

# Risk Management

## Integrated Risk Management for Supporting Global Business Activities

Under the internal control system, OMRON pursues integrated risk management and compliance from a global perspective.

In order to rapidly respond to the faster pace of change in the operating environment and rising levels of uncertainty, in addition to strengthening efforts to become more attuned to risk and detecting and addressing risks before they materialize, we will strive for a responsive risk management, that solves problems arising out of changes in the environment, that cannot be addressed by front-line employees alone, by combining front-line and management strengths. We will strive to constantly improve these efforts through global PDCA cycles.

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

OMRON's Integrated Risk Management framework is encapsulated by the OMRON Group Rules\* (OGR; OMRON Rules for Integrated Risk Management), which are spearheaded by our Global Risk Management and Legal HQ. These rules clarify the position of risk management frameworks in regards to Group management. Additionally, risk managers (approximately 160 in total) are appointed for each head office division, business company, regional headquarters and Group company 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 impact in a timely manner

- ▶ Conduct global risk analysis to identify important risks and establish appropriate responses
- ▶ Implement crisis response measures when risks become apparent in a crisis

In order to promote ethical practices and risk management, we have established a Corporate Ethics and Risk Management Committee which consists of key risk managers, and generally meets four times a year. This committee discusses and shares information on the occurrence of significant risks, environmental changes, and the status of risk mitigation measures. It also conducts group-wide risk assessments. The status of Integrated Risk Management activities is reported to the Executive Council and the Board of Directors as appropriate.

\* 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.

## Risk Reporting and Crisis Management

In the event of a crisis, matters are swiftly reported to management in accordance with our Integrated Risk Management Rules. We then respond via a crisis response task force, as appropriate to the rank of the risk in question. Related information is centrally managed, and responses are monitored from outbreak.

## Raising Risk Sensitivity Based on Lessons of the Past

The ideal structure for us at OMRON is one in which our front lines and management work together to solve issues arising from changes in the environment that cannot be addressed by those on the front lines alone. Accordingly, we have created the OMRON Risk Book – Risk Scenario 100, a business risk casebook aimed at capitalizing on past experience. This book is used as an awareness-raising tool for management. Incidents that occur within the Group are an important learning opportunity that can help us to increase our sensitivity to risk.

<Integrated Risk Management Cycle>



<Corporate Ethics and Risk Management Committee Structure>



### Significant Group Risks and Analysis

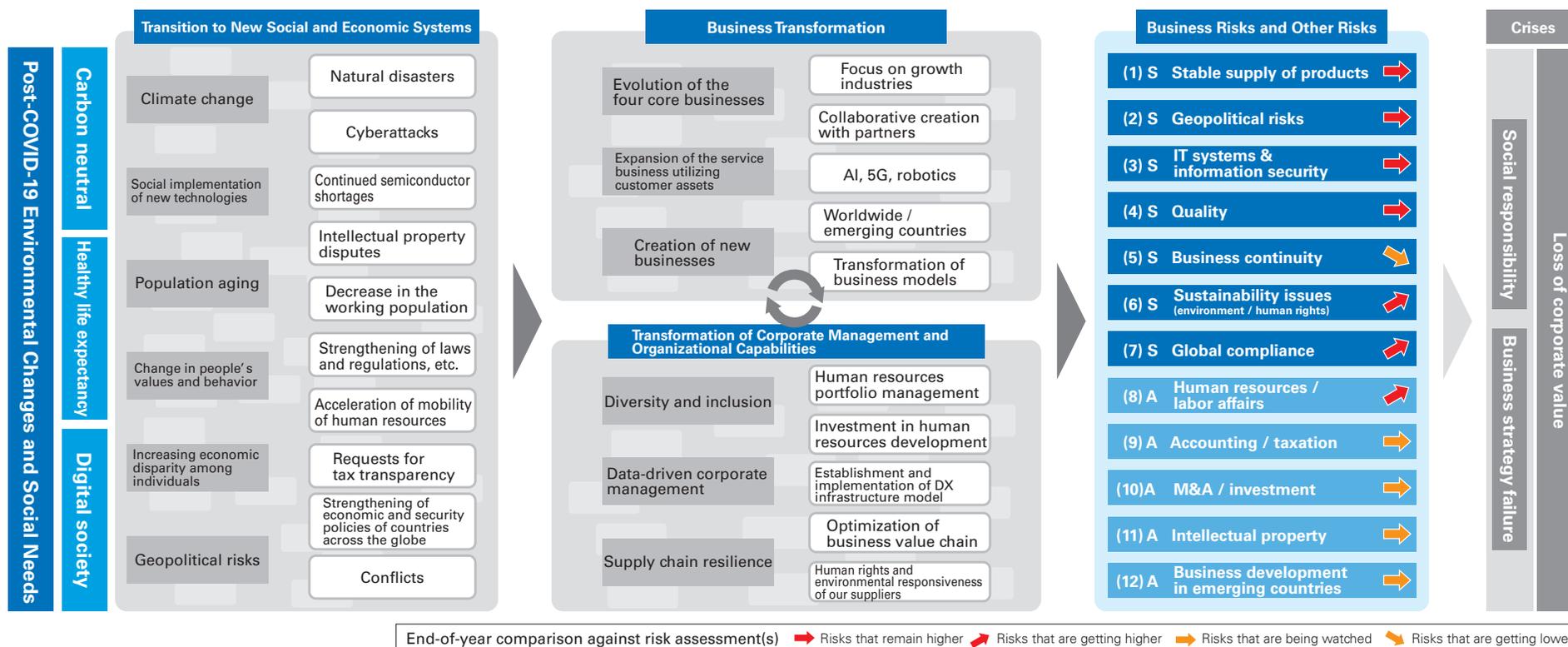
In SF2030, the OMRON Group aims to solve social issues that arise in the transition to a new social and economic system. To this end, we are committed to transforming business and transforming corporate management and organizational capability based on the factors that influence social issues. We consider the key factors that must be addressed in the execution of these efforts to be risks. In operating our group, we have identified the following two significant Group 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. At present, the S and A ranks set by the Group are as follows. If the Group does not take appropriate measures for the significant Group 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 2022>  
Themes, risk ranks and our recognition of future trends of significant Group risks based on the OMRON Group's risk analysis conducted at the end of fiscal

2022 are presented in the table below. 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 not currently foreseeable or considered significant. 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 23, 2023).

<Overview of Businesses and Other Risks>



## Addressing Significant Group Risks

The following are the significant Group risks that the Group has designated as S-rank risks and is currently focusing on.



\* For information on business and other risks, please follow the link in the QR code.

### (1) Stable Supply of Products (S Rank)

#### External Environment and Risk Scenario

Previous confusion in the supply chain, including container shortages and customs delays, is beginning to come to an end. While the business environment remains unclear, increased consumption and investment is expected due to changes in societal and industrial structures. However, shortages of components for semiconductors and other items are expected to continue, and fears remain over increased distribution costs. If the procurement volume of components does not reach the required level, or if the logistics lead times become significantly longer, this could result in lower product supply. This brings with it a risk of lower sales and decreased competitiveness.

#### The Group's Business and Countermeasures

Optimization of our global business value chain is a key element in OMRON management plans, and is pursued by the Global Procurement and Quality & Logistics HQ as well as each business company.

#### <Example of a Specific Risk Countermeasure: Responding to Components Crush>

In response to ongoing components scarcity, we have responded by switching to easier to acquire components, updating product design to require fewer components, and entering into strategic partnerships with external electronics manufacturing services (EMS).

### (2) Geopolitical Risks (S Rank)

#### External Environment and Risk Scenario

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 and the situation in Russia and Ukraine. Notably, there is currently a rapid increase in economic security policies (including formation and deployment of multilateral frameworks) related to the stable supply of important commodities (in particular semiconductors), promotion of advanced technologies, and regulation of exports and investments. There is already the possibility that such measures will increase due to the increasing risk of political conflicts, strife and human rights issues. 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 restrictions on export, 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.

#### The Group's Business and Countermeasures

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 regards to export controls, the Global Risk Management and Legal HQ conducts global security trade management via a company-wide export control committee.

#### <Example of a Specific Risk Countermeasure: Responding to the Situation in Russia and Ukraine>

A company-wide headquarters headed by the President has been set up to deal with the situation. In August 2022, we decided to suspend the Industrial Automation Business and Device & Module Solutions Business in Russia indefinitely after carefully examining the

sustainability of the business. As for the Healthcare Business, we continue to supply only medical devices, such as blood pressure monitors and nebulizers.

### (3) IT Systems & Information Security (S Rank)

#### External Environment and Risk Scenario

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, IoT-focused products and services. However, with the development of global data infrastructure, the risk of cyberattacks has increased more than ever, and regulations in each country on the handling and transfer of personal, technical and other important data are growing stronger, with a focus on privacy protection and economic security.

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.

#### The Group's Business and Countermeasures

As executive officers, basic policies and measures—divided into categories of information security, product security, and personal information management—are managed by each senior general manager of head office divisions, under the oversight of responsible directors. Issues that involve multiple categories are handled by a Cybersecurity Integration Conference, which is convened as necessary and chaired by the responsible director. Additionally, in light of the current environment and in order to provide direction at higher

levels, a new Information Security Strategies Conference, chaired by the president, has also been put into place in order to deliberate on priority issues and strategies. In terms of implementation, policies are promoted and managed via an Information Security Promotion Conference, which comprises persons in charge of IT at offices around the globe and, as the officer in charge of security integration, is chaired by Senior General Manager of the Global Business Process and IT Innovation HQ. Furthermore, we make efforts to grasp the global situation and legal trends in individual countries as regards private data, and to strengthen our response to such laws and regulations, with Senior General Manager of the Global Risk Management and Legal HQ placed in charge of such matters.

**<Example of a Specific Risk Countermeasure: Development and Operation of Systems for Continuous Monitoring of IT Equipment and Detection of Suspicious Behavior>**

In response to external evaluation of our information security systems, we have prioritized strengthening of cyberattack detection. We carry out in-house, global monitoring of IT devices 24 hours a day, 365 days a year, and respond swiftly when unauthorized access or other attacks are detected.

#### **(4) Quality (S Rank)**

##### **External Environment and Risk Scenario**

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.

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 the product. There is a risk that it may cause a loss to be incurred, sales to decline, or our brand value to be damaged.

##### **The Group's Business and Countermeasures**

OMRON's basic quality policy is based on a principle of quality first. Our quality assurance system is pursued by the Global Procurement and Quality & Logistics HQ, with the president assuming ultimate responsibility. Swift and appropriate measures are taken, under oversight by the Board of Directors, if and when serious quality issues arise.

**<Example of a Specific Risk Countermeasure: Response to a Serious Quality Issue>**

We have in place and operate a system that promptly and accurately reports risks to the top management in the event that a serious quality issue arises. With respect to the risk of dangerous ignition of storage battery units that occurred in the Social Systems, Solutions and Service Business, we are providing a software update and product replacement free of charge for some of the Company's storage battery units so that customers can use them with peace of mind.

#### **(5) Business Continuity Risks (Natural Disasters and Infectious Disease) (S Rank)**

##### **External Environment and Risk Scenario**

The COVID-19 pandemic, which began in 2020, is beginning to come to a close and socioeconomic activity has begun to return to normal. However, the global possibility of a new infectious disease or a

natural disaster, such as flooding, torrential rains or a major earthquake, that could impede the functioning of society, still remains. 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. This brings a risk of lower sales and damage to brand value.

##### **The Group's Business and Countermeasures**

Following basic policies for personal safety, preservation of public infrastructure and full cooperation in recovery efforts, each business company and head office division cooperates to establish business continuity plans that include matters of production, procurement, distribution, and IT.

**<Example of a Specific Risk Countermeasure: COVID-19>**

In regards to COVID-19, in February 2020 we established the Pandemic Response Headquarters, led by the president, which prioritized ensuring the health and safety of our employees and preventing the spread of infection in regions where we operate. In March 2023, in response to policy decisions by the Japanese government, we shifted focus and began treating COVID-19 in a similar manner as seasonal influenza.

#### **(6) Sustainability Issues (environment / human rights) (S Rank)**

##### **External Environment and Risk Scenario**

In order to achieve a sustainable society, the public expects companies to fulfill their responsibilities in terms of the environment and human rights, not only within their own company but throughout the value chain. These concerns are also reflected in corporate value assessments and investor behavior, thus the

demand for disclosure of a company's sustainability measures increases every year, including trends towards legislating requirements for third-party certification.

In regards to the environment, food and water shortages, due to increased floods and droughts caused by global warming, are becoming a global issue. As carbon neutrality policies gain pace in countries around the world, demands for companies to decrease GHG emissions and ensure traceability are growing. In regards to human rights, rectifying problems such as forced labor, child labor, low or unpaid wages, long working hours and unsafe or unhygienic working environments is currently an important social issue. Progress is being made on efforts to legally protect human rights, such as by ensuring supply chain visibility through due diligence or prohibiting imports from countries or regions that have a risk of human rights abuses. New human rights issues are also arising due to technological innovations such as the use of AI. Sustainability efforts are a company's license to do business, and increased need for products and services that contribute to issues such as decarbonization and human rights protections is an opportunity for companies to create new social value and grow business. 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, 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.

### The Group's Business and Countermeasures

For information on major environmental risk countermeasures, see pp. 85-92.

For information on major human rights risk countermeasures, see pp. 93-98.

