

June 24, 2015

**OMRON Corporation**

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## **Corporate Governance Report**

### **I. Basic Policies for Corporate Governance, Capital Structure, Corporate Attributes and other Basic Information**

#### **1. Basic Policies (Updated)**

##### **1. Basic Policies for Corporate Governance**

OMRON Corporation and its affiliated companies (hereinafter referred to as the “OMRON Group”) have set forth the following corporate governance policies (hereinafter referred to as the “Policies”) based on the OMRON Principles and its Management Philosophy in order to achieve sustainable enhancement of corporate value. In accordance with these Policies, the OMRON Group strives to continuously enhance its corporate governance.

##### **< Omron Principles >**

###### **Our Mission**

**To improve lives and contribute to a better society**

###### **Our Values**

- **Innovation Driven by Social Needs**

Be a pioneer in creating inspired solutions for the future.

- **Challenging Ourselves**

Pursue new challenges with passion and courage.

- **Respect for All**

Act with integrity and encourage everyone’s potential.

##### **< Management Philosophy >**

We believe a business should create value for society through its key practices.

We are committed to sustainably increasing our long-term value by putting Our Mission and Values into practice.

- We uphold a long-term vision in our business practices to create solutions to society’s needs

- We operate as a truly global company through our fair and transparent management practices
- We cultivate strong relationships with all of our stakeholders through responsible engagement

### **【Reasons for not implementing each principle of the Corporate Governance Code】 (Updated)**

- The Company upholds the aim and spirit of the Corporate Governance Code (hereinafter referred to as the “Code”), and the OMRON Corporate Governance Policies\* articulate that the Company implements all of the principles set forth in the Code in the Company’s corporate governance system and practices.

\* Please refer to “Disclosure based on each principle set forth in the Corporate Governance Code” below.

### **【Disclosure based on each principle set forth in the Corporate Governance Code】 (Updated)**

- Following a resolution of the meeting of the Company’s Board of Directors held on June 23, 2015, the Company established the OMRON Corporate Governance Policies: Seeking Sustainable Enhancement of Our Corporate Value (hereinafter referred to as the “Policies”). In May 2015, the Company introduced the newly defined OMRON Principles, along with the Management Policy in which it declares to all stakeholders the Company’s management stance and its approach to putting the OMRON Principles into practice through its business operations. Based on the underlying spirit of the newly defined OMRON Principles and Management Philosophy, these Policies were established with the goal of achieving sustainable improvement of corporate value.
- These Policies are available at the OMRON Group Website:  
URL: [http://www.omron.com/ir/management/pdfs/20150623\\_governance\\_policies\\_e.pdf](http://www.omron.com/ir/management/pdfs/20150623_governance_policies_e.pdf)
- The Company upholds the aim and spirit of the Corporate Governance Code (hereinafter referred to as the “Code”), and these Policies articulate that the Company implements all of the principles set forth in the Code, including those principles that call for disclosure of specific items, in the Company’s corporate governance system and practices.
- For details regarding the Company’s implementation of the principles stated in the Code, please refer to “Corporate Governance Code Implementation Status” on p.30.

## **2. Capital Structure**

Percentage of shares held by overseas investors	Over 30%
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**Principal Shareholders:**

Name	Number of Shares Held	Percentage (%)
Japan Trustee Services Bank, Ltd. (trust account)	9,083,400	4.17
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,712,695	3.54
The Master Trust Bank of Japan, Ltd. (trust account)	7,313,800	3.36
The Bank of Kyoto, Ltd.	7,069,265	3.25
The Chase Manhattan Bank 385036	4,208,530	1.93
State Street Bank & Trust Company 505225	3,690,384	1.69
Nippon Life Insurance Company	3,639,801	1.67
CBNY-Government of Norway	3,515,452	1.61
State Street Bank & Trust Company	3,401,480	1.56
Omron Employee Stockholding Association	3,090,261	1.42

Controlling shareholders (except parent company)	None
Parent company	None

**Supplemental Remarks**

1. On December 15, 2014, The Bank of Tokyo-Mitsubishi UFJ, Ltd and its four joint-holder companies filed an amendment to the major shareholding status report stating that they held 17,370 thousand shares of the Company (representing 7.65% of the total number of shares issued) as of December 8, 2014. However, the OMRON Group has not been able to confirm the number of shares currently possessed by them as of the end of the fiscal year under review, and therefore the status of major shareholders stated above is based on the shareholder register as of the end of the fiscal year under review.
2. On January 21, 2015, BlackRock Japan Co., Ltd. and its eight joint-holder companies filed a major shareholding status report stating that they held 11,429 thousand shares of the Company (representing 5.26% of the total number of shares issued) as of January 15, 2015. However, the OMRON Group has not been able to confirm the number of shares currently possessed by them as of the end of the fiscal year under review, and therefore the status of major shareholders stated above is based on the shareholder register as of the end of the fiscal year under review.

**3. Corporate Attributes**

Stock exchange listings	Tokyo Stock Exchange (first sections)
Fiscal year end	March 31
Industry	Electrical equipment
(Consolidated) Number of Employees	Over 1,000
(Consolidated) Net Sales	Over ¥100 billion and below ¥1 trillion
Number of consolidated subsidiaries	Over 100 and less than 300

**4. Policies relating to measures for protecting minority shareholders when conducting transactions etc. with controlling shareholders**

None.

## 5. Other Special Items Exerting a Significant Impact on Corporate Governance

None.

## II. Organizational Structure for Managerial Decision-Making, Execution, Supervision and other Corporate Governance Structure

### 1. Organizational Structure and Operational Management

Type of Organization	Company with Audit & Supervisory Board Members
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#### Board of Directors: (Updated)

Number of directors stipulated in Articles of Incorporation	10
Directors' term of office stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairman of the Board (unless double as the President)
Number of directors	8
Appointment of Outside Directors	Yes
Number of Outside Directors	3
Number of Outside Directors designated as Independent Director	3

Relationship with the Company (1) (Updated)
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Name	Attribute	Relationship with the Company*										
		A	b	c	d	e	f	g	h	I	J	K
Kazuhiko Toyama	From another company								○			
Eizo Kobayashi	From another company								△			
Kuniko Nishikawa	From another company											

#### \* Categories for relationship with the Company

\*○” when the said individual presently falls or has recently fallen under each of the following categories; “△” when the said individual fell under each of the following categories in the past.

\*●” when a close relative of the said individual presently falls or has recently fallen under each of the following categories; “▲” when a close relative of the said individual fell under each of the following categories in the past.

- Executive of a listed company or its subsidiary
- Executive or non-executive director of the parent company of a listed company
- Executive of a fellow subsidiary company of a listed company
- The party who’s principal client or supplier is a listed company or executive thereof

- e. Principal client or supplier of a listed company or executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as an executive
- g. Principal shareholder of a listed company (executive of the said corporate shareholder if the principal shareholder is a legal entity)
- h. Executive of a client or supplier company of a listed company (which does not correspond to any of d, e, or f, above) (the said individual only)
- i. Executive of a company, between which and OMRON outside directors are mutually appointed (the said individual only)
- j. Executive of a company or organization that receives a donation from a listed company (the said individual only)
- k. Other

Relationship with the Company (2) (Updated)

Name	Independent director	Supplemental information on corresponding items	Reason for selecting as outside director (and reason for appointing as independent director )
Kazuhiko Toyama	○	<p>Mr.Kazuhiko Toyama meets the requirements of the Company's own original 'Independence Requirements for Outside Directors and Audit &amp; Supervisory Board Members'. He is registered as an independent director to the Tokyo Stock Exchange, Inc. (For more details, please see the Independent Directors and Audit &amp; Supervisory Board Members section below described)</p> <p>Mr. Kazuhiko Toyama currently serves as CEO of Industrial Growth Platform, Inc. (IGPI). While the Group has concluded a consulting contract with the IGPI Group, such transactions in fiscal 2014 account for less than 1% of the consolidated net sales of the Group and those of the IGPI Group; there is nothing questionable regarding the independence of Mr. Toyama, and there is no special interests between Mr. Toyama and the Company.</p> <p>&lt;Significant concurrent positions&gt; CEO of Industrial Growth Platform, Inc. Outside Director of PIA Corporation</p>	<p>&lt;Reasons nominated as a candidate&gt; Having served in a number of corporate management positions for many years, Mr. Kazuhiko Toyama has superior insight into management and appropriately supervises the corporate management as Director (Independent). In addition, Mr. Toyama is particularly familiar with corporate governance issues, and actively comments as Chairman of the Personnel Advisory Committee, CEO Selection Advisory Committee and Corporate Governance Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director (Independent).</p> <p>&lt;Reason for appointing as independent director&gt; The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent director.</p> <p>&lt;Process for appointing as independent director&gt; The Company has defined the Independence Requirements in the Corporate Governance Committee. According to the Independence Requirements, independent directors are selected by the Board of Directors after the Personnel Advisory Committee headed by an outside director reply to inquiries from the Board of Directors.</p>

