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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

1. Basic Stance for Corporate Governance and Objective of Establishing the Corporate Governance Policies

At the OMRON Corporation and its affiliated companies (hereinafter referred to as 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.

In accordance with this basic stance, the OMRON Group has set forth the following corporate governance policies (hereinafter referred to as the “Policies”) as the foundation for the Group's pursuit of continuous improvement of 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】

- 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, including those principles that call for disclosure of specific items, 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)

- 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.
- These Policies are available at the OMRON Group Website:
URL: <http://www.omron.com/about/governance/organization/>
- For details regarding the Company's implementation of the principles stated in the Code, please refer to "Corporate Governance Code Implementation Status" on p.32.
- For result of the evaluation of effectiveness of the board (stated as Supplementary Principles 4.11.1 in the Code) , please refer to "Overview of the Results of the Evaluation of the Board of Directors' Effectiveness" on p.18.

2. Capital Structure

Percentage of shares held by overseas investors	Over 30%
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Principal Shareholders: (Updated)

Name	Number of Shares Held	Percentage (%)
Japan Trustee Services Bank, Ltd. (trust account)	12,059,000	5.63%
State Street Bank and Trust Company 505223	11,429,697	5.34%
The Master Trust Bank of Japan, Ltd. (trust account)	7,769,800	3.63%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,712,695	3.60%
The Bank of Kyoto, Ltd.	7,069,265	3.30%
State Street Bank and Trust Company	5,247,504	2.45%
JP Morgan Chase Bank 385632	4,016,498	1.87%
Japan Trustee Services Bank, Ltd. (trust account 5)	3,905,000	1.82%
Nippon Life Insurance Company	3,639,801	1.70%
The Bank of New York, Mellon SA/NV 10	3,462,335	1.61%

Controlling shareholders (except parent company)	None
Parent company	None

Supplemental Remarks (Updated)

1. On October 6, 2016, BlackRock Japan Co., Ltd. filed an amendment to the major shareholding status report, that is open to public, stating that its ten (10) group companies held 14,383 thousand shares of the Company (representing 6.72% of the total number of shares issued) as of September 30, 2016. However, OMRON 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 these shares are not included in major shareholders stated above.
2. On February 2, 2017, Harris Associates, L.P. filed an amendment to the major shareholding status report, that is open to public, stating that it held 9,953 thousand shares of the Company (representing 4.65% of the total number of shares issued) as of January 31, 2017. However, OMRON has not been able to confirm the number of shares currently possessed by the company as of the end of the fiscal year under review, and therefore these shares are not included in major shareholders stated above.

3. Corporate Attributes

Stock exchange listings	Tokyo Stock Exchange (first section)
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:

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)

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.**

- a. Executive of a listed company or its subsidiary
- b. Executive or non-executive director of the parent company of a listed company
- c. Executive of a fellow subsidiary company of a listed company
- d. 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 & 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 & 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 2016 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><Significant concurrent positions> CEO of Industrial Growth Platform, Inc. Outside Director of PIA Corporation Outside Director of Panasonic Corporation</p>	<p><Reasons nominated as a candidate> 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 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><Reason for appointing as independent director> The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent director. <Process for appointing as independent director> 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>

Eizo Kobayashi	○	<p>Mr. Eizo Kobayashi 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 director to the Tokyo Stock Exchange, Inc. (For more details, please see the Independent Directors and Audit & 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 2016 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><Significant concurrent positions> Chairman of ITOCHU Corporation Outside Director of Japan Airlines Co., Ltd. Outside Director of Japan Exchange Group, Inc. Outside Director of Nippon Venture Capital Co., Ltd. Outside Audit & Supervisory Board Member of Asahi Mutual Life Insurance Company Chairman of ITOCHU Foundation Chairman of Japan Foreign Trade Council, Inc.</p>	<p><Reasons nominated as a candidate> 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 Personnel Advisory Committee and 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).</p> <p><Reason for appointing as independent director> The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent director. <Process for appointing as independent director> 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>
Kuniko Nishikawa	○	<p>Ms. Kuniko Nishikawa 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 director to the Tokyo Stock Exchange, Inc. (For more details, please see the Independent Directors and Audit & Supervisory Board Members section below described)</p> <p><Significant concurrent positions> President & CEO of Firststar Healthcare Co. Ltd. Chief Executive Officer of FRONTEO Healthcare, Inc. Non-Executive Director and Member of the Regional Economy Vitalization Committee of Regional Economy Vitalization Corporation of Japan</p>	<p><Reasons nominated as a candidate> 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 and appropriately supervises corporate management as a Director (Independent). In addition, Ms. Nishikawa shares her experience and insight as management expert, and actively comments as a member of the Personnel Advisory Committee, CEO Selection Advisory Committee, Compensation 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 she is a suitable person for achieving sustained improvements in corporate value and therefore requests her reelection as a Director (Independent).</p> <p><Reason for appointing as independent director></p>

