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To All Shareholders:

Stock Code: 6645  
May 25, 2023  
(Start date for electronic provision of documents: May 18, 2023)

**Yoshihito Yamada**  
Representative Director

OMRON Corporation  
Shiokoji Horikawa, Shimogyo-ku,  
Kyoto, Japan

### **CONVOCAATION NOTICE FOR THE 86TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the 86th Ordinary General Meeting of Shareholders will be held as detailed below.

For the convocation of this General Meeting of Shareholders, matters to be provided electronically are posted on the website below as “Convocation Notice for the 86th Ordinary General Meeting of Shareholders.” Please access the website.

The Company’s website: <https://www.omron.com/jp/ja/ir/kabunushi/soukai.html>

In addition to the website above, matters to be provided electronically will also be posted on the Tokyo Stock Exchange (TSE) website. Please access the TSE website (TSE Listed Company Search) below, search for an issue name (OMRON) or stock code (6645), then select “Basic information,” and “Documents for public inspection/PR information” to read the documents.

TSE website (TSE Listed Company Search):  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Instead of attending the Meeting in person, you may exercise your voting rights by electronic methods or in writing. You are kindly requested to examine the Reference Materials for the General Meeting of Shareholders and to exercise your voting rights no later than 5:30 p.m. on Wednesday, June 21, 2023.

\* Please note that there is no ballot attached to this translation.

1. Date: Thursday, June 22, 2023, 10:00 a.m.  
(The reception is scheduled to start at 9:00 a.m.)
2. Place: Banquet room “Genji,” 3rd Floor of Hotel Granvia Kyoto (inside Kyoto Station building)  
Karasuma-dori, Shiokoji-sagaru, Shimogyo-ku, Kyoto
3. Agenda:
  - A. Reports
    1. The Business Report, Consolidated Financial Statements, and the Reports of the Accounting Auditors and Audit & Supervisory Board on the Results of Audits of Consolidated Financial Statements for the 86th Fiscal Year (April 1, 2022 to March 31, 2023)
    2. Financial Statements for the 86th Fiscal Year (April 1, 2022 to March 31, 2023)
  - B. Proposals
    - No. 1 Dividends from Retained Earnings
    - No. 2 Election of Eight (8) Directors
    - No. 3 Election of One (1) Audit & Supervisory Board Member
    - No. 4 Election of One (1) Alternate Audit & Supervisory Board Member

## REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and Reference Items

#### No. 1: Dividends from Retained Earnings

Aiming to maximize corporate value through the realization of the long-term vision, OMRON prioritizes the necessary investment to create new value from a medium- and long-term perspective. In the medium term management plan for fiscal 2022 to fiscal 2024 (SF 1st Stage), priority will be placed on investments in human resources and R&D to solve social issues and innovate driven by social needs; capital investments in production capacity increases and digital transformation (DX); investment in growth initiatives such as M&A&A (merger, acquisition, and alliance); and investment in sustainability initiatives such as decarbonization, reduction of environmental impacts, and respect for human rights in the value chain. On this basis, OMRON will return profits to shareholders in a stable and sustainable manner.

With priority being placed on the investment necessary for value creation over the medium and long term, annual dividends will be based on “dividends on equity (DOE) of around 3%.” Taking past dividend payments also into account, we intend to ensure stable and sustainable shareholder returns.

The Company plans to pay a year-end dividend of JPY 49 per share, upon consideration of the DOE level and past dividend levels, in order to secure stable and continuous dividends. As the Company has paid an interim cash dividend of JPY 49 per share, total cash dividends for the fiscal year will be JPY 98 per share.

(1) Type of dividend assets:

Cash

(2) Item concerning allotment of dividend assets to shareholders and total amount of dividends:

JPY 49 per share of common stock. Total amount JPY 9,673,942,012

(3) Effective date of the dividend (First payment date for year-end dividend):

June 23, 2023

**No. 2: Election of Eight (8) Directors**

The terms of all eight (8) Directors will expire at the close of this General Meeting of Shareholders.

As three (3) Directors will retire from their positions of Director, the Company will add three (3) new members to its Board of Directors.

The Company therefore requests the election of eight (8) Directors, including three (3) Outside Directors.

The Company has established the Personnel Advisory Committee to enhance the transparency, objectivity and timeliness in the nomination process of candidates for Directors. In response to consultation from the Chairman of the Board of Directors, the Personnel Advisory Committee discusses and makes recommendations on the candidates for Directors in accordance with the election criteria. Reflecting the Personnel Advisory Committee's recommendations, the Board of Directors nominates the candidates for Directors.

The Director candidates are as stated on pages 5 to 15.

Candidate number	Name	Current position in the Company	Tenure as Director
1	<Reelection> Mr. Yoshihito Yamada	Representative Director	12 years
2	<New election> Mr. Junta Tsujinaga	New Candidate	—
3	<Reelection> Mr. Kiichiro Miyata	Representative Director	6 years
4	<New election> Mr. Masahiko Tomita	New Candidate	—
5	<New election> Mr. Shizuto Yukumoto	New Candidate	—
6	<Reelection> Mr. Takehiro Kamigama <Outside Executive candidate> <Independent Officer candidate>	Outside Director	6 years
7	<Reelection> Ms. Izumi Kobayashi <Outside Executive candidate> <Independent Officer candidate>	Outside Director	3 years
8	<Reelection> Mr. Yoshihisa Suzuki <Outside Executive candidate> <Independent Officer candidate>	Outside Director	1 year

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
1	Mr. Yoshihito Yamada (November 30, 1961) Reelection Tenure as Director: 12 years Attendance at the Board of Directors meetings during fiscal 2022: 14/14 times (100%) Number of listed companies including OMRON where he concurrently serves as an officer (from June 2023) with business execution 0 without business execution 2 (planned)	<p>April 1984 Joined the Company</p> <p>June 2008 Appointed Executive Officer, and President and CEO of OMRON HEALTHCARE Co., Ltd.</p> <p>March 2010 Appointed Senior General Manager of Corporate Strategic Planning H.Q.</p> <p>June 2010 Appointed Managing Executive Officer</p> <p>June 2011 Appointed Representative Director and President</p> <p>June 2013 Appointed CEO</p> <p>April 2023 Appointed Representative Director (to present)</p> <p><i>Significant concurrent positions:</i> Outside Director of NEC Corporation (scheduled to be appointed in June 2023)</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Yoshihito Yamada has appropriately supervised the corporate management as Representative Director. During the 11 years and 9 months from June 2011 until his retirement from his position as President and CEO in March 2023, he contributed to increasing the corporate value of the Group by spearheading the Company during a period of its turbulent business reforms as President and CEO, improving profitability, and practicing management based on the corporate principles. He has a high level of insight into corporate management, sustainability, and ESG, and has demonstrated leadership and direction in formulating and implementing the long-term vision “SF2030” and medium-term management plan “SF 1st Stage.” 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. If his election as a Director is approved, we plan to elect him as Chairman of the Board not engaged in business execution.</p>	55,337

- Notes: 1. There are no special interests between the Company and Mr. Yoshihito Yamada.
2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If the reelection of Mr. Yoshihito Yamada is approved, the Company plans to continue the aforementioned indemnity agreement.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Yoshihito Yamada is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
4. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan (as of March 31, 2023).

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
2	Mr. Junta Tsujinaga (April 5, 1966) New election	<p>April 1989 Joined the Company  March 2016 Appointed Senior General Manager of Product Business Division HQ, Industrial Automation Company  April 2017 Appointed Executive Officer  April 2019 Appointed Managing Executive Officer  March 2021 Appointed Company President of Industrial Automation Company  April 2023 Appointed President and CEO (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i>  President and CEO</p> <p>&lt;Reasons nominated as a candidate&gt;  Mr. Junta Tsujinaga has been involved in the Company’s Industrial Automation Business for many years, and has contributed to increasing the Group’s corporate value as Company President after serving as Senior General Manager of the Product Business Division HQ. Under the business vision for the Industrial Automation Business, which is “Enriching the Future for People, Industries and the Globe by Innovative-Automation,” he has developed our unique manufacturing concept, “innovative-Automation”*, to strengthen our competitiveness and drive the growth of the Industrial Automation Business. In April 2023, he was appointed President and CEO, and has demonstrated leadership and directed business execution towards the realization of the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” Through this experience, he has gained a high level of insight into corporate management, technology, DX, and IT.  Based on these factors, the Company believes that he is a suitable person to lead the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage,” and therefore requests his election as a new Director.</p> <p>*”innovative-Automation” is a value creation concept advocated for by OMRON that creates social value by solving issues at manufacturing sites. It promotes the provision of automation for sustainability that realizes coexistence with the global environment and job satisfaction for people while driving innovation in manufacturing. “innovative-Automation” aims to embody the following three concepts: “Autonomation beyond human abilities” that invites people to take on more creative roles and maximizes both on-site productivity and energy efficiency, “Advanced collaboration between people and machines” that maximizes human potential and allows humans and machines to grow and evolve together, and “Digital engineering transformation” that reproduces manufacturing sites and equipment in digital spaces, accelerates DX at manufacturing sites, and contributes to business process innovation.</p>	5,298

- Notes: 1. There are no special interests between the Company and Mr. Junta Tsujinaga.
2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If the election of Mr. Junta Tsujinaga is approved, the Company plans to conclude the aforementioned indemnity agreement.
  3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the election of Mr. Junta Tsujinaga is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
  4. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers’ Stock Ownership Plan (as of March 31, 2023).

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
3	Mr. Kiichiro Miyata (July 24, 1960) Reelection Tenure as Director: 6 years Attendance at the Board of Directors meetings during fiscal 2022: 14/14 times (100%)	<p>April 1985 Joined Tateisi Institute of Life Science, Inc. (currently OMRON HEALTHCARE, Co., Ltd)</p> <p>March 2010 Appointed President and CEO of OMRON HEALTHCARE Co., Ltd. (Retired in March 2015)</p> <p>June 2010 Appointed Executive Officer of the Company</p> <p>June 2012 Appointed Managing Executive Officer</p> <p>April 2015 Appointed Chief Technology Officer (CTO) (to present) Appointed Senior General Manager of Technology &amp; Intellectual Property H.Q.</p> <p>April 2017 Appointed Senior Managing Director</p> <p>June 2017 Appointed Representative Director (to present)</p> <p>March 2018 Appointed Senior General Manager of Innovation Exploring Initiative HQ</p> <p>April 2023 Appointed Executive Officer and Executive Vice President (to present)</p> <p><i>Areas of responsibility in the Company:</i> Executive Officer and Executive Vice President CTO Member of the Personnel Advisory Committee</p> <p>&lt;Reasons nominated as a candidate&gt; Mr. Kiichiro Miyata appropriately supervises the corporate management as Representative Director based on a technical perspective. Mr. Miyata actively comments as a member of the Personnel Advisory Committee to contribute to increasing transparency and fairness in executive personnel matters. Having superior insight into new business creation, innovation, DX, and IT, he currently serves as CTO to formulate and implement technology strategies from a management standpoint over the medium-to-long-term with an aim to realize the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” 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.</p>	23,875

- Notes: 1. There are no special interests between the Company and Mr. Kiichiro Miyata.
2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If the reelection of Mr. Kiichiro Miyata is approved, the Company plans to continue the aforementioned indemnity agreement.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Kiichiro Miyata is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
4. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan (as of March 31, 2023).

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
4	Mr. Masahiko Tomita (August 20, 1966) New election	<p>April 1989 Joined the Company  March 2012 Appointed General Manager of Corporate Planning Department, Global Strategy HQ  April 2014 Appointed Executive Officer  March 2017 Appointed Senior General Manager of Global Human Resources and Administration HQ (to present)  April 2019 Appointed Managing Executive Officer  April 2023 Appointed Senior Managing Executive Officer and CHRO (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i>  Senior Managing Executive Officer  CHRO and Senior General Manager of Global Human Resources and Administration HQ</p> <p>&lt;Reasons nominated as a candidate&gt;  Mr. Masahiko Tomita has a wide range of business experience, including in the Device &amp; Module Solutions Business, as the Executive assistant to CEO, and in the Corporate Planning Department, and has contributed to the improvement of the Group's corporate value as Senior General Manager of the Global Human Resources and Administration HQ. He is responsible for overseeing and implementing human resource strategies that enhance human creativity by recruiting, training, placing, and dealing with human resources that drive business growth, and improving employee engagement. Through this experience, he has deep insight into human resource development, diversity, and human resource management. Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his election as a Director.</p>	12,133

- Notes: 1. There are no special interests between the Company and Mr. Masahiko Tomita.
2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If the election of Mr. Masahiko Tomita is approved, the Company plans to conclude the aforementioned indemnity agreement.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the election of Mr. Masahiko Tomita is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
4. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan (as of March 31, 2023).



Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
5	Mr. Shizuto Yukumoto (December 25, 1961) New election	<p>April 1985 Joined the Company  April 2009 Appointed President &amp; CEO of OMRON EUROPE B.V.  June 2010 Appointed Executive Officer  March 2012 Appointed Senior General Manager of Environmental Solutions Business HQ  March 2014 Appointed Senior General Manager of Environmental Business HQ  April 2014 Appointed Managing Executive Officer  Feb. 2017 Appointed Company President of Electronic and Mechanical Components Company (currently Device &amp; Module Solutions Company)</p> <p>&lt;Reasons nominated as a candidate&gt;  Mr. Shizuto Yukumoto has been involved in the Industrial Automation Business for many years, has experience working in sales departments, has been the President of a European subsidiary, and has led the growth of the environmental business as Senior General Manager of the Environmental Business HQ. In addition, after being appointed Company President of the Device &amp; Module Solutions Business, he completed structural reforms of the Device &amp; Module Solutions Business departments and contributed to the improvement of the Group's corporate value.  Based on these factors, the Company believes that he is a suitable person for achieving sustained improvements in corporate value and therefore requests his election as a Director. If his election as a Director is approved, we plan to elect him as a full-time Director not engaged in business execution.</p>	15,293

- Notes: 1. There are no special interests between the Company and Mr. Shizuto Yukumoto.
2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If the election of Mr. Shizuto Yukumoto is approved, the Company plans to conclude the aforementioned indemnity agreement.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the election of Mr. Shizuto Yukumoto is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
4. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan (as of March 31, 2023).

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
6	Mr. Takehiro Kamigama (January 12, 1958) <Outside Executive candidate> <Independent Officer candidate> Reelection Tenure as Director: 6 years Attendance at the Board of Directors meetings during fiscal 2022: 14/14 times (100%) Number of listed companies including OMRON where he concurrently serves as an officer with business execution 0 without business execution 4	<p>April 1981 Joined TDK Corporation June 2002 Appointed Corporate Officer of TDK Corporation June 2003 Appointed Senior Vice President of TDK Corporation June 2004 Appointed Director &amp; Executive Vice President of TDK Corporation June 2006 Appointed President &amp; Representative Director of TDK Corporation June 2016 Appointed Chairman &amp; Representative Director of TDK Corporation June 2017 Appointed Outside Director of the Company (to present) June 2018 Appointed Mission Executive of TDK Corporation July 2021 Appointed Chief Consultant, Contemporary Amperex Technology Japan KK (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Chairman of the CEO Selection Advisory Committee Chairman of the Compensation Advisory Committee Chairman of the Corporate Governance Committee Member of the Personnel Advisory Committee</p> <p><i>Significant concurrent positions:</i> Chief Consultant of Contemporary Amperex Technology Japan KK Outside Director of Yamaha Motor Co., Ltd. External Director of SoftBank Corp. Outside Director of the Board of KOKUYO Co., Ltd.</p> <p>&lt;Reasons nominated as a candidate and overview of expected role&gt; Having served in management positions at a global company, Mr. Takehiro Kamigama has a considerable track record of management achievements and superior insight into innovation, technology, DX and IT, and appropriately supervises corporate management as an Outside Director with an aim of realizing the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” In addition, Mr. Kamigama shares his experience and insight as management expert, and actively comments as Chairman of the CEO Selection Advisory Committee, Compensation Advisory Committee, and Corporate Governance Committee, and as a member of the Personnel Advisory Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company expects that he will be a suitable person for supervising management for sustained improvements in corporate value and therefore requests his reelection as an Outside Director.</p>	0

- Notes: 1. There are no special interests between the Company and Mr. Takehiro Kamigama.
2. Mr. Takehiro Kamigama is currently an Outside Director of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Mr. Kamigama’s reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Executives” are described on pages 22 to 23.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors and Outside Audit & Supervisory Board Members with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Outside Directors and Outside Audit & Supervisory Board Members that sets the amount of their liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Mr. Takehiro Kamigama’s reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If the reelection of Mr. Takehiro Kamigama is approved, the Company plans to continue the aforementioned indemnity agreement.
5. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured

assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Takehiro Kamigama is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
7	Ms. Izumi Kobayashi (January 18, 1959) <Outside Executive candidate> <Independent Officer candidate> Reelection Tenure as Director: 3 years Attendance at the Board of Directors meetings during fiscal 2022: 14/14 times (100%) Number of listed companies including OMRON where she concurrently serves as an officer: with business execution 0 without business execution 4	<p>April 1981 Joined Mitsubishi Chemical Industries Limited (currently Mitsubishi Chemical Corporation)</p> <p>June 1985 Joined Merrill Lynch Futures Japan Inc.</p> <p>Dec. 2001 Appointed President and Representative Director of Merrill Lynch Japan Securities Co., Ltd.</p> <p>Nov. 2008 Appointed Executive Vice President of Multilateral Investment Guarantee Agency, The World Bank Group</p> <p>April 2015 Appointed Vice Chairperson of Japan Association of Corporate Executives</p> <p>June 2016 Appointed Governor of Japan Broadcasting Corporation</p> <p>June 2020 Appointed Outside Director of the Company (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Chairman of the Personnel Advisory Committee Vice Chairman of the Corporate Governance Committee Member of the CEO Selection Advisory Committee Member of the Compensation Advisory Committee</p> <p><i>Significant concurrent positions:</i> Outside Director of ANA HOLDINGS INC. External Director of Mitsui &amp; Co., Ltd. (scheduled to retire in June 2023) Outside Director of Mizuho Financial Group, Inc.</p> <p>&lt;Reasons nominated as a candidate and overview of expected role&gt; Ms. Izumi Kobayashi has abundant experience and international insight cultivated through her service as a representative for private financial institutions and an international development financial institution. Furthermore, she has expertise in sustainability, ESG and diversity, and appropriately supervises corporate management as an Outside Director with an aim of realizing the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” In addition, Ms. Kobayashi shares her experience and insight as management expert, and actively comments as Chairman of the Personnel Advisory Committee, as Vice Chairman of the Corporate Governance Committee, and as a member of the CEO Selection Advisory Committee and Compensation Advisory Committee to contribute to increasing transparency and fairness in the management of the Company. Based on these factors, the Company expects that she will be a suitable person for supervising management for sustained improvements in corporate value and therefore requests her reelection as an Outside Director.</p>	1,204

- Notes: 1. There are no special interests between the Company and Ms. Izumi Kobayashi.
2. Ms. Izumi Kobayashi is currently an Outside Director of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Ms. Kobayashi’s reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Executives” are described on pages 22 to 23.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors and Outside Audit & Supervisory Board Members with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Outside Directors and Outside Audit & Supervisory Board Members that sets the amount of their liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Ms. Izumi Kobayashi’s reelection is approved, the Company plans to continue the aforementioned limited liability agreement.
4. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If the reelection of Ms. Izumi Kobayashi is approved, the Company plans to continue the aforementioned indemnity agreement.
5. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability.