<p>Eizo Kobayashi</p>	<p>○</p>	<p>Mr.Eizo Kobayashi meets the requirements of the Company's own original 'Independence Requirements for Outside Directors and Audit &amp; Supervisory Board Members' . He is registered as an independent director to the Tokyo Stock Exchange, Inc. (For more details, please see the Independent Directors and Audit &amp; Supervisory Board Members section below described)</p> <p>Mr. Eizo Kobayashi currently serves as Chairman of ITOCHU Corporation. While the Group has a business relationship with the ITOCHU Group including sales of products, such transactions in fiscal 2014 accounted for less than 1% of the consolidated net sales of the Group and those of the ITOCHU Group; there is nothing questionable regarding the independence of Mr. Kobayashi, and there are no special interests between Mr. Kobayashi and the Company.</p> <p>&lt;Significant concurrent positions&gt; Chairman of ITOCHU Corporation Chairman of ITOCHU Foundation Chairman of Japan Foreign Trade Council, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Outside Audit &amp; Supervisory Board Member of Asahi Mutual Life Insurance Company External Director of Japan Airlines Co., Ltd. (to be appointed in June 2015)</p>	<p>&lt;Reasons nominated as a candidate&gt; Having served as chairman of a global company, Mr. Eizo Kobayashi has experience in proactive business development in a wide range of fields along with superior insight into management and appropriately supervises the corporate management as a Director (Independent). In addition, Mr. Kobayashi shares his experience and insight as a management expert, and actively comments as Chairman of the Compensation Advisory Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his reelection as a Director (Independent). &lt;Reason for appointing as independent director&gt; The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent director. &lt;Process for appointing as independent director&gt; The Company has defined the Independence Requirements in the Corporate Governance Committee. According to the Independence Requirements, independent directors are selected by the Board of Directors after the Personnel Advisory Committee headed by an outside director reply to inquiries from the Board of Directors.</p>
<p>Kuniko Nishikawa</p>	<p>○</p>	<p>Ms. Kuniko Nishikawa meets the requirements of the Company's own original 'Independence Requirements for Outside Directors and Audit &amp; Supervisory Board Members' . He is registered as an independent director to the Tokyo Stock Exchange, Inc. (For more details, please see the Independent Directors and Audit &amp; Supervisory Board Members section below described)</p> <p>&lt;Significant concurrent positions&gt; President &amp; CEO of Firststar Healthcare Co. Ltd. President of Benesse MCM Corp. Non-Executive Director and Member of the Regional Economy Vitalization Committee of Regional Economy Vitalization Corporation of Japan</p>	<p>&lt;Reasons nominated as a candidate&gt; Ms. Kuniko Nishikawa has abundant international experience, and, having started her own company after experience in a global management consulting firm and management of a medical staffing company, she has a diverse track record of management achievements and superior insight. Based on these factors, the Company believes that she is a suitable person for achieving sustained improvements in corporate value and therefore requests her election as a Director (Independent). &lt;Reason for appointing as independent director&gt; The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent director. &lt;Process for appointing as independent director&gt; The Company has defined the Independence Requirements in the Corporate Governance Committee. According to the Independence Requirements, independent directors are selected by the Board of Directors after the Personnel Advisory Committee</p>

			headed by an outside director reply to inquiries from the Board of Directors.
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Any optional committee equivalent to the Nomination Committee or Remuneration Committee	Yes
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Establishment of optional advisory committees, committee composition, and attributes of the chairperson (Updated)

	Optional committee equivalent to Nomination Committee	Optional committee equivalent to Remuneration Committee
Committee	The Personnel Advisory Committee	The Compensation Advisory Committee
Committee members	5	5
Full-time members	–	–
Internal directors	3	3
Outside directors	3	3
Outside experts	–	–
Others	–	–
Chairperson	Outside director	Outside director

#### Audit & Supervisory Board Members:

Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board members stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board members	4

Status of Cooperation between Audit & Supervisory Board members, the Accounting Auditor, and the Corporate Internal Auditing Department(Updated)

Note: Please refer to “3. Audit & Supervisory Board, (3) Relationship with External Auditors and the Internal Accounting Department” of Section 4 of the OMRON Corporate Governance Policies.

Appointment of Audit & Supervisory Board members (independent)	Yes
Number of Audit & Supervisory Board (independent)	2
Number of Audit & Supervisory Board members (independent) designated as independent officers	2

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*
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		a	B	c	d	e	f	g	h	i	j	k	l	m
Eisuke Nagatomo	From another company										△			
Yoshifumi Matsumoto	Attorney at Law													

**\* Categories for relationship with the Company**

**\*○” when the said individual presently falls or has recently fallen under each of the following categories; “△” when the said individual fell under each of the following categories in the past.**

**\*●” when a close relative of the said individual presently falls or has recently fallen under each of the following categories; “▲” when a close relative of the said individual fell under each of the following categories in the past.**

- a. Executive of a listed company or its subsidiary
- b. Non-executive directors or accounting advisors of the listed company or its subsidiaries
- c. Executive or non-executive director of the parent company of a listed company
- d. Parent company of auditors of listed company
- e. Executive of a fellow subsidiary company of a listed company
- f. The party who’s principal client or supplier is a listed company or executive thereof
- g. Principal client or supplier of a listed company or executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as an executive
- i. Principal shareholder of a listed company (executive of the said corporate shareholder if the principal shareholder is a legal entity)
- j. Executive of a client or supplier company of a listed company (which does not correspond to any of f, g, or h, above) (the said individual only)
- k. Executive of a company, between which and OMRON outside directors are mutually appointed (the said individual only)
- l. Executive of a company or organization that receives a donation from a listed company (the said individual only)
- m. Other

Relationship with the Company (2)
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Name	Independent audit & supervisory board member	Supplemental information on corresponding items	Reason for selecting as audit & supervisory board member(independent)
Eisuke Nagatomo	○	Mr.Eisuke Nagatomo meets the requirements of the Company’s own original ‘Independence Requirements for Outside Directors and Audit & Supervisory Board Members’ . He is registered as an independent audit & supervisory	<Reason for selecting as audit & supervisory board member (independent)> Mr. Eisuke Nagatomo is well versed in corporate governance and internal control systems, and OMRON wishes to incorporate his expertise into its auditing practices. He holds prominent positions including