			<p>The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent director.</p> <p><Process for appointing as independent director></p> <p>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>
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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

	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

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	2

(Independent)	
Number of Audit & Supervisory Board Members (Independent) designated as independent officers	2

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	B	c	d	e	f	g	h	i	j	k	l	m
Yoshifumi Matsumoto	Attorney at Law													
Hideyo Uchiyama	Certified Public Accountant										△			

* 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
- Non-executive directors or accounting advisors of the listed company or its subsidiaries
- Executive or non-executive director of the parent company of a listed company
- Parent company of Audit & Supervisory Board Members of 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
- Principal client or supplier of a listed company or executive thereof
- 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
- Principal shareholder of a listed company (executive of the said corporate shareholder if the principal shareholder is a legal entity)
- 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)
- Executive of a company, between which and OMRON outside directors are mutually appointed (the said individual only)
- Executive of a company or organization that receives a donation from a listed company (the said individual only)
- Other

Relationship with the Company (2) (Updated)

Name	Independent Audit &	Supplemental information on corresponding items	Reason for selecting as Audit & Supervisory Board
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	Supervisory Board Member		Member(Independent)
Yoshifumi Matsumoto	○	<p>Mr. Yoshifumi Matsumoto 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 Board Member to the Tokyo Stock Exchange, Inc. (For more details, please see the Independent Directors and Audit & Supervisory Board Members section below described).</p> <p><Significant concurrent positions> Partner, of Miyake & Partners, Attorney at Law</p>	<p><Reason for selecting as Audit & Supervisory Board Member (Independent) > Mr. Yoshifumi Matsumoto has been appropriately fulfilling his duties as an Audit & Supervisory Board Member by auditing Directors' execution of their duties. He attends Board of Directors meetings and other important meetings, actively expressing his views from the perspective of auditing legality and validity of conduct. In addition, Mr. Matsumoto is an attorney at law and a patent attorney specializing primarily in intellectual property laws and corporate legal affairs. He has reflected his legal expertise in the auditing of the Company.</p> <p>For these reasons, the Company believes that he is a suitable person for an Audit & Supervisory Board Member of the Company and therefore requests his reelection as an independent Audit & Supervisory Board Member.</p> <p><Reason for appointing as independent Audit & Supervisory Board Member> The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent Audit & Supervisory Board Member.</p> <p><Process for appointing as independent Audit & Supervisory Board Member> The Company has defined the Independence Requirements in the Corporate Governance Committee. According to this Independence Requirements, Mr. Matsumoto is qualified as independent Audit & Supervisory Board Member.</p>
Hideyo Uchiyama	○	<p>Mr. Hideyo Uchiyama 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 Board Member to the Tokyo Stock Exchange, Inc. (For more details, please see the Independent Directors and Audit & Supervisory Board Members section below described).</p> <p>Although Mr. Hideyo Uchiyama had formerly served as CEO of KPMG Japan, he stepped down from the position in June of 2015. While the OMRON Group has a business relationship with KPMG, including the conclusion of outsourcing agreements, such transactions in fiscal 2016 accounted for less than 1% of the consolidated net sales of the Group and the total revenue of KPMG, respectively (also less than 1% of KPMG's total revenue in Asia</p>	<p><Reason for selecting as Audit & Supervisory Board Member (Independent) > Having served as a top executive for an auditing firm and for the Asia Pacific region of an international accounting firm, Mr. Hideyo Uchiyama has abundant experience and superior insight. Furthermore, he has years of working experience as a certified public accountant in an auditing firm and considerable knowledge regarding finance and accounting. Although he has not been involved directly in corporate management, based on these accomplishments and considerable amount of experience, the Company believes that he is a suitable person for an Audit & Supervisory Board Member and therefore requests his election as an Audit & Supervisory Board Member (Independent) .</p> <p><Reason for appointing as independent Audit & Supervisory Board Member> The Personnel Advisory Committee confirm that he meets the Independence Requirements and serves for protecting general shareholders' interests as an independent Audit & Supervisory Board Member</p> <p><Process for appointing as independent Audit & Supervisory Board Member ></p>