If the reelection of Ms. Izumi Kobayashi is approved, she shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during her term of office.

6. Mizuho Financial Group Inc., at which Ms. Izumi Kobayashi serves as Outside Director, received a business improvement order from the Financial Services Agency in November 2021 on account of eight system failures that occurred in the system of its subsidiary, Mizuho Bank, Ltd., from February to September 2021. The said company submitted a business improvement plan to the Financial Services Agency in January of the following year and is working to prevent recurrence. Ms. Kobayashi had already been making appropriate proposals prior to the incident regarding group governance, risk management and compliance with laws and regulations at the said company's Board of Directors meetings and other meetings. Even after the facts above occurred, she gave suggestions regarding measures to prevent recurrence in the future and verified the progress of the business improvement plan as a member of the said company's System Failure Special Investigative Committee, gave reports on the investigation details, etc. to the Board of Directors and made efforts to strengthen supervision functions, thereby fulfilling her duties.
7. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan (as of March 31, 2023).

Candidate number	Name (Date of birth)	Career summary, position in the Company, areas of responsibility, and significant concurrent positions	Number of shares of the Company owned
8	Mr. Yoshihisa Suzuki (June 21, 1955) <Outside Executive candidate> <Independent Officer candidate> Reelection Tenure as Director: 1 year Attendance at the Board of Directors meetings during fiscal 2022: 11/11 times (100%) Number of listed companies including OMRON where he concurrently serves as an officer: with business execution 0 without business execution 2	<p>April 1979 Joined ITOCHU Corporation</p> <p>June 2003 Appointed Executive Officer of ITOCHU Corporation</p> <p>April 2006 Appointed Managing Executive Officer of ITOCHU Corporation</p> <p>April 2007 Appointed President (CEO) of ITOCHU International Inc.</p> <p>June 2012 Appointed Representative Director, President &amp; CEO of JAMCO CORPORATION</p> <p>June 2016 Appointed Representative Director and Senior Managing Executive Officer of ITOCHU Corporation</p> <p>April 2018 Appointed President &amp; Chief Operating Officer of ITOCHU Corporation</p> <p>April 2020 Appointed President &amp; Chief Operating Officer and CDO・CIO of ITOCHU Corporation</p> <p>April 2021 Appointed Member of the Board and Vice Chairman of ITOCHU Corporation</p> <p>April 2022 Appointed Vice Chairman of ITOCHU Corporation</p> <p>June 2022 Appointed Outside Director of the Company (to present)</p> <p>April 2023 Appointed Senior Vice Representative for Business Community Relations, ITOCHU Corporation (to present)</p> <p><i>Areas of responsibility, etc., in the Company:</i> Member of the CEO Selection Advisory Committee Member of the Personnel Advisory Committee Member of the Compensation Advisory Committee Member of the Corporate Governance Committee</p> <p><i>Significant concurrent positions:</i> Senior Vice Representative for Business Community Relations, ITOCHU Corporation Outside Director of the Board of Kyowa Kirin Co., Ltd.</p> <p>&lt;Reasons nominated as a candidate and overview of expected role&gt; Having served in management positions at a global general trading company, Mr. Yoshihisa Suzuki has a considerable track record of international management achievements and superior insight into innovation, technology, DX and IT, and appropriately supervises corporate management as an Outside Director with an aim of realizing the long-term vision “SF2030” and the medium-term management plan “SF 1st Stage.” In addition, Mr. Suzuki shares his experience and insight as management expert, and actively comments as a member of the CEO Selection Advisory Committee, Personnel 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 expects that he will be a suitable person for supervising management for sustained improvements in corporate value and therefore requests his reelection as an Outside Director.</p>	1,125

- Notes: 1. Mr. Yoshihisa Suzuki currently serves as Senior Vice Representative for Business Community Relations, ITOCHU Corporation. While the OMRON Group has a business relationship with the ITOCHU Group including sales of products, such transactions in fiscal 2022 accounted for less than 1% of the consolidated net sales of the OMRON Group and those of the ITOCHU Group. Therefore there is nothing questionable regarding the independence of Mr. Suzuki, and there are no special interests between Mr. Suzuki and the Company.
2. Mr. Yoshihisa Suzuki is currently an Outside Director of the Company, and the Company has provided notification as an Independent Officer to Tokyo Stock Exchange, Inc. If Mr. Suzuki’s reelection is approved, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Executives” are described on pages 22 to 23.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors and Outside Audit & Supervisory Board Members with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Outside Directors and Outside Audit & Supervisory Board Members that sets the amount of their liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies

Act, whichever is higher. If Mr. Yoshihisa Suzuki's reelection is approved, the Company plans to continue the aforementioned limited liability agreement.

4. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If the reelection of Mr. Yoshihisa Suzuki is approved, the Company plans to continue the aforementioned indemnity agreement.
5. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the reelection of Mr. Yoshihisa Suzuki is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
6. As Mr. Yoshihisa Suzuki was newly elected as a Director at the 85th Ordinary General Meeting of Shareholders held on June 23, 2022, and assumed office thereafter, his attendance at the Board of Directors meetings indicates the Board of Directors meetings held on and after June 23, 2022.
7. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan (as of March 31, 2023).

**No. 3: Election of One (1) Audit & Supervisory Board Member**

The term of office of Audit & Supervisory Board Member Mr. Kiyoshi Yoshikawa will expire at the close of this Ordinary General Meeting of Shareholders. The Company therefore requests the election of one (1) Audit & Supervisory Board Member.

The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The Company has established the Personnel Advisory Committee to enhance the transparency, objectivity and timeliness in the nomination process of candidates for Audit & Supervisory Board Members. In response to consultation from the Chairman of the Board, who has been entrusted by the Audit & Supervisory Board, the Personnel Advisory Committee discusses and makes recommendations on the candidates for Audit & Supervisory Board Members in accordance with the election criteria. Reflecting the Personnel Advisory Committee's recommendations, and with the consent of the Audit & Supervisory Board, the Board of Directors nominates the candidates for Audit & Supervisory Board Member.

The Audit & Supervisory Board Member candidate is as follows.

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company owned
Mr. Toshio Hosoi (December 25, 1961) New election	<p>April 1984 Joined the Company            April 2011 Appointed Managing Director and Senior General Manager of Solutions Business HQ of OMRON SOCIAL SOLUTIONS Co., Ltd.            June 2011 Appointed Executive Officer of the Company            March 2015 Appointed President and CEO of OMRON SOCIAL SOLUTIONS Co., Ltd.            April 2015 Appointed Managing Executive Officer</p> <p>&lt;Reasons nominated as a candidate&gt;            Mr. Toshio Hosoi has been involved in the Company's Social Systems, Solutions and Service Business for many years, has gained experience in the railway station service systems sales department, has served as President of a software development subsidiary and Senior General Manager of Solutions Business HQ, and has led the Social Systems, Solutions and Service Business as President of OMRON SOCIAL SOLUTIONS Co., Ltd.            He has contributed to improving the corporate value of the Group by developing the energy solutions business and the management service business toward the "realization of carbon neutrality" and the "realization of a digital society," which are among the social issues identified by the Company in our long-term vision "SF2030."            Through this experience, he has gained considerable knowledge of new business creation, innovation, DX, and IT.            Based on these achievements and extensive experience, the Company expects that he will be a suitable person to serve as Audit &amp; Supervisory Board Member and therefore requests his election as an Audit &amp; Supervisory Board Member.</p>	14,544

Notes: 1. There are no special interests between the Company and Mr. Toshio Hosoi.

2. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If the election of Mr. Toshio Hosoi is approved, the Company plans to conclude the aforementioned indemnity agreement.
3. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If the election of Mr. Toshio Hosoi is approved, he shall be insured under the said insurance contract. The Company plans to renew the said insurance contract during his term of office.
4. In line with Mr. Toshio Hosoi's retirement as Managing Executive Officer of the Company on March 31, 2023, the Company plans to issue 5,400 shares of the Company to him on June 19, 2023, as the non-performance-linked component of stock compensation. The number of shares of the Company owned above does not include the said number of shares.



5. The number of shares of the Company owned above includes the real number of shares held in the name of the OMRON Officers' Stock Ownership Plan (as of March 31, 2023).

(Reference)

If this item is approved and resolved as originally proposed, the members of the Audit & Supervisory Board will be as follows.

There is no change in the current number and composition of Audit & Supervisory Board Members (two Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members).

Name		Position in the Company	Tenure as Audit & Supervisory Board Member
<Incumbent>	Mr. Shuji Tamaki	Audit & Supervisory Board Member	2 years
<New election>	Mr. Toshio Hosoi	Audit & Supervisory Board Member	—
<Incumbent>	Mr. Hideyo Uchiyama	<Outside Executive> <Independent Officer>	Outside Audit & Supervisory Board Member
			7 years
<Incumbent>	Mr. Tadashi Kunihiro	<Outside Executive> <Independent Officer>	Outside Audit & Supervisory Board Member
			6 years

**No. 4: Election of One (1) Alternate Audit & Supervisory Board Member**

The term of office of the currently appointed Alternate Audit & Supervisory Board Member will expire at the opening of this Ordinary General Meeting of Shareholders. To ensure that the Company will not lack the number of Audit & Supervisory Board Members stipulated by laws and regulations, the Company requests the election of one (1) Alternate Audit & Supervisory Board Member as an Alternate Outside Audit & Supervisory Board Member.

This Alternate Audit & Supervisory Board Member shall be appointed only if the Company lacks the number of Outside Audit & Supervisory Board Members stipulated by laws and regulations, and shall serve the remaining term of his predecessor. The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The Alternate Audit & Supervisory Board Member candidate is as follows. (The procedure for determining the candidate for Alternate Audit & Supervisory Board Member is the same as for the candidate for Audit & Supervisory Board Member described in “Proposal No. 3 Election of One (1) Audit & Supervisory Board Member” on page 16.)

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company owned
<p>Mr. Toru Watanabe (February 2, 1966) &lt;Alternate Audit &amp; Supervisory Board Member candidate&gt; &lt;Outside Executive candidate&gt; &lt;Independent Officer candidate&gt;</p>	<p>April 1993 Registered as attorney with the Osaka Bar Association; joined Kitahama Partners (currently Kitahama Partners - Foreign Law Joint Enterprise)</p> <p>Jan. 1998 Appointed partner of Kitahama Partners (to present)</p> <p>Jan. 2020 Appointed Representative Partner of Kitahama Partners (to present)</p> <p><i>Significant concurrent positions:</i> Partner of Kitahama Partners - Foreign Law Joint Enterprise, Attorney at Law and Representative Partner of Kitahama Partners Outside Director of SHOBIDO Corporation Outside Audit &amp; Supervisory Board Member of AOYAMA TRADING Co., Ltd. Outside Director of O-WELL CORPORATION</p> <p>&lt;Reasons nominated as an alternate candidate&gt; Mr. Toru Watanabe is an attorney specializing in primarily in the Companies Act and corporate legal affairs. The Company expects Mr. Watanabe to reflect his legal expertise in the auditing of the Company and requests his election as an Alternate Outside Audit &amp; Supervisory Board Member. He has not been involved directly in corporate management other than acting as an Outside Director or an Outside Audit &amp; Supervisory Board Member, but for the reasons stated above, the Company believes that he can adequately fulfill the duties of an Outside Audit &amp; Supervisory Board Member.</p>	<p>0</p>

Notes: 1. There are no special interests between the Company and Mr. Toru Watanabe.

2. Mr. Toru Watanabe is an Alternate Outside Audit & Supervisory Board Member candidate, and meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc. If Mr. Watanabe is appointed as an Outside Audit & Supervisory Board Member, the Company plans to provide notification as an Independent Officer to Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Executives” are described on pages 22 to 23.
3. The Company has established a provision in its Articles of Incorporation for limited liability agreements with Outside Directors and Outside Audit & Supervisory Board Members with the approval of shareholders, to ensure that they can adequately fulfill their expected roles. Accordingly, the Company has formed a limited liability agreement with Outside Directors and Outside Audit & Supervisory Board Members that sets the amount of their liability at either JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher. If Mr. Toru Watanabe is elected as Outside Audit & Supervisory Board Member, the Company plans to conclude the aforementioned limited liability agreement.
4. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has concluded an indemnity agreement with Directors and Audit & Supervisory Board Members, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. If Mr. Toru

Watanabe is elected as Outside Audit & Supervisory Board Member, the Company plans to conclude the aforementioned indemnity agreement.

5. In order to ensure that Directors and Audit & Supervisory Board Members can adequately fulfill their expected roles, the Company has entered into a directors and officers liability insurance contract to insure its Directors and Audit & Supervisory Board Members. The contract shall cover damage that may arise due to the insured assuming liability for the execution of their duties, or receiving a claim pertaining to the pursuit of such liability. If Mr. Toru Watanabe is elected as Outside Audit & Supervisory Board Member, he shall be insured under the said insurance contract.

(Reference)

### 1. Policy regarding Composition of the Board of Directors

In order to strengthen the supervision function of the Board of Directors, at the Company, management oversight and business execution are kept separate, and a majority of the Board of Directors shall consist of Directors who are not involved with business execution. In addition, at least one-third of the Board of Directors shall consist of Outside Directors. Regarding Outside Directors and Outside Audit & Supervisory Board Members, from the perspective of ensuring their independence, they are elected in accordance with the Company's "Independence Requirements for Outside Executives." Based on the above, regarding Directors and Audit & Supervisory Board Members who make up the members of the Board of Directors, the Company shall select human resources who possess experience, specialized knowledge and insights necessary for the realization of the management vision, thereby ensuring sufficient diversity in the Board of Directors.

### 2. Policy regarding Appointment of Directors and Audit & Supervisory Board Members

- Directors, Audit & Supervisory Board Members, and Executive Officers are composed of human resources with the experience, specialized knowledge and insight necessary for the realization of the management vision.
- The Personnel Advisory Committee seeks to diversify Directors, Audit & Supervisory Board Members, and Executive Officers (experience, specialized knowledge, insight, gender, internationality, age, etc.) in order to respond swiftly to global growth, enhanced competitiveness, and significant changes in the business environment.
- The experience, specialized knowledge, and insight necessary for the realization of the management vision related to Directors and Audit & Supervisory Board Members is presented in the skill matrix.

#### [Criteria for Appointment of Outside Directors]

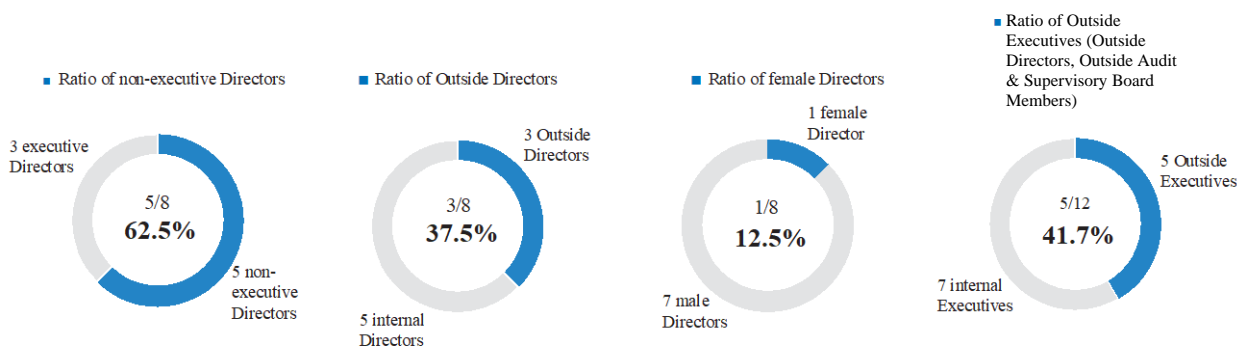
- Outside Directors are deeply involved in the CEO Selection Advisory Committee, which specializes in matters such as the appointment of the President, which is the top-priority matter in management oversight. In order to establish a highly transparent and objective system for appointing a President and CEO, Outside Directors must have management experience or equivalent experience.

#### [Criteria for Appointment of Outside Audit & Supervisory Board Members]

- Audit & Supervisory Board Members must possess the necessary insight, high ethical standards, fairness, and integrity as an Audit & Supervisory Board Member, as well as specialized knowledge in law, finance, accounting, management, or other areas.

### 3. Composition of the Board of Directors

If Proposal No. 2 and Proposal No. 3 are approved as originally proposed, the composition of the Board of Directors will be as follows.



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

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

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

\*Aiming for 3 years of experience or more

If Proposal No. 2 and Proposal No. 3 is approved as originally proposed, the main areas of expertise and specialization of Directors and Audit & Supervisory Board Members will be as follows.

Position and name	Corporate management	Sustainability ESG	New business creation innovation	Technology production quality	DX IT	Human resource development, diversity, human resource management	Financial accounting	Legal affairs, compliance, internal control	Global experience	Background and Qualifications
Chairman of the Board Yoshihito Yamada	●	●					●		●	
President and CEO Junta Tsujinaga	●			●	●				●	
Representative Director, Executive Officer and Executive Vice President, CTO Kiichiro Miyata	●		●	●	●				●	
Director, Senior Managing Executive Officer, CHRO Masahiko Tomita		●				●			●	
Director Shizuto Yukumoto					●				●	
Outside Director Takehiro Kamigama	●	●	●	●	●		●		●	Manufacturing industry
Outside Director Izumi Kobayashi	●	●	●			●	●		●	Finance and international organization
Outside Director Yoshihisa Suzuki	●	●	●	●	●		●		●	General trading company
Audit & Supervisory Board Member Shuji Tamaki								●	●	International lawyer
Audit & Supervisory Board Member Toshio Hosoi			●		●					
Outside Audit & Supervisory Board Member Hideyo Uchiyama	●	●					●	●	●	Certified Public Accountant
Outside Audit & Supervisory Board Member Tadashi Kunihiro	●	●						●	●	Lawyer

## The Company's policy regarding the independence of Outside Executives

- The Company makes it a rule to elect and appoint Outside Executive nominees following resolutions by the Board of Directors, based on the consultation to, deliberation by and reporting from the Personnel Advisory Committee chaired by an Outside Director, in accordance with the independence requirements stated in the Company's own "Independence Requirements for Outside Executives (see Note)" in addition to the requirements under the Companies Act.
- With regard to making all Outside Executives Independent Officers, the matter was resolved at a meeting of the Board of Directors. This decision followed consultation with the Corporate Governance Committee, composed of Outside Executives, with a view to ensuring that the Company's own "Independence Requirements for Outside Executives" are appropriate criteria for judging the independence of Outside Executives.