		<p>board member to the Tokyo Stock Exchange, Inc. (For more details, please see the Independent Directors and Audit &amp; Supervisory Board Members section below described).</p> <p>Mr. Nagatomo formerly belonged to Tokyo Stock Exchange, Inc. While OMRON pays listing fee to the company, such transactions in the fiscal year 2014 accounted for less than 1% of the consolidated net sales of OMRON Group and those of their group; there is nothing questionable regarding the independence of Mr. Nagatomo, and there are no special interests between Mr. Nagatomo and the Company.</p> <p>&lt;Significant concurrent positions&gt;  President and CEO of EN Associates Co., Ltd.  Outside Director of kabu.com Securities Co., Ltd.  Outside Director of Miroku Joho Service Co.,Ltd.  Outside Audit &amp; Supervisory Board Member of NIKKISO CO., LTD.</p>	<p>Member of the Board, Managing Director, and Chief Self-regulatory Officer of Tokyo Stock Exchange Group, Inc.; member of the Business Accounting Council of the Financial Services Agency; and Director of the Financial Accounting Standards Foundation; and has considerable knowledge regarding finance and accounting.</p> <p>&lt;Reason for appointing as independent audit &amp; supervisory board member&gt;  The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent audit &amp; supervisory board member.</p> <p>&lt;Process for appointing as independent audit &amp; supervisory board member&gt;  The Company has defined the Independence Requirements in the Corporate Governance Committee. According to the Independence Requirements, Mr. Nagatomo is qualified as independent audit &amp; supervisory board member.</p>
Yoshifumi Matsumoto	○	<p>Mr. Yoshifumi Matsumoto meets the requirements of the Company's own original 'Independence Requirements for Outside Directors and Audit &amp; Supervisory Board Members'. He is registered as an independent audit &amp; supervisory board member to the Tokyo Stock Exchange, Inc. (For more details, please see the Independent Directors and Audit &amp; Supervisory Board Members section below described).</p> <p>&lt;Significant concurrent positions&gt;  Partner, of Miyake &amp; Partners, Attorney at Law</p>	<p>&lt;Reason for selecting as audit &amp; supervisory board member (independent)&gt;  Mr. Yoshifumi Matsumoto is an attorney at law and a patent attorney specializing primarily in intellectual property related laws and corporate legal affairs. The Company expects Mr. Matsumoto to reflect his legal expertise in the auditing of the Company.</p> <p>&lt;Reason for appointing as independent audit &amp; supervisory board member&gt;  The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent audit &amp; supervisory board member.</p> <p>&lt;Process for appointing as independent audit &amp; supervisory board member&gt;  The Company has defined the Independence Requirements in the Corporate Governance Committee. According to this Independence Requirements, Mr. Matsumoto is qualified as independent audit &amp; supervisory board member.</p>

### Independent Directors and Audit & Supervisory Board Members:

Number of independent directors and audit & supervisory board members	4
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Matters relating to independent directors and audit & supervisory board members

### The Company's Policy Regarding the Independence of Outside Directors and Audit & Supervisory Board Members (Independent)

- In addition to the requirements of Japan's Companies Act, the Company has formulated its

own ‘Independence Requirements for Outside Directors and Audit & Supervisory Board Members’ (Note) and as we select all outside executives using these requirements as our standard, we judge them to be sufficiently independent, and register all of our outside executives as ‘independent directors and audit & supervisory board members.’

- When deciding on our ‘Independence Requirements for Outside Directors and Audit & Supervisory Board Members,’ we first consult with our Corporate Governance Committee (which is composed of outside executives) and confirm that these requirements are appropriate as independence criteria for outside executives before they are deliberated on and resolved by the Board of Directors.

Note: Independence Requirements for Outside Directors and Audit & Supervisory Board Members (revised December 25, 2014)

To be considered for the position of outside executive, candidates themselves and/or the company/companies and/or organization/s they belong to must not:

1. Presently assume the role of director (excluding outside director), audit & supervisory board member (excluding outside audit & supervisory board member), executive officer and/or employee of the OMRON Group (Note), or have assumed any of these roles in the past.

2. Have been a principal shareholder\* of the OMRON Group, or assumed the role of director, auditor, executive officer and/or employee of any legal entity that is a principal shareholder of the OMRON Group or any legal entity for which the OMRON Group is a principal shareholder, in any fiscal year of the past five years.

\* A “principal shareholder” means a company, etc. holding shares that provide 10% or more of total voting rights.

3. Be a director, auditor, executive officer and/or employee of any principal partner or supplier\* of the OMRON Group.

\* A “principal partner or supplier” means a company whose payments to the OMRON Group or payments received from the OMRON Group in the current or any of the past three fiscal years represent 2% or more of the consolidated net sales of either the OMRON Group or the partner/supplier company (this also includes its parent company and important subsidiaries and affiliates).

4. Be a director, auditor, executive officer and/or employee of any company or organization that receives a large amount of donations\* from the OMRON Group.

\* A “large amount of donations” means yearly donations in excess of ¥10 million or 2% of the consolidated net sales or total revenue of the recipient entity, whichever is larger, on average for the past three fiscal years.

5. Have directors, auditors, and/or executive officers who are mutually dispatched between the candidate’s company/organization and the OMRON Group.

6. Have assumed the role of representative, employee, partner or other staff member of an accounting auditor for the OMRON Group in any fiscal year of the past five years.

7. Be an attorney, certified public accountant, consultant or other agent who receives a large amount of monetary consideration\* and/or other property from the OMRON Group, besides the compensation for directors and audit & supervisory board members.

\* A “large amount of monetary consideration” means a yearly consideration amounting to ¥10 million or more for individuals, and in the case of an organization, a yearly consideration that represents 2% or more of the consolidated net sales of the relevant organization, on average for the past three fiscal years.

8. Be a spouse, a relative within two degrees of kinship, a relative living together or a relative who shares living expenses with any of the following individuals:

(1) A director, audit & supervisory board member, executive officer and/or core employee\* of the OMRON Group.

(2) An individual who assumed the role of director, audit & supervisory board member, executive officer and/or core employee of the OMRON Group in any fiscal year of the past five years.

(3) An individual who is not qualified for outside directors and audit & supervisory board members in the above-mentioned items 2-7.

\* A “core employee” means an employee holding the position of senior general manager or higher.

9. Hold a position or condition that would bring the independence of the candidate into doubt when performing the duties of an outside director or audit & supervisory board member.

Note: The above-mentioned “the OMRON Group” refers to OMRON Corporation and its subsidiaries and affiliates.

Outside executives shall continue to comply with the above-mentioned independence requirements after they are appointed as outside directors or audit & supervisory board members. If they were assigned a major managerial position, their independence shall be verified according to the independence criteria herein at the Personnel Advisory Committee.

**Incentives:**

Incentives Policies for Directors	Introduced performance-linked compensation system and stock option plan
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Supplemental Remarks on This Item
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\*P15 Please see “Disclosure of decision-making policies relating to compensation amounts and calculation methods”

Personnel eligible to receive stock options (Updated)	Directors excluding outside directors & Executive Officers
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Supplemental Remarks on This Item (Updated)

- The Company issues performance-linked stock acquisition rights to its internal Directors and Executive Officers.
- Performance-linked stock acquisition rights are not issued to outside Directors or to outside Audit & Supervisory Board members, reflecting their roles and the need for them to maintain their independence.

**Compensation of Directors:**

Diclosure of compensation of individual directors	The compensation of some individual directors is disclosed
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Supplemental Remarks on This Item (Updated)

- The Compensation Advisory Committee is consulted on the compensation of each director and makes recommendations based on the Company's compensation principles. The amount of compensation for each director is determined by resolution of the Board of Directors and the amount of compensation for each Audit & Supervisory Board member is determined by discussions among the Audit & Supervisory Board members.
- These amounts are within the scope of the aggregate compensation amounts for all directors and all Audit & Supervisory Board members as each has been set by resolution of the Ordinary General Meeting of Shareholders.

Amount of Compensation for Directors and Audit & Supervisory Board members for the 78th Fiscal Year (April 1, 2014-March 31, 2015)

Title	Number	Base Compensation (JPY million)	Bonuses (JPY million)	Medium-term Performance-Linked Bonuses (JPY million)	Aggregate Compensation (JPY millions)
Directors	8	358	236	—	594
[Outside Directors ]	[2]	[24]	[—]	[—]	[24]
Audit & Supervisory Board members	4	82	—	—	82
[Audit & Supervisory Board members (independent)]	[2]	[18]	[—]	[—]	[18]
Total	12	440	236	—	676
[Outside executives]	[4]	[42]	[—]	[—]	[42]

Notes:

1. The above amounts include compensation paid to one (1) Director who retired at the close of the 77th Ordinary General Meeting of Shareholders held on June 24, 2014.
2. The maximum limit of the aggregate compensation of Directors was set at JPY 35 million per month at the 63rd Ordinary General Meeting of Shareholders held on June

27, 2000. In addition, the maximum limit of the aggregate compensation of Audit & Supervisory Board Members was set at JPY 7 million per month by resolution of the 60th Ordinary General Meeting of Shareholders held on June 27, 1997.