		Pacific). Therefore, there is no reason to question the independence of Mr. Uchiyama. <Significant concurrent positions> Executive Advisor of ASAHI Tax Corporation & Certified Public Accountant	The Company has defined the Independence Requirements in the Corporate Governance Committee. According to this Independence Requirements, Mr. Uchiyama is qualified as independent Audit & Supervisory Board Member.
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Independent Directors and Audit & Supervisory Board Members:

Number of independent directors and Audit & Supervisory Board Members	5
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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, Audit & Supervisory Board Member, 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, Audit & Supervisory Board Member, 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, Audit & Supervisory Board Member, 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, Audit & Supervisory Board Members, 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

*P15 Please see “Disclosure of decision-making policies relating to compensation amounts and calculation methods”

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

- 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:

Disclosure of compensation of individual directors	The compensation of some individual directors is disclosed
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Supplemental Remarks on This Item (Updated)
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- 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 Members 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 79th Fiscal Year (April 1, 2016-March 31, 2017)

Title	Number	Base Compensation (JPY million)	Bonuses (JPY million)	Medium-term Performance-Linked Bonuses (JPY million)	Aggregate Compensation (JPY million)
Directors [Outside Directors]	8 [3]	380 [363]	149 [—]	59 [—]	588 [36]
Audit & Supervisory Board Members [Audit & Supervisory Board Members (Independent)]	5 [3]	82 [18]	— [—]	— [—]	82 [18]
Total [Outside executives]	13 [6]	462 [54]	149 [—]	59 [—]	670 [54]

- Notes: 1. The above amounts include compensation paid to one (1) Audit & Supervisory Board Member (Independent) who retired at the close of the 79th Ordinary General Meeting of Shareholders held on June 23, 2016.
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 Outside Directors.
4. The above yearly performance-linked bonuses are the amounts that the Company plans to pay, provided that the proposal No. 6 “Payment of Yearly Performance-Linked Bonuses to Directors” at this Ordinary General Meeting of Shareholders is approved and resolved as originally proposed.
5. The maximum limit of the total payment of medium-term performance-linked bonuses was set at JPY 600 million at the 77th Ordinary General Meeting of Shareholders held on June 24, 2014. The medium-term performance-linked bonuses are planned to be paid based on the consolidated operating income for the fiscal year ended March 31, 2017, which is the final year of the medium-term management plan targeting the three years from fiscal 2014 through fiscal 2016.
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 80th Ordinary General Meeting of Shareholders and Business Report, and is also included on our website: <http://www.omron.com>.

* The 80th Securities Report is scheduled to be issued on June 23, 2017.

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

Basic Principles of Compensation for Directors and Executive Officers

- 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) mediumterm 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 mission and corporate principles (the Omron Principles).
- * The Company shall pay compensation that enables it to recruit, hire and retain talented

personnel as officers.

- * 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 retain talented personnel capable of implementing the Company's mission 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 outside 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, based on a survey conducted by an independent compensation consultant.

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 enable to recruit, hire and retain talented personnel.
- * No retirement bonuses shall be paid.
- * The level of compensation shall be determined by taking into account the levels of other companies, based on a survey conducted by an independent compensation consultant.

Support System for Outside Directors and Audit & Supervisory Board Members (Independent):

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, 2017, 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. Overview of the Results of the Evaluation of the Board of Directors' Effectiveness

The Company conducts analysis and evaluation of the Board's effectiveness so that the members of the Board will enhance the function and the effectiveness of the Board to realize the sustained improvements in corporate value by recognizing, sharing and improving the direction to be taken by the Board and the issues arising from such direction.

[Method of evaluation of the Board's effectiveness]

Evaluation on the Board's effectiveness is conducted by the Corporate Governance Committee chaired by an independent outside director, and its members consist of independent outside director and Audit & Supervisory Board members (Independent).

In conducting the evaluation of the Board's effectiveness, following on from the previous year, all Directors comprising the Board of Directors and Audit & Supervisory Board Members were asked to complete an anonymous self-evaluation questionnaire. This year's topics included evaluation of the policy for the operation of the Board of Directors, which was formulated in fiscal 2016, and the specific initiatives taken based on the said policy, in addition to such topics as the details of deliberation by the Board and its operation methods. The Chairperson of the Board also conducted individual interviews with each of the Directors and exchanged opinions on improving the effectiveness of the Board.