(Note) "Independence Requirements for Outside Executives" (revised on December 25, 2014)

In selecting new Outside Executive nominees, the Company has set the following independence requirements to define relations between the OMRON Group and the nominees as well as companies or organizations to which they belong. Outside Executives shall maintain the following independence requirements after appointment as well, and if there is an appointment to a principal position, independence shall be reviewed based on these independence requirements by the Personnel Advisory Committee.

1. Nominees for Outside Executives shall not be Directors (excluding Outside Directors), Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members, Executive Officers or employees of the OMRON Group (see Note) and they shall not have been Directors (excluding Outside Directors), Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members), Executive Officers or employees of the OMRON Group in the past.
2. They shall not have been large shareholders of the OMRON Group (\*), or Directors, Audit & Supervisory Board Members, Executive Officers or employees of a company in which the OMRON Group is a large shareholder in any of the past five fiscal years.
  - (\* ) A large shareholder refers to a company, etc. with a shareholding ratio exceeding 10% of total voting rights.
3. They shall not be Directors, Audit & Supervisory Board Members, Executive Officers or employees at significant transaction partners (\* ) of the OMRON Group.
  - (\* ) A significant transaction partner refers to a company whose payments or received transaction amount in business with the OMRON Group in the previous fiscal year and the past three fiscal years represent more than 2% of the consolidated net sales of the Group or the transaction partner (including its parent company and significant subsidiaries).
4. They shall not be Directors, Audit & Supervisory Board Members, Executive Officers or employees of a corporation, organization, etc. receiving large donations (\* ) from the OMRON Group.
  - (\* ) Large donations refer to donations of JPY 10 million per year or donations that represent more than 2% of the consolidated net sales or total income of the donation recipient, whichever amount is larger, based on the average for the past three fiscal years.
5. Companies or organizations to which the nominee belongs must not have appointed designated Directors, Audit & Supervisory Board Members, or Executive Officers to the OMRON Group or vice versa.
6. They shall not have been representative partners, staff members, partners or employees at the Accounting Auditors serving the OMRON Group in any of the past five fiscal years.
7. They shall not be legal specialists, certified public accountants, consultants, etc., that receive large amounts of money (\* ) or other assets from the OMRON Group besides compensation of Directors or Audit & Supervisory Board Members.
  - (\* ) Large amounts of money refer to JPY 10 million per year in the cases of an individual or an amount that represents more than 2% of the consolidated net sales in the case of an organization based on the average for the past three fiscal years.
8. They shall not be a spouse, family member within the second degree of relationship, family member that lives in the same residence, or a dependent of any of the following parties.
  - (1) Directors, Audit & Supervisory Board Members, Executive Officers or principal employees (\* ) of the OMRON Group
  - (2) Parties that were Directors, Audit & Supervisory Board Members, Executive Officers or principal employees of the OMRON Group in any of the past five fiscal years
  - (3) Parties that are restricted from appointment based on items 2. through 7. above

(\* Principal employees refer to employees at the Senior General Manager level or above.

9. In addition, there shall be nothing questionable regarding the independence in performing duties as an Outside Executive.

Note: The above term 'OMRON Group' means OMRON Corporation and its subsidiaries.

# Business Report (Consolidated)

(April 1, 2022 to March 31, 2023)

## 1. Current State of the OMRON Group

### (1) Consolidated Results

#### General Overview

The business environment surrounding the OMRON Group during the fiscal year ended March 31, 2023, the first year of the new medium-term management plan (SF 1st Stage), changed significantly over the course of the year, including the Shanghai lockdowns, globally expanding inflation, the tight supply of parts and materials, etc.

Under these conditions, sales in the first quarter (April through June) were impacted significantly by the Shanghai lockdowns, mainly in the Industrial Automation Business. However, sales increased significantly year on year due to a recovery in production and the rapid ramp-up of supply capacity in the second quarter and later to respond to heavy order backlogs. While performance was affected by factors including soaring materials prices, as well as a decline in capacity utilization at the main plant of our Industrial Automation Business in the first quarter, gross profit margin was 45.0% (-0.5 points year on year). This result was the outcome of ongoing company-wide efforts to improve value-added ratios through price optimization and other measures. We continued with active investing to achieve the goals of SF 1st Stage. As a result of the preceding, operating income, income before income taxes, and net income attributable to shareholders rose significantly compared with the previous fiscal year. In addition, return on invested capital (ROIC) and return on equity (ROE) both exceeded 10%.

Further, net sales, operating income, and income before income taxes rose for a second consecutive year, marking new record highs.

Net sales	JPY 876,100 million, 14.8 percent increase year on year
Gross profit margin	45.0 percent, 0.5 point decrease year on year
Operating income	JPY 100,700 million, 12.7 percent increase year on year
Net income attributable to shareholders	JPY 73,900 million, 20.3 percent increase year on year

Average exchange rates for fiscal 2022:

USD 1 = JPY 135.2

EUR 1 = JPY 140.9

CNY 1 = JPY 19.7

The average exchange rates for the fiscal year ended March 31, 2023 were USD 1 = JPY 135.2 (23.1 yen less than the previous fiscal year), EUR 1 = JPY 140.9 (10.4 yen less than the previous fiscal year) and CNY 1 = JPY 19.7 (2.3 yen less than the previous fiscal year).



## Overview by division

### Sales by Division (Consolidated) (OMRON Group)

Division	Amount (JPY millions)	Share of total (%)	Year-on-year comparison (%)
Industrial Automation Business	485,700	55	16.2 increase
Healthcare Business	142,100	16	7.0 increase
Social Systems, Solutions and Service Business	107,300	12	22.3 increase
Device & Module Solutions Business	138,900	16	14.8 increase
Eliminations & Corporate	2,100	1	36.8 decrease
Total	876,100	100	

Notes: 1. "Eliminations & Corporate" includes the figures of subsidiaries and affiliates outside the scope of the above divisions.

2. From the fiscal year ended March 31, 2023 (86th fiscal year), part of the Industrial Automation Business was transferred to the Device & Module Solutions Business due to a review of the business management classifications. Accordingly, year on year comparisons are calculated after reclassifying the fiscal year ended March 31, 2022 (85th fiscal year) into the new business management classifications.

## Results by Business Segment

### IAB: Industrial Automation Business

#### Outline of business

With the vision of “Enriching the Future for People, Industries and the Globe by Innovative-Automation,” the Industrial Automation Business (IAB) has contributed to the development of industry by innovating the manufacturing industry around the world with advanced automation, based on the core technology of “Sensing & Control + Think” that OMRON has cultivated thus far. Setting our unique “innovative-Automation”\* value creation concept, our aim is to solve rapidly changing social issues mainly in the manufacturing industry with innovative solutions, based on the widest range of control devices in the industrial market, and create social value that contributes to the realization of happiness for working people along with the sophistication of industry.

#### \*“innovative-Automation”

“innovative-Automation” is a value creation concept advocated for by OMRON that creates social value by solving issues at manufacturing sites. It promotes the provision of automation for sustainability that realizes coexistence with the global environment and job satisfaction of people while driving innovation in manufacturing. “innovative-Automation” aims to embody the following three concepts: “Autonomation beyond human abilities” that invites people to take on more creative roles and maximizes both on-site productivity and energy efficiency, “Advanced collaboration between people and machines” that maximizes human potential and allows humans and machines to grow and evolve together, and “Digital engineering transformation” that reproduces manufacturing sites and equipment in digital space, accelerates DX at manufacturing sites, and contributes to business process innovation.

#### Major products/services

Programmable controllers, motion controllers, sensing devices, industrial camera/code reader devices, inspection systems, safety devices and industrial robots

Capital investment demand trends in the manufacturing industry showed an increasing risk of slowdown in the near term. However, demand for semiconductor production equipment, electric vehicles (EVs), rechargeable batteries, etc., on which we focus, remained steady.

Under these circumstances, first quarter performance was impacted significantly by a decline in capacity utilization at our main plant due to the Shanghai lockdowns. However, we began efforts in the second quarter to strengthen supply capacity to alleviate the heavy order backlog. At the same time, our solutions business experienced accelerated growth, particularly in our focus industries. As a result, sales increased significantly year on year, marking a new record high.

Operating income increased significantly year on year, reaching a record high, mainly due to the large increase in sales.

As a result, net sales for the fiscal year totaled JPY 485,700 million, an increase of 16.2 percent compared with the previous fiscal year, and operating income totaled JPY 85,800 million, an increase of 12.6 percent compared with the previous fiscal year.

(Note) From the fiscal year ended March 31, 2023 (86th fiscal year), part of the Industrial Automation Business was transferred to the Device & Module Solutions Business due to a review of the business management classifications. Accordingly, the Company reclassified the results for the fiscal year ended March 31, 2022 (85th fiscal year) into the new business management classifications.

### HCB: Healthcare Business

#### Outline of business

The mission of our Healthcare Business (HCB) is “To help realize healthy and comfortable lives for people around the world.” By living up to this mission, we have developed healthcare products and services with a focus on usability and accuracy of readings. This is intended to allow anyone to take measurements easily and correctly, with accuracy that ensures reliability for medical use. In terms of products, OMRON sells devices that have achieved certification for medical use in various countries, including blood pressure monitors, digital thermometers, and nebulizers (devices that deliver asthma medication through inhalation by patients), in more than 110 countries across the world. In terms of services, OMRON is promoting the provision of telemedicine services from major countries, which is a service where doctors can remotely monitor patients and provide prescription and treatment support.

#### Major products/services

Digital blood pressure monitors, nebulizers, low-frequency therapy equipment, ECGs, oxygen generators, digital thermometers, body composition monitors, pedometers and activity meters, electric toothbrushes, massagers, blood glucose monitors, vascular screening devices, visceral fat monitors, remote patient monitoring systems and telemedicine services

Demand, mainly for blood pressure monitors, remained sluggish, affected by declining consumer confidence in response to global inflation. Demand was also impacted by dealer closures and stagnation in our distribution networks due to the Zero-COVID policy in China.

Despite these circumstances, we steadily captured needs associated with growing health consciousness globally, improved logistics, etc. rapidly, and enjoyed the positive impact of foreign exchange rates. As a result, sales rose year on year.

Despite efforts to curb fixed costs and optimize prices, operating income declined significantly year on year due to soaring materials prices and continued investments in future growth.

As a result, net sales for the fiscal year was JPY 142,100 million, an increase of 7.0 percent compared with the previous fiscal year, and operating income totaled JPY 16,000 million, a decrease of 13.6 percent compared with the previous fiscal year.

### **SSB: Social Systems, Solutions and Service Business**

#### Outline of business

The mission of the Social Systems, Solutions and Service Business (SSB) is “Creating a society in which the people of the world live in safety, security, and comfort.” We provide a wide range of terminals and systems, including PV inverters, energy storage systems, railway station systems such as automated ticket gates and ticket vending machines, traffic and road management systems, payment systems, and UPS that protect equipment from unexpected power disruption which cause data loss. We also provide total solutions ranging from software development to comprehensive maintenance services to support the social infrastructure.

#### Major products/services

Energy solutions, railway station service systems, traffic and road management systems, card payment services, security and safety solutions, IoT (power protection, data protection) solutions and related maintenance business

The Energy Solutions Business continued to experience firm demand for renewable energy-related solutions, mainly for captive consumption, due to factors including soaring energy costs. With the recovery in the number of railway users, the Public Transportation System Business saw the beginnings of a recovery in customer investment demand in the second quarter and beyond. As a result, sales increased significantly year on year.

Despite the foreign exchange impact of foreign currency-denominated purchases, operating income rose significantly year on year due to higher sales and continued efforts to optimize prices.

As a result, net sales for the fiscal year was JPY 107,300 million, an increase of 22.3 percent compared with the previous fiscal year, and operating income totaled JPY 7,500 million, an increase of 15.1 percent compared with the previous fiscal year.

## **DMB: Device & Module Solutions Business**

### Outline of business

The mission of the Device & Module Solutions Business (DMB): “With our devices and modules, create customer value, and contribute to society.” DMB is OMRON’s core business unit as a global component supplier of relays, switches, connectors and sensors that act as eyes and ears for wide variety of products playing a vital role in connecting and switching devices, for customers across various industries including home appliances, industrial equipment, mobility and energy infrastructure.

### Major products/services

Relays, switches, connectors, amusement components and units, general sensors, face recognition software, image sensing component and MEMS sensors

Although there was a global slowdown in demand for parts for the consumer industry due to global inflation, demand remained strong for products in which the business focuses, including solar batteries, storage batteries, and other energy-related products. Demand remained strong for semiconductor inspection equipment-related products as well.

As a result of focus on flexible and timely production, distribution, and sales to meet these demands, sales increased significantly year on year, marking a new record high.

Despite the impact of soaring raw material prices and other factors, operating income increased significantly year on year, marking a new record high. This result was mainly due to a significant increase in sales and price optimizations, as well as restructuring efforts we began in the past.

As a result, net sales for the fiscal year totaled JPY 138,900 million, an increase of 14.8 percent compared with the previous fiscal year, and operating income totaled JPY 15,500 million, an increase of 53.7 percent compared with the previous fiscal year.

(Note) From the fiscal year ended March 31, 2023 (86th fiscal year), part of the Industrial Automation Business was transferred to the Device & Module Solutions Business due to a review of the business management classifications. Accordingly, the Company reclassified the results for the fiscal year ended March 31, 2022 (85th fiscal year) into the new business management classifications.

## (2) Capital Investment

The OMRON Group engaged in select and proactive capital investments as necessary, including enhancement of production equipment and investment in bases with the aim of creating future growth, as well as the renewal of IT infrastructure. As a result, total capital investment was JPY 45,074 million, a 31.8 % increase from the previous fiscal year.

Capital investment amounts by division were as shown below.

Division	Amount (JPY millions)
Industrial Automation Business	9,298
Healthcare Business	6,587
Social Systems, Solutions and Service Business	3,395
Electronic and Mechanical Components Business	9,581
Eliminations & Corporate	16,213
Total	45,074

Note: "Eliminations & Corporate" includes the figures of head office divisions and subsidiaries and affiliates outside the scope of the above divisions.

## (3) Capital Procurement

During the fiscal year, the Group efficiently utilized its internal funds for funds necessary for business activities, such as working capital and capital investment, and did not procure significant external funds throughout the year.

#### (4) Issues Facing the Company

[OMRON's Basic Management Policies and Corporate Management Strategy]

Since its founding, the OMRON Group has viewed the creation of a better society, realized by resolving social issues through its businesses, as its mission. By practicing the corporate principles, we aim for sustained improvements in corporate value, and we will continue conducting management that revolves around the corporate principles.

In addition, the OMRON Group is promoting management in accordance with our long-term vision "Shaping the Future 2030" (hereinafter referred to as "SF2030") from fiscal 2022 to fiscal 2030, and our medium-term management plan "SF 1st Stage" for the three years from fiscal 2022 to fiscal 2024.

#### < Overall Policy for SF 1st Stage >

SF 1st Stage Overall Policy	
Taking on the challenge of value creation by accelerating transformation	
<b>1. Transformation of Business</b>	<b>2. Transformation of Corporate Management and Organizational Capabilities</b>
<ul style="list-style-type: none"><li>• Evolution of four core businesses</li><li>• Expansion of customer asset-type service businesses</li><li>• Creation of new businesses sparked by social issues</li></ul>	<ul style="list-style-type: none"><li>• Acceleration of diversity and inclusion</li><li>• Data-driven enterprise operations through DX</li><li>• Enhancement of supply chain resilience</li></ul>
<b>3. Strengthening Sustainability Initiatives</b>	
<ul style="list-style-type: none"><li>• Reduction of GHG emissions for decarbonization and lower environmental impacts</li><li>• Thoroughly addressing human rights issues on a global basis</li></ul>	

Reference:

For details about the long-term vision and medium-term management plan, please refer to the following website.

[https://www.omron.com/global/en/ir/irlib/sf\\_info/](https://www.omron.com/global/en/ir/irlib/sf_info/)

[Changes in the Business Environment Surrounding the Group and Management Plan for the Next Fiscal Year (FY2023)]

We expect the business environment for the OMRON Group during fiscal 2023 to remain uncertain, mainly in the first half, due to factors that include expanding inflation and rising geopolitical risks. We do believe, however, that the business sectors in which our group operates will begin to recover in the second half of the year. At the same time, we expect many business opportunities to emerge for the OMRON Group as social and industrial structures continue to change, as identified in SF2030. These changes include social issues (achieving carbon neutrality, digitalization of society, extension of health life expectancies) and emerging movements in the restructuring of global supply chains in connection with geopolitical risks.

Given this business environment, we defined our management policy for fiscal year 2023 as a phase of hyper-acceleration toward transformation. OMRON pursues transformation of our businesses, corporate management, and organizational capabilities to adapt to drastically changing social and business environments, as well as to achieve sustainable growth. Fiscal 2023 is the second year of our "SF 1st Stage" medium-term management plan. During the year, OMRON will continue efforts to strengthen self-driven growth. Even in this uncertain business environment, we will seize on opportunities arising from changes in industrial structures, leveraging these opportunities into sales. Among the three group strategies in "SF 1st Stage," we intend to accelerate the transformation of our businesses, corporate management, and organizational capabilities in particular, pursuing five key initiatives to this end.

#### Five Key Initiatives

##### 1) Emphasize social value and economic value to customers and accelerate solutions

The emergence of many social issues and the movement toward global supply chain reorganization create more opportunities to propose OMRON-style co-creation solutions. We will strengthen sales and marketing capabilities in each of our businesses, accelerating investments and taking action as required. In this way, we will increase the quality and quantity of our customer contact points dramatically, leading to sales growth.

