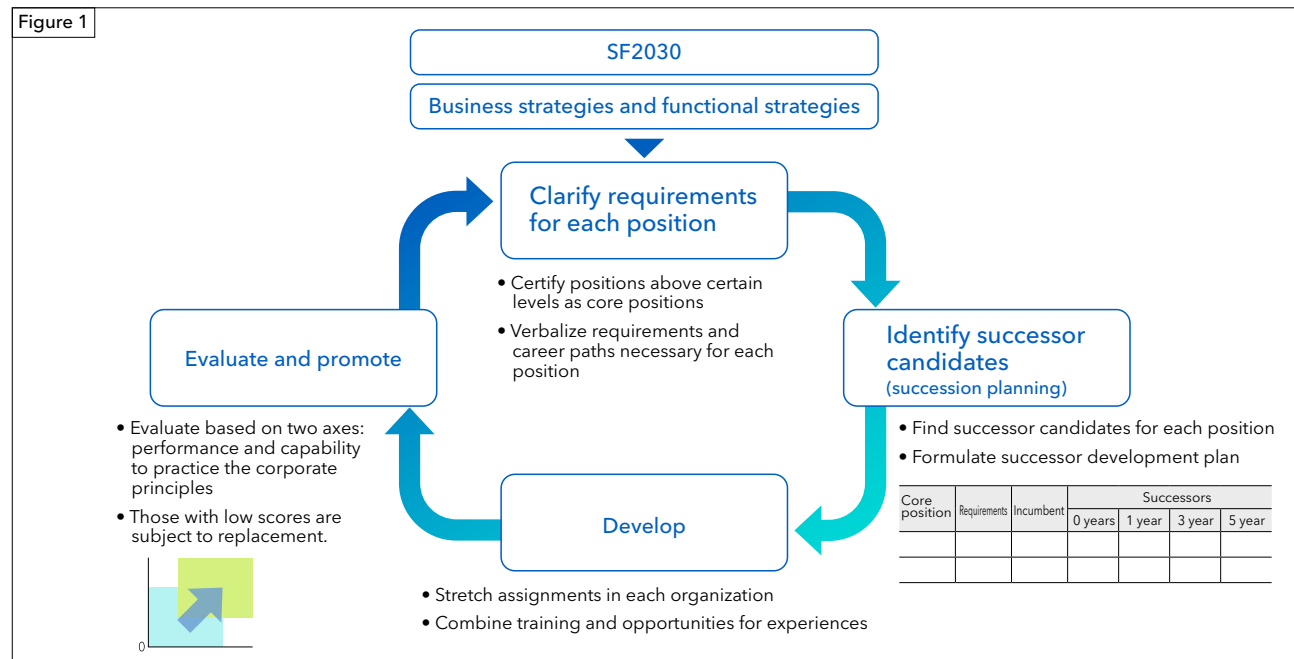
■ Contents of reports and resolutions at the meeting of the Board of Directors

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
--------------------------------------	---

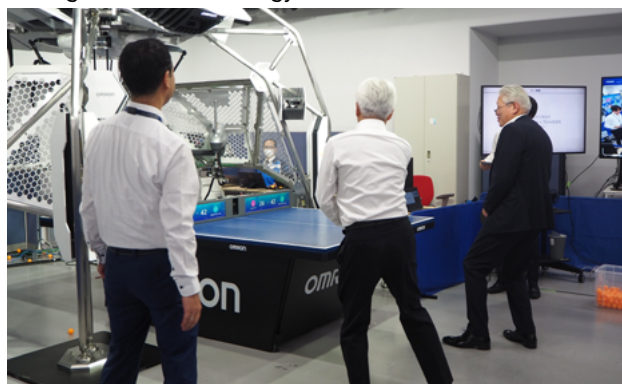
■ Board of Directors review (continuously held from fiscal 2021)

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)
--------------------------------------	---

■ 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

Risk Management

Integrated Risk Management for Supporting Global Business Activities

OMRON implements integrated risk management under a common framework throughout the Group. This is because, it is necessary to increase our risk sensitivity, and identify and take action before risks become apparent in order to respond quickly to changes as the speed of environmental changes surrounding management and business increases and the degree of uncertainty rises. We aim for active risk management where front-line employees and management work together to solve problems arising from changes in the environment that cannot be addressed by front-line employees alone. We are implementing a PDCA cycle

globally to improve the quality of this activity. We are additionally considering how to equip ourselves with mechanisms enabling efficient, effective, and prompt risk decisions while still adhering to the OMRON Principles and relevant business rules in order to achieve our long-term vision SF2030.

Integrated Risk Management System and Structure

Under the internal control system, the framework for integrated risk management is summarized in the OMRON Group Rules (OGR)* for Integrated Risk Management, which clarify the position of the risk management framework within Group management. The Senior General Manager of the Global Risk Management and Legal HQ (GRL Manager) is the person in charge of its promotion. Additionally, risk

managers (160 in total) have been appointed for head office divisions, business companies, regional headquarters and Group companies across the world, to help promote initiatives on a global scale through the concerted effort of management and front-line employees. The three main activities are as follows:

- Grasp changes in the environment in a timely manner, share this information with relevant parties, and assess the impact in a timely manner
- Conduct global risk analysis to identify critical risks and establish appropriate responses
- Implement crisis response measures when risks become apparent in a crisis

* The OMRON Group has established shared OMRON Group Rules (OGR) as the foundation for fair and transparent management. The OGR has been established for major functions such as risk management, accounting and finance, human resources, information security, and quality assurance. The rules are reviewed annually to ensure that changes in the environment are reflected in the rules in an appropriate and timely manner.