## (7) Global Compliance (S Rank)

### External Environment and Risk Scenario

Global efforts to address societal issues, such as climate change or aging societies, are gaining steam. As the role played by companies in these efforts grows more important, public demand for fair business dealings is higher than ever. Laws and regulations on the part of international organizations and individual countries to prevent anti-competitive behavior, bribery and other such behavior are growing stricter. At the same time, regulations covering development of IT, AI and other technologies, or the creation of innovation through business alliances, are also being explored or already in place. If the authorities find or determine that a violation of fair trade laws or regulations has occurred, there is a risk that it could result in serious administrative penalties or damage to our brand value.

### The Group's Business and Countermeasures

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 organized a Corporate Ethics & Risk Management Committee to carry out activities.

## Compliance Activities

### Group-wide Management Policies and Rules

We have established the OMRON Group Rules as the foundation for fair and transparent management. The OMRON Group Rules are a set of systematic shared rules for the Group that establish important matters for the efficient, effective, and global promotion of Group governance. These rules have been established for major functions such as compliance, risk management, accounting and funding, human resources, information security and quality assurance. The rules are reviewed annually to ensure that changes in the internal and external environment are reflected in the rules in an appropriate and timely manner.

### Group Code of Conduct

We consider corporate ethics and compliance to be one of its most important issues. In order to practice Socially Responsible Corporate Management, we have established the OMRON Group Rules for Ethical Conduct, which provide specific codes of conduct for officers and employees, in 25 languages. We regard education and awareness-raising activities for directors and employees as the basis for promoting and ensuring corporate ethics and compliance, and we provide ongoing education through new employee training, position-based training, and other opportunities.

### Corporate Ethics Month

We have designated October of each year as Corporate Ethics Month, to educate employees on strict adherence to corporate ethics and compliance. We distribute top management messages to directors and employees in Japan and overseas, disseminate the OMRON Group Rules, which are the Group's common management foundation, provide compliance education on cartel prevention, anti-bribery, etc., and disseminate information about the Whistleblower Hotline.

### Efforts to Prevent of Anti-competitive Behavior and Bribery

The OMRON Group Rules for Ethical Conduct stipulate fair trade and compliance with laws and regulations, and in particular prohibit cartels and other anti-competitive behavior, as well as bribery of domestic and foreign public officials and others. It also prohibits entertainment and gift-giving in excess of normal social courtesies, even with business partners and related parties.

### Initiatives Related to Protection of Personal Information

The OMRON Group Rules for Ethical Conduct stipulate the protection and management of information. We have established the OMRON Group Rules Concerning Personal Information, and have established management measures for the acquisition, use, and disposal of information according to its rank of importance. We are also promoting necessary measures by keeping abreast of trends in laws and regulations in various countries concerning the protection of personal information and the status of the OMRON Group.

### Whistleblower System

- A Whistleblower Hotline that ensures fairness and protection for whistleblowers  
OMRON has established a whistleblower hotline, as a method of monitoring adherence to corporate ethics and compliance. We accept reports of any conduct that violates or may violate the OMRON Group Rules for Ethical Conduct, employment regulations, or laws and ordinances. Our internal rules require strict confidentiality and prohibit retaliatory action as a result of reporting or maintaining secrecy. Information about the Whistleblower Hotline is disseminated through the intranet and internal training programs.
- Reporting and consultation status  
We consider the number of whistleblowing cases to be one of the indicators of the effectiveness of the

whistleblower system, and regard it as appropriate to have a certain number of reported cases. In fiscal 2022, there were 84 reports globally (30 in Japan, 54 overseas). The breakdown is as follows:

<Breakdown of Reports Received in Fiscal 2022>



### Internal Audit

The Global Internal Auditing HQ conducts regular internal audits related to issues such as accounting, operations, and legal compliance. Audits are carried out from a risk management perspective. Through these internal audits, we regularly evaluate and improve the status of compliance with laws and regulations, including personal information protection, and the effectiveness of risk management activities.

### Dealing with Violations

When any conduct is found to be in violation of the OMRON Group Rules for Ethical Conduct, employment regulations, internal rules, or laws and regulations, the Company takes disciplinary action and other strict measures, in accordance with the employment regulations and other rules established by each company in the OMRON Group.

#### Case

### Global Corporate Ethics Month 2022: Raising Ethical Awareness of Employees Globally

Since 2016, the OMRON Group has designated October of each year as Global Corporate Ethics Month and has been implementing initiatives to raise employees' ethical awareness and enhance their relevant knowledge. During this month, all employees receive training and learn about the OMRON Group Rules for Ethical Conduct, which stipulate actions to be taken by employees in accordance with the OMRON Principles and laws and regulations.

In fiscal 2022, we carried out the following three activities as global common activities: a message from top management, translated into 10 languages, was distributed to employees; compliance training was carried out on the shared global topic of cartels; and efforts to increase awareness of whistleblower system were undertaken. In addition to these activities, topics of focus related to our long-term vision and to specific regional risks were selected for individual regions, with activities focused on e-learning and webinars. In Japan and China, training focused on personal information and software license management was carried out, while in Europe training on GDPR, export controls, AI ethics and human rights was carried out. Extra touches were added in Europe, such as the issuing of a "Corporate Ethics Month Passport" that could be stamped after each training, for those who were interested. Training focused on cybersecurity, data privacy, and IP management was carried out in other regions. Activities such as these allow employees to learn about the backdrop for certain rules, promote a greater sense of ethics among employees, and help to prevent compliance violations that might arise out of ignorance.



## Interview with the Chairman of the Board

### Unceasing Evolution of OMRON's Governance to Enhance Corporate Value

Chairman (Chair of the Board of Directors)  
Yoshihito Yamada

— You have assumed office as Chairman of OMRON (Chairman of the Board). OMRON's governance is highly regarded by external parties. What are the background and characteristics of OMRON's governance? As Chairman, how will your leadership affect OMRON's governance, going forward?

As the head of the executives during my presidency, I felt that there was no preestablished harmony at meetings of OMRON's Board of Directors. Agenda items were discussed and deliberated on not only by internal and Outside Directors but also by Audit & Supervisory Board Members. For example, if the executives' response to a question asked by a Director was unsatisfactory to the Board of Directors, or if the content of a proposal was deemed insufficient for the Board of Directors to pass a resolution, the executives would withdraw the proposal and submit it again at a

later date. Therefore, I and the other executives were vigilant and focused at every board meeting. The executive side has taken the Board of Directors' suggestions and requests for improvement seriously and has made efforts to achieve improvements. In this way, OMRON's Board of Directors is endeavoring to ensure that both the executives and the Board fulfill their mutual responsibilities, so as to continuously enhance corporate value.

OMRON's governance is characterized by the separation of executive functions and oversight functions to maintain objectivity. The President and CEO has full responsibility for execution, while the Board of Directors concentrates on its oversight functions. The Chairman of the Board does not have the right to represent the company, as OMRON believes that the executive team, which is responsible for the company's operations, should have the right to

represent the company. OMRON's governance is also shaped by its history. Beginning with the establishment of the Management Personnel Advisory Committee in 1996, the company established the Personnel Advisory Committee in 2000, the Compensation Advisory Committee in 2003, the CEO Selection Advisory Committee in 2006, and the Corporate Governance Committee in 2008. In this way, OMRON has evolved its governance to fit its needs in accordance with the changing times, understanding and digesting its meaning and significance, rather than simply establishing the organizational framework. As a result of the efforts to enhance corporate value by the executive team responsible for execution and the Board of Directors responsible for oversight, OMRON's net sales increased 1.8 times, operating income 3.0 times, market capitalization 3.7 times, and dividend amount 7.5 times compared to 1995\*. Recent initiatives to enhance the effectiveness of the Board of Directors include the Chairman of the Board's interviews with individual Outside Directors and a monthly review of the Board of Directors by Outside Executives at each board meeting. Thus, everyone attending the board meetings exchanges opinions, transcending their own roles and areas of expertise, and they all know that their mission is to reach the best possible conclusion through discussions. This is a characteristic of OMRON's Board of Directors and the reason why we believe the Board of Directors is functioning well.

\* As of March 31, 2023

Society is changing rapidly nowadays, and people's values are becoming more diverse. OMRON has adopted a hybrid governance system based on a company with an Audit & Supervisory Board and with various committees. In these changing times, how can OMRON respond to the demands of society and create value that contributes to the development of society while continuing to enhance its corporate value? We will continue the never-ending task of evolving OMRON's governance in response to the changing times.

— You passed the CEO baton to Mr. Tsujinaga and assumed the position of Chairman. What was the process by which Mr. Tsujinaga was selected?

In many companies that have adopted the company with a nomination committee system, the nomination committee is responsible for nominating the president. OMRON, however, has an advisory committee dedicated to the nomination of the CEO. The reason for this is that we have positioned the selection of the CEO as the highest priority in governance. The CEO Selection Advisory Committee consists of five members—three Outside Directors and two non-executive internal Directors—and is chaired by an Outside Director. The CEO is not a member of this committee. The chair of the CEO Selection Advisory Committee asks the CEO three questions each year at its meeting. First, whether the CEO is willing to continue in office in the coming year. Second, who should be the successor in the event of an emergency. And third, what is the CEO doing to foster his/her successors? The CEO leaves the meeting after answering these three questions. Then, only the members of the CEO Selection Advisory Committee will discuss the selection of the next CEO. The CEO does not have the right to select his/her successor. However, it is the CEO's responsibility to implement succession planning. There is always a list of several successors who are candidates for the next CEO. The CEO is engaged in the fostering of successors and shares with the committee the information on his/her approach to coaching people on the successor list and the tough tasks he/she assigns them. One of the successors, Mr. Tsujinaga, the current CEO, was given the tough assignment of figuring out how to grow the Industrial Automation Business and he rose to the challenge with flying colors. OMRON's CEO Selection Advisory Committee is also unique in that it nominates the CEO each year, rather than functioning only at the time of a change of CEO. If the committee decides that the CEO should be replaced, regardless of the timing of the medium-

term management plan or other factors, the CEO can be replaced at that time. Every year at the time of nomination, I wondered whether I should continue to serve as CEO next year and whether it would be the best option for OMRON if I continued to serve as CEO? I asked myself these questions and reviewed my performance. I think this annual nomination of the CEO by the CEO Selection Advisory Committee is an excellent mechanism because it gives the CEO an opportunity to reflect on his/her performance.

— What do you consider to be the strengths of OMRON's governance? Which matters require particular attention?

The strength of governance at OMRON is the separation of execution and oversight that ensures maintenance of the effectiveness of each function. The committees, which have oversight functions, are all chaired by Outside Directors with at least half of the committee members being Outside Directors, thus maintaining independence and transparency. The Directors who are members of committees, regardless of whether they are internal Directors or Outside Directors, visit OMRON factories, laboratories, and overseas sites, interact with local employees, and obtain feedback from the frontlines. I myself visited a production site of OMRON in Dalian, China, in August 2023. As well as visiting the plant, I also met the mayor of Dalian and other local government officials and exchanged views. OMRON's governance is unique and strong in that decisions are made based on such hands-on experience and through discussions from an objective perspective, thereby enhancing corporate value. On the other hand, in the selection of Outside Executives the challenge is to make this mechanism function effectively. This is because OMRON's Outside Directors assume this important governance responsibility. From this perspective, OMRON takes great care to find excellent candidates for Outside Executives. Experience in corporate management is a prerequisite and we emphasize diversity. Through

ongoing discussion, including Outside Directors and Outside Audit & Supervisory Board Members, OMRON develops a list of candidates and approaches them to see if they would be willing to assume the position. As interest in governance grows in Japanese companies, companies compete to secure these excellent candidates for Outside Director. We have been approaching individuals whom we want to be OMRON's Outside Directors or Outside Audit & Supervisory Board Members, even though it may be several years before we can secure their services. Fortunately, OMRON has had diverse, talented and experienced individuals serving as Outside Directors or Outside Audit & Supervisory Board Members and they have greatly contributed to the enhancement of OMRON's corporate value. We will continue our efforts to make OMRON an attractive company so that people will be willing to serve as Outside Directors or Outside Audit & Supervisory Board Members of OMRON.

— Finally, please reiterate your commitment as Chairman of the Board.

As Chairman of the Board, I will continue to evolve governance from diverse perspectives, working with internal and external Directors who have a wealth of experience. And by further evolving the oversight functions, we will accelerate the transfer of authority to the executive side and encourage high cycle business operations.

In management, I have positioned the OMRON Principles as the origin of both the unifying force and the driving force of OMRON's development. As Chairman, I will continue this approach while monitoring and supporting the executive team. I will ensure that the Board of Directors meetings are opportunities for sound and constructive discussion. Working together with the executive team, the Board of Directors will strive for sustainable enhancement of corporate value.

## Interview with the Outside Directors

### Appointing the Leader for the Next Generation Effectiveness of the CEO Selection Advisory Committee

(Interviewer: Tsutomu Igaki, Managing Executive Officer)



**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

**Takehiro Kamigama**  
 Leading 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

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

#### Role of the CEO Selection Advisory Committee, a Cornerstone of Corporate Governance

— For the first time in 12 years, a new President and CEO was appointed. How does the CEO Selection Advisory Committee set about selecting a new CEO?

**Kamigama:** Selection of a new CEO had been a topic of discussion for several years. The process included several opportunities for us committee members to meet the candidates nominated by Mr. Yamada, the former CEO, in order to familiarize ourselves with their experience, personalities, and perspectives. Having gotten to know the candidates, we drew up a shortlist. There was also a third-party assessment for us to refer to.

— OMRON positions CEO selection as the foremost task for the oversight function. What are characteristics of the CEO Selection Advisory Committee?