3. The above base compensation of Directors includes the amount paid as stock compensation to Directors, excluding Directors (Independent).
4. The above yearly performance-linked bonuses are the amounts that the Company plans to pay, provided that the proposal No. 5 “Payment of Yearly Performance-Linked Bonuses to Directors” at this Ordinary General Meeting of Shareholders is approved and resolved as originally proposed.
5. Medium-term performance-linked bonuses are performance incentives linked to the degree of achievement of medium-term management targets, which will be paid out after completion of the last year under a medium-term management plan. Fiscal 2014 falls under the first year of the medium-term management plan; therefore, no such bonuses are paid out.
6. No Directors of the Company received any employee wages other than their compensation as Directors.

\* The above information is also contained in the convocation notice for the 78th Ordinary General Meeting of Shareholders and Business Report, and is also included on our website: <http://www.omron.com>.

\* The 78th Securities Report was released on June 24, 2015.

Are there decision-making policies relating to compensation amounts and calculation methods?	Yes
Disclosure of decision-making policies relating to compensation amounts and calculation methods	

**Basic Policy for Determining Amount and Calculation Method of Compensation etc.**

- Based on a resolution of the Board of Directors, the Company has a Compensation Advisory Committee to increase objectivity and transparency with respect to the compensation of directors . The Compensation Advisory Committee is composed of 4 members, excluding the Chairperson and President of the Company, and chaired by an outside director on the Board of Directors, and sets the Company’s fundamental principles for compensation of officers.
- The Compensation Advisory Committee is consulted on the compensation of each director. It then discusses the compensation of each individual and makes recommendations based on the Company’s compensation principles.
- The amount of compensation for each director is determined by resolution of the Board of Directors and the amount of compensation for each Audit & Supervisory Board member is determined by discussions among the Audit & Supervisory Board members. These amounts are within the scope of the aggregate compensation amounts for all directors and all Audit &

Supervisory Board members as each has been set by resolution of the Ordinary General Meeting of Shareholders.

•The Company has introduced medium-term performance-linked bonuses from fiscal 2014 and issued performance-linked stock acquisition rights in an effort to give Directors incentive to achieve the medium-term management targets and to strengthen the governance of compensation. In response to the introduction of the new structure, the governance system regarding compensation of Directors, etc. consists of; (1) base salary, (2) yearly performance-linked bonuses, and (3) medium-term performance-linked bonuses, stock compensation and performance-linked stock acquisition rights. By introducing the new structure, the Company aims for encouraging Directors to continually enhance corporate value by positively achieving short, medium and long-term management targets. Fundamental principles and basic policies for the compensation of Company's officers are as described on the following page.

The basic principles and policy for compensation for Directors and Executive Officers are as follows:

#### **Basic Principles of Compensation for Directors and Executive Officers**

- \* Compensation for Directors and Executive Officers shall be based on the implementation of the Company's motto and its corporate principles (the Omron Principles).
- \* The Company shall pay compensation sufficient to recruit, hire and maintain exceptional personnel as managers.
- \* The compensation structure shall contribute to long-term maximization of corporate value by providing motivation for Directors and Executive Officers.
- \* The compensation structure shall maintain a high level of transparency, fairness and rationality, to ensure accountability to shareholders and other stakeholders.
- To ensure transparency, fairness and rationality in the compensation for individuals, each Director/Executive Officer's compensation shall be set by consultation with the Compensation Advisory Committee.
- \* The purpose of compensation shall be made clear, and a compensation plan shall be created according to the roles and responsibilities of each Director/Executive Officer.

#### **<Compensation Policy for Directors>**

- \* Compensation for Directors shall consist of a base salary, yearly performance-linked bonuses, and medium-to-long-term performance-linked compensation.
- The Company shall provide base salaries sufficient to recruit, hire and maintain exceptional personnel capable of implementing the Company's motto and the Omron Principles.
- The Company shall provide yearly performance-linked bonuses as performance incentives with emphasis on yearly results.
- The amount of yearly performance-linked bonuses shall be based on a standard

amount for each position, and shall be determined according to the degree of achievement and growth rate for evaluation indicators for bonuses, including income before income taxes, return on invested capital (ROIC), net income attributable to shareholders, and cash dividends per share.

- To ensure thorough implementation of the Company's long-term management plan, the Company shall provide the following two types of compensation linked to medium-to-long-term performance as incentives for meeting medium-term management targets.

- The Company shall pay medium-term performance-linked bonuses depending on the achievement of medium-term management targets.

- The Company shall grant stock compensation (Note 1) as compensation linked to maximization of corporate value (stock value).

\* Separate from the compensation stated above, the Company shall issue performance-linked stock acquisition rights (Note 2).

- Performance-linked stock acquisition rights shall be issued under the condition of the achievement of medium-term management targets by Directors and a rise of the Company's stock price. The objectives are to create medium-to-long-term shareholder value and encourage Directors to own shares of the Company.

\* Compensation for independent Directors shall consist of a base salary only, reflecting their roles and the need for maintaining independence.

\* No retirement bonuses shall be paid.

\* The level of compensation shall be determined by taking into account the levels of other companies surveyed by a specialized outside organization.

Note 1: The guidelines for stock compensation shall consist of a fixed amount of compensation given each month to Directors, who will use it to make monthly purchases of the Company's stock (through the officers' stockholding association) and hold this stock during their term of office.

Note 2: The performance-linked stock acquisition rights are issued with charge at a price equivalent to the fair value of the stock acquisition rights, thus the amount to be paid in exchange for stock acquisition rights is not necessarily favorable for individuals who are allotted the stock acquisition rights. Because of this, the stock acquisition rights do not fall under the category of compensation for Directors, and thus they shall be issued via a resolution by the Company's Board of Directors.

#### **<Compensation Policy for Audit & Supervisory Board Members>**

\* Compensation for Audit & Supervisory Board Members shall consist only of a base salary that reflects their roles. It shall be sufficient to recruit, hire and maintain excellent personnel.

\* No retirement bonuses shall be paid.

\* The level of compensation shall be determined by taking into account the levels of other companies surveyed by a specialized outside organization.



## **Support System for Directors (Independent) and Audit & Supervisory Board Members (Independent): (Updated)**

Note: Please refer to “6. Directors and Audit & Supervisory Board Members, (6) Support Structure” of Section 4 of the OMRON Corporate Governance Policies.

## **2. Items Related to Business Execution, Audits and Oversight, Nominations and Setting of Compensation, etc. (Overview of corporate governance framework) (Updated)**

### **1. The current corporate governance system**

Note: For details regarding the Company’s corporate governance system and initiatives intended to enhance corporate governance, please refer to the OMRON Corporate Governance Policies.

### **Gender Composition of Directors, Audit & Supervisory Board Members and Executive Officers**

- As of June 30, 2015, the Board of Directors consists of eight members including one female Director.
- The Company is considering an increase in diversity for the composition of Directors, Audit & Supervisory Board Members and Executive Officers in order to promote growth at the global level, enhance competitive strength, and respond to significant changes in the business environment.

### **2. Efforts toward Enhancing the Functions of the Audit & Supervisory Board**

#### **The Audit & Supervisory Board System**

P24 Please see “6. Systems to Ensure Effectiveness of Audit & Supervisory Board Members”

#### **Regarding the Selection of Audit & Supervisory Board Members with Knowledge of Finance and Accounting**

- Mr. Kiichiro Kondo, an Audit & Supervisory Board member (full-time), has years of experience working in financial institutions, and possesses a considerable knowledge of finance and accounting matters.
- Mr. Tokio Kawashima has years of work experience in financial institutions, and has considerable knowledge regarding finance and accounting.
- Mr. Nagatomo, an Audit & Supervisory Board member (independent), holds prominent positions including Member of the Board, Managing Director, and Chief Self-regulatory Officer of Tokyo Stock Exchange Group, Inc.; member of the Business Accounting Council of the Financial Services Agency; and Director of the Financial Accounting Standards

Foundation; and has considerable knowledge regarding finance and accounting.

### **Regarding the Selection of Audit & Supervisory Board Members (Independent) with a High Degree of Independence**

Please see the Relationship with the Company (2) section on page 9 and “Matters relating to independent officers” in the Independent Officers section for more information.

### **3. Limited liability agreements**

The Company has established a provision in its Articles of Incorporation regarding the limited liability agreements the Company enters into with its Directors (independent) and Audit & Supervisory Board members (independent) with the approval of the shareholders, in order to ensure that these officers can adequately fulfill their duties and responsibilities. Accordingly, the Company has entered into limited liability agreements with Mr. Kazuhiko Tomiyama, Mr. Eizo Kobayashi, Ms. Kuniko Nishikawa, Mr. Eisuke Nagatomo, and Mr. Yoshifumi Matsumoto, under which each of these officers’ liability shall be limited to JPY 10 million or to the minimum amount of liability prescribed in Article 425-1 of the Companies Act, whichever is higher.