- 2) Improve human resources management to magnify employee skills  
 Employees are key in creating value and delivering strategies. And to provide solutions for increasingly sophisticated social issues, we must enhance our own competitiveness by increasing the degree to which every employee can demonstrate his or her abilities. We will provide employees with growth opportunities in each business and function. At the same time, employees will be able to take advantage of job-based systems and career support to reach higher levels of human creativity.
- 3) Strengthen our ability to generate cash on a sustainable basis  
 In a business environment fraught with economic risks, including normalized inflation, unstable supply chains, and financial instability, we must establish an ability to generate cash for investment in future growth. We enhance our ability to generate profits through sales growth, price optimization, and other measures. At the same time, we improve asset turnover through detailed inventory management. In this way, we enhance our ability to generate cash in a sustainable manner.
- 4) Optimize the global business value chain  
 The supply chain disruption triggered by U.S.-China antagonism and other factors remains a risk, and we intend to accelerate actions to optimize supply chains in each business to achieve stable production and supply. Our basic stance is local production for local consumption. In this context, we pursue the transfer and decentralization of production, as well as the localization and multi-track procurement, of parts and materials for critical products.
- 5) Build a DX platform  
 To accelerate data-driven corporate management, we plan to install and effectively use a core management systems. In fiscal 2022, we completed a build of the initial concept in Europe. In fiscal 2023, we will complete design, development, and trial implementation to verify the system. In collaboration with Europe, which is leading in this area, we are making steady advancements to adopt the initial concept in Japan as well.

Progress toward the financial and non-financial targets of the medium-term management plan is shown below.

“SF 1st Stage” Medium-Term Management Plan Financial Targets and Progress

(Billions of yen, %)

Financial Targets	FY2022 (Results)	FY2023 (Plan)	FY2024 (Targets)
Net sales	876.1	890.0	930.0
Operating income	100.7	102.0	120.0
Operating C/F (cumulative beginning FY2022)	53.5	—*	250.0
ROIC	10.4%	Approx. 10%	Over 10%
ROE	10.6%	Approx. 10%	Over 10%
EPS (yen)	372	379	Over 400

\*Operating C/F is the evaluation at the end of “SF 1st Stage,” and we have not disclosed the planned figures for a single fiscal year.

“SF 1st Stage” Medium-Term Management Plan Non-Financial Targets and Progress

Non-Financial Targets	FY2022 (Results)	FY2023 (Targets)	FY2024 (Targets)
1) Grow sustainability sales* <sup>1</sup> 45% vs. FY2021 (reflects contribution to solving 3 social issues)	+28% (vs. FY2021)	+43% (vs. FY2021)	+45% (vs. FY2021)
2) Raise ratio of women in management roles above 18% on a global basis	16.8%* <sup>3</sup>	17.4%	18%
3) Hire disabled individuals at 28 overseas bases; maintain 3% level achieved in Japan	Overseas: 27 locations Japan: 3.1%* <sup>3</sup>	Overseas: 28 locations Japan: 3%	Overseas: 28 locations Japan: 3%
4) Reduce Scope 1 & 2 GHG emissions by 53% versus FY2016	58% reduction* <sup>2,3</sup> (vs. FY2016)	52% reduction (vs. FY2016)	53% reduction (vs. FY2016)
5) Achieve Carbon Zero at all 76 domestic locations	10 locations	38 locations	76 locations
6) Implement human rights due diligence in alignment with UNGP and develop mechanism for remedying abuses in the value chain	<ul style="list-style-type: none"> <li>• Identify human rights issues</li> <li>• Establish and test primary remedy mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• Draft solutions to identified human rights issues</li> <li>• Operate and monitor relief mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Build and operate human rights remedy mechanism</li> </ul>
7) Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World	Selected to DJSI World	Selected to DJSI World	Selected to DJSI World
8) 100% participation by global managers in management training to effectively capitalize on the capabilities of diverse human resources	46%	60%	100%
9) In all regions, introduce a training program covering the basic knowledge required for DX: statistics, data analytics, AI and others	Training program trials in Europe	Begin training programs outside Europe	Introduce in all areas
10) Make full use of digital tools to reduce use of paper	44% reduction (vs. FY2019)	46% reduction (vs. FY2019)	50% or more reduction (vs. FY2019)
+1 Top management of each region to declare their commitment to local communities in alignment with OMRON’s Sustainability Policy	Declaration/execution ongoing in all areas	Declaration/execution ongoing in all areas	Declaration/execution ongoing in all areas

\*1 Sales of focus domains that lead to achieving carbon neutrality, realizing a digital society, and extending healthy life expectancy.

\*2 Figures for FY2022 GHG emissions include the temporary impact of the Shanghai lockdowns, etc.

\*3 Estimates as of April 25, 2023.

\*4 Non-financial targets 8) to 10) were decided by employee vote.



**(5) Financial Assets and Profit and Loss**  
**Consolidated Financial Position and Operating Results**

(JPY millions)

	82nd term (April 1, 2018 to March 31, 2019)	83rd term (April 1, 2019 to March 31, 2020)	84th term (April 1, 2020 to March 31, 2021)	85th term (April 1, 2021 to March 31, 2022)	86th term (April 1, 2022 to March 31, 2023)
Net Sales	732,581	677,980	655,529	762,927	876,082
Operating Income	67,254	54,760	62,480	89,316	100,686
Income before Income Taxes from Continuing Operations	65,912	51,836	65,089	86,714	98,409
Net Income Attributable to OMRON Shareholders	54,323	74,895	43,307	61,400	73,861
Basic Net Income Attributable to OMRON Shareholders per Share (JPY)	260.78	365.26	214.72	305.65	372.19
Total Assets	749,878	758,124	820,379	930,629	998,160
Shareholders' Equity	504,212	530,415	606,858	665,227	728,473
Shareholders' Equity per Share (JPY)	2,455.24	2,626.62	3,009.15	3,339.64	3,701.08
Return on Equity (%)	10.8	14.5	7.6	9.7	10.6

Notes: 1. The Company prepares its Consolidated Financial Statements in accordance with generally accepted accounting principles in the United States (U.S. GAAP).

Operating income is presented as gross profit less selling, general and administrative expenses and research and development expenses.

2. With the transfer of the Automotive Electronic Components Business (AEC, Automotive Business), the business was classified as a discontinued operation in accordance with the Financial Accounting Standards Board (FASB) Accounting Standard No. 205-20 "Presentation of Financial Statements - Discontinued Operations". Some of the figures for the 82nd term have been reclassified into the amounts for continued businesses excluding the discontinued business.

**Non-Consolidated Financial Position and Operating Results**

(JPY millions)

	82nd term (April 1, 2018 to March 31, 2019)	83rd term (April 1, 2019 to March 31, 2020)	84th term (April 1, 2020 to March 31, 2021)	85th term (April 1, 2021 to March 31, 2022)	86th term (April 1, 2022 to March 31, 2023)
Net Sales	324,908	295,651	258,494	310,989	369,498
Ordinary Income	49,135	28,122	23,562	42,084	103,108
Net Income	45,017	79,376	18,503	23,250	91,106
Net Income per Share (JPY)	216.11	387.12	91.74	115.74	459.09
Total Assets	464,405	510,158	537,742	606,482	596,309
Net Assets	259,824	302,811	298,916	277,159	333,265
Net Assets per Share (JPY)	1,265.20	1,499.52	1,482.20	1,391.42	1,693.19

**(6) Principal Subsidiaries**

(As of March 31, 2023)

Division	Name	Capital (JPY millions)	Parent ownership (%)	Principal business
Industrial Automation Business	OMRON KANSAI- SEIGYO Corporation	310	100.0	Sale of industrial automation control equipment
Healthcare Business	OMRON HEALTHCARE Co., Ltd.	5,021	100.0	Healthcare and medical devices
Social Systems, Solutions and Service Business	OMRON SOCIAL SOLUTIONS Co., Ltd.	5,000	100.0	Social systems
Device & Module Solutions Business	OMRON RELAY & DEVICES Co., Ltd.	300	100.0	Electronic components for home appliances and communications devices
Headquarters and others	OMRON MANAGEMENT CENTER OF AMERICA, INC.	(Thousands of U.S. dollars) 6,891	100.0	Regional management of business in the Americas
Headquarters and others, and Industrial Automation Business	OMRON EUROPE B.V.	(Thousands of Euro) 16,883	100.0	Regional management of business, and supervision of industrial automation business in Europe
Headquarters and others	OMRON (CHINA) Co., Ltd.	(Thousands of CNY) 1,468,771	100.0	Regional management of business in China
Headquarters and others, and Industrial Automation Business	OMRON ASIA PACIFIC Pte. Ltd.	(Thousands of U.S. dollars) 23,465	100.0	Regional management of business and supervision of industrial automation business in Southeast Asia
Headquarters and others, and Industrial Automation Business	OMRON ELECTRONICS KOREA Co., Ltd.	(Thousands of South Korean won) 950,000	100.0	Regional management of business and supervision of industrial automation business in South Korea

The OMRON Group consists of 117 consolidated subsidiaries and 45 affiliates accounted for using the equity method including the above companies.

There are no unconsolidated subsidiaries or affiliates unaccounted for by the equity method.

**(7) Principal Places of Business, etc.**

(As of March 31, 2023)

OMRON	Headquarters (Head Office)	Shimogyo-ku, Kyoto
	Tokyo Office (Branch Office)	Minato-ku, Tokyo
	Places of Business	Nagoya Office (Nishi-ku, Nagoya City), Yasu Office (Yasu City, Shiga Pref.), Kusatsu Office (Kusatsu City, Shiga Pref.), Ayabe Office (Ayabe City, Kyoto Pref.), Katsuragawa Office (Muko City, Kyoto Pref.), Osaka Office (Kita-ku, Osaka City)
	Research Site	Keihanna Technology Innovation Center (Kizugawa City, Kyoto Pref.)
Subsidiaries	Japan	OMRON KANSAI-SEIGYO Corporation (Kita-ku, Osaka City) OMRON HEALTHCARE Co., Ltd. (Muko City, Kyoto Pref.) OMRON SOCIAL SOLUTIONS Co., Ltd. (Minato-ku, Tokyo) OMRON RELAY & DEVICES Co., Ltd. (Yamaga City, Kumamoto Pref.)
	Overseas	OMRON MANAGEMENT CENTER OF AMERICA, INC. (Illinois, U.S.A.) OMRON EUROPE B.V. (Hoofddorp, the Netherlands) OMRON (CHINA) Co., Ltd. (Beijing, China) OMRON ASIA PACIFIC Pte. Ltd. (Singapore) OMRON ELECTRONICS KOREA Co., Ltd. (Seoul, South Korea)

**Consolidated Net Sales Composition Ratio by Region**

(JPY billions)

Japan	The Americas	Europe	Greater China	Southeast Asia and others	Direct export	Total
326.6	104.3	140.1	211.5	92.9	0.7	876.1
37%	12%	16%	24%	11%	0%	100%

Note: Major countries and regions belonging to categories other than Japan

(1) The Americas the United States, Canada, Brazil

(2) Europe the Netherlands, the United Kingdom, Germany, France, Italy, Spain

(3) Greater China China, Hong Kong, Taiwan

(4) Southeast Asia and others Singapore, South Korea, India, Australia

**(8) Employees****OMRON Group Employees (Consolidated)**

(As of March 31, 2023)

Number of employees	Change from March 31, 2022
28,034	Decrease of 986 employees

Note: Number of employees refers to full time employees (people assigned by the OMRON Group to work outside the OMRON Group are excluded; people assigned from outside the OMRON Group to work within the OMRON Group are included).

**OMRON Group Employees by Region (Consolidated)**

(As of March 31, 2023)

Japan	The Americas	Europe	Greater China	Southeast Asia and others	Total
9,988	1,995	2,425	8,560	5,066	28,034
36%	7%	9%	30%	18%	100%

Note: Major countries and regions belonging to categories other than Japan

(1) The Americas the United States, Canada, Brazil

(2) Europe the Netherlands, the United Kingdom, Germany, France, Italy, Spain

(3) Greater China China, Hong Kong, Taiwan

(4) Southeast Asia and others Singapore, South Korea, India, Australia

**(9) Major Lenders**

There were no major lenders at the end of the fiscal year ended March 31, 2023.

## 2. Stock Information (As of March 31, 2023)

(1) Total Number of Issuable Shares 487,000,000 shares

(2) Total Number of Shares Issued 206,244,872 shares  
(including 8,817,484 shares of treasury stock)

(3) Number of Shareholders 31,170

### (4) Major Shareholders (Top Ten Shareholders)

Shareholder	Number (thousands of shares)	Percentage Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	45,690	23.14
Custody Bank of Japan, Ltd. (trust account)	17,459	8.84
The Bank of Kyoto, Ltd.	7,069	3.58
MUFG Bank, Ltd.	5,143	2.60
Moxley and Co LLC	4,050	2.05
Nippon Life Insurance Company	3,640	1.84
OMRON Employee Stockholding Association	3,564	1.80
State Street Bank West Client - Treaty 505234	3,473	1.75
JPMorgan Securities Japan Co., Ltd.	2,636	1.33
Tateisi Science and Technology Foundation	2,625	1.32

- Notes: 1. The percentage of shares is calculated excluding treasury stock.
2. Although the Company holds 8,817 thousand shares of treasury stock (the ratio to a total of shares issued: 4.27%), it is excluded from the above list of major shareholders.
3. On May 21, 2020, Sumitomo Mitsui Trust Bank, Limited filed an amendment to the major shareholding status report, which is open to public, stating that its two group companies held 14,731 thousand shares of the Company (representing 7.14% of the total number of shares issued) as of May 15, 2020. However, the Company has not been able to confirm the number of shares substantially possessed by the two group companies, and therefore they are not included in the above list of major shareholders.
4. On July 20, 2020, Nomura Securities Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its one group company held 16,272 thousand shares of the Company (representing 7.89% of the total number of shares issued) as of July 15, 2020. However, the Company has not been able to confirm the number of shares substantially possessed by the group company, and therefore it is not included in the above list of major shareholders.
5. On March 22, 2022, BlackRock Japan Co., Ltd. filed an amendment to the major shareholding status report, which is open to public, stating that its 12 group companies held 16,217 thousand shares of the Company (representing 7.86% of the total number of shares issued) as of March 15, 2022. However, the Company has not been able to confirm the number of shares substantially possessed by the 12 group companies, and therefore they are not included in the above list of major shareholders.
6. On December 19, 2022, Mitsubishi UFJ Financial Group, Inc. filed an amendment to the major shareholding status report, which is open to public, stating that its three group companies held 15,792 thousand shares of the Company (representing 7.66% of the total number of shares issued) as of December 12, 2022. However, the Company has not been able to confirm the number of shares substantially possessed by the three group companies, and therefore they are not included in the above list of major shareholders.

**(5) Breakdown of Shareholders by Type of Owner**

Financial Institutions	Treasury Stock	Securities Companies	Other Domestic Companies	Foreign Investors	Individuals and Others	Governmental/Regional Public Entities	Total
44%	4%	3%	5%	34%	10%	0%	100%

Note: Shareholders who only own odd-lot (less than one trading unit) shares are excluded from the table.

**(6) Shares Issued to the Company's Officers as Compensation for the Execution of Duties in the Fiscal Year under Review**

None applicable.

**3. Stock Acquisition Rights of the Company**

None applicable.

#### 4. Directors and Audit & Supervisory Board Members

##### (1) Names and Other Information of Directors and Audit & Supervisory Board Members

Title	Name	Areas of Responsibility and Significant Concurrent Positions, etc.
Chairman of the Board	Fumio Tateishi	Chairman of the Board of Directors Member of the CEO Selection Advisory Committee
Representative Director	Yoshihito Yamada	President and CEO (retired in March 2023)
Representative Director	Kiichiro Miyata	Senior Managing Executive Officer CTO Member of the Personnel Advisory Committee
Director	Koji Nitto	Senior Managing Executive Officer (retired in March 2023) CFO and Senior General Manager of Global Strategy H.Q. (retired in March 2023) Member of the Compensation Advisory Committee
Director	Satoshi Ando	Vice Chairman of the CEO Selection Advisory Committee Vice Chairman of the Personnel Advisory Committee Vice Chairman of the Compensation Advisory Committee
Outside Director	Takehiro Kamigama [Outside Executive] [Independent Officer]	Chairman of the CEO Selection Advisory Committee Chairman of the Compensation Advisory Committee Chairman of the Corporate Governance Committee Member of the Personnel Advisory Committee Chief Consultant of Contemporary Amperex Technology Japan KK Outside Director of Yamaha Motor Co., Ltd. External Director of SoftBank Corp. Outside Director of the Board of KOKUYO Co., Ltd.

Title	Name	Areas of Responsibility and Significant Concurrent Positions, etc.
Outside Director	Izumi Kobayashi [Outside Executive] [Independent Officer]	Chairman of the Personnel Advisory Committee Vice Chairman of the Corporate Governance Committee Member of the CEO Selection Advisory Committee Member of the Compensation Advisory Committee Outside Director of ANA HOLDINGS INC. External Director of Mitsui & Co., Ltd. Outside Director of Mizuho Financial Group, Inc.
Outside Director	Yoshihisa Suzuki [Outside Executive] [Independent Officer]	Member of the CEO Selection Advisory Committee Member of the Personnel Advisory Committee Member of the Compensation Advisory Committee Member of the Corporate Governance Committee Vice Chairman of ITOCHU Corporation (retired in March 2023) Outside Director of the Board of Kyowa Kirin Co., Ltd.

Title	Name	Significant Concurrent Positions, etc.
Audit & Supervisory Board Member	Shuji Tamaki	
Audit & Supervisory Board Member	Kiyoshi Yoshikawa	
Outside Audit & Supervisory Board Member	Hideyo Uchiyama [Outside Executive] [Independent Officer]	Member of the Corporate Governance Committee Executive Advisor of ASAHI Tax Corporation Outside Director of Sompo Holdings, Inc. Outside Director of Eisai Co., Ltd.
Outside Audit & Supervisory Board Member	Tadashi Kunihiro [Outside Executive] [Independent Officer]	Member of the Corporate Governance Committee Partner of T. Kunihiro & Co. Attorneys-at-Law Outside Director of Z Holdings Corporation Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. Outside Auditor, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

Notes: 1. For Outside Directors Takehiro Kamigama, Izumi Kobayashi and Yoshihisa Suzuki, and Outside Audit & Supervisory Board Members Hideyo Uchiyama and Tadashi Kunihiro, the Company has provided notification as Independent Officers to Tokyo Stock Exchange, Inc. Details of “The Company’s policy regarding the independence of Outside Executives” are described on pages 22 to 23.