The Corporate Governance Committee analyzed the results of the self-evaluations and the interviews with the Chairperson of the Board, sorted out the issues and reported the results of the evaluation of the Board's effectiveness to the Board of Directors.

Based on these evaluation results, the Board of Directors formulated the policy for the operation of the Board of Directors for fiscal 2017.

[Results of evaluation of the Board's effectiveness]

The Corporate Governance Committee confirmed that the governance system currently adopted by the Company and the operation of the system worked properly without any problems.

Additionally, the Committee confirmed regarding the status of the initiatives based on the Board's operation policy formulated in FY2016 and future issues, as described below:

Initiatives based on the policy for the operation of the Board of Directors for fiscal 2016:

- The Board of Directors discussed medium-to-long-term management strategies and approved "VG2.0," the medium-term management plan, which includes specific initiatives and the attainment targets.

- The Board of Directors formulated a policy for Group-wide efforts toward ESG (*) (sustainability policy), and developed a system for overseeing underlying materiality in the policy and initiatives to address the materiality.
- The Board of Directors, regarding the delegation of authorities to executive organizations, revised the Board of Directors Rules and delegated its authorities relating to certain matters to be deliberated.

(*) ESG is an acronym for Environment, Social and Governance.

Future issues

- Demonstrating the oversight function of the Board of Directors toward the achievement of “VG2.0,” the medium-term management plan.

[Policy for the operation of the Board of Directors for the following fiscal year]

Based on the evaluation results by the Corporate Governance Committee, the Board of Directors shall demonstrate its oversight function to ensure the achievement of the medium-term management plan “VG2.0,” which began in fiscal 2017, with emphasis on the following three areas.

- Confirming the progress of the short-term management plan
- Human resources strategies and technical strategies that are the key to medium-term management strategies
- Initiatives to address materiality which have been identified based on the sustainability policy

The Company makes ongoing efforts in enhancing the Board’s effectiveness to achieve sustained improvements in corporate value.

3. Efforts toward Enhancing the Functions of the Audit & Supervisory Board

The Audit & Supervisory Board System

P26 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, an Audit & Supervisory Board Member (full-time), has years of work experience in financial institutions, and has considerable knowledge regarding finance and accounting.

- Mr. Hideyo Uchiyama, an Audit & Supervisory Board Member (Independent) , has years of working experience as a certified public accountant in an auditing firm and 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.

4. 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 Outside Directors 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 Toyama, Mr. Eizo Kobayashi, Ms. Kuniko Nishikawa, Mr. Yoshifumi Matsumoto, and Mr. Hideyo Uchiyama, 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 (Updated)

The Company has chosen to adopt the organizational structure of a “Company with Audit & Supervisory Board.”

The Board of Directors strives toward sustained improvements in the OMRON’s Group corporate value by exercising oversight functions over the overall management through the election of Directors, Audit & Supervisory Board Members and Executive Officers; the determination of compensation for Directors and Executive Officers; and making important operational decisions.

The Audit & Supervisory Board and the Audit Supervisory Board Members work to secure the integrity of the OMRON Group and the sustained improvement of corporate value by conducting audits on legality and appropriateness of Directors’ duties, and the fulfillment of the Board of Directors’ oversight obligations. In addition, each Audit & Supervisory Board Member can exercise his/her authority on his/her own as a single-person organ in which the power of final decision-making is given to one person. This allows them to play a crucial role in strengthening internal controls.

Furthermore, to complement the oversight functions of the Board of Directors, four voluntary advisory committees are attached to the Board of Directors. The Personnel Advisory Committee, the CEO Selection Advisory Committee and the Compensation Advisory Committee are chaired by an independent outside director, and the majority of each

committee should be composed of independent outside director. The CEO Selection Advisory Committee, in particular, is dedicated to the deliberation and nomination of candidates for CEO, which is the top-priority matter in management oversight. In addition, the Corporate Governance Committee, established for the purpose of enhancing corporate governance, is also chaired by an independent outside director, and exclusively comprises an independent outside director and Audit & Supervisory Board Members (Independent). Through these unique initiatives, the Company has established and adopted a system that enhances the transparency and objectivity of management's decision-making process. 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 structure that we feel is most appropriate for OMRON as a Company with 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 (Updated)