### **3. Reasons for OMRON’s Selection of its Current Corporate Governance System**

As explained above, OMRON is a so-called “Company with an Audit & Supervisory Board.” The Company’s governance regime includes the oversight of its business execution by the Board of Directors, and auditing conducted by the Audit & Supervisory Board.

A variety of measures have been implemented in order to complement the Board of Directors’ functions, including the establishment of four advisory committees chaired by outside Directors (independent). These committees are tasked with increasing the transparency and objectivity of decision-making processes. By incorporating the best aspects of the corporate governance system of a so-called “Company with Committees (Nomination, etc.)” in this way, we have created the kind of hybrid corporate governance regime that we feel is most appropriate for OMRON as a Company with an Audit & Supervisory Board.

### III. Status of Execution of Measures Concerning Shareholders and Other Interested Parties

#### 1. Measures to Vitalize the General Shareholders' Meeting and Facilitate the Exercise of Voting Rights

	Supplemental Remarks
Prompt sending out of convocation notices for the general shareholders' meeting	More than 3 weeks before the date of the meeting.
Avoidance of peak day when scheduling the general shareholders' meeting	Sets the date of the meeting three business days or more before the peak day.
Electronic voting	Has adopted electronic voting via Internet since 2003, enabling shareholders voting through computers, mobile phones, and smartphones.
Participation in the Electronic Voting Platform system and other efforts to create an environment in which institutional investors can exercise their voting rights	Has participated in the system since 2006. The Convocation notices both in Japanese and English are posted on the websites of Tokyo Stock Exchange, ICJ and Omron since 2013. The posting is made approx. one month prior to the date of the meeting.
Provision of convocation notice summaries written in English	English version of the convocation notice (entire translation, for reference purpose) is posted on the websites of Tokyo Stock Exchange, ICJ and Omron approx. one month prior to the date of the meeting.

#### 2. IR-related Activities

	Personal explanation by representative	Supplemental remarks
Preparation and publication of disclosure policy		Disclosure policy is posted on the IR section of OMRON's website in Japanese and English.
Regular information meetings for individual investors	No	OMRON actively participates in information meetings planned by securities companies, IR support companies, newspaper companies.
Regular information meetings for analysts and institutional investors	Yes	Omron holds large and small earnings meetings every quarter in Tokyo, recordings and webcasting large meetings. The company regularly holds one-on-one dialogues with domestic institutional investors.
Regular information meetings for overseas investors	Yes	Omron webcasts quarterly earnings results meetings with English translation. The company regularly holds one-on-one and

		group dialogues with overseas investors. Also, Omron participates several times a year in IR conferences organized by securities companies for investors abroad, in Japan and overseas.
Posting of IR materials on website	—	Omron posts quarterly results, annual integrated reports (IR / CSR reports), and discloses TSE-required information timely both in English and Japanese.
Establishment of department and/or manager in charge of IR	—	Department in charge: Global Investor Relations & Corporate Communications Headquarters (reports directly to the President & CEO) Executive in charge: Satoshi Ando, Managing Executive Officer, Chief IR & Communications Officer

### 3. Measures for Respecting the Position of Stakeholders

	Supplemental Remarks
Rules for Respecting the Position of Stakeholders through Internal Regulations, etc.	<p>“Management Philosophy” is defined as follows. This is an important philosophy when we practice “The Omron Principles” through our business and our commitment to all stakeholders.</p> <p>“We believe a business should create value for society through its key practices. We are committed to sustainably increasing our long-term value by putting Our Mission and Values into practice.”</p> <ul style="list-style-type: none"> <li>• We uphold a long-term vision in our business practices to create solutions to society’s needs</li> <li>• We operate as a truly global company through our fair and transparent management practices</li> <li>• We cultivate strong relationships with all of our stakeholders through responsible engagement</li> </ul>
Implementation of environmental activities, CSR activities, etc.	<ul style="list-style-type: none"> <li>• Regarding our environmental activities, we present our basic position with regard to the environment in our Environmental Policy to promote environmental efforts in corporate management (eco-management), creation of environmentally conscious products and products that contribute to the environment(eco-products),environmentally friendly business activities (eco-factories/laboratories/offices), environmentally conscious logistics(eco-logistics),disclosure of environmental information and environmental contribution activities (eco-communication),and environmental awareness of all employees (eco-mind).</li> <li>• OMRON’s fundamental CSR approach derives from the following three commitment policies: “contributing to a better society through business operations,” “showing commitment to addressing societal issues as a concerned party,” and “always demonstrating fairness and integrity in the promotion of corporate activities.” The company aims to</li> </ul>

	<p>fulfill its corporate social responsibility by pursuing activities in the areas of innovation driven by social needs, the environment, human rights, corporate ethics, social action programs and support for people with disabilities. Details of these activities are published in the CSR section of the Japanese and English versions of OMRON's website.</p> <ul style="list-style-type: none"> <li>• Specific CSR initiatives are implemented primarily by responsible departments and CSR-related committees and are promoted throughout OMRON Group.</li> </ul>
Formulation of policies on providing information to stakeholders	<p>We have an information disclosure policy and our own disclosure standards, and practice them thoroughly in all of our corporate activities. We have also established an Information Disclosure Executive Committee to oversee timely outside disclosure of significant information concerning the OMRON Group, with the aim of realizing highly transparent management.</p>
Other	<p>&lt;Promotion of diversity and women's empowerment&gt;</p> <ul style="list-style-type: none"> <li>• "Respect for individuality and diversity" is one of the Management Commitments in the OMRON Principles. As such, we strive to create a workplace in which a diverse range of people with individual value perceptions and thoughts can fully put their capabilities to use and assume vital roles, without regard to gender, nationality or other non-performance-related attributes.</li> <li>• In 2012, a dedicated organization was set up to promote diversity in the workplace.</li> <li>• To help empower women in the workplace, we have been continuously working to provide female employees with more opportunities to play key roles in the workplace and promote them to positions of responsibility, while transforming the mindset of managers and female employees. As part of this effort, we set a target of increasing the percentage of women in managerial positions in Japan (OMRON Corporation and its consolidated subsidiaries) from 1.8% in 2014 to 5% by 2018.</li> </ul>

## IV. Matters Related to the Internal Control System

### 1. Basic Approach and Development and Operation Status Related to the Internal Control

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, OMRON and its affiliated companies (the "OMRON Group") will establish the following internal control systems.

#### 1. System to Ensure that Execution of Duties by Directors and Employees of the OMRON Group Conforms to Laws and Regulations and the Articles of Incorporation

- (1) The Company has more than one Director (Independent), separates the positions of Chairman of the Board of Directors, and President (CEO), and takes other measures to strengthen management oversight by the Board of Directors.
- (2) The Company has established Advisory Committees in the Board of Directors on personnel, compensation and nomination of the president. These Committees, which are chaired by Directors (Independent), are responsible for providing advice on appointment and compensation of Directors and Executive Officers, as well as selection of candidates for President for the next term, and increasing the objectivity and transparency of decisions.
- (3) The Company has established the Corporate Governance Committee chaired by a Director (Independent) as an Advisory Committee to the Board of Directors. This Committee is responsible for continually enhancing corporate governance at the Company and increase management fairness and transparency.
- (4) The OMRON Group CSR Practice Guidelines show the Group's basic policies for practicing "socially responsible corporate management," and specific action guidelines for officers and employees, and are disseminated to promote legal compliance.
- (5) The key theme of "socially responsible corporate management" is promoting corporate ethics and compliance in the OMRON Group. The Corporate Ethics & Risk Management Committee has been established as an organization to promote this key theme. As specific activities, the president himself issues instructions on corporate ethics and compliance, providing opportunities to disseminate awareness. In addition, the Company conducts regular training and education for employees on corporate ethics and compliance.
- (6) The Company has set up a whistleblower hotline both inside and outside the Company to receive reports of acts that are, or could potentially be, in violation of the OMRON Group CSR Practice Guidelines, work rules or laws. In accordance with laws and internal company rules, the content of these reports is protected as confidential, and employees may not be given unfavorable treatment for making such reports.
- (7) With the aim of realizing highly transparent management, the Company positions information disclosure as an important task, and has established an Information Disclosure Executive Committee directly under the president to promote the disclosure. The Committee engages in activities to ensure the accuracy, timeliness and completeness of information disclosure across the OMRON Group, and proactively makes disclosure to the public according to the standard set out by the Group.
- (8) The Company has set up an internal control department directly under the president to conduct operational audits.
- (9) To ensure the propriety of the OMRON Group's financial reporting, a system has been established that enables reports to be submitted appropriately in accordance with laws and regulations through measures such as monitoring by internal audit divisions after each division conducts its own review of maintenance and operation of business processes.
- (10) The OMRON Group's policy on exclusion of antisocial forces is defined in the OMRON Group CSR Practice Guidelines.