➤ Compliance and Risk Management

Corporate Ethics and Risk Management Committee Structure



Integrated Risk Management Cycle



Group Critical Risks and Analysis

In SF2030, the OMRON Group aims to solve social issues that arise in the transition to a new social and economic system. To this end, we are working to create social value in business domains and are implementing initiatives integrating sustainability with business. We designated April 2024 to September 2025 as a period of structural reform and launched Structural Reform Program NEXT 2025. We consider the key factors that must be addressed in the execution of these initiatives to be risks.

In operating our group, we have identified the following two Group Critical Risks. S Rank: Risks of utmost importance to the operation of the Group, which may jeopardize its survival or bring severe social liability, A Rank: Risks that

impede the achievement of important group goals. We monitor the implementation of measures and changes in the risk situation. If the Group does not take appropriate measures for the Group Critical Risks, it will incur serious social responsibility. It could also lead to the failure of business strategy, resulting in the loss of corporate value.

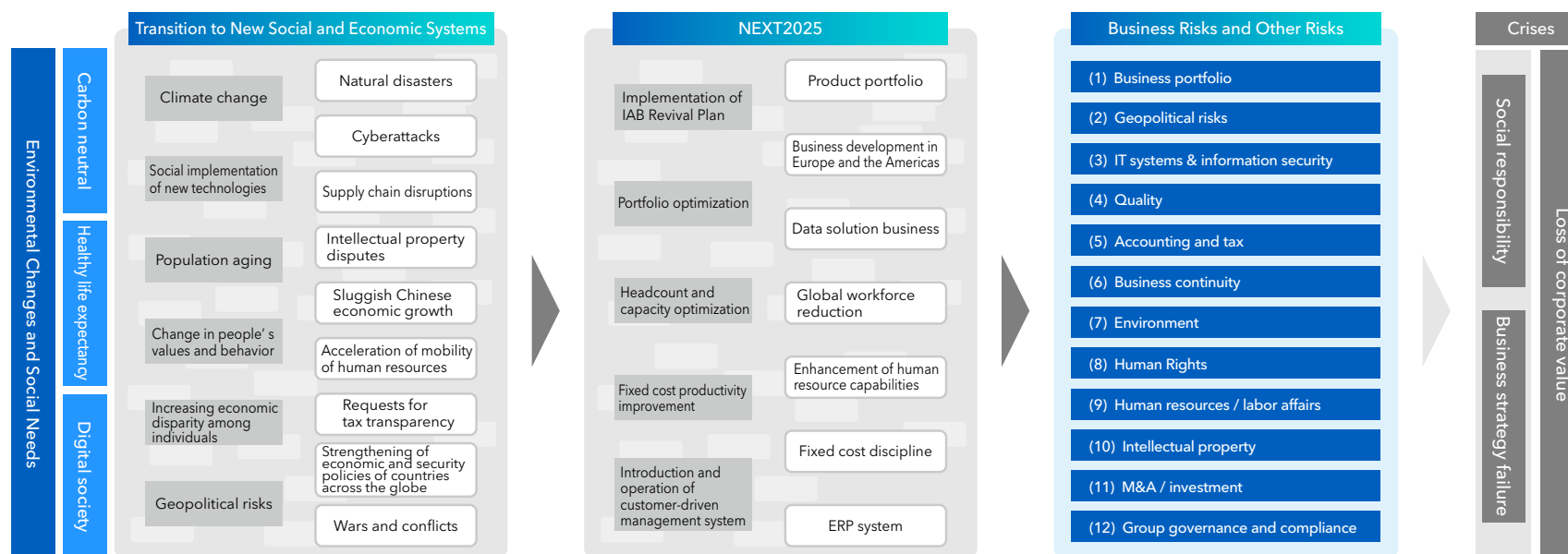
Risk assessment as of the end of fiscal 2023

Themes of Group Critical Risks based on the OMRON Group's risk analysis conducted at the end of fiscal 2023 are presented in the table below. We will pay particular attention to risks associated with executing NEXT 2025, such as business portfolio and headcount and capacity optimization, as well as Group governance and compliance

risks as we seek to accelerate business and improve profitability. If appropriate and sufficient measures are not taken, these risks could impact the Group's operating results, financial condition, or the accomplishment of its long-term vision. Accordingly, we consider them to be matters that could have a material impact on judgment by investors.

However, this is not an exhaustive list of all risks; the Group may be affected in the future by risks that are currently unforeseeable or considered insignificant. Matters discussed here that are not historical facts reflect the judgment of OMRON Group management as of the date of submission of this annual securities report (June 21, 2024).

Overview of Businesses and Other Risks



Addressing Group Critical Risks

1) Business Portfolio

Risk Scenario	<p><Environment> While the OMRON Group faces a mounting need to address social issues, the economic environment today is worsening against the backdrop of China's slowing economic growth and disruptions in the supply chain, and the outlook for the future remains volatile and uncertain. Such changes in the environment will have a material impact on the areas of activity and product offerings of each of the Group's businesses, including the following:</p> <ul style="list-style-type: none"> • Business expansion of the Industrial Automation Business in Greater China • Blood pressure monitor business of the Healthcare Business • Energy solutions business of the Social Systems, Solutions and Service Business <p><Impact> Adequately responding to the rising demand from growing industries and areas will create new value for society and business opportunities. Meanwhile, if the business environment deteriorates more than expected in Greater China, on which we are currently highly dependent, or for the businesses and products that drive growth in each business segment, and if we fail to optimize our portfolio to respond to changes in the environment, there is a risk of a decline in sales and other performance downturns, as well as the risk of not realizing sustainable and profitable growth.</p>
Response	<p><System> Under the Structural Reform Program NEXT 2025, we will build industry/area portfolios to reduce dependence on China through such efforts as accelerating business expansion in Europe and the Americas.</p>