**Kamigama:** The first thing to note about OMRON's CEO Selection Advisory Committee is its composition. The committee consists of five members, three of whom, the majority, are Outside Directors. One of them chairs the committee. The other two members are internal Directors, both of whom are non-executive Directors. To avoid undue influence by the CEO, Directors responsible for business execution who report to the CEO are not members of the CEO Selection Advisory Committee. Naturally, the CEO is not a member of the CEO Selection Advisory Committee.

As you mentioned, OMRON positions the selection of the CEO as the foremost task of the oversight function, and to ensure OMRON has the best possible management team, the Outside Directors who are members of the CEO Selection Advisory Committee

are individuals with abundant global management experience. Another characteristic of the CEO Selection Advisory Committee is that the committee meets not only when selecting the next CEO, but also every year. At OMRON the term of office of the President and CEO is one year. Each year, after evaluating the current CEO, the committee deliberates on three themes: whether the current CEO should be reappointed, the selection of a successor in the event of an emergency, and a list of future CEO candidates.

### “Accelerate Growth by Youthful Power” The Former CEO’s Firm Intention Led to the CEO Change.

— The new CEO took office in 2023. What accounted for the timing?

**Kamigama:** Mr. Yamada, who took office as President and CEO in 2011, considered that after 10 years in office it was time for a change. In 2020, just as the CEO Selection Advisory Committee was in the process of selecting the next CEO in light of his intention, the COVID-19 pandemic struck. Given the difficulties involved in steering the company through the turmoil of the pandemic, we decided to have Mr. Yamada remain in charge while OMRON strove to overcome the extraordinary situation, capitalizing on his managerial skills based on his many years of experience. Mr. Yamada remained in post as President and CEO for two more years than he originally intended because it took time for the COVID-19 pandemic to abate, and I think it turned out to be the right decision.

In the first year of the new long-term vision “Shaping the Future 2030” (SF2030) and the medium-term management plan “SF 1st Stage” announced in 2022, OMRON got off to a flying start. Mr. Yamada’s firm intention to “accelerate this momentum through generational change and achieve further growth of

OMRON by the power of younger people” was supported by all of us on the CEO Selection Advisory Committee. This accounts for the timing of the appointment of the new President and CEO.

**Kobayashi:** Certainly, we had some discussion about how the change of CEO would shape OMRON’s future. This happened when OMRON was adopting a new perspective and had begun promoting SF 1st Stage. However, considering that our goal is realization of the vision outlined in SF2030, so far as the CEO change was concerned, it was a case of the sooner, the better. We agreed that one year after the start of SF 1st Stage would be a suitable time for the CEO change.

**Suzuki:** Having assumed office as Outside Director in 2022, I joined the CEO selection process at the final stage of candidate selection. I had no objections about the timing of the CEO change. Passing the CEO baton to a successor one year after the launch of SF2030 was such a natural progression that the question as to whether it was appropriate or not simply didn’t arise.

### Next-generation Leader Selected to Drive Further Growth

— Why was Mr. Tsujinaga selected as the new CEO?

**Kamigama:** The CEO Selection Advisory Committee shortlisted CEO candidates over the course of several years and observed them from various perspectives. In the course of this process, Mr. Tsujinaga demonstrated his capabilities and leadership as the head of the Industrial Automation Business (IAB), increasing IAB’s performance by 1.5 times in two years. This achievement was impressive.

**Kobayashi:** Yes, that’s right. When considering candidates for the next CEO, we focused on the ability to lead the organization in a rapidly changing



environment, the ability to resolve management issues, and above all, having one’s finger on the pulse of the business. In our view, these were the essential requirements. From this perspective, we, the members of the CEO Selection Advisory Committee, were unanimous in concluding that Mr. Tsujinaga, the head of IAB, which is the driving force of OMRON’s growth, was the right person to take the helm at OMRON.

**Suzuki:** Of the three social issues to be addressed by OMRON in SF2030, we think “achievement of carbon neutrality” and “realization of a digital society” can be promoted speedily through the active involvement of IAB. Given this background, when considering candidates for the next CEO, everyone on the committee felt that Mr. Tsujinaga, the head of IAB, was best suited to become the leader of OMRON.

— What information was referred to in the selection process?

**Kamigama:** In addition to the performance evaluation of the business that each candidate was in charge of, the selection process was based on various facts and information, including presentations at board

meetings, dialogue between Outside Directors and candidates, assessment results by a third-party expert organization, 360-degree appraisal, and an internal engagement survey. Through these steps, we were able to understand the strengths and weaknesses of each candidate. Mr. Tsujinaga struck the right balance throughout.

**Kobayashi:** Based on these objective evaluations and the information, our task was not to judge the superiority or inferiority of individuals, but rather to select the right person to be the next leader, in light of what is important for OMRON, going forward. In our judgment, Mr. Tsujinaga was the best fit.

**Suzuki:** The CEO Selection Advisory Committee, consisting mainly of Outside Directors, never wavered in their determination to select a person who had what it takes to be a highly effective CEO capable of building the next-generation OMRON. Having referred to various information and observations, including assessments, from multiple perspectives, we selected Mr. Tsujinaga.



## A Person with Communication Skills to Connect with Diverse People

— How would you describe the personality of Mr. Tsujinaga, the new CEO.

**Kamigama:** My impression of Mr. Tsujinaga is that he is a cheerful person who readily establishes amicable, constructive relations with all sorts of people in a spirit of equity and respect. In his business reports to the board of directors during his time as head of IAB, he spoke calmly yet powerfully. I also liked the way he took care of his subordinates in the field. As a leader, he is held in high regard and earns the trust of everyone.

**Kobayashi:** In terms of the personal attributes required of leaders, excellent communication skills are essential nowadays. This is because, in order to promote business in an increasingly complex and diverse society, one must connect with people who may differ greatly from one another in terms of their values, both inside and outside the company, using various communication styles. When considering what kind of company OMRON should be in the future, positive factors include Mr. Tsujinaga's open and friendly attitude, not least his willingness to talk with others while empathizing with their perspectives. I believe he will breathe new life into OMRON, including its organizational culture and corporate image, which bodes well for the future.

**Suzuki:** Last year, as a newly appointed Outside Director, I received presentations on each of OMRON's businesses. I had a one-on-one meeting with Mr. Tsujinaga to receive his briefing on IAB. While the shortlist of CEO candidates became even shorter in the final phase of the CEO selection process, this was a valuable opportunity for me to get to know Mr. Tsujinaga. His passion was evident in the way he spoke. Above all, I was impressed by the consideration and courtesy he showed by confirming

that I had understood his explanation.

In fact, after that one-on-one, Mr. Tsujinaga contacted me to arrange another session with me, as he thought that I was not fully persuaded by his explanation. His attitude indicated his sense of responsibility and good communication skills.

## IAB to be the Source of the Next Growth Business

— How do you think the appointment of a new CEO from IAB will affect OMRON's future trajectory?

**Kobayashi:** The fact that the new CEO is from IAB will have an impact on OMRON's trajectory as it promotes SF2030. In addition, I think it is important how Mr. Tsujinaga strikes a balance between IAB and other current businesses and also with new businesses, and how he steers OMRON as a whole.

**Kamigama:** Mr. Yamada, the former President and CEO, was from OMRON HEALTHCARE (HCB), but he also emphasized IAB and other businesses. A notable example is the capital and business alliance with JMDC, a medical statistical data service company. This is one of the actions to shift OMRON's business model from the product value perspective to the essential value perspective. I believe that JMDC's capabilities can be leveraged not only in healthcare solutions but also in the wide-ranging fields in which OMRON is engaged. I think Mr. Tsujinaga has this in mind. I hope he will fully apply his expertise long cultivated at IAB in leveraging the technologies and capabilities to create new businesses.

**Suzuki:** SF2030 Vision Statement reads: "We Will Continue to Create 'Innovation Driven by Social Needs' through Automation to Empower People." To achieve this, OMRON needs to dramatically advance its automation technology. IAB has a critical role to play in ensuring stable operations of OMRON in the

current environment, where geopolitical risks are running high. In this respect, I think it is highly advantageous that Mr. Tsujinaga, who knows IAB inside out, is serving as President and CEO. Furthermore, I assume Mr. Tsujinaga will also emphasize HCB and other businesses. He has the capacity and will to create further growth, and we, who have selected him, have higher expectations of him than anyone else does.

### Change of Business Company Presidents to Create the Strongest Team to Support the New President and CEO

— Not only the OMRON President and CEO, but also the heads of the four business companies (BC heads) changed. What is the background to this.

**Kamigama:** It was time for generational change not only of the President and CEO, but of the BC heads, too. The rejuvenation of the executive team, comprising the BC heads and the President and CEO, will vitalize horizontal communication that is characteristic of the younger generation, while maintaining the advantages of the vertical organization of the business company system that has supported OMRON's growth to date. I expect that this will facilitate the evolution of OMRON's unique "horizontal-vertical matrix management."

**Kobayashi:** I couldn't agree more. From now on, if a company's business units attempt to go it alone, shunning collaboration, the growth rate of the company as a whole will be impeded. It is important to create synergy through horizontal collaboration among organizations and to channel this synergy into the creation of new businesses. Moreover, the heads of the head office divisions are all highly experienced executives who have worked with Mr. Yamada and the former BC heads to promote the business. I am confident that now the new Team OMRON is

advancing, the new BC heads and the heads of the head office divisions will transform the organizational culture under Mr. Tsujinaga's leadership.

**Suzuki:** Responding to Mr. Yamada's stated conviction regarding the importance of the new President and CEO forming a new management team, Mr. Tsujinaga proposed a new management team, and after consulting Mr. Yamada, he proposed it to the Personnel Advisory Committee. The result is a very balanced management team. This new team has a freshness that does not prompt misgivings but rather conveys a sense of dynamism, indeed of a company advancing with vigor and vitality.

I also saw CTO Miyata and others who occupy custodian-like positions expressing their insightful opinions to the new team at meetings of the Executive Council. In a way, the executive team and oversight function formed a scrum, so to speak, from which a strong Team OMRON has emerged.

— Were there any concerns about all four BC heads changing at the same time as a new President and CEO took office?

**Kamigama:** Of course, we were not without concerns. However, I believe that experience isn't everything and that having an executive team drawn from the same demographic is conducive to more vigorous discussion at Executive Council meetings. Sharing questions and issues among BC heads at Executive Council meetings speeds up the resolution of issues. The strength of this team lies in these horizontal connections. The team leverages this synergy to find solutions to issues.

**Kobayashi:** Yes indeed. If you examine the issues of the respective BCs, you will find that there is fundamentally much in common between the issues of different BCs. We expect the members of the executive team to openly consult one another, discuss these matters, and mobilize OMRON in its entirety.



Today's youthful leaders respect one another and value collaborative endeavors pursued as a team rather than competing with one another to win. I feel that Mr. Tsujinaga is the ideal person to head such a youthful team.

**Suzuki:** Speaking of that, when I saw the former and new Directors and Audit & Supervisory Board Members behind the scenes after the General Meeting of Shareholders this June, I had the impression that the new executive team has a stronger sense of unity, and there is a refreshing lack of ceremony, because they are younger. A new youthful team may at first be somewhat rattled when beset by challenges, but I think that can ultimately have a rather a salutary effect. If you shake up the old stuff that has accumulated in a company, including values, things may be broken but they will eventually cohere and something new will emerge. I think that kind of change is healthy.

**Kamigama:** An Outside Audit & Supervisory Board Member commented that OMRON's management is "like straight-A student." I believe that organizations with atypical resources tend to be more robust than those without them. If I think of OMRON as an orchestra, I am looking forward to seeing how the

conductor, Mr. Tsujinaga, will achieve a stellar performance.

**Kobayashi:** So am I. In team building, is it really a good thing for the top management to be full of confidence? The answer is “No.” If top management has weaknesses, subordinates naturally try to offer their support. So, as Mr. Suzuki said, shaking things up to create a stronger team is a necessary step in the transformation of OMRON.

**Kamigama:** Very true. Following this generational change, it is easier to bring weaknesses and problems into the sunlight and to help one another deal with them. That is teamwork.

**Kobayashi:** The business environment is changing dramatically, and OMRON needs to change rapidly based on new ideas. For this purpose, OMRON needs to be reborn as an agile organization.

### Structure in which the Chairman Has No Right to Represent the Company, and the President and CEO Proactively Executes Operations

— What are your thoughts on the appointment of former President Yamada as non-executive Chairman (Chairman of the Board) with no representation rights?

**Kamigama:** The right of representation is synonymous with executive power. If a chairman has the right of representation, he or she will be inclined to voice their opinions about management. Ideally, the chairman should only give advice when the president seeks consultation. So, having a structure in which the chairman does not have the right of representation is a positive factor in terms of governance.

**Kobayashi:** Besides, if the chairman has the right of representation, subordinates tend to be swayed by the chairman’s intention. The chairman should assist the president, supporting and overseeing overall management from an objective vantage point.

**Suzuki:** OMRON Corporate Governance Policies states: “To clarify the oversight function of directors, the chairperson without authority to represent the company will take on the position of chair of the Board.” Mr. Tateishi, the former Chairman, also served as Chairman of the Board of Directors, and I felt that the division of roles between the Chairman and the President and CEO was clear, which must have made it easier for Mr. Yamada to manage the company. Now, Mr. Yamada, as Chairman, is striving to create a good atmosphere for the Board of Directors conducive to vigorous discussion.

### From Changing Organizations to Readyng OMRON for the Next Round of Development

— Finally, what are your expectations of Mr. Tsujinaga, the new President and CEO?

**Kamigama:** Mr. Tsujinaga possesses a wealth of knowledge and experience in manufacturing. On the other hand, with a view to expanding OMRON’s creation of social value, SF2030 calls for a shift in the value proposition from the product value perspective to the essential value perspective. My expectation is that Mr. Tsujinaga will leverage his experience at IAB and use JMDC, etc. to illuminate a path toward new “essential-value-based” businesses.