## **2. System for Storage and Management of Information Related to Execution of Directors' Duties**

- (1) Under the Board of Directors Rules, the minutes of Board of Directors meetings are recorded and kept for 10 years.
- (2) Under the Management Rules, which state the basic policy and principles for Group management and decision making, decision reports are issued for decisions on significant issues. Decision reports, minutes of Executive Committee meetings, and other important documents showing the state of execution of duties are preserved and managed in accordance with laws and internal company rules.

## **3. Regulations and Other Systems Concerning Loss Risk Management of the OMRON Group**

- (1) The Company will engage in risk management integrating all activities that entail risks on a global scale, to ensure the Company's survival and to secure the achievement of corporate objectives while fulfilling its corporate social responsibility.
- (2) The Company will strive to avoid, mitigate and transfer risk of loss through collecting information on and conducting analysis of risks while taking countermeasures against them, in accordance with the Basic Rules for Integrated Global Risk Management.
- (3) Significant risks for the OMRON Group shall be designated, and Group-wide response measures across all internal companies shall be determined at Executive Committee meetings.
- (4) When a crisis occurs, the Company makes reports, transmits information, and assembles the necessary response teams in accordance with the procedures specified in the Basic Rules for Global Crisis Management.

## **4. Systems to Ensure Efficient Execution of Duties by Directors of the OMRON Group**

- (1) The Company uses the Executive Officer system and keeps the number of Directors small to ensure substantive discussion and swift decision making at Board of Directors meetings.
- (2) In addition to the Board of Directors, the Company has an Executive Committee, which discusses and decides on significant business execution issues within the scope of the president's authority.
- (3) The Company uses an internal company system, and promotes faster decision making and efficient business operations by delegating substantial authority to the president of each internal company.
- (4) The OMRON Group performs its duties in accordance with the division of duties and scope of decision-making authority set forth based on a concept of proper control and prompt decision making as basic principles.
- (5) The OMRON Group establishes a medium-to-long term management plan. In order to substantiate this management plan, it formulates a business plan in each fiscal year.

## **5. System to Report to the Company on Matters concerning Execution of Duties by Directors of Subsidiaries**

Information regarding operational results, financial status and other significant matters of subsidiaries must be reported to respective superior units responsible for the management of subsidiaries in accordance with the internal regulations, etc.

## **6. Systems to Ensure Effectiveness of Audit & Supervisory Board Members**

- (1) An Audit & Supervisory Board Office with dedicated full-time support staff has been established to assist Audit & Supervisory Board Members in performing their duties. The staff members of the Audit & Supervisory Board Office perform their work under the supervision and instruction of the Audit & Supervisory Board Members.
- (2) Personnel evaluations, appointments and transfers of the staff of Audit & Supervisory Board Office are carried out with the consent of the Audit & Supervisory Board.
- (3) A system is in place for Directors, Audit & Supervisory Board Members and employees of the OMRON Group and those who have been reported from any of them to immediately report to Audit & Supervisory Board Members of the Company regarding incidents of material violations of laws and/or articles of incorporation, misconduct within the OMRON Group, or information relating to potential risk of significant loss to the company, in accordance with predetermined regulations and procedures. Notwithstanding these, the Audit & Supervisory Board Members of the Company may request reports from Directors and employees of the OMRON Group at any time as needed. The Company shall not treat whistleblowers in an unfair way on the ground of reporting of wrongdoing.
- (4) When Audit & Supervisory Board Members request for advance payment of expenses pertaining to the execution of their duties in accordance with Article 388 of the Companies Act, the Company shall handle the request in a prompt manner.
- (5) As a mechanism for securing an effective audit by Audit & Supervisory Board Members, systems are in place for the Audit & Supervisory Board to hold periodic interviews of Directors and Executive Officers, periodically exchange views with the president, periodically exchange information with Accounting Auditors, and receive operational reports from Executive Officers. In addition, the Internal Audit Manager is invited to Audit & Supervisory Board meetings and makes internal audit reports.
- (6) Half or more of the Audit & Supervisory Board Members are Audit & Supervisory Board Members (Independent), including legal professionals such as attorneys and Certified Public Accountants, or individuals with extensive knowledge of finance and accounting, to enhance audit objectivity and effectiveness.
- (7) Audit & Supervisory Board Members attend and state their opinions at Board of Directors meetings as well as Executive Committee meetings and other important meetings.



## 2. Basic Approach to Excluding Antisocial Forces and Establishment of Relevant structures

OMRON's policy on antisocial forces is, OMRON strictly prohibits any association whatsoever with antisocial groups or others that threaten the public order and security, standing firm against them." This policy has been stated in the OMRON Group CSR Practice Guidelines and publicized both internally and externally, stipulating the code of conduct for all employees, including executives.

OMRON has dedicated personnel who are responsible for establishing cooperative relationship with the police, outside legal counsels and other outside organizations and collecting intelligence on a regular basis.

In the event that antisocial forces make undue claims, the company will act in an organized way against such forces by transmitting reports and information, setting up response teams and taking countermeasures in cooperation with police, outside legal counsels and other outside organizations in accordance with Basic Rules for Global Crisis Management and countermeasure manuals.

## V. Other

### 1. Defense Against Takeovers

Defense measures against takeovers	None
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Supplemental Remarks on This Item
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None.

### 2. Other Matters Concerning the Corporate Governance System

- Regarding the corporate governance system

We will strengthen the corporate governance system of the entire OMRON Group as we pursue further business expansion and global development. In addition to disseminating and ensuring the thorough implementation of our corporate principles, we will conduct management with a constant awareness of three focal points- fulfilling management accountability, achieving management transparency and pursuing high business ethics- and continuously enhance corporate governance.

- OMRON's internal system for timely disclosure of company information is as follows

## 1. Basic stance regarding timely disclosure of information

OMRON's basic policy is to aim for highly transparent management and carry out disclosure of information in a proactive manner. We disclose important facts in accordance with the operational policy below:

- (1) In order to meet the needs of our stockholders and other stakeholders for information disclosure, we disclose information according to even stricter standards than the requirements of Japan's Financial Instruments and Exchange Act and the Timely Disclosure Rules of the Tokyo Stock Exchange.
- (2) With regard to qualitative information about which individual decisions regarding the need for disclosure are required, a meeting of the Information Disclosure Executive Committee (hereinafter referred to as the "Executive Committee") will be promptly convened to deliberate on whether the information ought to be disclosed and if so, what details require disclosure.
- (3) In order to ensure fairness to all stakeholders when disclosing important facts, in addition to promptly disclosing the information to the Tokyo Stock Exchange, we will also release the information to at least two different media outlets.