(2) Geopolitical Risks

Risk Scenario	<p><Environment> The global business environment is growing increasingly complex due to policies enacted in various countries and regions in response to issues such as US-China relations, the situation in Russia and Ukraine, and the conflict in the Middle East. Notably, economic security policies, including formation and deployment of multilateral frameworks, are evolving further, related to the stable supply of important commodities such as semiconductors, promotion of advanced technologies, and regulation of exports, imports and investments. Political confrontations, human rights issues, and heightened risks of conflicts may lead to further expansion of various measures in the future as well as policy changes due to elections in some countries. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Supply of products to global markets from major factories in China, Asia, etc. • Investment and business expansion in cutting-edge technologies such as robotics in the United States and other countries • Sales to customers with respect to products covered by economic security policies, and the promotion of businesses related to social infrastructure such as finance and transportation
---------------	---

Risk Scenario	<p><Impact> Developments such as restructuring of supply chains globally will create new social value and present business opportunities. On the other hand, if we fail to adequately respond to market changes, demand for the OMRON Group's products and services will decline, and if we fail to adequately respond to new laws and regulations, it may result in export restrictions, sanctions violations and others. There is a risk that it may cause sales to decrease, strategies to be reviewed, serious administrative penalties to be incurred, or our brand value to be damaged.</p>
Response	<p><System> OMRON business response policies are deliberated on by management bodies such as the Board of Directors and the Executive Council. Legal and regulatory response is overseen by each responsible department. For instance, in regard to export controls, the Global Risk Management and Legal HQ conducts global security trade management via a companywide export control committee.</p> <ul style="list-style-type: none"> • Related OGR: Integrated Risk Management Rules, and Export Control Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Exploring and promoting medium- to long-term production and research and development systems to reduce the impact of geopolitical risks • Monitoring global political and economic conditions and trends in laws and regulations, and ascertaining the impact of economic sanctions and responding to them <p>[Example of a specific risk countermeasure: Responding to the situation in Russia and Ukraine] Regarding export control, we have strengthened the process of pre-screening transactions that may pose security risks globally in order to better respond to increasingly complex export regulations and sanctions imposed by various countries.</p>

(3) IT and Information Security

Risk Scenario	<p><Environment> The rapid digitalization of socioeconomic activity is bringing about a transformation in corporate management, for instance through the use of data to make management decisions or development of new products and services centered on AI and IoT devices. While the infrastructure for data distribution is being developed globally, the risk of cyberattacks due to the misuse of AI as well as the risk of technical information leaks due to the mobility of human resources is increasing more than ever. Countries are strengthening regulations on the handling and transfer of important information such as personal data and technical information from the perspective of protecting privacy and ensuring economic security. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Business operations using global systems, including our supply chains • "Corporate IT System Project" with the aim of building a new management system • Promotion of a new business model focused on goods and services, such as the utilization of health data in the Data Solution Business
---------------	--

Risk Scenario	<p><Impact> Developments such as the use of big data in medical services will create new social value and present business opportunities. On the other hand, if measures to deal with information security risks, such as cyberattacks, are not adequate, it may cause the OMRON Group's business activities and provision of products and services to be suspended or result in information leakage. If measures to comply with global personal data regulations, particularly those on international transmission, are not taken appropriately, it could result in violations of laws and regulations. There is a risk that it may lead to a decrease in sales, serious administrative penalties, or damage to our brand value.</p>
Response	<p><System> As the basic policy, we have newly established and published the "Basic Policy on Information Security." Under the supervision of a supervising director, the Senior General Manager of each head office division controls and manages measures for each area of information security, product security and personal information management as a person with operational responsibility. For issues encompassing the respective areas, the Cyber Security Integration Conference chaired by the supervising director meets to resolve them. Additionally, in order to provide direction at higher levels, the Information Security Strategies Conference, chaired by the President and CEO, deliberates on priority issues and strategies. In terms of implementation, policies are promoted and managed through the Information Security Promotion Conference chaired by the Senior General Manager of Global Business Process and IT Innovation HQ as the supervising director for cybersecurity and participated in by persons in charge of IT of all regional headquarters. As for personal data, we strive to grasp trends in laws in various countries and the status of the OMRON Group and strengthen actions to ensure compliance with laws and regulations, with the Senior General Manager of the Global Risk Management and Legal HQ being the person in charge.</p> <ul style="list-style-type: none"> • Related OGR: IT Governance Rules, and Information Security Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Evaluation and strengthening of measures based on NIST-CSF*, a global standard framework • Collection of comprehensive threat information through external specialized agencies and rolling out countermeasures within the Group • Prompt reporting and actions to minimize damage in the event of an incident by the Incident Response Office (CSIRT) • Implementation of risk assessment and measures to ensure the security of high-risk supply chains • Employee education for enhanced information literacy and conducting of drills to prepare for cyberattacks • Implementation of website vulnerability checkups and improvements • Construction of a global system to respond to personal data regulations <p>[Example of a specific risk countermeasure: Enhancing the system and process for responding to an emergency] We developed ransomware crisis management procedures, conducted cyberattack drills for management, provided incident response training at regional headquarters, and conducted other activities to improve our ability to respond to emergencies.</p>

* NIST-CSF: Cyber Security Framework (CSF) published by the National Institute of Standards and Technology (NIST) in 2014. This framework is generic and systematic. Countries around the world are moving toward compliance, including the U.S.