From another perspective, I would like Mr. Tsujinaga to declare that OMRON intends to become the world leader in a particular field and proceed with management with that goal in mind. There is a limit to the growth OMRON can achieve through manufacturing alone. While manufacturers worldwide pay close attention to OMRON, I have high expectations of the new President and CEO’s management acumen and am eager to see how far he will be able to progress in his mission to dynamically transform OMRON.

**Kobayashi:** I have many expectations, but if I had to narrow them down to just one, I would like to see Mr. Tsujinaga manage OMRON in a way that encourages all employees to speak up, and moreover, I would like to see their views reflected in the management of the company. By virtue of his character and communication skills, Mr. Tsujinaga is well equipped to make this happen, and I fully expect it to happen.

**Suzuki:** I would like Mr. Tsujinaga to aim for an “OMRON different from that in the past” or “a next-generation OMRON.” To achieve this, OMRON must break out of its own shell. I would like Mr. Tsujinaga to engineer a breakthrough by pursuing an approach that is different from conventional approaches. Although it may sound vague, I would like OMRON to create a product or service that makes the industry exclaim “Wow! Did OMRON come up with this?” It could be something seemingly modest but ingenious. I am looking forward to the flexible and expansive ideas of the young management team, led by Mr. Tsujinaga, and the technological innovations stemming from those ideas.

## Dialogue between Outside Audit & Supervisory Board Members (Independent)

### Audits Contribute to Enhancement of Corporate Value in the Spirit of “Throwing Stones to Make Waves”



**Tadashi Kunihiro**  
Audit & Supervisory Board  
Member (Independent)  
Member of the Corporate  
Governance Committee

**Hideyo Uchiyama**  
Audit & Supervisory Board  
Member (Independent)  
Member of the Corporate  
Governance Committee

### Dilution of the Venture Spirit: Challenge for the Audit & Supervisory Board

**Kunihiro:** In our discussion presented in the previous Integrated Report, we mentioned our concern that OMRON’s venture spirit based on the founder’s philosophy has become diluted in recent years, resulting in OMRON’s lack of growth. The long-term vision “SF2030” launched last year positions the three years covered by the current medium-term management plan “SF 1st Stage” as the “Transformation Acceleration Phase.” In other words, in SF 1st Stage, it is critically important to demonstrate the venture spirit in order to accelerate the transformation of OMRON’s capabilities to create value in response to social issues and to grow sustainably. Therefore, from the standpoint of Outside Audit & Supervisory Board Members, we are striving to reinforce and enhance the venture spirit, and moreover, we are working to ensure everyone at OMRON is part of this endeavor. Let’s start with this topic.

**Uchiyama:** Yes. As regards the venture spirit, which is the source of a company’s long-term development, OMRON founder Kazuma Tateishi urged us to “prevent mental aging and continue to embrace new challenges.” He also commented on how the organizational structure can encourage a venture spirit. He maintained it is necessary to bring top management and the frontline closer together and, by thoroughly decentralizing power, to establish an operational structure conducive to self-contained decision making. These concepts shaped the prototype of “high cycle management” that OMRON is currently pursuing.

Returning to the founder’s philosophy and analyzing OMRON’s venture spirit, I feel that we, Outside Audit & Supervisory Board Members, should re-examine the ideal configuration of the Audit & Supervisory Board and change our own posture, rather than just urging the executive team to transform the corporate culture. We have been asking ourselves a question: “What can the Audit & Supervisory Board do to enhance corporate value?” Through ongoing

discussion on this theme and proceeding by trial and error, we are endeavoring to establish a formula. Specifically, the Audit & Supervisory Board analyzes the facts and data we obtain through daily auditing activities, formulates hypotheses about latent management issues, and when necessary, raises issues at meetings of the Board of Directors to achieve shared recognition. We are also working to establish a system for monitoring the executive team’s initiatives addressing the issues we have raised and for evaluating the impact on OMRON’s corporate value of what is being done to resolve these issues.

Of course, we do not think our hypotheses concerning management issues are always 100% correct. Nevertheless, whenever we think tackling a particular issue would be beneficial to OMRON, we will tenaciously raise that issue and endeavor to get a grip on the actual situation through mutual verification with the executive team. The Audit & Supervisory Board doesn’t have to be right all the time in order to be useful and we think this posture will help spur the venture spirit.

**Kunihiro:** Audit & supervisory board members at Japanese companies are typically viewed as people who point out deficiencies and errors. But OMRON’s Audit & Supervisory Board plays a very different role. Naturally, we meticulously check to ensure there are no irregularities, which, of course, is a fundamental requirement. But besides that, we make recommendations to the executive team with the goal of enhancing corporate value.

For example, we engage in dialogue with individual organization heads on the executive side. Such dialogues are always two-way and wide ranging. We ask open questions: What is the executive side trying to achieve? How do you want to proceed? What are the issues? What can we, the Audit & Supervisory Board Members, do to support you? The ensuing discussion is typically broad and deep. Recently, we have been receiving positive feedback from executives. They find the discussions inspiring and stimulating. I believe that such initiatives express the

venture spirit of the Audit & Supervisory Board. As I mentioned in last year's discussion among Outside Audit & Supervisory Board Members, although tackling challenges and innovating to advance boldly are integral to management based on the OMRON Principles, my impression is that OMRON employees feel comfortable just chanting the corporate philosophy by rote and sometimes don't translate it into action. This is a drawback of management based on a corporate philosophy. The OMRON Principles are put in a "frame" and hung on the wall instead of inspiring people to take up challenges. Last year, the Audit & Supervisory Board thoroughly discussed this point with Chairman Yamada (then President and CEO) and achieved a higher level of shared recognition. The idea is that, although management based on the OMRON Principles is important, it is not something that should be framed and hung on the wall, but rather it is an unwavering "axis." The concept can be expressed thus: "Transition from management based on a framed corporate philosophy to management based on corporate philosophy as the axis."

The Audit and Supervisory Board is rising to the challenge, and we discuss these matters with the executive side virtually every day.

**Uchiyama:** A problem arises if the definition of the board of company auditors and the authority of company auditors for monitoring and supervising as stipulated by the Companies Act acts as a constraint. Let me be clear: if the discussion takes its cue solely from the provisions of the Companies Act, we risk losing the venture spirit by failing to rise to new challenges. Laws must be complied with, but our role must go beyond that. It would be a shame to limit our initiatives to strict observance of the letter of the law, because it would inhibit growth.

**Kunihiro:** Exactly. Whether you are outside officers, company auditors, or directors, you are all expected to fulfill your respective roles in pursuit of the enhancement of corporate value. If you restrict yourselves to a minimal role, the company's development will be impeded. Company auditors are

not allowed to engage in execution. But the law does not prohibit them from participating in vigorous exchanges of opinions at board meetings. In the course of discussion with the executive side from an independent and objective viewpoint, they should express opinions on how to improve performance and offer advice on how to resolve issues. Company auditors have an important role in providing a firm footing for the executives and encourage them to boldly take on challenges. If company auditors do not do this, the company is likely to miss opportunities to enhance corporate value.

### Discussion on Management for Further Growth and Expectations of the New Executive Management Structure

**Uchiyama:** I mentioned earlier the founder's observations about the importance of thoroughly decentralizing power while bringing the top management and the frontline closer, an orientation that has led to the current "high cycle management." Given this orientation, with an eye to OMRON's further growth, wouldn't it be advisable to change the organizational structure underpinning group management so as to increase autonomy and self-sustainability? This is the theme of our current discussion. Though speed is essential for growth, OMRON's current multi-layered decision-making process is a constraining factor. Since this is an issue concerning management from a macro perspective, there has been considerable discussion at meetings of the Audit & Supervisory Board. It is a hallmark of OMRON that such an issue is discussed and shared without being constrained by the framework of the Board of Directors or the Audit & Supervisory Board.

**Kunihiro:** OMRON has inaugurated a new executive management structure led by President Tsujinaga, and the heads of all business companies have changed. Equipped with this fresh structure, now is the time to unleash OMRON's growth potential, which is the

Group's overarching theme. We have been having dialogues with the new leaders on the executive team. I think the atmosphere is very positive.

At meetings of the Board of Directors, there are additional opportunities for Directors and Audit & Supervisory Board Members (not limited to Outside Directors and Audit & Supervisory Board Members) to put questions to the heads of executive divisions. From the executives, we are not looking for prepared, polished answers reflecting pre-established harmony. In their responses, executives share their concerns and problems, and a process of visualization leads to clarification of the issues that need to be addressed. Reflecting the diverse backgrounds of Directors and Audit & Supervisory Board Members, questions range far and wide, shaped by different perspectives.

Questions may not follow one another in a seamless sequence but are intended to open issues for lively and fruitful discussion. I also feel that grappling with the issues through discussion can lead to innovation that pre-established harmony would prevent.

My earnest desire is that such discussion will foster flexibility and speed within OMRON, enabling the company to respond effectively to circumstances in an era in which the external environment is undergoing rapid change and there is high uncertainty and opacity.

**Uchiyama:** I would like the new executive management team to prioritize medium and long-term growth, without being tempted or pressured to achieve short-term results or performance targets. Such matters should be pointed out and confirmed at future board meetings and whenever opportunities arise. With overseas sales accounting for more than 60% of total sales, can the executive team establish the OMRON brand globally so that it appeals to local talent, thereby positioning OMRON an enterprise whose organization and operations attract local human resources and facilitate their engagement? When we consider OMRON's growth from now on, I believe this is a key issue.

**Kunihiro:** Even under the new executive management team, I feel that the culture of "management based on a corporate philosophy put in

a frame” lingers. Clearly, everything isn’t OK simply because we have the new management team, including new business company heads. OMRON must continue its drive to achieve “management based on corporate philosophy as the axis.” How can we change the rigid old mindset that remains like bedrock into something malleable and moldable, while continuing to enjoy the benefits of management based on the OMRON Principles, so that excellent human resources can bring their capabilities into full play and take on the challenge of growth? We must consciously work on this.

### Principles of Conduct for OMRON Audit & Supervisory Board Members Established Setting the Pace with “Audit 3.0”

**Kunihiro:** In December 2022, four members of the Audit & Supervisory Board held discussions and established the Principles of Conduct for OMRON Audit & Supervisory Board Members, which defines the roles and the behavior expected of OMRON’s Audit & Supervisory Board Members. In other words, it documents what we have been practicing and describes our vision.

The first item reads: “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.” This is the nature of audits at OMRON. We, Audit & Supervisory Board Members, will continue to evolve the Audit & Supervisory Board in the runup to “Audit 3.0.”

**Uchiyama:** I believe that proactively communicating our views on the evolution of the Audit & Supervisory Board and the initiatives we are implementing, not only within OMRON but also to external parties, will ultimately lead to the enhancement of OMRON’s corporate value. In view of our pivotal role in the context of Audit 3.0, in taking action we should always be mindful of this contribution. This is what we intend to do.

Regarding the audit stance, the Principles of Conduct for OMRON Audit & Supervisory Board Member states: “In a spirit of “throwing stones to make waves,” we question conventional wisdom inside OMRON from diverse perspectives, including those of stakeholders.” I believe this is the starting point for constructive communication between us, Audit & Supervisory Board Members, and our counterparts within OMRON as we endeavor to contribute to the enhancement of corporate value.

**Kunihiro:** Of course, those who throw stones are responsible for their actions, and the promotion of initiatives also entails responsibility. We, Audit & Supervisory Board Members, are not at risk as long as we quietly do the minimum required by law during our term of office, but we must ask ourselves whether that would be in the best interest of the stakeholders. Hence, Audit & Supervisory Board Members should take calculated risks and rise to the challenge.

**Uchiyama:** For future audits, we need to deepen our initiatives in cooperation with the Internal Audit Division. How best to establish an internal audit system is a major concern, especially as OMRON is expanding its business globally.

**Kunihiro:** The reality is that collaboration with the Internal Audit Division is still in its infancy and dealing with the issue of establishing Group governance will take time. With the support of the Audit & Supervisory Board, the Internal Audit Division is striving to transition from its traditional activity of pointing out deficiencies to risk-based audits, improvement opinions, and advice. In regard to the evolution of the Audit & Supervisory Board, reinforcement of the organization needs to proceed in parallel with the change of the mindset.

**Uchiyama:** Today’s discussion centered on our views and what we do, touching on issues ranging from the venture spirit to the evolution of the Audit & Supervisory Board. Although, among OMRON’s various organizations, the Audit & Supervisory Board is the one whose members’ average age is the highest, we are eager to take on challenges.

**Kunihiro:** Through this discussion, I have realized afresh that our initiatives should aim to shatter the conventional image of the Audit & Supervisory Board and reveal what its objective should be, namely, to enhance corporate value. For my part, I will continue to do my utmost to contribute to the ongoing evolution of the Audit & Supervisory Board, together with Mr. Uchiyama and the full-time Audit & Supervisory Board Members.

#### <Principles of Conduct for OMRON Audit & Supervisory Board Members>

Audit & Supervisory Board Members shall strive for self-improvement, be trustworthy at all times, uphold high ethical standards, and conduct themselves with humility.