## 2. Internal system for timely disclosure

### 2.1 Timely disclosure implementation system

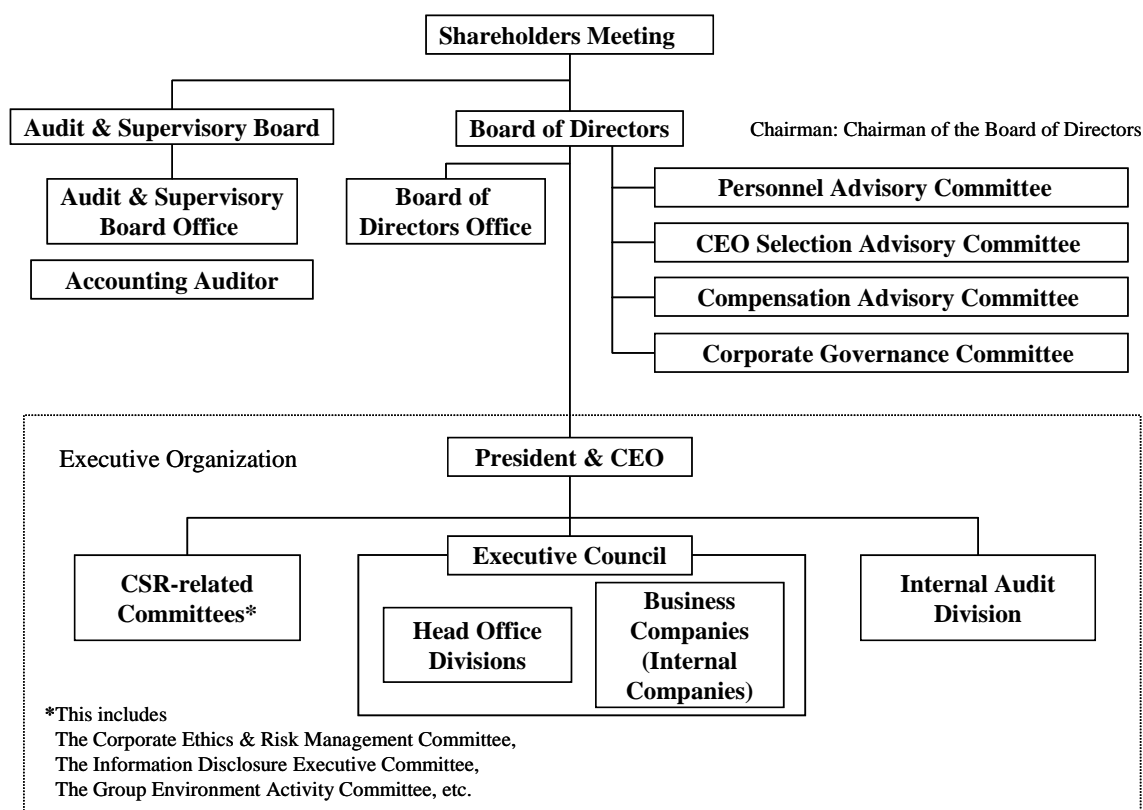
OMRON has established an Executive Committee to determine whether disclosure of certain decisions and incidents is required according to relevant timely disclosure rules or OMRON's own disclosure standards. Matters that the Executive Committee decides require disclosure are reported to the person in charge of information management, who then instructs the Investor Relations department to publish these on TSE's Timely Disclosure Network (TDnet). To order to ensure that all important facts are referred to the Executive Committee, the following procedures ((1) and (2)) are followed.

- (1) Departments handling information in Head Office and business divisions will determine whether, according to disclosure rules, incidents that occur within their own division require disclosure, and then report these matters, as well as matters about which they are unable to make a decision, to the Executive Committee for deliberation.
- (2) The Board of Directors Office and the Executive Council Office will report to the Executive Committee all important matters that are submitted for deliberation to the Board of Directors or the Executive Council (bodies tasked with deliberating on important business matters).

## 2.2 Internal timely disclosure system

We position disclosure of information as an issue that is important to our drive for highly transparent management, and have set up an Information Disclosure Executive Committee, which directly report to CEO, to promote it. The committee is tasked with ensuring the accuracy, timeliness, and comprehensiveness of all of OMRON Group's information disclosure activities and carrying out information disclosure in a proactive manner in accordance with OMRON Group's own disclosure standards.

## Omron's Corporate Governance Structure



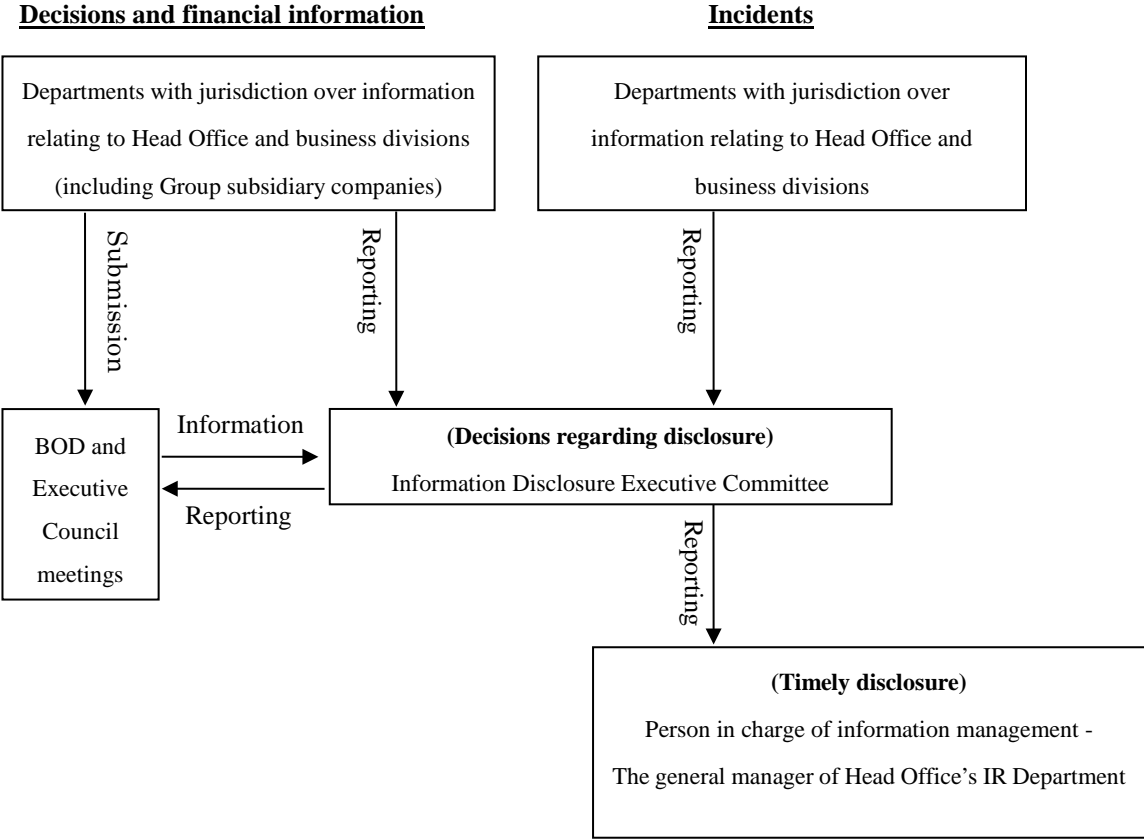
### Advisory Committee Members (Updated)

position	name	Personnel Advisory Committee	CEO Selection Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman of the Board	Fumio Tateishi		□		
Representative Director and President	Yoshihito Yamada				
Representative Director and Executive Vice President	Yoshinori Suzuki	□			
Director and Executive Vice President	Akio Sakumiya	○	○	○	
Director	Koji Nitto			□	
Outside Director	Kazuhiko Toyama *	◎	◎	□	◎
Outside Director	Eizo Kobayashi *	□	□	◎	○
Outside Director	Kuniko Nishikawa *	□	□	□	□
Audit & Supervisory Board Member (Full-time)	Kiichiro Kondo				
Audit & Supervisory Board Member (Full-time)	Tokio Kawashima				
Audit & Supervisory Board Member (Independent)	Eisuke Nagatomo*				□
Audit & Supervisory Board Member (Independent)	Yoshifumi Matsumoto*				□

◎ Chairperson ○ Vice-Chairperson □ Committee Member

\* Independent Officer

# Omron’s internal system for timely disclosure of information



Omron's implementation status for each principle set forth in the Corporate Governance Code is disclosed in the Omron Corporate Governance Policies as below.