2. Mr. Takehiro Kamigama concurrently serves as Outside Director of Yamaha Motor Co., Ltd. (“Yamaha Motor”), with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Yamaha Motor Group. Mr. Kamigama concurrently serves as External Director of SoftBank Corp., with which the Group has a business relationship that includes operational consignment of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the SoftBank Group. Furthermore, Mr. Kamigama concurrently serves as Outside Director of the Board of KOKUYO Co., Ltd. (“KOKUYO”), with which the Group has a business relationship that includes operational consignment. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the KOKUYO Group.

3. Ms. Izumi Kobayashi concurrently serves as Outside Director of ANA HOLDINGS INC. (“ANA HOLDINGS”), with which the Group has a business relationship that includes a contract of removal work of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the ANA HOLDINGS Group. In addition, Ms. Izumi Kobayashi concurrently serves as External Director of Mitsui & Co., Ltd. (“Mitsui & Co.”), with which the Group has a business relationship that includes transactions relating to raw materials of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Mitsui & Co. Group.

4. Mr. Yoshihisa Suzuki serves as Vice Chairman of ITOCHU Corporation (“ITOCHU”) (retired in March 2023), with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the ITOCHU Group.



5. Mr. Hideyo Uchiyama concurrently serves as Outside Director of Sampo Holdings, Inc. (“Sampo Holdings”), with which the Group has a business relationship relating to insurance. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Sampo Holdings Group.
6. Mr. Tadashi Kunihiro concurrently serves as Outside Director of Z Holdings Corporation (“Z Holdings”), with which the Group has a business relationship that includes sales of products. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Z Holdings Group. In addition, Mr. Tadashi Kunihiro concurrently serves as Outside Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. (“Tokio Marine & Nichido Fire Insurance”), with which the Group has a business relationship relating to insurance. However, such transactions account for less than 1% of the consolidated net sales of the Group and those of the Tokio Marine & Nichido Fire Insurance Group.
7. There are no special relationships between the Company and significant concurrent employers of other Outside Executives.
8. Mr. Yoshihisa Suzuki retired as Vice Chairman of ITOCHU Corporation on March 31, 2023, and assumed office as Senior Vice Representative for Business Community Relations of the same company on April 1, 2023.
9. Mr. Hideyo Uchiyama has years of working experience as a certified public accountant in an auditing firm, and has considerable knowledge regarding finance and accounting.
10. Changes in Directors’ positions in the fiscal year under review are as follows.  
(Appointment) At the 85th Ordinary General Meeting of Shareholders held on June 23, 2022, Mr. Yoshihisa Suzuki was newly elected and appointed as a Director.  
(Retirement) At the close of the 85th Ordinary General Meeting of Shareholders held on June 23, 2022, Mr. Eizo Kobayashi retired from the position of Director due to the expiry of his term.
11. Executive Officers as of April 1, 2023 are as follows.

Title	Name	Position
President	Junta Tsujinaga	CEO
* Executive Vice President	Kiichiro Miyata	CTO
Senior Managing Executive Officer	Masahiko Tomita	CHRO and Senior General Manager of Global Human Resources and Administration HQ
Senior Managing Executive Officer	Nigel Blakeway	Chairman and CEO of OMRON MANAGEMENT CENTER OF AMERICA, INC., Chairman of OMRON MANAGEMENT CENTER OF EUROPE, and Chairman of OMRON MANAGEMENT CENTER OF ASIA PACIFIC
Managing Executive Officer	Seigo Kinugawa	Senior General Manager of Global Business Process and IT Innovation HQ
Managing Executive Officer	Tsutomu Igaki	Senior General Manager of Global Investor & Brand Communications HQ and Sustainability Executive
Managing Executive Officer	Kenji Eda	Senior General Manager of Global Procurement, Quality and Logistics HQ
Managing Executive Officer	Seiji Takeda	CFO and General Manager of Global Strategy HQ
Managing Executive Officer	Katsuhiko Shikata	President and CEO of OMRON SOCIAL SOLUTIONS Co., Ltd.
Managing Executive Officer	Masahiko Ezaki	Company President of Device & Module Solutions Company
Managing Executive Officer	Motohiro Yamanishi	Company President of Industrial Automation Company
Managing Executive Officer	Ayumu Okada	President and CEO of OMRON HEALTHCARE Co., Ltd.
Executive Officer	Jian Xu	President and CEO of OMRON (CHINA) CO., LTD.
Executive Officer	Taisuke Tateishi	President and CEO of OMRON FIELD ENGINEERING Co., Ltd.

Title	Name	Position
Executive Officer	Virendra Shelar	President of OMRON MANAGEMENT CENTER OF ASIA PACIFIC, and General Manager of Global Human Resource Strategy Department, Global Human Resources and Administration HQ
Executive Officer	Masayuki Yamamoto	Senior General Manager of Strategy Planning Division HQ, Industrial Automation Company
Executive Officer	Robert Black	President, CEO and COO of OMRON ELECTRONICS LLC, Industrial Automation Company
Executive Officer	Hidetaka Ishihara	Senior General Manager of Innovation Exploring Initiative HQ
Executive Officer	Hisako Takada	Senior General Manager of CEO Office
Executive Officer	Masato Nishiyama	Senior General Manager, Manufacturing and Supply chain Management Division HQ, Industrial Automation Company
Executive Officer	Masaki Suwa	Senior General Manager, Technology & Intellectual Property HQ and President and CEO, OMRON SINIC X Corp.
Executive Officer	Toyoharu Tamoi	Senior General Manager, Global Finance and Accounting HQ
Executive Officer	Andre Van Gils	Senior General Manager, Global Sales and Marketing Group HQ, OMRON HEALTHCARE Co., Ltd.
Executive Officer	Hiroto Iwasa	Senior General Manager, Board of Directors Office
Executive Officer	Yukitaka Kamio	Senior General Manager, Sales & Marketing Division HQ, Device & Module Solutions Company
Executive Officer	Yoshichika Tanabe	Senior General Manager, Global Risk Management and Legal HQ

Note: Executive Officer marked with \* concurrently serve as Director.

## **(2) Summary of Details of Indemnity Agreements and Directors and Officers Liability Insurance Contracts**

### **1) Summary of Details of Indemnity Agreements**

The Company has concluded an indemnity agreement with Mr. Fumio Tateishi, Mr. Yoshihito Yamada, Mr. Kiichiro Miyata, Mr. Koji Nitto, Mr. Satoshi Ando, Mr. Takehiro Kamigama, Ms. Izumi Kobayashi, Mr. Yoshihisa Suzuki, Mr. Shuji Tamaki, Mr. Kiyoshi Yoshikawa, Mr. Hideyo Uchiyama and Mr. Tadashi Kunihiro, which indemnifies them for expenses in Article 430-2, Paragraph 1, Item 1 of the Companies Act and for losses in Item 2 of the same paragraph within the limits stipulated by laws and regulations. However, there are certain exemptions, such as no compensation for liability arising from actions taken with knowledge that they are in violation of laws and regulations.

### **2) Summary of Details of Directors and Officers Liability Insurance Contracts**

The Company has entered into a directors and officers liability insurance contract with an insurance company under Article 430-3, Paragraph 1 of the Companies Act for all the Directors, Audit & Supervisory Board Members and officers of the Company and its subsidiaries as insured persons, and the Company bears the full amount of all insurance premiums for the insured persons.

In the event of a claim for damages submitted by a shareholder or a third party, the said insurance contract shall compensate for damages including compensation for damages and legal expenses to be borne by the insured persons.

As a measure to ensure that the properness of the performance of duties by the insured is not impaired, compensation for damages arising from intentional or criminal acts taken by the insured are not covered by the insurance contract.

### (3) Compensation of Directors and Audit & Supervisory Board Members

#### 1) Policy on Determining Amount of Compensation, etc., and Methods Used for Calculation

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 members the majority of whom are Outside Directors, and is chaired by an Outside Director. The Company determines the Compensation Policy for Directors by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee.

The amount of compensation for each Director is determined by resolution of the Board of Directors, within the scope of the aggregate amount of compensation, etc. for Directors set by resolution of the General Meeting of Shareholders, in light of discussions by and recommendations from the Compensation Advisory Committee based on the above policy.

In addition, the amount of compensation for each Audit & Supervisory Board Member is determined by discussions among Audit & Supervisory Board Members, based on the Compensation Policy for Audit & Supervisory Board Members, which has been set forth through discussions among Audit & Supervisory Board Members, within the scope of the aggregate amount of compensation, etc. for Audit & Supervisory Board Members set by resolution of the General Meeting of Shareholders.

The Company's Compensation Policy for Directors, Overview of Compensation Structure for Directors and Compensation Policy for Audit & Supervisory Board Members are as described in the following pages.

#### 2) Amount of Compensation of Directors and Audit & Supervisory Board Members

(JPY millions)

Title	Number (Persons)	Base Salary	Short-term Performance-Linked Compensation (Bonuses)	Medium-to-long-term, Performance-Linked Compensation (Stock compensation)	Aggregate Compensation
Directors [Outside Directors]:	9 [4]	355 [50]	241 [—]	245 [—]	841 [50]
Audit & Supervisory Board Members [Outside Audit & Supervisory Board Members]:	4 [2]	102 [32]	— [—]	— [—]	102 [32]
Total [Outside Executives included in total]:	13 [6]	457 [82]	241 [—]	245 [—]	943 [82]

Notes: 1. The amounts include compensation paid to one Director who retired at the close of the 85th Ordinary General Meeting of Shareholders held on June 23, 2022.

2. The maximum limit of the aggregate compensation of Directors was set at JPY 35 million per month (by resolution of the 63rd Ordinary General Meeting of Shareholders held on June 27, 2000; the said resolution pertained to seven (7) Directors). The amounts of base salaries for each Director are determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee.

3. The maximum limit of the aggregate compensation of Audit & Supervisory Board Members was set at JPY 11 million per month (by resolution of the 81st Ordinary General Meeting of Shareholders held on June 19, 2018; the said resolution pertained to four (4) Audit & Supervisory Board Members). The amount of base salary for Audit & Supervisory Board Members is determined by discussions among Audit & Supervisory Board Members.

4. The maximum limit of Directors' bonuses was set at JPY 600 million per year (by resolution of the 81st Ordinary General Meeting of Shareholders held on June 19, 2018; the said resolution pertained to five (5) Directors). The amount of bonus for each Director is calculated based on the targets and actual results of operating income, net income, and ROIC for the 86th term (fiscal year ended March 31, 2023), and determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee. Regarding each indicator's actual results, please refer to Trends in Consolidated Results (available in Japanese only).

5. The 84th Ordinary General Meeting of Shareholders held on June 24, 2021 made a resolution to introduce stock compensation. Based on the resolution, the maximum limit of money to be contributed by the Company is JPY

2.4 billion, and the maximum limit of the number of the Company's shares to be granted and delivered as sales proceeds ("grant(ing), etc.") is 600,000 shares during the four fiscal years from fiscal 2021 to fiscal 2024. The said resolution pertained to five (5) Directors. Regarding stock compensation, the Company shall award points to Directors calculated according to a prescribed formula, and the trust shall grant, etc. the Company's shares corresponding to the points awarded during a certain period to the Directors. The final calculation of the number of points to be granted and the actual delivery will be carried out after the end of the target period from fiscal 2021 to fiscal 2024, but the expenses of stock compensation, as indicated above, are associated with the points granted during the fiscal year under review. The amount of stock compensation for each Director is calculated based on the financial targets evaluation (EPS, ROE) from fiscal 2021 to fiscal 2024, the sustainability evaluation (reduction of greenhouse gas emissions, score of Sustainable Engagement Index (SEI) in engagement survey and Dow Jones Sustainability Indices) targets and achievements, as well as the corporate value evaluation (relative TSR), and determined by resolution of the Board of Directors based on discussions by and recommendations from the Compensation Advisory Committee.

6. No Directors of the Company received any employee wages other than their compensation as Directors.

## Compensation Policy for Directors

### 1) Basic policy

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

### 2) Structure of compensation

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

### 3) Base salary

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

### 4) Performance-linked compensation

- As short-term performance-linked compensation, the Company shall provide bonuses linked to yearly performance indicators, and to the degree of achievement of performance targets. Bonuses shall be paid as a lump sum after the conclusion of the fiscal year.
- As medium- to long-term performance-linked compensation, the Company shall grant stock compensation linked to the degree of achievement of the goals of the medium-term management plan, and to the improvement in corporate value (value of stock).
- The performance-linked component of stock compensation shall be paid after the medium-term management plan concludes, while the non-performance-linked component shall be paid after the Director retires.
- The Company shall determine the target amounts for short-term performance-linked compensation and medium-to-long-term, performance-linked compensation based on the target pay mix specified according to each Director's role and responsibility.

### 5) Governance of compensation

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

## Overview of Compensation Structure for Directors

### (1) Compensation composition ratio

Compensation consists of a “base salary” (fixed compensation) and compensation according to Company performance, namely “short-term performance-linked compensation (bonuses)” and “medium-to-long-term, performance-linked compensation (stock compensation).” The ratio of compensation consisting of performance-linked compensation compared to base salary has been determined for each role:

$$\text{Base salary} : \text{Short-term performance-linked compensation (bonuses)} : \text{Medium-to-long-term, performance-linked compensation (stock compensation)} = 1 : 1 : 1.5^*$$

\*Referring to President and CEO, the ratio is based on the assumption that the performance targets are set as 100% for each performance-linked compensation

### (2) Base salary

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

### (3) Short-term performance-linked compensation (bonuses)

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

$$\text{Base amount for each position} \times \left( \text{Performance score (Operating income 50\%, net income 50\%)} \times \text{ROIC score} \right) = \text{Short-term performance-linked compensation (bonuses)}$$

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

Stock compensation is paid as medium-to-long-term, performance-linked compensation to Directors excluding Outside Directors. Stock compensation comprises the performance-linked component (60%), which is linked to the degree of achievement of the medium-term management plan, and the non-performance-linked component (40%), which aims for retention and motivation to improve share prices over the medium- to long-term, and is paid under the condition of a certain term of service. The performance-linked component of stock compensation is paid after the medium-term management plan concludes, while the non-performance-linked component is paid after the Director retires.

The performance-linked portion varies between 0% and 200% depending on the degree of achievement of performance targets, etc., in the medium-term management plan.

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

	Evaluation weight	Evaluation Indicators	Target value (for the end of FY2024)
Financial targets evaluation	60%	• EPS	400 yen
		• ROE	10%
Corporate value evaluation	20%	• Relative TSR* <sup>1</sup>	100%
Sustainability evaluation	20%	• Reduction of greenhouse gas emissions (internal target)	-53% from FY2016
		• Score of Sustainable Engagement Index (SEI)* <sup>3</sup> in engagement survey* <sup>2</sup> (internal target)	70 points
		• Dow Jones Sustainability Indices (third-party evaluation)	DJSI World

- \*1 Indicator that compares total shareholder return (TSR) of OMRON in the covered period to the percentage change of TOPIX, dividends included (Relative TSR =  $\text{TSR} \div \text{Percentage change of TOPIX, dividends included}$ )
- \*2 Survey measuring employees' voluntary motivation to contribute to targets of the organization
- \*3 Indicator that measures the presence of a high level of motivation to contribute to the achievement of targets, maintained through good mental and physical health, or a strong sense of belonging to the organization, or a productive work environment

In the event that an individual Director in question engages in serious misconduct during their term of service, and such misconduct harms the Company, the Compensation Advisory Committee will deliberate and make a recommendation. Based on this discussion and recommendation, the Board of Directors shall resolve to limit the payment of stock-based compensation for Directors, and the President shall resolve to limit the payment of stock-based compensation for Executive Officers.



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

- The performance indicators for short-term performance-linked compensation (bonuses) were set from the short-term management plan’s indicators for financial targets towards the realization of the Short-Term Management Plan based on the medium-term management plan “SF 1st Stage.”
- The performance indicators for medium- to long-term performance-linked compensation (stock compensation) were set from the Medium-Term Management Plan’s indicators for financial targets, non-financial targets and strategic targets towards the realization of the medium-term management plan “SF 1st Stage.” In addition, the long-term vision for 2030 “SF2030” aims to maximize corporate value, and indicators for directly evaluating corporate value have been set.

<b>Compensation Policy for Audit &amp; Supervisory Board Members</b>
<p><b>1) Basic policy</b></p> <ul style="list-style-type: none"><li>• Compensation shall be sufficient to recruit exceptional people who are capable of performing the duties of Audit &amp; Supervisory Board Members entrusted by shareholders.</li><li>• The compensation structure shall maintain a high level of transparency, fairness, and rationality to ensure accountability to shareholders and other stakeholders.</li></ul> <p><b>2) Structure of compensation</b></p> <ul style="list-style-type: none"><li>• Compensation for Audit &amp; Supervisory Board Members shall consist of a base salary only, reflecting their roles and the need for maintaining independence.</li></ul> <p><b>3) Base salary</b></p> <ul style="list-style-type: none"><li>• The amount of a base salary, paid monthly, shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.</li></ul> <p><b>4) Governance of compensation</b></p> <ul style="list-style-type: none"><li>• The amount of compensation for each Audit &amp; Supervisory Board Member shall be determined through discussions by Audit &amp; Supervisory Board Members.</li></ul>

#### (4) Items Related to Outside Executives

##### 1) Concurrent Positions as Executive Director or Outside Executive of Other Companies

As listed in “(1) Names and Other Information of Directors and Audit & Supervisory Board Members” (pages 39 to 41).

##### 2) Main Activities in the Past Fiscal Year

	Name	Main Activities
Outside Directors	Takehiro Kamigama	Attended all 14 of the 14 Board of Directors meetings held during the period, and exercised oversight functions particularly in terms of the Company’s technical management and product quality, drawing on his experience and insights gained through his experience as a corporate manager at a globally operating manufacturing company. He currently serves as Chairman of the CEO Selection Advisory Committee, Chairman of the Compensation Advisory Committee, Chairman of the Corporate Governance Committee, and Member of the Personnel Advisory Committee.
	Izumi Kobayashi	Attended all 14 of the 14 Board of Directors meetings held during the period, and exercised oversight functions particularly in terms of the Company’s diversity and geopolitical risks, drawing on her experience and insights gained through her tenure as a corporate manager at private financial institutions and a representative of an international development financial institution. She currently serves as Chairman of the Personnel Advisory Committee, Vice Chairman of the Corporate Governance Committee, Member of the CEO Selection Advisory Committee, and Member of the Compensation Advisory Committee.
	Yoshihisa Suzuki	Attended all 11 of the 11 Board of Directors meetings held during the period, and exercised oversight functions particularly in terms of the Company’s M&A and alliances, and monetization of new businesses, etc., drawing on his experience and insights gained through his experience as a corporate manager at a globally operating general trading company. He currently serves as Member of the CEO Selection Advisory Committee, Member of the Personnel Advisory Committee, Member of the Compensation Advisory Committee, and Member of the Corporate Governance Committee.