1. 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.
2. We emphasize listening attentively, dialogue, and empathy,
  - (1) Ask questions with curiosity and discuss freely and openly.
  - (2) Express opinions vigorously, including harsh ones, and be persistent.
  - (3) Strive for objective, fair, and impartial discussion and opinions based on data and evidence.
3. In the spirit of “throwing stones to make waves,” we question conventional wisdom inside OMRON from diverse perspectives, including those of stakeholders.
  - (1) Insight into the true causes and issues, not just the surface of things
  - (2) An inquiring mind based on a healthy skepticism that does not accept the status quo
  - (3) Assumption that there are two sides to everything (light and shade)
4. We promote behavioral changes in management that will enable future-oriented, transparent, fair, swift, and decisive decision-making.

# 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.

1996, we have spent more than 25 years formalizing and strengthening our framework of corporate governance.

We intend to continue our pursuit of ongoing corporate governance improvement as we develop our own unique vision of governance.

## OMRON Corporate Governance Policies

OMRON Corporation established the OMRON Corporate Governance Policies based on the Basic Stance for Corporate Governance. Since establishing the Management Personnel Advisory Committee in

OMRON Corporate Governance Policies



### <Corporate Governance Initiatives>

	1999	2003	2011	2023		
OMRON Principles	1959: Corporate Motto	1990: OMRON Principles	1998: Revised	2006: Revised	2015: Revised	2022: Stated in the Articles of Incorporation
OMRON Corporate Governance Policies				2015: Established		
Chairman of the Board	Representative Director and President		2003: Chairman serves as Chair of the Board of Directors and Chairman of the Board	2012: Chairman		
President	1987: Yoshio Tateishi		2003: Hisao Sakuta	2011: Yoshihito Yamada		2023: Junta Tsujinaga
Separation of management oversight and business execution	30 directors		1999: Revised the Articles of Incorporation, setting number of board members to 10 or fewer		2017: Abolished Directors with title (excluding Chairman of the Board)	
			1999: Adopted executive officer system		2017: Positioned president as an executive officer	
Advisory Board	1999: Advisory Board					
Outside Directors		2001: One outside director	2003: Two outside directors (seven directors)	2015: Three outside directors (eight directors)		
Audit & Supervisory Board Members (Independent)	1998: One member	1999: Two members	2003: Three members (four auditors)	2011: Two members (four auditors)		
Advisory and Other Committees	1996: Management Personnel Advisory Committee		2000: Personnel Advisory Committee			
			2003: Compensation Advisory Committee			
			2006: CEO Selection Advisory Committee			
			2008: Corporate Governance Committee			

**Corporate Governance Framework**

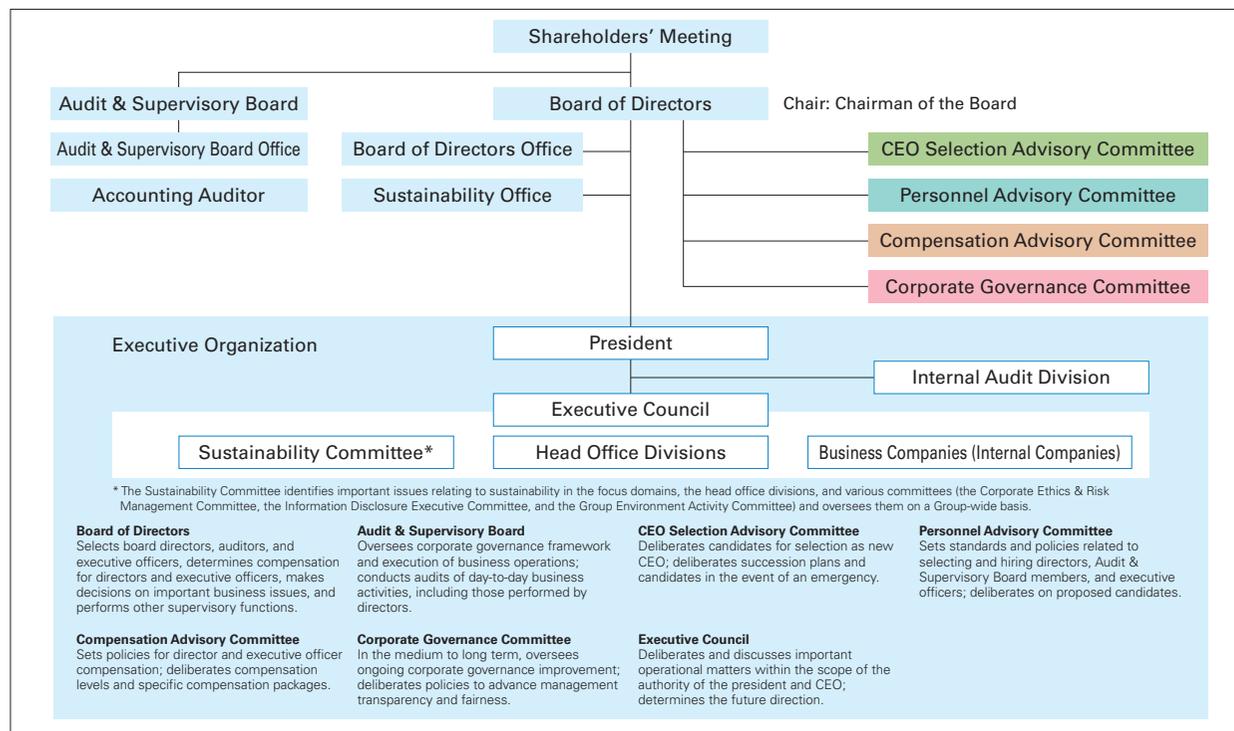
OMRON has elected to be a company with an Audit & Supervisory Board. The OMRON Board of Directors is made up of eight members to ensure substantive discussion and deliberations. To increase objectivity on behalf of the Board of Directors, the titles and roles of the chair of the Board and President (CEO) 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 President and CEO is not a member of any of these committees. The Corporate Governance Committee is chaired by an independent outside director and its members are independent outside Audit & Supervisory Board Members as well as non-executive inside directors. This structure offers another layer of transparency and objectivity to the decision-making process. In 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.

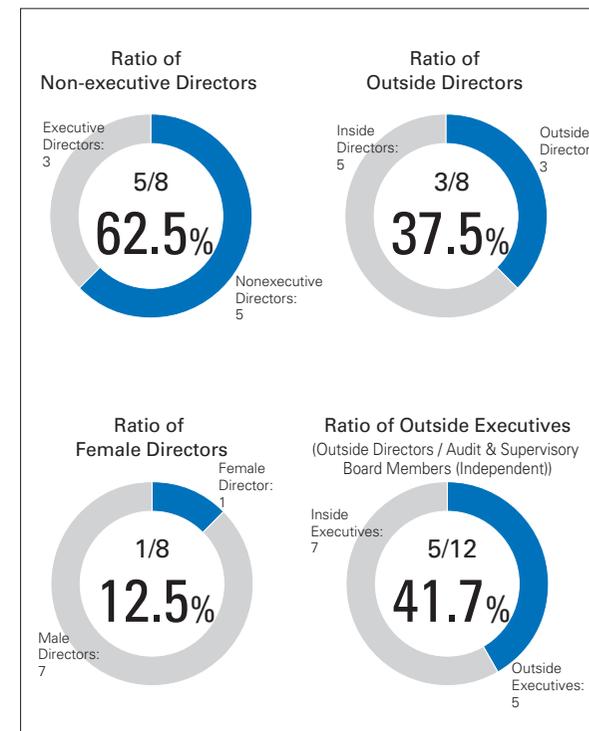
**Approach to Composition of the Board of Directors**

In order to strengthen the supervisory function of the Board of Directors, supervision is separated from execution, and the majority of the Board consists of Directors who are not involved with business execution. In addition, at least one-third of the Board of Directors consists of Outside Directors. To ensure independence, Outside Directors and Outside Audit & Supervisory Board Members (Independent) are appointed based on OMRON's Independence Requirements for Outside Executives. The diversity of the Board of Directors will also be ensured by providing a well-balanced mix of human resources with experience, expertise, and knowledge required for realizing our management vision among the Directors and Audit & Supervisory Board Members who are the members of the Board of Directors.

<Corporate Governance Framework>



<Composition of Board of Directors>



<Fiscal 2023 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				
Audit & Supervisory Board Member (Independent) Hideyo Uchiyama ◆				□
Audit & Supervisory Board Member (Independent) Tadashi Kunihiro ◆				□

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

\* 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.

<Activities of Advisory Committees in Fiscal 2022>

CEO Selection Advisory Committee	
Members	Five members (three Outside Directors and two internal Directors)
Chairman	Outside Director
Committee composition	<ul style="list-style-type: none"> <li>The majority shall be Outside Directors</li> <li>The two internal Directors shall be non-executive Directors (the President and CEO is not a member of the committee)</li> </ul>
Number of meetings held	3
Attendance rate	100%
Matters deliberated and matters reported	<ul style="list-style-type: none"> <li>Narrowing down of candidates based on engagement surveys, 360-degree evaluations, and third-party evaluation results</li> <li>Identification of candidates through contact opportunities such as interviews (conducted on a separate occasion from the committee meetings)</li> <li>Determination of candidates for President</li> <li>Determination of a successor in the event of a crisis in fiscal 2023</li> </ul>
Personnel Advisory Committee	
Members	Five members (three Outside Directors and two internal Directors)
Chairman	Outside Director
Committee composition	<ul style="list-style-type: none"> <li>The majority shall be Outside Directors</li> <li>The Chairman of the Board of Directors and the President and CEO are not members of the committee</li> </ul>
Number of meetings held	7
Attendance rate	100%
Matters deliberated and matters reported	<ul style="list-style-type: none"> <li>Determination of criteria for appointing Directors, Audit &amp; Supervisory Board Members, and Executive Officers</li> <li>Determination of Director candidates, Audit &amp; Supervisory Board Member candidates, and Executive Officer personnel</li> <li>Reporting on succession planning for management executives</li> <li>Reporting on the list of candidates for Outside Director and Outside Audit &amp; Supervisory Board Member</li> <li>Determination of the members of each Advisory Committee</li> </ul>
Compensation Advisory Committee	
Members	Five members (three Outside Directors and two internal Directors)
Chairman	Outside Director
Committee composition	<ul style="list-style-type: none"> <li>The majority shall be Outside Directors</li> <li>The Chairman of the Board of Directors and the President and CEO are not members of the committee</li> </ul>
Number of meetings held	5
Attendance rate	96%
Matters deliberated and matters reported	<ul style="list-style-type: none"> <li>Determination of compensation policy and compensation structure for Directors</li> <li>Reporting on the compensation policy and compensation structure for Executive Officers</li> <li>Determination of compensation levels and tables for Directors and Executive Officers</li> <li>Determination of compensation for foreign Executive Officers</li> <li>Determination of evaluation criteria and payment amounts for Director bonuses and stock compensation</li> <li>Determination of evaluation criteria and payment amounts for Executive Officer bonuses and stock compensation</li> </ul>
Corporate Governance Committee	
Members	Five members (three Outside Directors and two Outside Audit & Supervisory Board Members)
Chairman	Outside Director
Committee composition	Composed of Outside Directors and Outside Audit & Supervisory Board Members
Number of meetings held	2
Attendance rate	100%
Matters deliberated	<ul style="list-style-type: none"> <li>Evaluation of effectiveness of the Board of Directors in fiscal 2022</li> </ul>

## Director Compensation

### Compensation Policy for Directors

#### ① Basic Policy

- The Company shall provide compensation sufficient to recruit as directors exceptional people who are capable of putting the OMRON Principles into practice.
- The compensation structure shall be sufficient to motivate directors to contribute to sustainable enhancement of corporate value.
- The compensation structure shall maintain a high level of transparency, fairness, and rationality to ensure accountability to shareholders and other stakeholders.

#### ② Structure of Compensation

- Compensation for directors shall consist of a base salary, which is fixed compensation, and performance-linked compensation, which varies depending on the Company's performance.
- The compensation composition ratio of performance-linked compensation to base salary shall be determined according to each Director's role and responsibility.
- Compensation for outside directors shall consist of a base salary only, reflecting their roles and the need for maintaining independence.

#### ③ Base Salary

- The amount of a base salary, paid monthly, shall be determined for each role by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.

#### ④ Performance-Linked Compensation

- As short-term performance-linked compensation, the Company shall provide bonuses linked to yearly performance indicators, and to the degree of achievement of performance targets. Bonuses shall be paid as a lump sum after the conclusion of the fiscal year.
- As medium- to long-term performance-linked compensation, the Company shall grant stock compensation linked to the degree of achievement of the goals of the medium-term management plan, and to the improvement in corporate value (value of stock).
- The performance-linked component of stock compensation shall be paid after the medium-term

management plan concludes, while the non-performance-linked component shall be paid after the Director retires.

- The Company shall determine the target amounts for short-term performance-linked compensation and medium- to long-term performance-linked compensation based on the target pay mix specified according to each director's role and responsibility.

#### ⑤ Compensation Governance

- The compensation composition, compensation composition ratio, level of the base salary, as well as performance indicators and evaluation methods of performance-linked compensation shall be determined based on the deliberations and recommendations of the Compensation Advisory Committee.
- The amount of compensation for each Director shall be determined by a resolution of the Board of Directors reflecting the deliberations and recommendations of the Compensation Advisory Committee.