	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, and provides information on the website.
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 in both English and Japanese. 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, 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: Tsutomu Igaki, Executive Officer and Senior General Manager, Global Investor Relations & Corporate Communications Headquarters

3. Measures for Respecting the Position of Stakeholders (Updated)

	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"> • 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
Implementation of environmental activities, CSR activities, etc.	<p>< Environmental activities ></p> <ul style="list-style-type: none"> Regarding our environmental activities, we have our Environmental Policy that “We will contribute to realizing sustainable societies, globally, by providing eco-friendly products and services that can contribute to the global environment and by efficient management of resources.” Specifically, the following 5 measures will be taken: 1.Provide eco-friendly products and services that can contribute to the global environment”, 2.Prevent Global Warming, 3.Use resources efficiently, 4.Co-existence with nature, 5.Implement environmental management. <p><Implementation of CSR activities ></p> <ul style="list-style-type: none"> Our Mission, 'To improve lives and contribute to a better society', is based on our strong belief in which a corporation is most valuable when it contributes to society beyond the simple pursuit of profits. Our CSR activities follow the spirit of our mission and aim for sustainable development of the society through identifying social issues to be solved with defined medium - and long-term goals. Specific CSR activities include reviewing the status of important issues, monitoring the progress, identifying problems to be solved and recommending appropriate and effective actions through the Sustainability Committee. The Committee also provides a reporting to the Board of Directors where critical issues and recommended action plan are discussed.
Formulation of policies on providing information to stakeholders	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.
Other	<p><Promotion of diversity and women’s empowerment></p> <ul style="list-style-type: none"> “Respect for All” 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.

	<ul style="list-style-type: none"> ▪ In 2012, a dedicated organization was set up to promote diversity in the workplace. ▪ Currently, we have three female directors in Japan (an outside director and Executive Officer of OMRON Corporation and a president of Omron Personnel Service Co., Ltd.). ▪ 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. The number of female managers has become 36 in 2015, which account for 2.3% of total managers in Japan. By 2018, we plan to increase the percentage of women in management positions in Japan (OMRON Corporation and its consolidated subsidiaries) to 5%.
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IV. Matters Related to the Internal Control System

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

Based on the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has set the Internal Control System of the Company and its subsidiaries (“the OMRON Group”) as follows:

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 OMRON Group Management Policies and the OMRON Group Rules have been established to ensure transparency, fairness and the global nature of management in the OMRON Group, as well as serve as the management base for conducting appropriate and timely decision-making.
- (2) The Company has familiarized its officers and employees with the OMRON Group Rules for Ethical Conduct as specific action guidelines for practicing “social responsible corporate management” and enforces strict compliance.
- (3) 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.
- (4) 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 Rules for Ethical Conduct, 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.

- (5) 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.
- (6) The Company has set up an internal control department directly under the President to conduct operational audits.
- (7) 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.
- (8) The OMRON Group's policy on exclusion of antisocial forces is defined in the OMRON Group Management Policies and the OMRON Group Rules for Ethical Conduct.

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 OMRON Group Rules for Integrated 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 meeting.
- (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 OMRON Group Rules for Integrated Risk 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 Performed by 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 Management Policies and OMRON Group Rules for Ethical Conduct 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 the OMRON Group Rules for Integrated Risk Management and countermeasure manuals.

V. Other

1. Defense Against Takeovers

Defense measures against takeovers	None
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Supplemental Remarks on This Item	

None.