Corporate Governance Code				Corresponding articles in the Omron Corporate Governance Policies	Implementation Status	
General Principle	Principle	Supplementary Principles	Comply		Explain	
Section 1 Securing the Rights and Equal Treatment of Shareholders	1.1 Securing the Rights of Shareholders	-	Section 2.1 (1) General Shareholders Meetings	✓		
		1.1.1	Section 2.1 (2) Securing the Rights of Shareholders	✓		
		1.1.2	Section 4.2 (1) Roles and Responsibilities of the Board of Directors	✓		
	1.2 Exercise of Shareholder Rights at General Shareholder Meetings	1.1.3	Section 2.1 (2) Securing the Rights of Shareholders	✓		
		-	Section 2.1 (1) General Shareholders Meetings	✓		
		1.2.1	Section 2.1 (1) General Shareholders Meetings	✓		
		1.2.2	Section 2.1 (1) General Shareholders Meetings	✓		
		1.2.3	Section 2.1 (1) General Shareholders Meetings	✓		
		1.2.4	Section 2.1 (1) General Shareholders Meetings	✓		
		1.2.5	Section 2.1 (1) General Shareholders Meetings	✓		
	1.3	Basic Strategy for Capital Policy	-	Section 2.1 (4) Basic Strategy for Capital Policy	✓	
	1.4	Cross-Shareholdings	-	Section 2.1 (5) Cross-Shareholding Strategy	✓	
	1.5 Anti-Takeover Measures	-	Section 2.1 (6) Anti-Takeover Measures	✓		
		1.5.1	Section 2.1 (6) Anti-Takeover Measures	✓		
	1.6	Capital Policy that May Harm Shareholder Interests	-	Section 2.1 (4) Basic Strategy for Capital Policy	✓	
	1.7	Related Party Transactions	-	Section 2.1 (7) Prevention of Related Party Transactions	✓	
	Section 2 Appropriate Cooperation with Stakeholders Other Than Shareholders	2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-	-	Section 1.1 Objective and Basic Policies for Corporate Governance	✓	
2.2			Code of Conduct	-	Section 2.2 Relationships with Employees	✓
2.3 Sustainability Issues, Including Social and Environmental Matters		2.2.1	Section 2.2 Relationships with Employees	✓		
		-	Section 2.5 Relationships with Communities	✓		
2.4 Ensuring Diversity, Including Active Participation of Women		2.3.1	Section 2.5 Relationships with Communities	✓		
		-	Section 2.2 Relationships with Employees Section 4.5 (1) The Personnel Advisory Committee	✓		
2.5 Whistleblowing		-	Section 2.2 Relationships with Employees	✓		
	2.5.1	Section 2.2 Relationships with Employees	✓			
Section 3 Ensuring Appropriate Information Disclosure and Transparency	3.1 Full Disclosure	-	Section 3.1 Information Disclosure Standards	✓		
		(i)	Section 2.1 (3) Constructive Dialogue with Shareholders Attachment - 1	✓		
		(ii)	Section 1.1 Objective and Basic Policies for Corporate Governance	✓		
		(iii)	Section 4.5 (3) The Compensation Advisory Committee	✓		
		(iv)	Section 4.5 (1) The Personnel Advisory Committee	✓		
		(v)	Section 4.5 (1) The Personnel Advisory Committee	✓		
		3.1.1	(Implemented throughout the corporate web site)	✓		
	3.1.2	(Implemented throughout the corporate web site)	✓			
	3.2 External Auditors	-	Section 4.4 (1) Roles and Responsibilities of External Auditors	✓		
		3.2.1	Section 4.3 (3) Relationship with External Auditors and the Internal Auditing Department	✓		
		3.2.2	Section 4.2 (1) Roles and Responsibilities of the Board of Directors Section 4.3 (3) Relationship with External Auditors and the Internal Auditing Department	✓		
	Section 4 Responsibilities of the Board	4.1 Roles and Responsibilities of the Board (1)	-	Section 4.2 (1) Roles and Responsibilities of the Board of Directors	✓	
			4.1.1	Section 4.2 (1) Roles and Responsibilities of the Board of Directors	✓	
			4.1.2	Section 2.1 (3) Constructive Dialogue with Shareholders Attachment - 1	✓	
4.2 Roles and Responsibilities of the Board (2)		4.1.3	Section 4.5 (2) The CEO Selection Advisory Committee	✓		
		-	Section 4.2 (1) Roles and Responsibilities of the Board of Directors Section 4.5 (3) The Compensation Advisory Committee	✓		
4.3 Roles and Responsibilities of the Board (3)		4.2.1	Section 4.5 (3) The Compensation Advisory Committee	✓		
		-	Section 4.5 (1) The Personnel Advisory Committee Section 4.2 (4) Internal Control	✓		
4.4 Roles and Responsibilities of Kansayaku and the Kansayaku Board		4.3.1	Section 4.5 (1) The Personnel Advisory Committee	✓		
		4.3.2	Section 4.2 (4) Internal Control	✓		
4.5 Fiduciary Responsibilities of Directors and Kansayaku		-	Section 4.3 (1) Roles and Responsibilities of the Audit & Supervisory Board	✓		
		4.4.1	Section 4.3 (1) Roles and Responsibilities of the Audit & Supervisory Board	✓		
4.6 Business Execution and Oversight of the Management		-	Section 4.6 (1) Directors Section 4.6 (3) Audit & Supervisory Board Members	✓		
		-	Section 4.2 (2) Composition of Board of Directors	✓		
4.7 Roles and Responsibilities of Independent Directors		-	Section 4.6 (2) Independent Outside Directors	✓		
		-	Section 4.2 (1) Roles and Responsibilities of the Board of Directors	✓		
4.8 Effective Use of Independent Directors		4.8.1	Section 4.5 (4) Corporate Governance Committee	✓		
		4.8.2	Section 4.2 (2) Composition of Board of Directors	✓		
4.9	Independence Standards and Qualification for Independent Directors	-	Section 4.6 (5) Independence Criteria	✓		
4.10 Use of Optional Approach	-	Section 4.1 Organizational Structure	✓			
	4.10.1	Section 4.2 (2) Composition of Board of Directors	✓			
4.11 Preconditions for Board and Kansayaku Board Effectiveness	-	Section 4.5 (1) The Personnel Advisory Committee Section 4.6 (3) Audit & Supervisory Board Members Section 4.5 (4) Corporate Governance Committee	✓			
	4.11.1	Section 4.5 (1) The Personnel Advisory Committee Section 4.6 (1) Directors	✓			
	4.11.2	Section 4.6 (2) Independent Outside Directors	✓			
	4.11.3	Section 4.5 (1) The Personnel Advisory Committee Section 4.5 (4) Corporate Governance Committee	✓			

Corporate Governance Code				Corresponding articles in the Omron Corporate Governance Policies		Implementation Status		
General Principle	Principle	Supplementary Principles		Comply	Explain			
Section 4	Responsibilities of the Board	4.12	Active Board Deliberations	-	Section 4.2 (3) Chair of the Board of Directors	✓		
				4.12.1	Section 4.6 (6) Support Structure	✓		
		4.13	Information Gathering and Support Structure	-	Section 4.6 (6) Support Structure	✓		
				4.13.1	Section 4.6 (1) Directors			
					Section 4.6 (2) Independent Outside Directors			
					Section 4.6 (3) Audit & Supervisory Board Members		✓	
					Section 4.6 (4) Independent Outside Audit & Supervisory Board Members			
		4.13.2	Section 4.6 (6) Support Structure	✓				
		4.13.3	Section 4.3 (1) Roles and Responsibilities of the Audit & Supervisory Board					
			Section 4.3 (3) Relationship with External Auditors and the Internal Auditing Department		✓			
4.14	Director and Kansayaku Training	-	Section 4.6 (7) Training Policy	✓				
		4.14.1	Section 4.6 (7) Training Policy	✓				
		4.14.2	Section 4.6 (7) Training Policy	✓				
Section 5	Dialogue with Shareholders	5.1	Policy for Constructive Dialogue with Shareholders	-	Section 2.1 (3) Constructive Dialogue with Shareholders .Attachment - 1	✓		
				5.1.1	Section 2.1 (3) Constructive Dialogue with Shareholders .Attachment - 1	✓		
				5.1.2	Section 2.1 (3) Constructive Dialogue with Shareholders .Attachment - 1	✓		
				5.1.3	Section 2.1 (3) Constructive Dialogue with Shareholders .Attachment - 1	✓		
		5.2	Establishing and Disclosing Business Strategy and Business Plan	-	Section 2.1 (3) Constructive Dialogue with Shareholders .Attachment - 1	✓		