	Name	Main Activities
Outside Audit & Supervisory Board Members	Hideyo Uchiyama	Attended all 14 of the 14 Board of Directors meetings and all 13 of the 13 Audit & Supervisory Board meetings held during the period, and made statements particularly in terms of the Company's finance and accounting as necessary from an expert's perspective as a certified public accountant to ensure the legality and appropriateness of decision-making by the Board of Directors. In accordance with the audit policy and plan determined by the Audit & Supervisory Board, he periodically exchanged opinions with the President and CEO, held interviews with Directors and Executive Officers, and exchanged information with the Accounting Auditor. He currently serves as Member of the Corporate Governance Committee.
	Tadashi Kunihiro	Attended all 14 of the 14 Board of Directors meetings and all 13 of the 13 Audit & Supervisory Board meetings held during the period, and made statements particularly in terms of the Company's internal control and risk management as necessary from an expert perspective as a lawyer to ensure the legality and appropriateness of decision-making by the Board of Directors. In accordance with the audit policy and plan determined by the Audit & Supervisory Board, he periodically exchanged opinions with the President and CEO, and held interviews with Directors and Executive Officers. He also made an extensive range of statements regarding the Company's risk and crisis management from an expert perspective. He currently serves as Member of the Corporate Governance Committee.

(Note) As Mr. Yoshihisa Suzuki was newly elected as a Director at the 85th Ordinary General Meeting of Shareholders held on June 23, 2022, and assumed office thereafter, his attendance at the Board of Directors meetings indicates the Board of Directors meetings held on and after June 23, 2022.

### 3) Summary of Details of Limited Liability Agreements

The Company has established a provision in its articles of incorporation for limited liability agreements with Outside Directors and Outside Audit & Supervisory Board Members to ensure that they can adequately fulfill their expected roles. Based on this provision in the articles of incorporation, the Company has entered into limited liability agreements with all of the Outside Directors and Outside Audit & Supervisory Board Members based on the relevant provision of the articles of incorporation. These agreements limit their liability for damages with respect to the liabilities of Article 423-1 of the Companies Act to JPY 10 million or the minimum liability amount prescribed in Article 425-1 of the Companies Act, whichever is higher, when the Outside Director or Outside Audit & Supervisory Board Member has performed his duties in good faith and has not been grossly negligent.

## 5. Accounting Auditors

### (1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

### (2) Amount of Compensation of Accounting Auditors for the Fiscal Year Ended March 31, 2023

1)	Total amount of compensation to be paid to the Accounting Auditor by the Company and its subsidiaries	JPY 368 million
2)	Of the total amount in 1), total amount to be paid by the Company and its subsidiaries as compensation for audit certification services	JPY 311 million
3)	Of the total amount in 2), amount of compensation as Accounting Auditor to be paid by the Company	JPY 254 million

Notes: 1. The amount of audit compensation under the Companies Act and the amount of audit compensation for the audit of financial statements, quarterly review and audit of the Internal Control System under the Financial Instruments and Exchange Law are not separated in the audit contract between the Company and the Accounting Auditor, and cannot be separated practically. Therefore, the amount in 3) is stated as the total of these.

2. The Audit & Supervisory Board, upon confirmation and deliberation of the plans for the Accounting Auditor's audit for the fiscal year, which had been explained by the Accounting Auditor and the relevant internal divisions, the records of the previous fiscal year's audit, the performance status of the audit by the Accounting Auditor, and the grounds for calculation of compensation estimation, judged them to be appropriate and gave consent to the amount of compensation to be paid to the Accounting Auditor.

3. Among the Company's principal consolidated subsidiaries, OMRON MANAGEMENT CENTER OF AMERICA, INC., OMRON EUROPE B.V., OMRON (CHINA) Co., Ltd., OMRON ASIA PACIFIC Pte. Ltd. and OMRON ELECTRONICS KOREA Co., Ltd. receive audits by an auditor other than the Accounting Auditor of the Company.

### (3) Contents of Services other than Services of Article 2-1 of the Certified Public Accountants Act (Non-Audit Services)

The Company entrusts the Accounting Auditor with advisory services related to financial reporting, which is a service other than services of Article 2-1 of the Certified Public Accountants Act (Non-Audit Services), and pays them accordingly.

### (4) Policy for Dismissal or Non-Reappointment of Accounting Auditor

The Company may dismiss or decline to reappoint the Accounting Auditor for any of the following reasons:

- 1) If deemed necessary, such as in cases where the execution of duties by the Accounting Auditor has been disrupted, the Audit & Supervisory Board determines the contents of the proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the shareholders' meeting.
- 2) If the Audit & Supervisory Board judges that the Accounting Auditor falls under any of the numbered items in Article 340-1 of the Companies Act, it dismisses the Accounting Auditor with the consent of all Audit & Supervisory Board Members. In such cases, the Audit & Supervisory Board Member who has been selected by the Audit & Supervisory Board will report the fact of and the reason for the dismissal of the Accounting Auditor at the first shareholders' meeting convened after the dismissal of the Accounting Auditor.

## 6. Systems and Policies of the Company

### (1) Corporate Principles of the OMRON Group

In 1959, Kazuma Tateishi, the Company’s founder, set forth “To improve lives and contribute to a better society” as Our Mission for the OMRON Group. Subsequently, the spirit of Our Mission was developed into the corporate principles of the OMRON Group, and has been revised in line with the changing times, while serving as the driver as well as the unifying force for business development leading to countless innovations and contributing to the development of society and the improvement of people’s lives. Moreover, in order to clarify that the continued practice of the corporate principles remains the foundation of the OMRON Group’s management, we added the practice of the corporate principles to our Articles of Incorporation in 2022.

As a global company, the OMRON Group aims to create a better society through the resolution of various social issues globally. To achieve this goal, it is becoming increasingly important that all employees around the world take action based on an understanding of our stance towards the corporate principles. The OMRON Group is reinforcing efforts to put the corporate principles into practice on a global scale. Going forward, the OMRON Group will contribute to the development of society and the improvement of people’s lives by practicing the corporate principles as it aims for sustained improvements in corporate value.

**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.

### (2) Management Philosophy of the OMRON Group

The OMRON Group has declared the following Management Philosophy to all stakeholders, representing the OMRON Group’s stance and way of thinking towards management to put the corporate principles into practice through business. It will continue to evolve according to the demands of the times and society.

**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 and solve social issues through our business.
- 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.

### **(3) Corporate Governance of the Company**

#### **Basic Stance for Corporate Governance of the Company**

At the OMRON Group, corporate governance is defined as the system of processes and practices based on the OMRON Principles and the OMRON Management Philosophy. The system is intended to ensure transparency and fairness in business and speed up management decisions and practices. This is done by connecting the entire process from oversight and supervision all the way to business execution in order to boost the OMRON Group's competitive edge. OMRON's corporate governance also involves building such a system and maintaining its proper function. The ultimate objective is to achieve sustained enhancement of corporate value by earning the support of all stakeholders.

#### **Reasons for OMRON's Selection of its Current Corporate Governance System**

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 enhance the oversight functions of the Board of Directors, four voluntary advisory committees are attached to the Board of Directors. The CEO Selection Advisory Committee, the Personnel Advisory Committee and the Compensation Advisory Committee are chaired by an Outside Director, and the majority of each committee should be composed of Outside Directors. 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 Outside Director, and exclusively comprises Outside Directors and Outside Audit & Supervisory Board Members. 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.

#### **OMRON Corporate Governance Policies**

In accordance with this basic stance for Corporate Governance, the Company has set forth the corporate governance policies (the "Policies"). Since establishing the Management Personnel Advisory Committee in 1996, the Company has spent more than 25 years formalizing and strengthening its systems of corporate governance. The Company intends to continue its pursuit of ongoing improvement of corporate governance to achieve sustainable enhancement of corporate value.

## Corporate Governance Initiatives (Reference)

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

### [Organizational Structure]

The OMRON Group has chosen to adopt the organizational structure of “Company with Audit & Supervisory Board” as stipulated by the Companies Act. To strengthen the functions of the Board of Directors, four advisory committees are in place, namely the CEO Selection Advisory Committee, the Personnel Advisory Committee, the Compensation Advisory Committee and the Corporate Governance Committee. By incorporating the best aspects of the governance system of a “Company with Committees” as well, the OMRON Group has established and adopted a hybrid type governance structure.

### [Roles and Responsibilities of the Board of Directors]

The Board of Directors recognizes its fiduciary responsibility to shareholders and assumes the responsibility of sustainably improving the OMRON Group’s corporate value through appropriate exercise of its authority.

- To fulfill the above responsibilities, the Board of Directors exercises oversight functions over the overall management in order to ensure fairness and transparency of management practices. The Board of Directors does so through election of Directors, Audit & Supervisory Board Members, and Executive Officers. It also determines compensation for Directors and Executive Officers, and makes important operational decisions.
- The Board of Directors determines and discloses significant management visions and policies, including:
  - Sustainability policies, material sustainability issues and targets (including climate change risk initiatives based on frameworks such as TCFD)
  - Key business strategies for focused domains (including the business portfolio)
  - Technology strategies/intellectual property strategies, human resource strategies
- The Board of Directors selects significant management visions and policies as focus themes while responding to changes in the business environment and continuously exercising its oversight functions.
- The Board of Directors determines the policy for the operation of the Board of Directors and focus themes every year based on the evaluation of the Board of Directors’ effectiveness and exercises its oversight functions.

- The Board of Directors is also responsible for seeking timely explanations when Audit & Supervisory Board Members, Accounting Auditors or the Internal Audit Division have discovered and pointed out fraud within the OMRON Group or pointed out deficiencies or problems.

#### **[Composition of Board of Directors]**

- Management oversight and business execution are kept separate and a majority of the Board of Directors shall consist of Directors who are not involved with business execution.
- At least one-third of the Board of Directors shall consist of Outside Directors.
- The Board of Directors shall consist of human resources who possess the experience, specialized knowledge and insights necessary for the realization of the management vision.
- The Board of Directors' skill matrix shall be disclosed.
- The CEO Selection Advisory Committee dedicated to the deliberation and nomination of candidates for CEO, which is the top-priority matter in management oversight, is attached to the Board of Directors. The Personnel Advisory Committee concerns the nomination and personnel evaluation of Directors, Audit & Supervisory Board Members, and Executive Officers, and the Compensation Advisory Committee concerns the remuneration of Directors and Executive Officers.
- The CEO Selection Advisory Committee, the Personnel Advisory Committee and the Compensation Advisory Committee are chaired by an Outside Director, and the majority of each committee should be composed of Outside Directors.
- The President and CEO does not belong to any advisory committee.
- The Corporate Governance Committee, established for the purpose of enhancing corporate governance, is also to be chaired by Outside Director, and comprises Outside Directors and Outside Audit & Supervisory Board Members.
- The lead Outside Director assumes the position of chair of the Corporate Governance Committee.

#### **[Chairman of the Board of Directors]**

- To clarify the oversight function of Directors, the Chairman of the Board of Directors without authority to represent the company will take on the position of chairman of the Board of Directors meeting.
- The Chairman of the Board of Directors should not be involved with business execution.
- The Chairman of the Board of Directors shall strive to facilitate free, open, and constructive discussions to take place at Board of Directors meetings.

#### **[Audit & Supervisory Board]**

##### **(1) Roles and Responsibilities of the Audit & Supervisory Board**

The Audit & Supervisory Board recognizes its fiduciary responsibility to shareholders, ensures the soundness of the Company for sustainable improvement of corporate value, and acts in the common interest of shareholders.

- The Audit & Supervisory Board strives to develop a system to ensure the effectiveness of audits by each Audit & Supervisory Board Member.
- The Audit & Supervisory Board cooperates with Outside Directors and the Internal Audit Division.
- The Audit & Supervisory Board exchanges opinions with Outside Directors and provides information obtained through audit activities.
- The Audit & Supervisory Board appropriately fulfills its role of appointing and dismissing Audit & Supervisory Board Members and Accounting Auditors and exercising authority related to audit compensation.
- The Audit & Supervisory Board determines the compensation for Audit & Supervisory Board Members through discussion, within the scope of the sum of compensation amounts for all Audit & Supervisory Board Members set by resolution of the general meeting of shareholders. Compensation for Audit & Supervisory Board Members shall be limited to a base salary in light of their roles.

##### **(2) Chairman of the Audit & Supervisory Board**

- The Audit & Supervisory Board appoints a Chairman from among the Audit & Supervisory Board Members by its resolution.
- The Chairman of the Audit & Supervisory Board executes duties entrusted to them by the Audit & Supervisory Board. However, they shall not interfere with the exercise of authority by each Audit & Supervisory Board Member.

##### **(3) Relationship with the Accounting Auditor and the Internal Audit Division**

The Audit & Supervisory Board cooperates with the Accounting Auditor and the Internal Audit Division to ensure a system capable of conducting sufficient and appropriate audits.



- The Audit & Supervisory Board formulates the evaluation criteria and selection criteria for Accounting Auditors and checks their independence and expertise.
- The Audit & Supervisory Board requests an explanation from the Accounting Auditor as to whether the Accounting Auditor complies with the quality control standards necessary to properly conduct accounting audits.
- The Audit & Supervisory Board seeks timely explanations when the Accounting Auditor or the Internal Audit Division have discovered and pointed out fraud within the OMRON Group or pointed out deficiencies or problems.
- The Audit & Supervisory Board conducts interviews with the Accounting Auditor and the President.
- The Audit & Supervisory Board holds regular meetings with the Accounting Auditor and the Internal Audit Manager every quarter and in the final month of the period.

#### **[Advisory Committees]**

##### **(1) The CEO Selection Advisory Committee**

In accordance with the relevant rules, the CEO Selection Advisory Committee is intended to bolster the management oversight function of the Board of Directors by enhancing transparency, objectivity and timeliness of the decision-making process regarding nomination of candidates for CEO.

- The CEO Selection Advisory Committee evaluates performance of the President and CEO annually and appoints the President and CEO for the next fiscal year.
  - In the case of reappointment, the CEO Selection Advisory Committee appoints the President and CEO for the next fiscal year based on the evaluation factoring in his/her performance, etc., and makes recommendations to the Board of Directors.
  - In the case of replacement, the CEO Selection Advisory Committee appoints the President and CEO for the next fiscal year based on the CEO succession planning, etc., and makes recommendations to the Board of Directors.
- The CEO Selection Advisory Committee annually deliberates about CEO succession planning and contingent succession planning to take over the position in emergency situations and makes recommendations to the Board of Directors.
- Based on the CEO Selection Advisory Committee's recommendations, the Board of Directors determines the candidate and sets a proposal to be resolved at the general meeting of shareholders.

##### **(2) The Personnel Advisory Committee**

In accordance with the relevant rules, the Personnel Advisory Committee is intended to bolster the management oversight functions of the Board of Directors by enhancing transparency, objectivity and timeliness of decision-making process regarding nomination of candidates for Directors, Audit & Supervisory Board Members and Executive Officers.

- The Personnel Advisory Committee deliberates and sets criteria for the selection of Directors, Audit & Supervisory Board Members and Executive Officers.
- To swiftly respond to the need for global-scale growth and greater competitive strength, as well as significant changes in the business environment, the Personnel Advisory Committee shall work to provide diversity (experience, specialized knowledge, insights, gender, internationality, age) in the Board of Directors, Audit & Supervisory Board and among Executive Officers.
- The Personnel Advisory Committee receives reports from the Chairman of the Board of Directors on results of interviews with each Director, in order to evaluate each Director.
- In response to consultation from the Chairman of the Board of Directors (for Directors), who has been entrusted by the Audit & Supervisory Board (for its Members), and from the CEO (for Managing Executive Officers), the Personnel Advisory Committee deliberates on personnel evaluation of such executives in accordance with the selection criteria established by the committee. Also considered is the degree of implementation of the OMRON Principles, achievement of performance targets, etc. Based on these, the Personnel Advisory Committee makes recommendations to the Board of Directors.
- The Personnel Advisory Committee checks the succession planning for management executives (CFO, CTO, etc.)
- Based on the Personnel Advisory Committee's recommendations, the Board of Directors determines the proposition regarding the election of Directors to be resolved at the general shareholders meeting.
- Based on the Personnel Advisory Committee's recommendations, the Board of Directors, with the consent of the Audit & Supervisory Board, determines the proposition regarding the election of Audit & Supervisory Board Members to be resolved at the general meeting of shareholders.
- The propositions regarding the election of Directors and Audit & Supervisory Board Members shall describe and explain brief personal records of the candidates (including current posts and duties at

OMRON for candidates for Directors), reasons for nominating the candidates, and other important posts assumed by the candidates.

### (3) The Compensation Advisory Committee

In accordance with the relevant rules, the Compensation Advisory Committee is intended to bolster the management oversight function of the Board of Directors by increasing transparency and objectivity in determining compensation amounts for each Director and Executive Officer.

- The Compensation Advisory Committee discusses the Compensation Policy for Directors and makes recommendations to the Board of Directors. Based on these, the Board of Directors determines the Compensation Policy for Directors.
- The Compensation Advisory Committee deliberates on the Compensation Policy for Executive Officers.
- In response to consultation from the Chairman of the Board of Directors (for Directors), and from the CEO (for Executive Officers), and based on the above-mentioned policies, the Compensation Advisory Committee deliberates on compensation composition, compensation composition ratio, the level of the base salary, as well as the performance indicators and evaluation methods of performance-linked compensation for Directors and Executive Officers.
- Compensation for Directors based on the above-mentioned deliberation is as follows:
  - Compensation for Directors shall consist of a base salary, which is fixed compensation, and performance-linked compensation, which varies depending on performance.
  - The compensation composition ratio of performance-linked compensation to base salary shall be determined according to each Director's role and responsibility.
  - Compensation for Outside Directors shall consist of a base salary only, reflecting their roles and the need for maintaining independence.
  - The amount of a base salary, paid monthly, shall be determined by taking into account the salary levels of other companies, as surveyed by a specialized outside organization.
  - Performance-linked compensation comprises short-term performance-linked compensation and medium-to-long-term, performance-linked compensation. As short-term performance-linked compensation, the Company shall provide bonuses linked to yearly performance indicators, and to the degree of achievement of performance targets. Bonuses shall be paid as a lump sum after the conclusion of the fiscal year. As medium- to long-term performance-linked compensation, the Company shall grant stock compensation linked to the degree of achievement of the goals of the medium-term management plan, and to the improvement in corporate value (value of stock). The performance-linked component of stock compensation shall be paid after the medium-term management plan concludes, while the non-performance-linked component shall be paid after the Director retires.
  - The Company shall determine the basic amount of short-term performance-linked compensation and medium-to-long-term, performance-linked compensation based on the compensation composition ratio set forth according to roles and responsibilities.
- Based on the Compensation Advisory Committee's recommendations, the Board of Directors determines the amount of compensation for each individual Director within the scope of the sum of compensation amounts for all Directors set by resolution of the general meeting of shareholders.