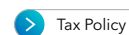
(4) Quality

Risk Scenario	<p><Environment> Quality is the foundation of a company's public trust. A high degree of safety and accuracy is demanded for innovative products and services that utilize new technologies, with many governments exploring or even implementing new regulations covering issues such as use of AI and product security. Public appeals to reduce health and environmental impacts are also higher than ever, and regulations in each country covering the presence, recycling and labeling of organic fluorides (PFAS) and other chemical substances are growing stricter. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Control equipment and energy solution products that can lead to fires, accidents, and shutdowns of facilities in the event of product defects • Global products to which various countries' laws and regulations on product safety, chemical substances, cybersecurity and others are applicable • Promotion of a business model that combines goods and services, such as the i-BELT service to make use of data for manufacturing sites <p><Impact> Ensuring quality that responds globally to high standards for new technologies and product safety will create new social value and present business opportunities. On the other hand, in the event that we provide inadequate product design/inspection, inappropriate customer support or inappropriate reporting in the event of quality defects and others, or in the event that we fail to appropriately comply with laws, regulations, and standards globally, it may result in large-scale recalls of the OMRON Group's products or suspension of production and distribution of products. There is a risk that it may cause a loss to be incurred, sales to decline, or our brand value to be damaged.</p>
	<p><System> OMRON's basic quality policy is based on the principle of quality first. Our quality assurance system is pursued by the Global Procurement and Quality & Logistics HQ, with the President and CEO assuming ultimate responsibility. Swift and appropriate measures are taken, under oversight by the Board of Directors, if and when serious quality issues arise.</p> <ul style="list-style-type: none"> • Related OGR: Quality Assurance Rules, and Product Quality Risk Management Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Acquisition of Quality Management System (QMS) such as ISO9001 (ISO13485: Medical equipment industry, IATF16949: Automotive industry) • Application and deployment of a QMS adapted to the service business • Establishing quality technologies for technologies with high risks (such as lithium-ion batteries and power devices) • Strengthening a product security system (gathering external vulnerability information and a response system (Product Security Incident Response Team, PSIRT), security monitoring activities, etc.) • Currently working to ascertain trends in environmental and safety-related laws, regulations, and standards related to products, and to strengthen management systems conducting impact assessments • Establishment and operation of quality consultation desks and implementation of quality compliance training and on-site quality inspections

5) Accounting and Tax

Risk Scenario	<p><Environment> Proper financial reporting and tax compliance are fundamental to corporate activities. As the globalization of companies accelerates and transactions are becoming increasingly borderless with new business models and services created, accounting standards are getting more advanced and tax systems are becoming more complex. Also, with progress in cooperation and coordination among countries, companies are subject to growing demands regarding tax transparency. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Transactions with customers and intragroup transactions on a global basis • Development of diverse services through a combination of products and services, in addition to products only <p><Impact> Ensuring compliance with global accounting standards and confidence in tax procedures will create new social value and present business opportunities. On the other hand, if we fail to manage assets appropriately or conduct appropriate accounting for new services/businesses or restructuring, or fail to respond appropriately to tax laws, transfer pricing taxation systems, customs laws, and other related regulations of various countries, or trends in enforcement by the authorities, we may be required to revise the financial statements, or pay substantial additional penalties or settlements from the authorities, or suffer damage to our brand value.</p>
	<p><System> Pursuant to the basic framework for internal control on financial reporting and the "Tax Policy*" approved by the Board of Directors, and led by the Global Finance and Accounting HQ, we have established and operate systems and rules aimed at ensuring appropriateness in accounting and tax operations.</p> <ul style="list-style-type: none"> • Related OGR: Accounting and Finance Rules, Anti-Fraud Rules, Implementation and Promotion of J-SOX Rules, and Customs Clearance Administration Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Strengthen self-inspection of internal controls and conduct audits focused on indications of risk • Regularly gather information on accounting standards using outside experts, etc. and assess and respond to their impact, etc. • Review policies related to international taxation in light of various OECD reports and the development of new international taxation rules • Work with local subsidiaries to respond to changes in taxation systems and enforcement by authorities in each country and region • Strengthen customs compliance system and monitoring

*For the "Tax Policy," please refer to the following:

**6) Business Continuity Risks (Natural Disasters, etc.)**

Risk Scenario	<p><Environment> There remains a possibility globally that natural disasters such as floods, torrential rains and huge earthquakes and emergence of infectious diseases could cause society to become dysfunctional. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Suppliers and production bases in various countries and regions across the world • Provision of products and services for social infrastructure and human health management that are required to continue even in the event of an emergency • Development of energy solutions business to respond to demands for disaster prevention and mitigation <p><Impact> Demands for companies regarding business continuity and initiatives to enhance social resilience will create new social value and business opportunities. On the other hand, in the event of unforeseen disasters, there is a possibility of partial suspension or reduction of business activities due to large-scale suspension of social infrastructure and economic activities, production stoppage at our plants, or long-term suspension of parts supply from important suppliers. There is a risk that it may lead to a decrease in sales or damage to our brand value.</p>
	<p><System> Based on basic policies for personal safety, preservation of public infrastructure and full cooperation in recovery efforts, individual business companies and head office divisions cooperate to establish business continuity plans that include matters of production, procurement, distribution, and IT.</p> <ul style="list-style-type: none"> • Related OGR: Integrated Risk Management Rules, and Procurement Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Simulations and training drills for emergency situations • Operation of an employee safety confirmation system and stockpiling of emergency food and drinking water at business sites according to risks • Centralized management of supplier production area information and establishment of evaluation systems for alternative production sites • Establishing escalation routes for emergencies and a structure to ascertain impacts