### Overview of Compensation Structure for Directors

#### (1) Compensation Composition Ratio

Compensation for Directors and Executive Officers consists of a base salary (fixed compensation) and compensation according to Company performance, namely short-term performance-linked compensation (bonuses) and medium-to-long-term, performance-linked compensation (stock compensation). The ratio of compensation consisting of performance-linked compensation compared to base salary has been determined for each role: (See [Figure 1](#) )

Figure 1

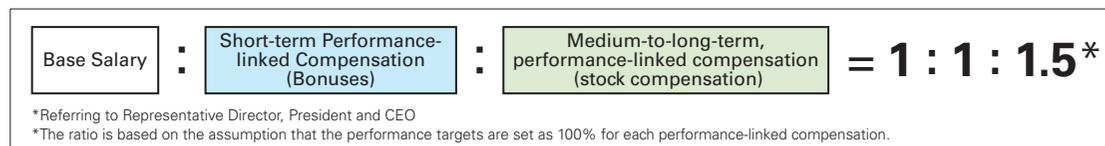


Figure 2



#### (2) Base Salary

A base salary is paid monthly to Directors and Executive Officers as fixed compensation. Base salaries are determined for each role by taking into account the salary levels of officers at other companies (benchmarked companies of the same industry and scope selected by the Compensation Advisory Committee), as surveyed by a specialized outside organization.

#### (3) Short-term Performance-linked Compensation (Bonuses)

Bonuses are paid as a lump sum after the fiscal year concludes to Executive Officers and Directors excluding Outside Directors as short-term performance-linked compensation, which is linked to yearly performance indicators and the degree of achievement of performance targets. Director bonuses vary between 0% and 200% according to the achievement of operating income, net income, and ROIC targets defined in the annual operating plan. (See [Figure 2](#) )

#### (4) Medium-to-long-term, performance-linked compensation (stock compensation)

Stock compensation is paid as medium-to-long-term, performance-linked compensation to Executive Officers and Directors excluding Outside Directors. Stock compensation comprises the performance-linked component (60%), which is linked to the degree of achievement of the medium-term management plan, and the nonperformance-linked component (40%), which aims for retention and motivation to improve share prices over the medium- to long-term, and is paid under the condition

of a certain term of service. The performance-linked component of stock compensation is paid after the medium-term management plan concludes, while the non-performance-linked component is paid after the Director retires. The performance-linked component will fluctuate in the range of 0% to 200% depending on the degree of achievement of performance targets in the medium-term management plan. In the event of serious misconduct during their term of office, and such misconduct harms the Company, the Compensation Advisory Committee will deliberate and make a recommendation. Based on this discussion and recommendation, the Board of Directors and President shall resolve to limit the payment of stock-based compensation for Directors and Executive Officers, respectively. (See [Figure 1](#) )

**(5) Performance indicators of performance-linked compensation**

· The performance indicators for short-term performance-linked compensation (bonuses) were set from the short-

term management plan's indicators for financial targets towards the realization of the short-term management plan based on "SF 1st Stage" (fiscal 2022 to fiscal 2024).  
 · The performance indicators for medium- to long-term performance-linked compensation (stock compensation) were set from the indicators in SF 1st Stage for financial targets, non-financial targets and strategic targets towards the realization of "SF 1st Stage" (fiscal 2022 to fiscal 2024). In addition, the long-term vision for 2030 "SF2030" aims to maximize corporate value, and indicators for directly evaluating corporate value have been set.

**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 only Outside Directors and Audit & Supervisory Board Members (Independent) (hereinafter "Outside Executives"). 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 only of Outside Executives, performs evaluations in order to ensure that evaluations are both objective and effective.

**(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**

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.

\*FY2022 Results

Figure 3

$$\text{Base amount for each position} \times \left( \text{Financial targets evaluation 60\%} + \text{Corporate value evaluation 20\%} + \text{Sustainability evaluation 20\%} \right) = \text{Performance-linked portion}$$

	Evaluation weight	Evaluation indicators	Targets
Financial targets evaluation	60%	• EPS	¥400
		• ROE	10%
Corporate value evaluation	20%	• Relative TSR*1	100%
Sustainability evaluation	20%	• Reduction of greenhouse gas emissions (internal target)	-53% from FY2016
		• Score of Sustainable Engagement Index (SEI)*3 in engagement survey*2 (internal target)	70 points
		• Dow Jones Sustainability Indices (third-party evaluation)	DJSI World

\*1 Indicator that compares total shareholder return (TSR) of OMRON in the covered period to the percentage change of TOPIX, dividends included (Relative TSR = TSR ÷ Percentage change of TOPIX, dividends included)

\*2 Survey measuring employees' voluntary motivation to contribute to targets of the organization

\*3 Indicator that measures the presence of a high level of motivation to contribute to the achievement of targets, maintained through good mental and physical health, or a strong sense of belonging to the organization, or a productive work environment

## 2. Methods of Evaluation of the Board of Directors' effectiveness for fiscal 2022

The methods of the evaluation of the Board of Directors' effectiveness and the evaluation items in the self-evaluation for fiscal 2022 are as described below.

### 2-1. Evaluation methods

#### 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 28 and March 28, 2023.

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

- The Chairman of the Board of Directors conducted individual interviews to Directors and Audit & Supervisory Board Members between December 2022 and March 2023.

#### 3) Evaluation by the Corporate Governance Committee

- The Corporate Governance Committee conducted evaluations of the Board of Directors' effectiveness on March 28 and April 26, 2023.

### 2-2. Self-evaluation items

Self-evaluation items are as follows. Evaluations were performed from the perspectives of whether or not the Board of Directors sufficiently exercised its oversight functions, and whether it contributed to the exercise of its oversight functions. Evaluations are performed by completing anonymous questionnaires. For each evaluation item, answers are provided using five-point scales and free comment fields.

#### 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

1. Operation of the Board of Directors
  - 1) Policy for the operation of the Board of Directors for fiscal 2022
  - 2) Fiscal 2022 focus themes
  - 3) Deliberations and reports regarding issues other than fiscal 2022 focus themes
  - 4) Policy for the operation and focus themes of the Board of Directors for fiscal 2023 (requests)
2. Increasing information sharing opportunities
  - 1) Individual meetings
  - 2) Sharing information through visits, etc.
  - 3) Board reviews immediately after Board of Directors meetings
  - 4) Initiatives for fiscal 2023 (requests)
3. Advisory Committees
  - 1) CEO Selection Advisory Committee

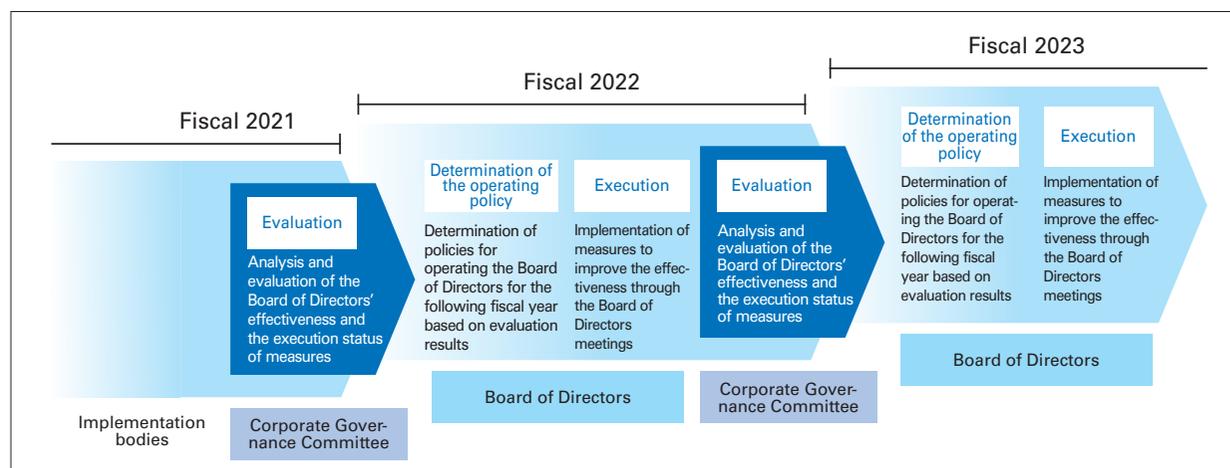
- 2) Personnel Advisory Committee
  - 3) Compensation Advisory Committee
  - 4) Corporate Governance Committee
4. Other overall issues regarding the Board of Directors

### 3. Change of President

#### 3-1. Discussions by the CEO Selection Advisory Committee and the Board of Directors

- The Company resolved to change the President on April 1, 2023 at an extraordinary meeting of the Board of Directors held on January 12, 2023. As the selection of the President is the top-priority matter in management oversight, the matter was deliberated by the CEO Selection Advisory Committee, which specializes in the selection of the President, and the Board of Directors made a resolution based on their report.
- The CEO Selection Advisory Committee deliberates on the succession plan every year and, based on the candidate list, checks the development plan and development status, including the assignment of difficult tasks. In addition, candidates are observed during opportunities such as presentations at the Board of Directors. In fiscal 2022, the candidate selection process included a survey of several candidates with the

Initiatives Towards Improving the Board of Directors' Effectiveness



engagement survey VOICE, a 360-degree evaluation, an analysis of third-party evaluation results by a human resources consulting company targeting managers, and candidates were screened and determined through interviews and other contact opportunities.

### 3-2. Evaluation by the Corporate Governance Committee

Points commended

- The Corporate Governance Committee commended the President selection process used by the CEO Selection Advisory Committee. The process was deemed appropriate as transparency and objectivity were ensured due to Outside Directors who are members of the CEO Selection Advisory Committee being provided with objective data on candidates as well as opportunities to contact candidates multiple times.

Points requested

- The further development of the President selection process is requested through the continued formulation of succession plans after the new system, strengthening of the system for developing candidates, and early establishment of contact opportunities between committee members and candidates, etc.

### 4. Policy for the operation and focus themes of the Board of Directors for fiscal 2022

#### Board of Directors Operation Policy for Fiscal 2022

"Fiscal 2022 saw the launch of the OMRON Group's long-term vision "SF2030" and the medium-term management plan "SF 1st Stage." Toward achieving them, the Board of Directors will exercise its oversight functions together with the ability to respond to change from near-term as well as medium- to long-term perspectives. This will be done recognizing the link between the following three focus themes and issues subject to oversight."

#### Focus Themes

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

< Point of oversight >

- Transformation of business models (promotion of businesses reflecting an essential value perspective, including alliance with JMDC)

- Acceleration of diversity and inclusion
- Improvement of supply chain resilience
- Promotion of initiatives aimed at addressing important sustainability issues

##### 2) Response to risks in the era of uncertainty

< Point of oversight >

- Improvement of ability to detect changes in the global geopolitical environment
- Transformation of global business operations
- Enhancement of cybersecurity

##### 3) Checking the progress of establishing a companywide IT system

< Point of oversight >

- Monitoring companywide IT system construction with third-party evaluation in mind

**Background of the establishment of the policy for the operation and focus themes of the Board of Directors for fiscal 2022 (discussed and decided at the Board of Directors meeting held in May 2022)**

#### Focus theme 1: Monitoring progress of the long-term vision and medium-term management plan

Toward the realization of the long-term vision "SF2030" (hereinafter, the "Long-Term Vision") and the medium-term management plan "SF 1st Stage" (hereinafter, the "Medium-Term Management Plan"), the Board of Directors confirmed that monitoring progress was an important part of oversight functions. Specifically, the Board of Directors decided to promote oversight that focuses on the transformation of business models, acceleration of diversity and inclusion, improvement of supply chain resilience, and promotion of initiatives aimed at addressing important sustainability issues.

#### Focus theme 2: Response to risks in the era of uncertainty

Global geopolitical risks, such as Russia's invasion of Ukraine, have a material impact on business and performance, and the Board of Directors continued to discuss this as a focus theme in fiscal 2022 from the perspective of improving the ability to perceive changes.

#### Focus theme 3: Checking the progress of establishing a companywide IT system

As establishing a companywide IT system is a large-scale decade-long project, it has been a focus theme since fiscal 2019. At a Board of Directors meeting held during the last fiscal year, a proposal was made to introduce a third-party evaluation of the status of development of the companywide IT system, and the Board of Directors supervised the progress in fiscal 2022 while taking external evaluations by third-party organizations into account.

### 5. Results of evaluation of the Board of Directors' effectiveness for fiscal 2022

#### 5-1. Performance of operation of the Board of Directors

##### 5-1-1. Focus themes

**Focus theme 1: Monitoring progress of the long-term vision and medium-term management plan**

<Transformation of business models (promotion of businesses reflecting an essential value perspective, including alliance with JMDC)>

- 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.

- As a transformation of business models from the essential value perspective advocated for in the Long-Term Vision, they reported on the development of businesses reflecting an essential value perspective in the five Industrial Automation Business areas of "on-site data utilization service," "application engineering service," "product recurring model," "education service," and "maintenance and preservation service." They also reported on the Healthcare Business's telemedicine service initiatives in the United States.
- Regarding the collaboration with JMDC, they reported on the progress of seven collaboration themes that are currently being planned and implemented, as well as JMDC's strengths and issues that were reaffirmed through collaboration. In addition, regarding parallel third-party allotment of JMDC, they reported an additional

investment for the purpose of accelerating collaboration and strengthening relationships, and the Board of Directors resolved on this.

- Main contents of discussions at the meeting of the Board of Directors
- The Board of Directors recognized that energy reduction through i-BELT, the Industrial Automation Business's business that offers essential value, will contribute to the reduction of greenhouse gases and lead to the provision of new social value. They also recognized that energy solutions and security management are business models that can be expanded beyond the manufacturing industry. In addition, they discussed the necessity of co-creation with partners in the promotion of businesses offering essential value and the development of expert human resources from the essential value perspective.
- In addition to confirming the progress of the collaboration with JMDC, the Board of Directors discussed the challenges in achieving "Zero Events" for cardiovascular diseases and the expansion of business domains other than cardiovascular.

