I. Governance

Q. Why hasn’t OMRON adopted the nominating committee format?
A. We believe that the Audit and Supervisory Board format is best. Our reasoning is the independence and sovereignty of the Audit and Supervisory Board members. We feel it’s important for members to be able to go out to the front lines of our business and to state their own independent opinions, performing audits without having to consider the implicit wants of management.

Q. By what KPIs do you measure the performance of your president?
A. Generally, we evaluate performance in a large part by our own short-term management plan. But quantitative performance depends partly on the business environment, which makes evaluation by numbers difficult. Therefore, our board of directors confirms performance from a variety of medium- and long-term viewpoints as well, including human resources strategy and technology strategy.

Q. In general, companies say they are encountering difficulties in finding outside directors with experience. How do you search for outside directors?
A. With great difficulty. We start six months before the following year to get an early start on finding candidates who can support OMRON, selecting the individuals we feel most appropriate.

Q. Are you hesitant to state your dismissal policy for presidents in your Corporate Governance Policy?
A. We elect our president every year, so we meet certain requirements of the dismissal process as provided in the corporate governance code. Obviously, the board of directors conducts an evaluation in the case of misconduct or similar. We don’t feel the necessity of stating the obvious.

Q. To what extent do outside directors take time to interview presidential succession candidates?
A. When President Yamada was named in 2011, our outside directors had three years to look at candidates. This included presentations during board meetings, discussions and communications outside board meetings, informal talks at social gatherings, and other opportunities.

II. Environment

Q. Management indicators and environmental targets are prone to be inconsistent with each other. How do you control for this?
A. Our management indicators and environmental initiatives focus on the important questions of how much to invest over the short term and how we determine returns. We don’t sacrifice management effectiveness in exchange for environmental targets. First, we determine our main management policies, then we determine how to incorporate those into our businesses.
Q. As you engage in renewable energy and other various strategies, how do you measure acceptable costs as a business?
A. Our environmental investments are energy conservation investments. We measure returns over a three-to-five-year window, so we determine priorities and then make our decision. However, three-to-five years is too short for solar power generation. In this case, we look at a period of 10 years, including maintenance in our evaluations.

Q. Costs for renewable energy are high in Japan. Have you, or do you intend to, lobby the government as corporations do overseas?
A. Our efforts as a single company consist of talking with electricity energy providers and working for steady improvements over time. We don't lobby the government, but we can make different types of contributions through our business, so we will engage on both sides.

Q. How do you view physical risks due to climate change, supply chain operations during natural disasters, or other TCFD considerations?
A. As far as physical risks, we just stated our support of TCFD today, so our response will take time. Natural risks are identified as a significant risk under integrated management, so we have initiatives in place. We have a detailed structure for disclosing supply chain risks, and we address issues beginning with those we can.

III. Sustainability

Q. What types of activities motivate employees?
A. Front-line communications is key. At OMRON, our chairman conducts OMRON Principles Dialogs, where he speaks directly with employees on our front lines. We have TOGA, as well as VOICE, which is a survey of satisfaction with management. We have received feedback that these programs raise employee motivation.

Q. How do you approach disclosure of engagement performance and other information disclosure from a strategic standpoint?
A. From the OMRON perspective, we believe in the importance of linking goal achievement and social value. We also take investor evaluations and recommendations from ratings organizations seriously. We will examine the issue, while also considering the risks associated with disclosure.