7) Environment

Risk Scenario	<p><Environment> Toward the realization of decarbonization and lower environmental impact, we are required to view climate change from the two aspects of "opportunity" and "risk" to put our corporate social responsibility into practice and build further on our competitive advantage. In addition, demand for disclosure on corporate initiatives for environmental issues is growing year by year in order to reflect the information in corporate valuation and investment activities, and there is an increasing trend for third-party assurance of disclosed information to be regulated by laws. On the other hand, food and water shortages caused by frequent floods and droughts due to global warming, issues concerning plastics, and ecosystem destruction have become a social issue at the global level. As countries across the globe accelerate their policies toward carbon neutrality, requests for companies to reduce greenhouse gas emissions and ensure traceability are also expanding. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Realization of automation at production sites to increase productivity and energy efficiency in the Industrial Automation Business • Widespread use of renewable energy through evolution of energy control technology in the Social Systems, Solutions and Service Business • Development and provision of components that lead to a reduction in carbon footprint in the Device & Module Solutions Business • Waste reduction at all production sites across the globe with the aim of realizing a circular economy <p><Impact> Growing need for products and services that contribute to decarbonization will create new social value and provide business opportunities. On the other hand, as many companies seek to solve social issues, business competitiveness directly hinges on whether or not strategies and execution are successful. Further, inappropriate disclosure called greenwashing in sales promotional activities may lead to the loss of social confidence, which in turn may cause transactions to be suspended, product development to be discontinued, strategies to be reviewed, and our brand value to be damaged.</p>
	<p><System> To address environmental issues, we carry out activities in accordance with the OMRON Environmental Policy established by resolution of the Board of Directors. In terms of the concrete execution system, the Global Corporate Communications & Engagement HQ takes the lead in promoting initiatives under the responsibility of a director in charge of sustainability promotion who has been delegated authority from the President and CEO. The Senior General Manager of the Global Human Resources and Administration HQ, the Senior General Manager of the Global Procurement and Quality & Logistics HQ, and the Presidents of respective business companies are responsible for measures for the internal domain, supply chain domain, and business strategy domain, respectively.</p> <ul style="list-style-type: none"> • Related OGR: Environmental Management Rules and Procurement Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Accelerating reductions in greenhouse gas emissions for which a target is set for each of Scope 1 and 2 and Scope 3 Category 11 • Transitioning to a circular economy through the expansion of collection and recycling efforts, circular material procurement, the maximization of the resource recycling rate, and other efforts • Disclosure of information on sustainability issues, including information in line with TCFD recommendations

8) Human Rights

Risk Scenario	<p><Environment> Toward the realization of a sustainable society, companies are being required to take responsibility for human rights issues not only within their own companies but also across the entire value chain. On the other hand, remedying forced labor, child labor, low or unpaid wages, long working hours, working environments with inadequate safety and hygiene, and harassment has become a social issue. Efforts to ensure respect for human rights through legislation are progressing, by visualization of supply chains through due diligence and prohibiting imports from countries and regions with human rights concerns. New human rights issues have also arisen as a result of technological innovations such as the use of AI. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Global business sites and supply chains, including those in China and Asia • R&D and provision of products and services using AI <p><Impact> Building value chains and utilizing AI in consideration of human rights will create new social value and provide business opportunities. On the other hand, failure to respond appropriately to human rights issues in the value chain, or failure to comply with laws and regulations on AI that results in discrimination and other human rights issues through products and services may lead to the loss of social confidence, which in turn may cause transactions to be suspended, product development to be discontinued, strategies to be reviewed, and our brand value to be damaged.</p>
	<p><System> To address human rights issues, we carry out activities in accordance with the OMRON Human Rights Policy established by resolution of the Board of Directors. In terms of the concrete execution system, the Global Corporate Communications & Engagement HQ takes the lead in promoting initiatives under the responsibility of a director in charge of sustainability promotion who has been delegated authority from the President and CEO. The Senior General Manager of the Global Human Resources and Administration HQ, the Senior General Manager of the Global Procurement and Quality & Logistics HQ, the Presidents of respective business companies, the Senior General Manager of Technology and Intellectual Property HQ, and the Senior General Manager of Global Risk Management and Legal HQ are responsible for measures for the internal domain, supply chain domain, business strategy domain, ethical utilization of technologies including AI, and redress mechanism, respectively.</p> <ul style="list-style-type: none"> • Related OGR: HRM Rules, Occupational Safety and Health Management Rules, and Procurement Rules <p><Initiatives> Specifically, we are promoting the following measures to fulfill corporate responsibility to respect human rights in alignment with the UN Guiding Principles on Business and Human Rights (UNGPR):</p> <ul style="list-style-type: none"> • Risk assessment using the RBA* Assessment Tool • Presenting sustainable procurement guidelines to suppliers and confirming compliance status • Collecting information on AI and developing internal rules for use of AI in businesses • Operating a human rights redress mechanism globally

* RBA: Responsible Business Alliance. Global CSR alliance focused mainly on the electronics industry.

9) Human Resources and Labor

Risk Scenario	<p><Environment> As the mobility of human resources increases globally, the competition for hiring scarce talent who have advanced technological skills, such as IT expertise, is becoming more intense than ever. On top of that, wage levels are rising across the globe, triggered by global inflation and labor shortages. In such an environment, it is important to implement human capital management that makes us attractive to job seekers and enhance employee engagement. In addition, there has been demand for disclosure on human capital from society in recent years. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Further efforts to develop the skills of the current workforce and securing talent with required abilities • Accelerating diversity and inclusion <p><Impact> The development of human resources and an environment that attracts diverse talented human resources and encourages each individual to seize the initiative and demonstrate his/her abilities is a driving force for increasing corporate value. On the other hand, if the human resource strategies implemented during the structural reform period is not sufficiently effective, it could lead to an exodus of employees with scarce skills and experience or labor problems while making the recruitment of new talent difficult. In addition, if the disclosure of information on human capital is inappropriate, it may lead to damage to our brand value due to a decrease in confidence from investors.</p>
	<p><System> Important human resource strategies are discussed and decided by the Board of Directors and Executive Council. Under the Chief Human Resources Officer (CHRO), the Global Human Resources and Administration HQ is taking the lead in implementing measures.</p> <ul style="list-style-type: none"> • Related OGR: HRM Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Restructuring of human resource portfolio • Fair evaluation, appointment, and placement of executive officers and key management personnel • Investment in human resources with an eye to transforming organizational capabilities • Initiatives and programs to share achievements that solve social issues (medium-term performance-linked stock-based compensation, etc.) • Implementing "TOGA" to instill the OMRON Principles in all employees and promote greater empathy and resonance