### (4) Corporate Governance Committee

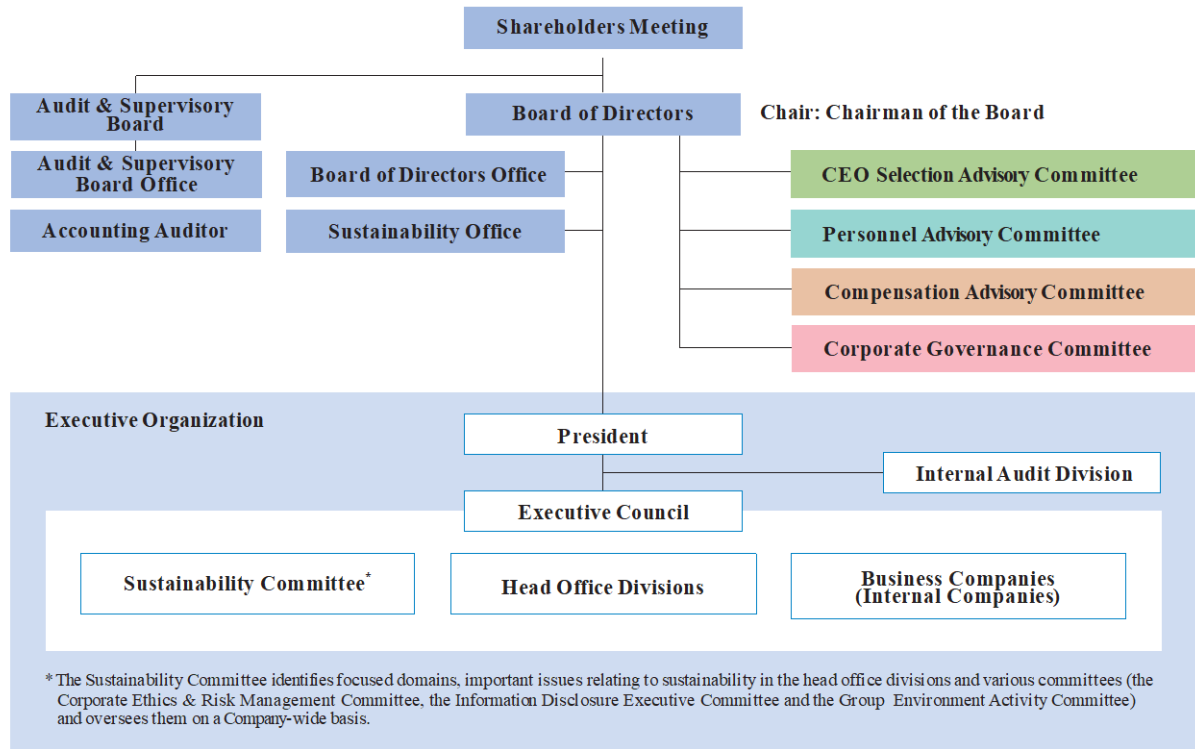
In accordance with the relevant rules, the Corporate Governance Committee is intended to enhance the transparency and fairness of management practices from the standpoint of all stakeholders and continuously take steps to enhance corporate governance.

- The Corporate Governance Committee evaluates the composition, operation, and effectiveness of the Board of Directors, and reports the results of evaluation to the Board of Directors.
- The Corporate Governance Committee draws up "Independence Requirements for Outside Executives" and makes recommendations to the Board of Directors.
- Regarding corporate governance-related matters other than the above, the Corporate Governance Committee, in response to consultation from the Board of Directors or the Chairman of the Board of Directors, makes recommendations to the Board of Directors.

For the entire text of the OMRON Corporate Governance Policies, please refer to the website below.

<https://www.omron.com/global/en/about/corporate/governance/policy/>

**Omron's Corporate Governance Structure**



The following four committees are established under the umbrella of the Board of Directors for transparency and objectivity of management decisions. Outside Directors chair these committees, and the President and CEO does not belong to them as a Member. Details of Advisory Committees are described on pages 57 to 58.

**【The CEO Selection Advisory Committee】**

A committee that specializes in selection of the President and appoints a candidate for the President and CEO for the next fiscal year, and deliberates about CEO succession planning and contingent succession planning to take over the position in emergency situations.

**【The Personnel Advisory Committee】**

A committee to set criteria and policies relating to the selection of Directors, Audit & Supervisory Board Members and Executive Officers. The committee also deliberates about candidates.

**【The Compensation Advisory Committee】**

A committee to deliberate about compensation levels and amounts for Directors and Executive Officers, as well as setting compensation policies and carrying out compensation assessments.

**【The Corporate Governance Committee】**

A committee to discuss measures required to ensure the continuous proper execution of the corporate governance regime and measures to improve the fairness and transparency of management activities.

Advisory Committee Members in Fiscal 2022

Position	Name	CEO Selection Advisory Committee	Personnel Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Chairman of the Board	Fumio Tateishi	□			
Representative Director	Yoshihito Yamada				
Representative Director	Kiichiro Miyata		□		
Director	Koji Nitto			□	
Director	Satoshi Ando	○	○	○	
Outside Director	Takehiro Kamigama ◆	◎	□	◎	◎
Outside Director	Izumi Kobayashi ◆	□	◎	□	○
Outside Director	Yoshihisa Suzuki ◆	□	□	□	□
Audit & Supervisory Board Member	Shuji Tamaki				
Audit & Supervisory Board Member	Kiyoshi Yoshikawa				
Outside Audit & Supervisory Board Member	Hideyo Uchiyama ◆				□
Outside Audit & Supervisory Board Member	Tadashi Kunihiro ◆				□

Notes: ◎ Chairperson ○ Vice-Chairperson □ Committee Member ◆ Independent Officer

## Status of initiatives towards improving the Board of Directors' effectiveness

### 1. Overview of initiatives towards improving the Board of Directors' effectiveness

The Company ensures transparency and fairness in business management, speeds up management decisions and practices, and strives to boost the OMRON Group's competitive edge. The ultimate objective is to achieve sustained enhancement of corporate value. To this end, the Company reinforces the supervisory functions of the Board of Directors through initiatives for improving its effectiveness.

Such initiatives are undertaken in a cycle of (1) evaluation of the Board of Directors' effectiveness and (2) determination of the policy for the operation and focus themes of the Board of Directors and formulation and implementation of annual plans.

#### (1) Evaluation of the Board of Directors' effectiveness

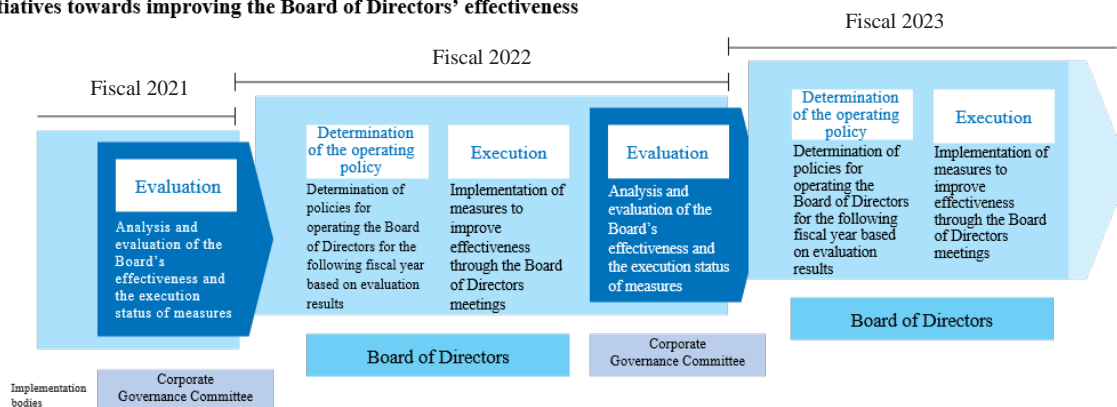
The Company's evaluation of the Board of Directors' effectiveness is conducted by the Corporate Governance Committee chaired by an Outside Director and comprising only Outside Directors and Outside Audit & Supervisory Board Members (hereinafter "Outside Executives"). Outside Executives act as members of the Board of Directors while having the perspectives of all stakeholders including the shareholders. The Corporate Governance Committee, which is composed only of Outside Executives, performs evaluations in order to ensure that evaluations are both objective and effective.

#### (2) Determination of the policy for the operation and focus themes of the Board of Directors and formulation and implementation of annual plans

Based on the evaluation results by the Corporate Governance Committee in (1) and the business environment, etc., the Board of Directors determines the policy for the operation and focus themes of the Board of Directors for the next fiscal year. The Board of Directors formulates and implements annual plans based on this operation policy.

The Company continues to improve the Board of Directors' effectiveness by implementing (1) and (2) above on a yearly basis. The Corporate Governance Committee has evaluated these initiatives to be the Company's unique, optimal activities that are both objective and effective. The Board of Directors recognizes the Company's initiatives as being more effective than evaluations by third parties.

#### Initiatives towards improving the Board of Directors' effectiveness



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

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

### **2-1. Evaluation methods**

- 1) Self-evaluations by Directors and Audit & Supervisory Board Members
  - Each Director and Audit & Supervisory Board Member performed self-evaluations of the contents of discussions at the meetings of the Board of Directors and the extent of oversight functions exercised, immediately following each meeting of the Board of Directors. Immediately after each meeting of the Board of Directors, Outside Executives evaluated the Board of Directors and held a review meeting to review the Board of Directors.
  - Each Director and Audit & Supervisory Board Member performed self-evaluations of the operation, etc. of the Board of Directors over the course of the year following the meetings of the Board of Directors held on February 28 and March 28, 2023.
- 2) Interviews by the Chairman of the Board of Directors
  - The Chairman of the Board of Directors conducted individual interviews to Directors and Audit & Supervisory Board Members between December 2022 and March 2023.
- 3) Evaluation by the Corporate Governance Committee
  - The Corporate Governance Committee conducted evaluations of the Board of Directors' effectiveness on March 28 and April 26, 2023.

### **2-2. Self-evaluation items**

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

- 1) Self-evaluations performed immediately following meetings of the Board of Directors
  - Contents of discussions at the meeting of the Board of Directors
  - Extent of oversight functions exercised by the Board of Directors
- 2) Self-evaluations for the entire year, performed at the end of the fiscal year
  1. Operation of the Board of Directors
    - 1) Policy for the operation of the Board of Directors for fiscal 2022
    - 2) Fiscal 2022 focus themes
    - 3) Deliberations and reports regarding issues other than fiscal 2022 focus themes
    - 4) Policy for the operation and focus themes of the Board of Directors for fiscal 2023 (requests)
  2. Increasing information sharing opportunities
    - 1) Individual meetings
    - 2) Sharing information through visits, etc.
    - 3) Board reviews immediately after Board of Directors meetings
    - 4) Initiatives for fiscal 2023 (requests)
  3. Advisory Committees
    - 1) CEO Selection Advisory Committee
    - 2) Personnel Advisory Committee
    - 3) Compensation Advisory Committee
    - 4) Corporate Governance Committee
  4. Other overall issues regarding the Board of Directors

## **3. Change of President**

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

- The Company resolved to change the President on April 1, 2023 at an extraordinary meeting of the Board of Directors held on January 12, 2023. As the selection of the President is the top-priority matter in management oversight, the matter was deliberated by the CEO Selection Advisory Committee, which specializes in the selection of the President, and the Board of Directors made a resolution based on their report.
- The CEO Selection Advisory Committee deliberates on the succession plan every year and, based on the candidate list, checks the development plan and development status, including the assignment of difficult tasks. In addition, candidates are observed during opportunities such as presentations at the Board of Directors. In fiscal 2022, the candidate selection process included a survey of several candidates with the engagement survey VOICE, a 360-degree evaluation, an analysis of third-party evaluation results by a human resources consulting company targeting

managers, and candidates were screened and determined through interviews and other contact opportunities.

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

- Points commended
  - The Corporate Governance Committee commended the President selection process used by the CEO Selection Advisory Committee. The process was deemed appropriate as transparency and objectivity were ensured due to Outside Directors who are members of the CEO Selection Advisory Committee being provided with objective data on candidates as well as opportunities to contact candidates multiple times.
- Points requested
  - The further development of the President selection process is requested through the continued formulation of succession plans after the new system, strengthening of the system for developing candidates, and early establishment of contact opportunities between committee members and candidates, etc.

<Reference: Fiscal 2022 CEO Selection Advisory Committee Activities and Activity Status>

CEO Selection Advisory Committee	
Members	Five members (three Outside Directors and two internal Directors)
Chairman	Outside Director
Committee composition	<ul style="list-style-type: none"> <li>• The majority shall be Outside Directors</li> <li>• The two internal Directors shall be non-executive Directors (the President and CEO is not a member of the committee)</li> </ul>
Number of meetings held	3
Attendance rate	100%
Matters deliberated and matters reported	<ul style="list-style-type: none"> <li>• Narrowing down of candidates based on engagement surveys, 360-degree evaluations, and third-party evaluation results</li> <li>• Identification of candidates through contact opportunities such as interviews (conducted on a separate occasion from the committee meetings)</li> <li>• Determination of candidates for President</li> <li>• Determination of a successor in the event of a crisis in fiscal 2023</li> </ul>

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

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

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

#### <Focus Themes>

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

###### <Points to be supervised>

- Transformation of business models (promotion of businesses reflecting an essential value perspective, including alliance with JMDC)
- Acceleration of diversity and inclusion
- Improvement of supply chain resilience
- Promotion of initiatives aimed at addressing important sustainability issues

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

###### <Points to be supervised>

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

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

###### <Points to be supervised>

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

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

- **Focus theme 1: Monitoring progress of the long-term vision and medium-term management plan**  
Toward the realization of the long-term vision “SF2030” (hereinafter, the “Long-Term Vision”) and the medium-term management plan “SF 1st Stage” (hereinafter, the “Medium-Term Management Plan”), the Board of Directors confirmed that monitoring progress was an important part of oversight functions. Specifically, the Board of Directors decided to promote oversight that focuses on the transformation of business models, acceleration of diversity and inclusion, improvement of supply chain resilience, and promotion of initiatives aimed at addressing important sustainability issues.
- **Focus theme 2: Response to risks in the era of uncertainty**  
Global geopolitical risks, such as Russia’s invasion of Ukraine, have a material impact on business and performance, and the Board of Directors continued to discuss this as a focus theme in fiscal 2022 from the perspective of improving the ability to perceive changes.
- **Focus theme 3: Checking the progress of establishing a companywide IT system**  
As establishing a companywide IT system is a large-scale decade-long project, it has been a focus theme since fiscal 2019. At a Board of Directors meeting held during the last fiscal year, a proposal was made to introduce a third-party evaluation of the status of development of the companywide IT system, and the Board of Directors supervised the progress in fiscal 2022 while taking external evaluations by third-party organizations into account.

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

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

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

#### **Focus theme 1: Monitoring progress of the long-term vision and medium-term management plan <Transformation of business models (promotion of businesses reflecting an essential value perspective, including alliance with JMDC)>**

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

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

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

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

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

#### **<Acceleration of diversity and inclusion>**

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

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

- As the results of the engagement survey VOICE, they reported that all categories including diversity and inclusion remained sound, and that the SEI\* score was 76, exceeding the target of 70.



- They reported that there were issues in “work efficiency” and “performance management” within “work environment,” and that “work process simplification” and “sufficient encouragement to employees who are not producing results in line with their positions” were implemented as specific measures in order to further raise the motivation of employees.

\*SEI: Sustainable Engagement Index

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

- Regarding secondary positions that have been implemented since 2021, they reported on the current situation of employees’ secondary positions and examples and challenges related to accepting secondary positions. Moreover, they reported results related to the acquisition of professional human resources, revitalization of the organization, and interactions with diverse human resources that have led to the creation of new value and career development for employees.

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

- Regarding “sufficient encouragement to employees who are not producing results in line with their positions” among the results of the engagement survey VOICE, which is an issue unique to Japan, the Board of Directors discussed the establishment of the recharge and recharge\* system and the need to analyze the root cause of the inability to produce results according to position. In addition, they also discussed the importance of identifying obstacles to “smooth business progress,” which got a low score even overseas, and making management decisions about “stopping” through the practice of high-cycle management\*.

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

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

- The Board of Directors recognized that making the employment system more flexible and introducing a secondary position system led to the resolution of the shortage in human resources. They also recognized that themes related to solving social issues attracted applicants and resulted in more than 60 times more applications. Moreover, the Board of Directors discussed expanding the number of secondary position themes, further improving the placement of the right people in the right places, and revitalizing the organization and developing employees through recruitment for secondary positions.

#### <Improvement of supply chain resilience>

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

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

- They reported recovery from the impact of the Shanghai lockdowns in the first half of the year through the recovery of production and the strengthening of supply capabilities, and that the Company will achieve sales in the current fiscal year by demonstrating expanded product supply capabilities.

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

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

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

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

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

- They reported and resolved at the Board of Directors to set targets for fiscal 2022 to achieve targets for important sustainability issues in the Long-Term Vision and Medium-Term Management Plan, and to promote and implement various sustainability initiatives. In addition, they reported and resolved to change the environmental targets (Scope 1 and 2) for 2030 from a 59% reduction compared to fiscal 2016 to a 65% reduction by implementing strategic initiatives formulated in the Long-Term Vision, such as the decarbonization of society, ongoing initiatives for energy conservation and renewable energy, procurement of renewable energy power, and utilization of the J-Credit Scheme.
- Regarding the disclosure of information related to climate change in the Annual Securities Report, in light of the trend for future disclosure standards being under the TCFD\* framework,

they made a report on the intention to disclose information under the framework of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets,” which are items for disclosure requested by the TCFD, and disclosed information in the 85th term (June 2022) Annual Securities Report. In addition, regarding the disclosure of the degree of impact of climate-related risks and opportunities on business and finances, they reported on a step-by-step disclosure plan in the Medium-Term Management Plan, and the Board of Directors resolved on this.

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

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

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

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

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

**<Improvement of ability to detect changes in the global geopolitical environment and transformation of global business operations>**

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

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

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

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

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

**< Enhancement of cybersecurity>**

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

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

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

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

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

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

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

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

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

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

- They submitted progress confirmation for the construction of the companywide IT system in the first and second half of the year, and reported on the implementation status, the results of external evaluations by third-party organizations, and initiative planning for fiscal 2023. The Board of Directors resolved the capital investment plan for fiscal 2023.