#### <Acceleration of diversity and inclusion>

- Contents of reports at the meeting of the Board of Directors
- The business execution division reported the following points to the Board of Directors.
- As the results of the engagement survey VOICE, they reported that all categories including diversity and inclusion remained sound, and that the SEI<sup>\*1</sup> score was 76, exceeding the target of 70.
  - They reported that there were issues in "work efficiency" and "performance management" within "work environment," and that "work process simplification" and "sufficient encouragement to employees who are not producing results in line with their positions" were implemented as specific measures in order to further raise the motivation of employees.
  - Regarding secondary positions that have been implemented since 2021, they reported on the current situation of employees' secondary positions and

examples and challenges related to accepting secondary positions. Moreover, they reported results related to the acquisition of professional human resources, revitalization of the organization, and interactions with diverse human resources that have led to the creation of new value and career development for employees.

- Main contents of discussions at the meeting of the Board of Directors
- Regarding "sufficient encouragement to employees who are not producing results in line with their positions" among the results of the engagement survey VOICE, which is an issue unique to Japan, the Board of Directors discussed the establishment of the recharge and recharge<sup>\*2</sup> system and the need to analyze the root cause of the inability to produce results according to position. In addition, they also discussed the importance of identifying obstacles to "smooth business progress," which got a low score even overseas, and making management decisions about "stopping" through the practice of high-cycle management<sup>\*3</sup>.
- The Board of Directors recognized that making the employment system more flexible and introducing a secondary position system led to the resolution of the shortage in human resources. They also recognized that themes related to solving social issues attracted applicants and resulted in more than 60 times more applications. Moreover, the Board of Directors discussed expanding the number of secondary position themes, further improving the placement of the right people in the right places, and revitalizing the organization and developing employees through recruitment for secondary positions.

#### <Improvement of supply chain resilience>

- 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 recovery from the impact of the Shanghai lockdowns in the first half of the year through the recovery of production and the strengthening of supply capabilities, and that the Company will achieve sales in

the current fiscal year by demonstrating expanded product supply capabilities.

- Main contents of discussions at the meeting of the Board of Directors
- The Board of Directors discussed how to procure important materials based on the Economic Security Promotion Bill, the necessity of procuring parts at the supply chain level, and consideration of local production for local consumption that takes the effects of decoupling into account.

#### <Promotion of initiatives aimed at addressing important sustainability issues>

- 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.
- They reported and resolved at the Board of Directors to set targets for fiscal 2022 to achieve targets for important sustainability issues in the Long-Term Vision and Medium-Term Management Plan, and to promote and implement various sustainability initiatives. In addition, they reported and resolved to change the environmental targets (Scope 1 and 2) for 2030 from a 59% reduction compared to fiscal 2016 to a 65% reduction by implementing strategic initiatives formulated in the Long-Term Vision, such as the decarbonization of society, ongoing initiatives for energy conservation and renewable energy, procurement of renewable energy power, and utilization of the J-Credit Scheme.
  - Regarding the disclosure of information related to climate change in the Annual Securities Report, in light of the trend for future disclosure standards being under the TCFD<sup>\*4</sup> framework, they made a report on the intention to disclose information under the framework of "Governance," "Strategy," "Risk Management," and "Metrics and Targets," which are items for disclosure requested by the TCFD, and disclosed information in the 85th term (June 2022) Annual Securities Report. In addition, regarding the disclosure of the degree of impact of climate-related risks and opportunities on

business and finances, they reported on a step-by-step disclosure plan in the Medium-Term Management Plan, and the Board of Directors resolved on this.

\*1 SEI: Sustainable Engagement Index

Indicator that measures the presence of a high level of motivation to contribute to the achievement of targets, maintained through good mental and physical health, or a strong sense of belonging to the organization, or a productive work environment

\*2 Recharge and recharge: Change of position from key managerial position to non-managerial position (recharge), and reappointment to key managerial position (rechallenge)

\*3 High-cycle management: OMRON's unique management policy of increasing the ability to create customer value in a compounded manner by speeding up the verification and correction cycle rather than speeding up business

\*4 TCFD: Task Force on Climate-related Financial Disclosures

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

- Recognizing that the achievement of the fiscal 2030 target of Scope3cat.11<sup>\*1</sup> (18% reduction compared to fiscal 2016), which is an important sustainability issue, requires efforts not only by the Company, but by the entire value chain, and that there are complex issues such as rising procurement costs for renewable energy, the Board of Directors discussed the need to upgrade strategic scenarios that grasp risks and opportunities to a company-wide level and the development of energy-saving designs for new products.

**Focus theme 2: Response to risks in the era of uncertainty <Improvement of ability to detect changes in the global geopolitical environment and transformation of global business operations>**

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

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

- A lecture by an economist and an exchange of opinions on the outlook for China's economic trends and its impact on the world economy were implemented. In addition, as a concrete response to geopolitical risks, the Global Strategy H.Q. reported on the "Report on the Group's response policy to geopolitical risks" and the Industrial Automation Business reported on the "Response to local production for local consumption against production site risk" and the "Response to double-tracking against risk of materials used."

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

- The Board of Directors discussed the feasibility of implementing risk avoidance measures and the importance of maintaining the perspective of assessing timing. They also recognized the need to accelerate the localization of business operations in order to promote local production for local consumption.

**< 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.

- In addition to reporting on the overall image and maturity of current cybersecurity measures, they reported on priority issues and initiatives to strengthen the Company's systems against ransomware<sup>\*2</sup> attacks in normal times and in emergencies, and to evolve into a security infrastructure that supports the promotion of businesses offering essential value.

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

- The Board of Directors discussed strengthening measures for issues in finding and training security human resources based on case studies from other companies in order to develop cyber security. In addition to strengthening the team of cyber security experts, it was also requested that employees continue to be thoroughly trained in preparation for increasingly sophisticated cyber attacks such as email hacking. Moreover, the periodic implementation of simulations for ransomware attacks and the importance of cyber security insurance were discussed.

\*1 Scope3cat.11: Reduction of GHG emissions from the use of products sold by the Company

\*2 Ransomware: A malicious program that encrypts data stored on a device and demands money in exchange for restoring the data

**Focus theme 3: Checking the progress of establishing a companywide IT system <Monitoring companywide IT system construction with third-party evaluation in mind>**

■ 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.

- They submitted progress confirmation for the construction of the companywide IT system in the first and second half of the year, and reported on the implementation status, the results of external evaluations by third-party organizations, and initiative planning for fiscal 2023. The Board of Directors resolved the capital investment plan for fiscal 2023.
- As for the implementation status in fiscal 2022, it was reported that the requirements definition phase for ERP deployment in Europe had been completed, and that preparations for transition to the planning and requirements definition phase for ERP deployment in Japan had been completed. In terms of deployment in Europe, it was reported that a compliance rate of 91% was achieved, exceeding the target compliance rate of 80%, by thoroughly adhering to the Fit to Standard principle, and that design and development will begin in April 2023. In terms of deployment in Japan, a master schedule that makes use of what was learned from deployment in Europe was formulated, and it was reported that core operations, data linkage, and utilization infrastructure would be implemented as a minimum scope in order to increase the success rate of the project.

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

- On top of recognizing the importance of promoting Fit to Standard even for deployment in Japan, which has more functions and is more complex than Europe, the Board of Directors also confirmed that some themes need to be developed outside the standard as Fit to Business.
- The Board of Directors requested the continued promotion of the project after confirming that the project was progressing as planned and recognizing that the purpose of building the companywide IT system is not simply to replace the system, but to innovate operations and improve productivity through DX.

### 5-1-2. Significant matters other than the focus themes

#### <Discussions toward the creation of an optimal governance system>

- Contents of reports at the meeting of the Board of Directors
  - The Chairman of the Japan Association of Corporate Directors was invited as an external lecturer to give a lecture and exchange opinions on corporate governance issues and future direction, and discussions were held regarding the construction of an optimal corporate governance system for realizing the Long-Term Vision.
- Main contents of discussions at the meeting of the Board of Directors
  - The Board of Directors, with the participation of the external lecturer, discussed continuing to consider optimal governance in accordance with the scale of the company, the business situation, the actual state of corporate governance, etc., as well as the vital importance of having substantial discussions on medium- to long-term strategies, etc. at Board of Directors meetings. Furthermore, the Board of Directors confirmed that it will continue to hold discussions focused on the evolution of OMRON's corporate governance.

#### < Confirmation of status of M&A and alliances >

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

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

  - Of the four business domains set in the Long-Term Vision, they reported on the status of M&A and alliance considerations in the Industrial Automation and Healthcare Solutions domains.
  - As an example of an alliance, they reported on the establishment of the "Health & Productivity Management Alliance"<sup>\*1</sup>, which aims to improve productivity by improving the health of employees and reducing the burden of medical expenses on companies, as well as create a market for health promotion and prevention of serious illness.
- Main contents of discussions at the meeting of the Board of Directors

- The Board of Directors discussed alliances in the Industrial Automation domain, products that are lacking in order to promote ILOR+S<sup>\*2</sup>, and the status of alliances involving customers.
- Alliances in the healthcare solution domain discussed the direction of monetization in investments in overseas ventures, consideration of alliances not only with platformers but also with private insurance companies, and the need for analysis from the perspective of investment companies.

\*1 Health & Productivity Management Alliance: Eight companies, including OMRON, act as lead managing companies of this alliance, which aims to "design a model for health and productivity management, co-create solutions to make it work, and implement them in the industrial world." Scheduled to start in June 2023.

\*2 ILOR+S: "Input," "Logic," "Output," "Robot," "Safety"

#### < Reports on intellectual property >

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

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

  - In order to achieve the Long-Term Vision, the realization of a value creation story (business model) linked to the utilization of intellectual property and intangible assets is being promoted, and it was reported that "ambidextrous IP activities" were implemented by combining the "exclusive type" and "sharing & inclusion type" with optimal balance.
- Main contents of discussions at the meeting of the Board of Directors
  - The Board of Directors recognized that intellectual property activities have evolved to be unlike conventional concepts of intellectual property, that they are strategies that are directly linked to business models, and that they are timely initiatives for the promotion of businesses offering essential value in the Long-Term Vision. In addition to the utilization of existing technologies and the search for new technologies in creating new businesses, they discussed how stakeholder empathy can be enhanced by explaining efforts to create technology in-house and investments in intellectual property and intangible assets in terms of their connection with the management story. At the same time, the Board of

Directors discussed the importance of contracts for open and closed parts of the sharing & inclusion type, the permeation of intellectual property utilization within the Company, and the importance of developing specialists with intellectual property knowledge and business sense.

### 5-2. Evaluation by the Corporate Governance Committee

The Corporate Governance Committee conducted evaluations of the Board of Directors' effectiveness during fiscal 2022 and reported the following evaluation results at the Board of Directors meeting held on May 16, 2023.

#### 5-2-1. General comments on evaluation

##### ■ Points commended

- Oversight functions were fully demonstrated through the selection of focus themes by backcasting from the Long-Term Vision for what the Company should look like by 2030, the discovery of issues, and discussions on the ideal direction in consideration of the overall picture.
- As active discussions were held for all themes, including the focus themes, and about 75% of the time required for the Board of Directors meetings was dedicated to proposals centered on medium- to long-term discussions, the Board of Directors fulfilled their function as a monitoring board for the realization of the Medium-Term Management Plan.
- Two-way discussions with Outside Executives deepened as opportunities for Internal Executives to speak actively based on their respective roles and expertise increased.

##### ■ Points requested

- High-quality discussions are held each time, but in order to confirm the certainty of strategy execution, issues and risks recognized by the business execution division should be presented and reported more clearly.
- In order to further enhance the monitoring board function, regular reports should be narrowed down to matters with high importance and timeliness. This will expand the scope of delegation of authority for business execution and increase medium- to long-term discussions at Board of Directors meetings.

- As the social environment and economic conditions are constantly changing, flexibility to appropriately discuss issues identified in executing business strategies at Board of Directors meetings should be continued.

### 5-2-2. Individual evaluation

The Corporate Governance Committee commended and requested the following points regarding the Board of Directors in fiscal 2022.

#### ■ Points commended

- Regarding geopolitical risks, the Board of Directors was able to confirm that the current global business operation policy is appropriate.
- Analysis of the results of the engagement survey VOICE clarified issues with the Company's organizational capabilities and clarified the direction of action to be taken.

#### ■ Points requested

- Discussions on future business strategies in collaboration with JMDC will continue to be an important theme for transforming business models from an essential value perspective, and the Board of Directors should demonstrate its oversight functions through continuous discussions.
- Geopolitical risks and responses to them should continue to be monitored and discussed in fiscal 2023 as a response to risks in the era of uncertainty.
- Discussions on building the companywide IT system should not only be from the perspective of system innovation, but should be enhanced to discussions from a DX perspective that innovates existing businesses.

### 5-3 Initiatives by the Advisory Committees and evaluation by the Corporate Governance Committee

#### 5-3-1. General comments on evaluation

The Corporate Governance Committee commended the operations of the CEO Selection Advisory Committee, Personnel Advisory Committee, and Compensation Advisory Committee for ensuring an objective and transparent process and operating properly.

Regarding the role of the Corporate Governance Committee, the Corporate Governance Committee requested from the Board of Directors that their role not only be to evaluate the effectiveness of the Board of Directors, but be expanded to include opportunities to discuss corporate governance.

### 5-3-2. Individual evaluation

The Corporate Governance Committee commended the following points regarding each Advisory Committee.

- CEO Selection Advisory Committee  
As described in "3. Change of President" at the beginning
- Personnel Advisory Committee  
They were commended for taking time to openly discuss the list of candidates for Outside Directors and Outside Audit & Supervisory Board Members in addition to regular matters, for strengthening the board succession, and for ensuring appropriate operations.
- Compensation Advisory Committee  
They were commended for deliberating regular deliberation items based on the compensation structure decided in fiscal 2021 and for ensuring appropriate operations.