10) Intellectual Property

Risk Scenario	<p><Environment> It is essential to form intellectual property and intangible assets with a competitive edge and link them with value creation stories in order to improve corporate value sustainably while solving social issues, and open innovation and alliances are accelerating in technology development and the development of business models. On the other hand, competition and confrontations among companies and countries over intellectual property have also intensified, and issues from the perspective of fair trade in business alliances with start-up companies have been pointed out. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Technology fields of focus such as robotics, sensing, power electronics, and AI/data analysis • Creation of new businesses such as data healthcare, food production automation, and DX support for manufacturing sites <p><Impact> The trend of promoting investment in intellectual property and intangible assets as a source of competitiveness will create new social value and business opportunities. On the other hand, if the acquisition and protection of such assets are not done adequately, leakage of technologies and know-how or imitation of our brands may occur, causing our business to lose its competitive edge. In addition, in the event of a patent infringement dispute, etc. or unauthorized use, it may cause the provision of the products and services of the OMRON Group to be suspended and result in claims for substantial compensation for damages or payment of royalty. There is a risk that it may cause a loss to be incurred, sales to decline, or our brand value to be damaged.</p>
	<p><System> The Technology and Intellectual Property HQ is responsible for intellectual property activities based on the basic policy. Intellectual property strategies are regularly reported at and discussed by the Board of Directors.</p> <ul style="list-style-type: none"> • Related OGR: Intellectual Property Management Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Initiatives to improve the accuracy of the decisions on directions of research themes and the selection of partners by utilizing the IP landscape • Developing and implementing an intellectual property strategy linked to business and R&D, to accumulate intellectual property rights with a competitive edge • Research of third parties' intellectual property rights in conducting R&D and design • Analysis and evaluation of third parties' infringement of the OMRON Group's intellectual property rights, and strengthening of the enforcement of rights • Measures against counterfeiting activities, including online transactions, and preventing the acquisition of trademarks similar to the Company's brand names with malicious intent

11) M&A and Investment

Risk Scenario	<p><Environment> While the need to advance technologies as a means to solve social issues increases, companies are expected to accelerate innovation through alliances, M&A, and investments with companies with technological capabilities. On the other hand, in addition to fluctuations in the performance and valuation of investee companies, there have also been developments such as the tightening of investment restrictions due to economic security policies and the operation of antitrust laws in additional sectors including IT. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Promotion of M&A and investment, including alliances and divestitures, under portfolio management • Co-creation with partners who share and resonate with the social issues that OMRON perceives, in order to create new businesses <p><Impact> Acquiring new management resources through strategic M&A and investments will create social value and business opportunities. On the other hand, if companies fail to do enough planning or due diligence, or post-merger integration (PMI) and governance for M&A counterparties or investees are not properly implemented, the anticipated synergies or alliance may not proceed as planned. There is a risk that a substantial impairment loss may be recognized and material revisions to the plans may need to be made.</p>
	<p><System> The policies for and implementation of M&A and investments are discussed and determined by the Board of Directors and other executive committees with investment discipline in accordance with the responsibility and authority specified in the management rules, and each transaction is promoted by a project team comprised of the business company, head office divisions, and outside experts.</p> <ul style="list-style-type: none"> • Related OGR: Management Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Exploring and assessing M&A and investment candidates based on business strategy • Detailed prior review and due diligence such as confirmation of the financial condition and contract details of the target company • Review of specific target progress for post-acquisition or post-investment economic impact by the Board of Directors (at least once a year) <p>[Example of a specific risk countermeasure: Monitoring and oversight of the listed subsidiary] We made a takeover bid for JMDC Inc., our investee company, and made JMDC Inc. a consolidated subsidiary in October 2023. Our Board of Directors will monitor and supervise JMDC Inc.'s strategies and business plans, including progress and challenges, in order to ensure the company's sustainable growth.</p>

12) Group Governance and Compliance

Risk Scenario	<p><Environment> As efforts to address social issues such as climate change and population aging accelerate globally and the role played by companies becomes more important, social demands for fair trade are also growing. International organizations and various governments have tightened laws and regulations against anti-competitive behavior and bribery. Also, regulations in response to the evolution of IT, AI, and other technologies, and the promotion of innovation through alliances and other means are being increasingly explored and implemented. In addition, in some emerging countries and regions, corruption is a social problem due to weak legal governance and unstable political conditions. In Japan, the demand to protect subcontractors is increasing in response to the recent depreciation of the yen and soaring energy prices. Such changes in the environment will have a material impact on the Group's long-term vision and business environment, including the following:</p> <ul style="list-style-type: none"> • Provision of products and services globally, including those licensed by the governments of various countries • Development of new products and business models through co-creation with various business partners <p><Impact> Meeting globally expanding demands accurately and expectations for innovation by companies will create new social value and present business opportunities. On the other hand, as we address the need to accelerate business and improve profitability as well as increase the independence of business operations in each region and at each group company, we expose ourselves to the risk of legal and regulatory non-compliance concerning fair business transactions and accounting practices that could result from poor governance and internal control. If any such non-compliance occurs, it could result in serious administrative penalties and damage to our brand value.</p>
	<p><System> The response policy for internal control including corporate ethics and compliance is discussed and determined by the Board of Directors. Under the OMRON Group Management Policy, we have established and operate a governance system for group companies pursuant to the OGR, and the Corporate Ethics and Risk Management Committee carries out activities.</p> <ul style="list-style-type: none"> • Related OGR: Corporate Administration Rules, Ethical Conduct Rules, Internal Audits Rules, and Procurement Rules <p><Initiatives> Specifically, we are promoting the following measures:</p> <ul style="list-style-type: none"> • Global checks and monitoring by division in charge of each function • Risk management at each regional headquarters to address critical risks according to the characteristics of each area • Regular compliance education through Global Corporate Ethics Month in October of each year, etc. • Operating whistleblower hotlines worldwide • Internal audit and guidance for improvement based on a risk-based approach • Monitoring and training on the Subcontract Act for relevant business sites by the purchasing division