2. Other Matters Concerning the Corporate Governance System

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

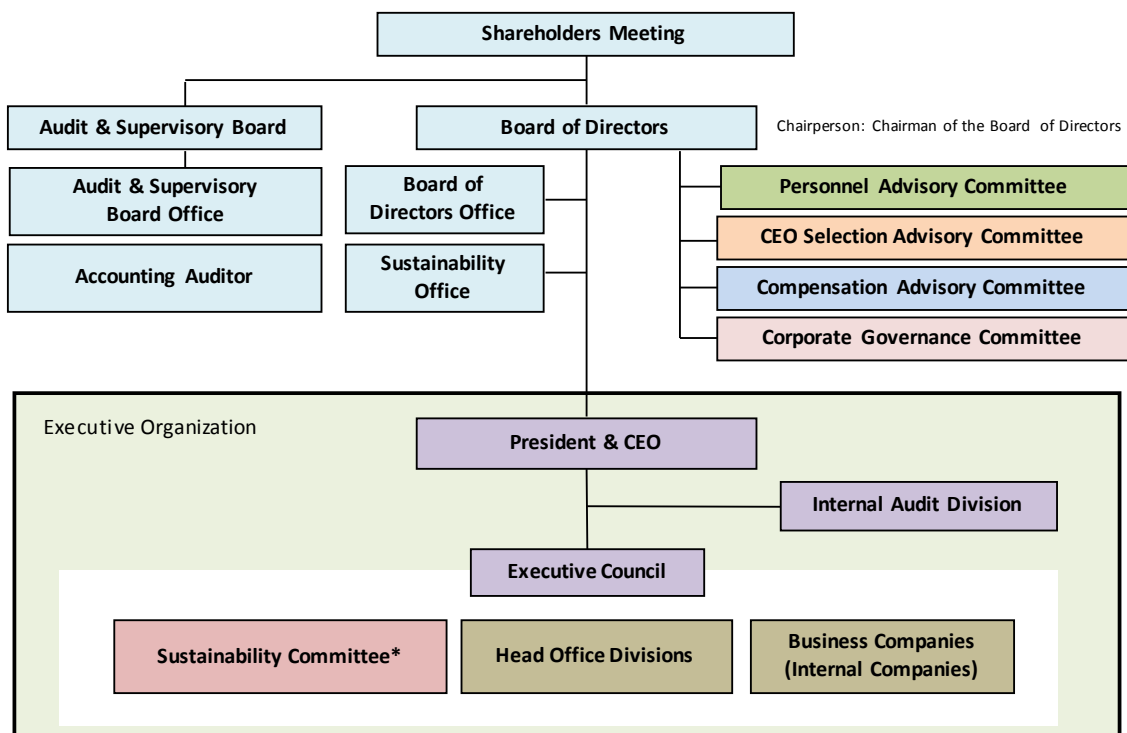
OMRON has established an Executive Committee to determine whether disclosure of certain decisions and incidents is required according to relevant timely disclosure rules or OMRON's own disclosure standards. Matters that the Executive Committee decides require disclosure are reported to the person in 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



*The Sustainability Committee identifies important issues relating to sustainability in the head office divisions and various committees (the Corporate Ethics & Risk Management Committee, the Information Disclosure Executive Committee and the Group Environment Activity Committee) and oversees them on a Group-wide basis.