### 5-4 Initiatives on information sharing opportunities and evaluation by the Corporate Governance Committee

#### 5-4-1. Initiatives on information sharing opportunities

##### ■ On-site visits

Opportunities are provided for Outside Executives to visit major bases, exhibitions, etc. and participate in in-house events, which leads to an improvement in understanding of the Company's business and organizational culture.

##### ■ Outside Executives' and Accounting Auditor's opinion exchange meeting (continuously held from fiscal 2015)

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.

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

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.

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

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.

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

Outside Executives conduct a review of the Board of Directors immediately after meetings of the Board of Directors. Outside Executives sharing amongst themselves what they felt immediately following meetings of the Board of Directors leads to the improvement of the evaluation of the Board of Directors.

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

Outside Executives may observe 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

### 5-4-2. General comments on evaluation

The Corporate Governance Committee commended the implementation of various initiatives on information sharing opportunities for Outside Executives to deepen their understanding of organizational culture and the situation of the business execution division in order to improve the effectiveness of the Board of Directors.

### 5-4-3. Individual evaluations

The Corporate Governance Committee commended and requested the following points of the Board of Directors' initiatives regarding individual information sharing opportunities.

#### ■ On-site visits

- Through visits to the automation center (ATC-KUSATSU), understanding of organizational management deepened through the understanding of solutions that are at the core of businesses offering essential value and dialogue with sales and SE staff. With the end of the COVID-19 crisis in sight, it has been requested that opportunities for on-site visits be strengthened.

#### ■ Outside Executives' and Accounting Auditor's opinion exchange meeting

- Opinion exchange meetings between Outside Executives and the Accounting Auditor were held on two occasions. In the first discussion, the Accounting Auditor expressed its awareness of challenges in accounting audits that capture changes in the business environment, and requested investments in JMDC and responses to issues in the global internal audit system.

- In the second discussion, the Accounting Auditor brought up investments in JMDC and issues in the global internal audit system, leading to discussions about approaches to investment evaluation and the strengthening of the global audit system, which connected to future actions. From the next fiscal year onwards, it is requested that multifaceted information be provided in order to further grasp specific situations on-site.

#### ■ Outside Executives' and Top Executives' opinion exchange meeting

- In response to the change in Presidents of all Business Companies as of April 2023, an opinion exchange meeting between the four new Presidents of the Business Companies and Outside Executives was held, enabling two-way discussion and free discussion. Outside Executives asked what they would like to see change, and the Presidents of the Business Companies expressed their candid thoughts on efficient business

operations, including the implementation of high-cycle management, and ensuring psychological safety. It was a useful opportunity for communication as we strive towards the start of the new system, and it is requested that these kinds of discussions continue going forward.

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

Based on the results of evaluation conducted by Corporate Governance Committee, Board of Directors engaged in a discussion to determine its operational policy for fiscal 2023. Based on the results of this discussion, Board of Directors operational policy for fiscal 2023 and its focus themes were determined at Board of Directors meeting held on May 31.

#### <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 three 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

##### 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

###### < Point of oversight >

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

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

## Directors



**Yoshihito Yamada**

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

Apr. 1984 Joined OMRON  
Jun. 2008 Executive Officer; Representative Director and President, OMRON Healthcare Co., Ltd.  
Mar. 2010 Senior General Manager, Corporate Strategic Planning HQ  
Jun. 2010 Managing Executive Officer  
Jun. 2011 Representative Director and President  
Jun. 2013 President & CEO  
Jun. 2023 Chairman of the Board (to present)



**Junta Tsujinaga**

Representative Director

Apr. 1989 Joined OMRON Tateisi Electronics Co. (now OMRON Corporation)  
Mar. 2016 Senior General Manager, Product Business Division Headquarters, Industrial Automation Company  
Apr. 2017 Executive Officer  
Apr. 2019 Managing Executive Officer  
Mar. 2021 Company President, Industrial Automation Company  
Apr. 2023 President and CEO, OMRON Corporation (to present)  
Jun. 2023 Representative Director (to present)



**Kiichiro Miyata**

Representative Director

Member of the Compensation Advisory Committee

Apr. 1985 Joined Tateisi Institute of Life Science, Inc. (now OMRON HEALTHCARE Co., Ltd.)  
Mar. 2010 Representative Director and President of OMRON Healthcare Co., Ltd. (Retired in Mar. 2015)  
Jun. 2010 Executive Officer  
Jun. 2012 Managing Executive Officer, OMRON  
Apr. 2015 Chief Technology Officer (CTO) (to present), Senior General Manager of Technology & Intellectual Property HQ  
Apr. 2017 Senior Managing Director  
Jun. 2017 Representative Director (to present)  
Mar. 2018 Senior General Manager of Innovation Exploring Initiative HQ  
Apr. 2023 Executive Vice President (to present)



**Masahiko Tomita**

Director

Member of the Personnel Advisory Committee

Apr. 1989 Joined OMRON Tateisi Electronics Co. (now OMRON Corporation)  
Mar. 2012 General Manager, Corporate Planning Department, Global Strategy HQ  
Apr. 2014 Executive Officer  
Mar. 2017 Senior General Manager, Global Human Resources and Administration HQ (to present)  
Apr. 2019 Managing Executive Officer  
Apr. 2023 Senior Managing Executive Officer, CHRO (to present)  
Jun. 2023 Director (to present)



**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

Apr. 1985 Joins Omron Tateisi Electronics Co. (now OMRON Corporation)  
Apr. 2009 President & CEO, OMRON Europe B.V.  
Jun. 2010 Executive Officer, OMRON Corporation  
Mar. 2012 Senior General Manager, Environmental Solutions Business HQ  
Mar. 2014 Senior General Manager, Environmental Solutions Business HQ  
Apr. 2014 Managing Executive Officer, OMRON Corporation (to present)  
Feb. 2017 Company President, Electronic and Mechanical Components Company (now Device & Module Solutions Company)  
Jun. 2023 Director (to present)



**Takehiro Kamigama**

Outside Director

Chairman of the CEO Selection Advisory Committee  
Chairman of the Corporate Governance Committee  
Member of the Compensation Advisory Committee  
Member of the Compensation Advisory Committee

Apr. 1981 Joined TDK Corporation  
Jun. 2002 Corporate Officer, TDK Corporation  
Jun. 2003 Senior Vice President, TDK Corporation  
Jun. 2004 Director & Executive Vice President, TDK Corporation  
Jun. 2006 President & Representative Director, TDK Corporation  
Jun. 2016 Chairman & Representative Director, TDK Corporation  
Jun. 2017 Outside Director, OMRON (to present)  
Jun. 2018 Mission Executive, TDK Corporation  
Jul. 2021 Chief Consultant, Contemporary Amperex Technology Japan KK (to present)

## Outside Directors



**Izumi Kobayashi**

Outside Director

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

Apr. 1981 Joined Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation)  
Jun. 1985 Joined Merrill Lynch Futures Japan Inc.  
Dec. 2001 President and Representative Director of Merrill Lynch Japan Securities Co., Ltd. (now BofA Securities Japan Co., Ltd.)  
Nov. 2008 Executive Vice President of Multilateral Investment Guarantee Agency, The World Bank Group  
Apr. 2015 Vice Chairperson of Japan Association of Corporate Executives  
Jun. 2016 Governor of Japan Broadcasting Corporation  
Jun. 2020 Outside Director, OMRON (to present)



**Yoshihisa Suzuki**

Outside Director

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

Apr. 1979 Joined ITOCHU Corporation  
Jun. 2003 Appointed Executive Officer of ITOCHU Corporation  
Apr. 2006 Appointed Managing Executive Officer of ITOCHU Corporation  
Apr. 2007 Appointed President (CEO) of ITOCHU International Inc.  
Jun. 2012 Appointed President and Representative Director of JAMCO CORPORATION  
Jun. 2016 Appointed Representative Director and Senior Managing Executive Officer of ITOCHU Corporation  
Apr. 2018 Appointed President & Chief Operating Officer of ITOCHU Corporation  
Apr. 2020 Appointed President & Chief Operating Officer and CDO-CIO of ITOCHU Corporation  
Apr. 2021 Appointed Member of the Board and Vice Chairman of ITOCHU Corporation  
Apr. 2022 Appointed Vice Chairman of ITOCHU Corporation  
Jun. 2022 Outside Director, OMRON (to present)  
Apr. 2023 Senior Vice Representative for External Affairs, ITOCHU Corporation (to present)

## Audit & Supervisory Board Members



**Shuji Tamaki**

Audit & Supervisory Board Member

Apr. 1985 Joined OMRON Tateisi Electronics Co. (now OMRON Corporation)  
Mar. 2008 General Manager of the Legal Center, Management Resources Innovation HQ  
Mar. 2015 Senior General Manager of Global Risk Management and Legal HQ  
Apr. 2015 Executive Officer  
Jun. 2021 Audit & Supervisory Board Member (to present)



**Toshio Hosoi**

Audit & Supervisory Board Member

Apr. 1984 Joins Omron Tateisi Electronics Co. (now OMRON Corporation)  
Apr. 2011 Managing Director, OMRON SOCIAL SOLUTIONS Co., Ltd.  
Senior General Manager, Solution Business Division, OMRON SOCIAL SOLUTIONS Co., Ltd.  
Jun. 2011 Executive Officer, OMRON Corporation  
Mar. 2015 President and CEO, OMRON SOCIAL SOLUTIONS Co., Ltd.  
Apr. 2015 Managing Executive Officer  
Jun. 2023 Audit & Supervisory Board Member (to present)

## Audit & Supervisory Board Members (Independent)



**Hideyo Uchiyama**

Audit & Supervisory Board Member (Independent)

Corporate Governance Committee Member

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



**Tadashi Kunihiro**

Audit & Supervisory Board Member (Independent)

Corporate Governance Committee Member

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

## 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”>

\*Aiming for 3 years of experience or more

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 (third-party evaluation)	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			●		●					
Audit & Supervisory Board Member (Independent)	Hideyo Uchiyama	●	●					●	●	●	Certified public accountant
Audit & Supervisory Board Member (Independent)	Tadashi Kunihiro	●	●						●	●	Lawyer

## Executive Officers (As of 2023)

President and CEO	Executive Officer Vice President	Senior Managing Executive Officers
 <p><b>Junta Tsujinaga</b> President and CEO</p>	 <p><b>Kiichiro Miyata</b> Executive Officer Vice President, CTO</p>	 <p><b>Masahiko Tomita</b> Senior Managing Executive Officer CHRO and Senior General Manager, Global Human Resources and Administration HQ</p>
Senior Managing Executive Officers	Managing Executive Officer	
 <p><b>Nigel Blakeway</b> Chairman and CEO, OMRON MANAGEMENT CENTER OF AMERICA, INC. and Chairman, OMRON MANAGEMENT CENTER OF EUROPE and Chairman, OMRON MANAGEMENT CENTER OF ASIA PACIFIC</p>	 <p><b>Seigo Kinugawa</b> Senior General Manager, Global Business Process and IT Innovation HQ</p>	 <p><b>Tsutomu Igaki</b> Senior General Manager, Global Investor &amp; Brand Communications HQ and Sustainability Executive</p>
Managing Executive Officer		
 <p><b>Kenji Eda</b> Senior General Manager, Global Procurement and Quality Management HQ</p>	 <p><b>Seiji Takeda</b> CFO and Senior General Manager, Global Strategy HQ</p>	 <p><b>Katsuhiko Shikata</b> President and CEO, OMRON SOCIAL SOLUTIONS Co., Ltd.</p>
 <p><b>Masahiko Ezaki</b> Company President, Device &amp; Module Solutions Company</p>	 <p><b>Motohiro Yamanishi</b> Company President, Industrial Automation Company</p>	 <p><b>Ayumu Okada</b> President and CEO, OMRON HEALTHCARE Co., Ltd.</p>

Executive Officers		
 <p><b>Jian Xu</b> President and CEO, OMRON (CHINA) Co., Ltd.</p>	 <p><b>Taisuke Tateishi</b> President and CEO, OMRON FIELD ENGINEERING Co., Ltd.</p>	 <p><b>Virendra Shelar</b> President, OMRON MANAGEMENT CENTER OF ASIA PACIFIC, and General Manager, Global Human Resource Strategy Dept.</p>
 <p><b>Masayuki Yamamoto</b> Senior General Manager, Strategy Planning Division HQ, Industrial Automation Company</p>	 <p><b>Robert Black</b> President, CEO and COO, OMRON ELECTRONICS LLC, Industrial Automation Company</p>	 <p><b>Hidetaka Ishihara</b> Senior General Manager, Innovation Exploring Initiative HQ</p>
 <p><b>Hisako Takada</b> Senior General Manager, CEO Office</p>	 <p><b>Masaki Suwa</b> Senior General Manager, Technology &amp; Intellectual Property HQ and President and CEO, OMRON SINIC X Corp.</p>	 <p><b>Toyoharu Tamoi</b> Senior General Manager, Global Finance and Accounting HQ</p>
 <p><b>Andre Van Gils</b> Senior General Manager, Global Sales and Marketing Group HQ, OMRON HEALTHCARE Co., Ltd.</p>	 <p><b>Hiroto Iwasa</b> Senior General Manager, Board of Directors Office</p>	 <p><b>Yukitaka Kamio</b> Senior General Manager, Sales &amp; Marketing Division HQ, Device &amp; Module Solutions Company</p>
 <p><b>Yoshichika Tanabe</b> Senior General Manager, Global Risk Management and Legal HQ</p>		