Directors / Audit & Supervisory Board Members (As of 2023)

[Officers' Professional Career](#)

Directors



Yoshihito Yamada

Chairman
Chair of the Board of Directors
Member of the CEO Selection Advisory Committee
Vice Chairman of the Corporate Governance Committee

For nearly twelve years from 2011, Mr. Yoshihito Yamada led the drive to enhance the OMRON Group's corporate value as Representative Director and President & CEO. Since 2023, he has effectively managed the Board of Directors in his capacity as Chairman of the Board of Directors and the chair of the Board of Directors meeting. He has a high level of insight into corporate management, sustainability, and ESG, and is working actively to instill the OMRON Principles within the Group.



Junta Tsujinaga

Representative Director

Mr. Junta Tsujinaga has been involved in the Company's Industrial Automation Business for many years, serving as Senior General Manager of Product Business Division HQ and Company President of Industrial Automation Company. Having driven the growth of the Industrial Automation Business, he has gained a high level of insight into corporate management, technology, DX, and IT. Since 2023, he has demonstrated effective leadership toward accomplishing the Group's structural reform and improving corporate value over the medium and long term, in his capacity as Representative Director and President & CEO.



Kiichiro Miyata

Representative Director
Member of the Compensation Advisory Committee

Mr. Kiichiro Miyata has been involved in the Company's Healthcare Business for many years. After working in the development and technology departments, he was appointed President and CEO of OMRON HEALTHCARE Co., Ltd., where he gained a high level of insight into new business creation, innovation, DX, and IT. He currently serves as Executive Vice President and CTO to formulate and implement technology strategies from a management standpoint over the medium and long term.



Masahiko Tomita

Director
Member of the Personnel Advisory Committee

Mr. Masahiko Tomita has a wide range of business experience, including in the Device & Module Solutions Business, as the Executive Assistant to CEO, and in the Corporate Planning Department, which gave him deep insight into human resource development, diversity, and human resource management. Currently, he formulates and implements human resource strategies from a management standpoint over the medium and long term, in his capacity as CHRO and Senior General Manager of Global Human Resources and Administration HQ.



Shizuto Yukumoto

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

Mr. Shizuto Yukumoto has been involved in the Company's Industrial Automation Business for many years. After President & CEO of a European subsidiary, he has served as Senior General Manager of Environmental Solutions Business HQ and later Company President of the Device & Module Solutions Business. Based on his abundant global business experience and deep insight into DX and IT, he leverages these experiences to contribute to enhancing the Group's governance from an objective standpoint.



Takehiro Kamigama

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

Mr. Takehiro Kamigama has been involved in managing a global company, TDK Corporation, as Representative Director and President for many years and is concurrently Chief Consultant of Contemporary Amperex Technology Japan K.K. He has a considerable track record of management achievements and a high level of insight into innovation, technology, DX, and IT.

Outside Directors



Izumi Kobayashi

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

Ms. Izumi Kobayashi has served as President and Representative Director of Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.), Executive Vice President of Multilateral Investment Guarantee Agency, The World Bank Group, and outside director at diverse companies. She has abundant experience and international insight cultivated through these positions, as well as expertise in sustainability, ESG, and diversity.



Yoshihisa Suzuki

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

Mr. Yoshihisa Suzuki has experience serving in management positions at a global general trading company, ITOCHU Corporation, as President. He has also served as president of its overseas subsidiary and President and Representative Director of its manufacturing company. As such, he has a considerable track record of management achievements both in Japan and overseas, as well as superior insight into innovation, technology, DX, and IT.



Shuji Tamaki

Audit & Supervisory Board Member

Mr. Shuji Tamaki has been involved in the legal function of the Company for many years. As Senior General Manager of Global Risk Management and Legal HQ, he has worked to bolster Group governance, promote integrated risk management activities, and ensure the thorough enforcement of compliance. Through these experiences, he has earned superior insight into legal affairs, compliance, internal control, and risk management.



Toshio Hosoi

Audit & Supervisory Board Member

Mr. Toshio Hosoi has been involved in the Company's Social Systems, Solutions and Service Business for many years, has served as President of a software development subsidiary and Senior General Manager of Solutions Business HQ, and has led the Social Systems, Solutions and Service Business as President of OMRON SOCIAL SOLUTIONS Co., Ltd. Through these experiences, he has earned a high level of insight into new business creation, innovation, DX, and IT.



Tadashi Kunihiro

Outside Audit & Supervisory Board Member
Corporate Governance Committee Member

Mr. Tadashi Kunihiro is an attorney principally specializing in corporate governance, compliance and the Companies Act. He is an expert in establishing corporate crisis management and risk management systems and has been appointed to important positions including advisory roles in the Cabinet Office and the Consumer Affairs Agency.