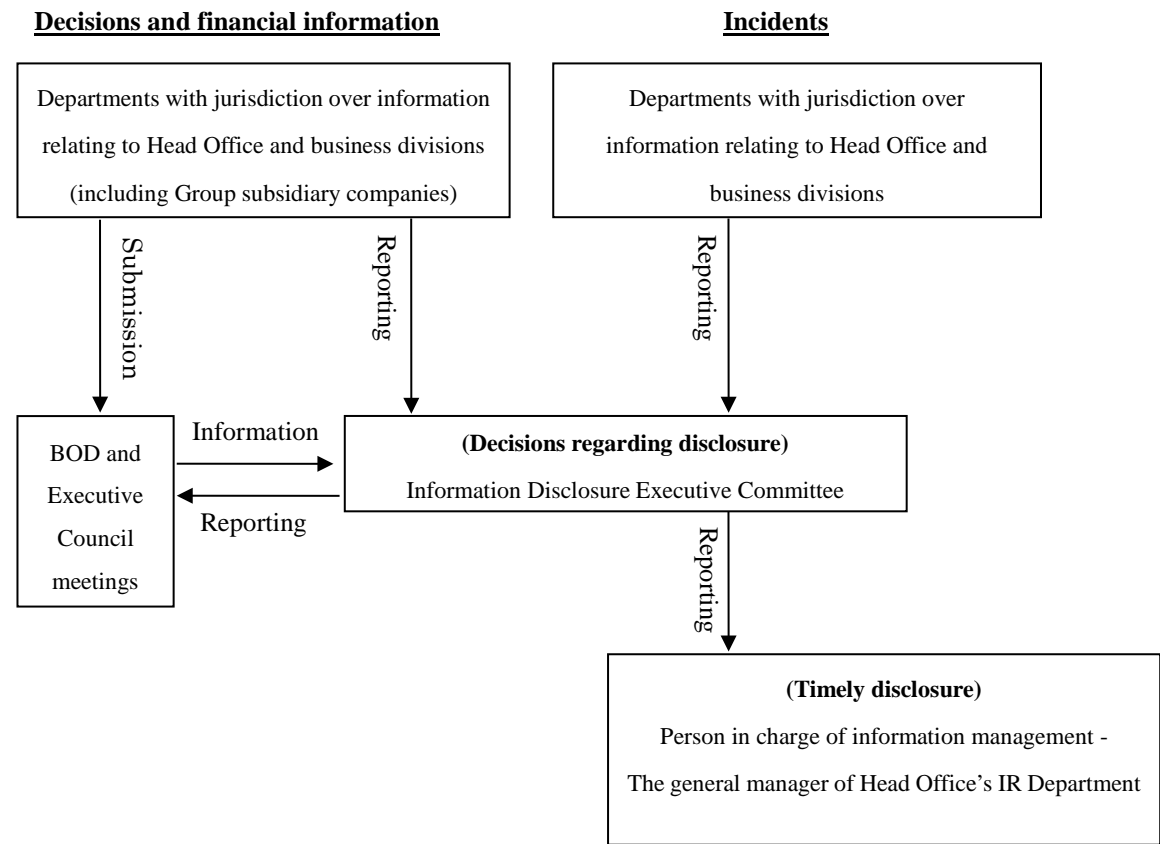
Advisory Committee Members

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)	Yoshifumi Matsumoto*				□
Audit & Supervisory Board Member (Independent)	Hideyo Uchiyama*				□

◎ 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					Implementation Status	
General Principle	Principle	Supplementary Principles	Corresponding articles in the Omron Corporate Governance Policies		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		✓	
Section 2 Appropriate Cooperation with Stakeholders Other Than Shareholders	1.7 Related Party Transactions	-	Section 2.1 (7) Prevention of Related Party Transactions		✓	
	2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-Term	-	Section 1.1 Objective and Basic Policies for Corporate Governance		✓	
		-	Section 2.2 Relationships with Employees		✓	
	2.2 Code of Conduct	-	Section 2.2 Relationships with Employees		✓	
		-	Section 2.5 Relationships with Communities		✓	
	2.3 Sustainability Issues, Including Social and Environmental Matters	-	Section 2.5 Relationships with Communities		✓	
		-	Section 2.2 Relationships with Employees		✓	
	2.4 Ensuring Diversity, Including Active Participation of Women	-	Section 4.5 (1) The Personnel Advisory Committee		✓	
		-	Section 2.2 Relationships with Employees		✓	
	2.5 Whistleblowing	-	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		✓	
		-	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 4.2 (2) Composition of Board of Directors		✓	
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		✓	
		4.1.3	Section 4.5 (2) The CEO Selection Advisory Committee		✓	
	4.2 Roles and Responsibilities of the Board (2)	-	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		✓	
	4.7 Roles and Responsibilities of Independent Directors	-	Section 4.2 (2) Composition of Board of Directors		✓	
	4.8 Effective Use of Independent Directors	-	Section 4.6 (2) Independent Outside Directors		✓	
		-	Section 4.2 (1) Roles and Responsibilities of the Board of Directors		✓	
		4.8.1	Section 4.5 (4) Corporate Governance Committee		✓	
	4.9 Independence Standards and Qualification for Independent Directors	4.8.2	Section 4.2 (2) Composition of Board of Directors		✓	
		-	Section 4.6 (5) Independence Criteria		✓	
	4.10 Use of Optional Approach	-	Section 4.6 (5) Independence Criteria		✓	
		-	Section 4.1 Organizational Structure		✓	
	4.11 Preconditions for Board and Kansayaku Board Effectiveness	4.10.1	Section 4.2 (2) Composition of Board of Directors		✓	
		-	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 (4) Corporate Governance Committee		✓	
		-	Corporate Governance Report II 2.(2)		✓	

Corporate Governance Code					Implementation Status	
General Principle	Principle	Supplementary Principles	Corresponding articles in the Omron Corporate Governance Policies		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	✓
					Section 4.6 (6) Support Structure	✓
					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 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 Section 4.6 (6) Support Structure	✓
					Section 4.6 (7) Training Policy	✓
		4.14	Director and Kansayaku Training	-	Section 4.6 (7) Training Policy	✓
				4.14.1	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	✓
				-	Section 2.1 (3) Constructive Dialogue with Shareholders .Attachment – 1	✓