Hiroshi Miura

Outside Audit & Supervisory Board Member
Corporate Governance Committee Member

Mr. Hiroshi Miura has years of valuable international work experience both in Japan and overseas as a certified public accountant at KPMG AZSA LLC and KPMG and has considerable knowledge regarding finance and accounting. In particular, he has expertise in international accounting standards, such as IFRS, and a high level of insight into governance and risk management.

Main Areas of Expertise and Specialization of Directors and Audit & Supervisory Board Members (Skill Matrix)

Areas of expertise and specialization (skills) required for Directors and Audit & Supervisory Board Members for the realization of the long-term vision "SF2030"



















Areas Of Expertise And Specialization (Skills)	Definitions of skills
Corporate management	Experience as Chairman/President or equivalent experience (experience as Representative Director, etc.)
Sustainability, ESG	Possesses business, management experience, and specialized knowledge related to sustainability and ESG
New business creation, innovation	Possesses business, management experience, and specialized knowledge related to new business and innovation
Technology, production, quality	Possesses business, management experience, and specialized knowledge related to technology, production, and quality
DX, IT	Possesses business, management experience, and specialized knowledge related to DX and IT
Human resource development, diversity, human resource management	Possesses business, management experience, and specialized knowledge related to human resource development, diversity, and human resource management
Financial accounting	Qualified as a CPA, CFO experience, business experience in financial institutions and accounting departments, and listed company management experience
Legal affairs, compliance, internal control	Qualified as an attorney, experience as an auditor, work experience in legal and internal audit departments
Global experience	Global experience, overseas business experience

Main areas of experience and expertise of Directors and Audit & Supervisory Board Members

Title & Name		Corporate management	Sustainability, ESG	New business creation, Innovation	Technology, Production, Quality	DX,IT	Human resource development, diversity, human resource management	Financial, accounting	Legal affairs, Compliance, Internal control	Global experience	Background and Qualifications
Chairman of the Board	Yoshihito Yamada	●	●					●		●	
Representative Director and President	Junta Tsujinaga	●			●	●				●	
Executive Officer Vice President, CTO	Kiichiro Miyata	●		●	●	●				●	
Senior Managing Executive Officer CHRO	Masahiko Tomita		●				●			●	
Director	Shizuto Yukumoto					●				●	
Outside Director	Takehiro Kamigama	●	●	●	●	●		●		●	Manufacturing industry
Outside Director	Izumi Kobayashi	●	●	●			●	●		●	Financial and international organization
Outside Director	Yoshihisa Suzuki	●	●	●	●	●		●		●	General trading company
Audit & Supervisory Board Member	Shuji Tamaki								●	●	International lawyer
Audit & Supervisory Board Member	Toshio Hosoi			●		●					
Outside Audit & Supervisory Board Member	Tadashi Kunihiro	●	●						●	●	Lawyer
Outside Audit & Supervisory Board Member	Hiroshi Miura	●						●	●	●	Certified public accountant

Executive Officers (As of 2023)

> Officers' Professional Career

President and CEO		Executive Officer Vice President		Senior Managing Executive Officers		Managing Executive Officer	
	Junta Tsujinaga CEO		Kiichiro Miyata CTO		Masahiko Tomita CHRO and Senior General Manager, Global Human Resources and Administration HQ		Nigel Blakeway OMRON MANAGEMENT CENTER OF AMERICA, INC. and Chairman, OMRON MANAGEMENT CENTER OF EUROPE and Chairman, OMRON MANAGEMENT CENTER OF ASIA PACIFIC
	Seiji Takeda CFO and Senior General Manager, Global Strategy HQ		Seigo Kinugawa Senior General Manager, Global Business Process and IT Innovation HQ		Tsutomu Igaki Senior General Manager, Global Corporate Communications & Engagement HQ and Sustainability Executive		
Managing Executive Officer							
	Kenji Eda Senior General Manager, Global Procurement, Quality and Logistics HQ and Senior General Manager - Americas, Industrial Automation Company		Katsuhiro Shikata President and CEO, OMRON SOCIAL SOLUTIONS Co., Ltd		Masahiko Ezaki Company President, Device & Module Solutions Company		Motohiro Yamanishi Company President, Industrial Automation Company
	Ayumu Okada President and CEO, OMRON HEALTHCARE Co., Ltd		Hidetaka Ishihara Senior General Manager, Data Solution Business HQ, and Senior General Manager, Innovation Exploring Initiative HQ				
Executive Officers							
	Jian Xu President and CEO, OMRON (CHINA) Co., Ltd.		Taisuke Tateishi 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, Global Solution Sales Division HQ, Industrial Automation Company
	Masaki Suwa Senior General Manager, Technology & Intellectual Property HQ and President and CEO, OMRON SINIC X Corp.		Toyoharu Tamoi Senior General Manager, Global Finance and Accounting HQ		Andre Van Gils Senior General Manager, Global Sales and Marketing Group HQ, OMRON HEALTHCARE Co., Ltd.		Hiroto Iwasa Senior General Manager, Board of Directors Office
	Yoshichika Tanabe Senior General Manager, Global Risk Management and Legal HQ		Yusuke Muramatsu General Manager, Corporate System PJ Office, Global Strategy HQ		Tsunetoshi Oba Senior General Manager, Product Business Division HQ, Industrial Automation Company		Kotaro Suzuki Executive Officer General Manager, Corporate Planning Department, Global Strategy HQ
							Hisako Takada Senior General Manager, CEO Office
							Yukitaka Kamio Senior General Manager, Sales & Marketing Division HQ, Device & Module Solutions Company