- As for the implementation status in fiscal 2022, it was reported that the requirements definition phase for ERP deployment in Europe had been completed, and that preparations for transition to the planning and requirements definition phase for ERP deployment in Japan had been completed. In terms of deployment in Europe, it was reported that a compliance rate of 91% was achieved, exceeding the target compliance rate of 80%, by thoroughly adhering to the Fit to Standard principle, and that design and development will begin in April 2023. In terms of deployment in Japan, a master schedule that makes use of what was learned from deployment in Europe was formulated, and it was reported that core operations, data linkage, and utilization infrastructure would be implemented as a minimum scope in order to increase the success rate of the project.
- **Main contents of discussions at the meeting of the Board of Directors**
  - On top of recognizing the importance of promoting Fit to Standard even for deployment in Japan, which has more functions and is more complex than Europe, the Board of Directors also confirmed that some themes need to be developed outside the standard as Fit to Business.
  - The Board of Directors requested the continued promotion of the project after confirming that the project was progressing as planned and recognizing that the purpose of building the companywide IT system is not simply to replace the system, but to innovate operations and improve productivity through DX.

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

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

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

- The Chairman of the Japan Association of Corporate Directors was invited as an external lecturer to give a lecture and exchange opinions on corporate governance issues and future direction, and discussions were held regarding the construction of an optimal corporate governance system for realizing the Long-Term Vision.

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

- The Board of Directors, with the participation of the external lecturer, discussed continuing to consider optimal governance in accordance with the scale of the company, the business situation, the actual state of corporate governance, etc., as well as the vital importance of having substantial discussions on medium- to long-term strategies, etc. at Board of Directors meetings. Furthermore, the Board of Directors confirmed that it will continue to hold discussions focused on the evolution of OMRON's corporate governance.

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

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

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

- Of the four business domains set in the Long-Term Vision, they reported on the status of M&A and alliance considerations in the Industrial Automation and Healthcare Solutions domains.
- As an example of an alliance, they reported on the establishment of the "Health & Productivity Management Alliance," which aims to improve productivity by improving the health of employees and reducing the burden of medical expenses on companies, as well as create a market for health promotion and prevention of serious illness.  
\*Health & Productivity Management Alliance: Eight companies, including OMRON, act as lead managing companies of this alliance, which aims to "design a model for health and productivity management, co-create solutions to make it work, and implement them in the industrial world." Scheduled to start in June 2023.

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

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

#### <Reports on intellectual property>

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

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

- In order to achieve the Long-Term Vision, the realization of a value creation story (business model) linked to the utilization of intellectual property and intangible assets is being promoted,

and it was reported that “ambidextrous IP activities” were implemented by combining the “exclusive type” and “sharing & inclusion type” with optimal balance.

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

- The Board of Directors recognized that intellectual property activities have evolved to be unlike conventional concepts of intellectual property, that they are strategies that are directly linked to business models, and that they are timely initiatives for the promotion of businesses offering essential value in the Long-Term Vision. In addition to the utilization of existing technologies and the search for new technologies in creating new businesses, they discussed how stakeholder empathy can be enhanced by explaining efforts to create technology in-house and investments in intellectual property and intangible assets in terms of their connection with the management story. At the same time, the Board of Directors discussed the importance of contracts for open and closed parts of the sharing & inclusion type, the permeation of intellectual property utilization within the Company, and the importance of developing specialists with intellectual property knowledge and business sense.

**5.2 Evaluation by the Corporate Governance Committee**

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

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

■ Points commended

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

■ Points requested

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

**5-2-2. Individual evaluation**

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

■ Points commended

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

■ Points requested

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

### 5.3 Initiatives by the Advisory Committees and evaluation by the Corporate Governance Committee

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

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

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

#### 5-3-2. Individual evaluation

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

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

<Reference: Fiscal 2022 Advisory Committees Activities and Activity Status>

	Personnel Advisory Committee	Compensation Advisory Committee	Corporate Governance Committee
Members	Five members (three Outside Directors and two internal Directors)	Five members (three Outside Directors and two internal Directors)	Five members (three Outside Directors and two Outside Audit & Supervisory Board Members)
Chairman	Outside Director	Outside Director	Outside Director
Committee composition	<ul style="list-style-type: none"> <li>• The majority shall be Outside Directors</li> <li>• The Chairman of the Board of Directors and the President and CEO are not members of the committee</li> </ul>	<ul style="list-style-type: none"> <li>• The majority shall be Outside Directors</li> <li>• The Chairman of the Board of Directors and the President and CEO are not members of the committee</li> </ul>	<ul style="list-style-type: none"> <li>• Composed of Outside Directors and Outside Audit &amp; Supervisory Board Members</li> </ul>
Number of meetings held	7	5	2
Attendance rate	100%	96%	100%
Matters deliberated and matters reported	<ul style="list-style-type: none"> <li>• Determination of criteria for appointing Directors, Audit &amp; Supervisory Board Members, and Executive Officers</li> <li>• Determination of Director candidates, Audit &amp; Supervisory Board Member candidates, and Executive Officer personnel</li> <li>• Reporting on succession planning for management executives</li> <li>• Reporting on the list of candidates for Outside Director and Outside Audit &amp; Supervisory Board Member</li> </ul>	<ul style="list-style-type: none"> <li>• Determination of compensation policy and compensation structure for Directors</li> <li>• Reporting on the compensation policy and compensation structure for Executive Officers</li> <li>• Determination of compensation levels and tables for Directors and Executive Officers</li> <li>• Determination of compensation for foreign Executive Officers</li> <li>• Determination of evaluation criteria and payment amounts for Director bonuses and stock compensation</li> <li>• Determination of evaluation criteria and payment amounts for Executive Officer bonuses and stock compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation of effectiveness of the Board of Directors in fiscal 2022</li> </ul>

	<ul style="list-style-type: none"> <li>• Determination of the members of each Advisory Committee</li> </ul>		
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## 5.4 Initiatives on information sharing opportunities and evaluation by the Corporate Governance Committee

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

#### ■ On-site visits

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

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

Supervisory and auditing functions are being strengthened by sharing the viewpoints of the Accounting Auditor with Outside Executives. In addition, through this approach, we are building a relationship in which Outside Executives directly exchange information about risks in the Company with the Accounting Auditor.

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

The Chairman of the Board of Directors holds individual interviews with Directors and Audit & Supervisory Board Members once a year to discuss improvement plans related to the operation of the Board of Directors.

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

Opportunities are provided for the exchange of opinions between Outside Executives and top Executives, which leads to an improvement in understanding of the Company's business and organizational culture.

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

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

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

Outside Executives may observe Executive Committee meetings (management meetings by Executives), as fully understanding the situation of the business execution division will lead to the expansion of the breadth and depth of discussions at the Board of Directors meetings.

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

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

### 5-4-3. Individual evaluations

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

#### ■ On-site visits

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

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

- Opinion exchange meetings between Outside Executives and the Accounting Auditor were held on two occasions. In the first discussion, the Accounting Auditor expressed its awareness of challenges in accounting audits that capture changes in the business environment, and requested investments in JMDC and responses to issues in the global internal audit system.
- In the second discussion, the Accounting Auditor brought up investments in JMDC and issues in the global internal audit system, leading to discussions about approaches to investment evaluation and the strengthening of the global audit system, which connected to future actions. From the next fiscal year onwards, it is requested that multifaceted information be provided in order to further grasp specific situations on-site.

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

- In response to the change in Presidents of all Business Companies as of April 2023, an opinion exchange meeting between the four new Presidents of the Business Companies and Outside Executives was held, enabling two-way discussion and free discussion. Outside Executives asked what they would like to see change, and the Presidents of the Business Companies expressed their candid thoughts on efficient business operations, including the implementation of high-cycle management, and ensuring psychological safety. It was a useful opportunity for communication as we strive towards the start of the new system, and it is requested that these kinds of discussions continue going forward.

## **Status of initiatives towards improving the Audit & Supervisory Board's effectiveness**

### **1. Overview of initiatives towards improving the Audit & Supervisory Board's effectiveness**

The Audit & Supervisory Board conducts audits while continuously discussing how audit activities should exist in order to earn the trust of stakeholders and achieve sustainable improvement in corporate value. The Audit & Supervisory Board has contributed to the improvement of the corporate governance function while engaging in free and open discussions with the Board of Directors.

In terms of audit activities, compliance audits<sup>(\*)</sup> and risk-based/internal control audits<sup>(\*)</sup> have been deepened, and areas of management issues<sup>(\*)</sup> have been actively included in the scope of audits.

\*The Company's Audit & Supervisory Board calls compliance audits Audit 1.0, risk-based/internal control audits Audit 2.0, and management issue audits Audit 3.0.

### **2. Evaluation of the Audit & Supervisory Board's effectiveness in fiscal 2022**

The Audit & Supervisory Board conducted audits focusing on focus audit items and evaluated the effectiveness of these activities from a more multifaceted and objective perspective.

#### **2-1. Audit & Supervisory Board's focus audit items in fiscal 2022**

In the fiscal year under review, the Audit & Supervisory Board positioned "Progress of the long-term vision and medium-term management plan," "Response to geopolitical risks," "Checking the progress of establishing a companywide IT system," "Global Group governance," "Transformation of corporate culture," and "Progress of alliance with JMDC" as focus audit items and audited them.

#### **2-2. Method of evaluating the effectiveness of the Audit & Supervisory Board in fiscal 2022**

In fiscal 2022, in addition to the usual self-evaluation by Audit & Supervisory Board Members using an anonymous questionnaire, the degree of contribution to corporate value by the Audit & Supervisory Board was also included in the self-evaluation. In doing this, data comparisons with other companies' Audit & Supervisory Boards and surveys by Directors were referenced.

#### **2-3. Audit & Supervisory Board's effectiveness evaluation results and issues**

The Audit & Supervisory Board emphasized the collection and analysis of objective data obtained from audit activities, and based on this, Audit & Supervisory Board Members held open and in-depth discussions, and proactively provided feedback to the Board of Directors regarding management issues that were identified.

Directors have expressed their expectations for the activities and further evolution of the Audit & Supervisory Board, but, particularly regarding medium- to long-term management issues, further discussion between the Audit & Supervisory Board and the Board of Directors, as well as narrowing down and digging deeper, have been recognized as issues.

In addition to checking a wide range of on-site conditions, cooperation between the Audit & Supervisory Board and the Internal Audit Division will be strengthened, including by making suggestions on how internal audits should be conducted. By doing so, on-site management issues will be clarified and reflected in discussions with the Board of Directors.



#### **(4) Systems to Ensure that Execution of Directors' Duties Conforms to Laws and the Articles of Incorporation and Other Systems to Ensure Appropriateness of Operations (Basic Policy on Maintenance of Internal Control System) and Overview of Operational Status of Internal Control System**

##### **Basic Policy on Maintenance of Internal Control System**

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 key theme of "socially responsible corporate management" is promoting corporate ethics and compliance whereby the Company complies with laws and regulations in carrying out business activities. In particular, the Company has devoted every effort to prevent anti-competitive activities such as cartel, bribery, and other significant risks from occurring.
- (3) The Company has familiarized its officers and employees with the OMRON Group Rules for Ethical Conduct as specific action guidelines for practicing "socially responsible corporate management" and enforces strict compliance.
- (4) The Company appoints an executive in charge of corporate ethics and compliance and establishes the Corporate Ethics & Risk Management Committee as an organization to promote corporate ethics and compliance. As specific activities, the President himself issues instructions on corporate ethics and compliance, providing opportunities to disseminate awareness. In addition, the Committee conducts regular training and education for officers and employees on anti-competitive activities such as cartel and bribery as well as on corporate ethics and compliance.
- (5) 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.
- (6) 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.
- (7) The Company has set up an internal control department directly under the President to conduct operational audits.
- (8) 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.
- (9) 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 are 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 Outside Audit & Supervisory Board Members, 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.

## **Overview of Operational Status of Internal Control System**

The Company, in accordance with the Basic Policy stated above, operates an Internal Control System, and the following is an overview of the operational status of said System for the fiscal year under review.

### **1. Initiatives towards compliance and risk management**

The OMRON Group has promoted integrated compliance and risk management activities through the Corporate Ethics & Risk Management Committee.

The OMRON Group has reinforced its capabilities to respond to change through a department directly under the President that promotes and thoroughly enforces such activities.

#### **(1) Compliance**

The OMRON Group has familiarized its officers and employees with the OMRON Group Rules, which are the common management basis for the Group, and conducted the necessary trainings. In particular, the month of October was designated Corporate Ethics Month, and various initiatives have been implemented including sending messages from the President to the officers and employees in Japan and overseas, offering compliance training for such things as cartel prevention and bribery prevention, and familiarizing officers and employees with the whistle-blower system. Whistle-blower hotlines have been established and are in operation at the major bases in Japan and overseas. Additionally, the Information Disclosure Executive Committee convened regular meetings in order to ensure the accuracy, timeliness and completeness of disclosures, while trainings were held for the prevention of insider trading. Furthermore, the internal audit department conducted operational audits on the divisions of the OMRON Group on a risk basis.

During the fiscal year under review, regarding the OMRON Group Rules, the Company responded to changes in the environment by adding regulations related to human rights management in labor, such as risk assessments for human rights issues, and by establishing information security rules unique to Greater China in response to China's information-related laws and regulations. In addition, regarding the whistle-blower system, the Company established a system for accepting consultations from suppliers as part of the human rights remedy mechanism.

#### **(2) Risk management**

Based on the OMRON Group Rules for Integrated Risk Management, risks influencing the OMRON Group are identified each year from a global perspective, and upon analyzing such risks, critical risks for the OMRON Group are designated by the Executive Committee. The OMRON Group confirmed the progress made on risk countermeasures with the Corporate Ethics & Risk Management Committee on a quarterly basis and systematically promoted its risk management initiatives. Additionally, concerted efforts were made by the field and management in order to implement measures to respond to changes in the internal and external environments, namely the appointment of risk managers at the Group companies in Japan and overseas, who utilized the global network to share daily risk information and to quickly organize response to risks.

During the fiscal year under review, the OMRON Group continued to work to implement COVID-19 countermeasures, and continued the provision of products and services while prioritizing the securing of employees' health and safety. Furthermore, the Group took measures to prepare for the indefinite suspension of the Industrial Automation Business and the Device & Module Solutions Business in Russia and, regarding the rapidly changing geopolitical risks, strove to strengthen the system of monitoring trends in individual countries.

### **2. Initiatives to ensure the appropriateness of operations**

The Company preserves and manages important documents related to the execution of Directors' duties in accordance with the Board of Directors Rules and other rules related to information management. The Company has reduced the number of Directors in order to ensure substantive discussion of the Board of Directors, as well as uses the Executive Officer System and the internal company system to promote faster decision making and efficient business operations by delegating substantial authority to the President of each internal company. At the monthly Executive Committee, significant business execution issues are discussed and decided within the scope of the President's authority. The OMRON Group has also established a system which ensures proper control and prompt decision-making by clearly setting forth the applicable division of duties, decision-making authority and reporting rules.

During the fiscal year under review, the Company improved the promptness of decision-making and increased the speed of management by continuously improving the quality of discussions at Executive Committee meetings in response to drastic changes in the environment.

### **3. Initiatives to ensure the effectiveness of audits by Audit & Supervisory Board Members**

The Company has established an Audit & Supervisory Board Office independent from business execution to assist the Audit & Supervisory Board Members in performing their duties and has also appointed the necessary staff members to the Office. The Audit & Supervisory Board Office holds periodic interviews of Directors and Executive Officers, periodically exchange views with the President, periodically exchange information with Accounting Auditor, and receive operational reports from Executive Officers. Audit & Supervisory Board Members also attend and state their opinions, as necessary, at Board of Directors meetings as well as Executive Committee meetings and other important meetings.

Furthermore, each year, the Audit & Supervisory Board evaluates its own effectiveness. Please refer to page 72 for the status of initiatives towards improving the Audit & Supervisory Board's effectiveness.

## **(5) Cash Allocation Policy and Shareholder Returns Policy**

Pursuant to the articles of incorporation, the Company presents proposals for setting dividends to the General Meeting of Shareholders, except for interim dividends, which are set by resolution of the Board of Directors. The Company applied the following basic policy regarding distribution of profits including shareholder returns.

### **Cash Allocation Policy**

- 1) Aiming to maximize corporate value through the realization of the long-term vision, OMRON prioritizes the necessary investment to create new value from a medium- and long-term perspective. During SF 1st Stage, priority will be placed on investments in human resources and R&D to solve social issues and innovate driven by social needs; capital investments in production capacity increases and digital transformation (DX); investment in growth initiatives such as M&A&A (merger, acquisition, and alliance); and investment in sustainability initiatives such as decarbonization, reduction of environmental impacts, and respect for human rights in the value chain. On this basis, OMRON will return profits to shareholders in a stable and sustainable manner.
- 2) Such investment for value creation and shareholder returns will be, in principle, sourced from internal reserves and operating cash flows that are generated continually, with appropriate financing facilities used as necessary. We will maintain a degree of financial soundness that allows us to seek financing regardless of the current financial situation.

### **Shareholder Return Policy**

- 1) With priority being placed on the investment necessary for value creation over the medium and long term, annual dividends will be based on “dividends on equity (DOE) of around 3%.” Taking past dividend payments also into account, we intend to ensure stable and sustainable shareholder returns.
- 2) After making the above investments and distributing profit to shareholders, OMRON will distribute retained earnings accumulated over the long term to its shareholders through strategic share buybacks and other measures.

## **(6) Other Policies, etc.**

### **Basic Strategy for Capital Policy**

- 1) To maintain and improve shareholder value, the OMRON Group will implement management practices by taking into consideration the adequate target levels for return on invested capital (ROIC), return on equity (ROE), and earnings per share (EPS). To prepare for rapid fluctuations in economic conditions, we will also set the equity ratio target at a level sufficient for maintaining a corporate credit rating that enables raising of funds without regard to monetary market conditions.
- 2) With respect to capital policy that results in a change of control or in significant dilution, the Board of Directors will make a rational decision by fully taking into consideration the effects it would have on the aforementioned ROIC, ROE, and EPS.
- 3) If the OMRON Group implements a fund raising program that will result in significant dilution, the use of the fund and its collection plan will be fully examined and deliberated at a meeting of the Board of Directors before making a resolution, and sufficient explanation will be given to investors and shareholders.

### **Anti-Takeover Measures**

No anti-takeover measures are in place at the OMRON Group.

### **Constructive Dialogue with Shareholders**

The OMRON Group strives to contribute to sustainably increasing its corporate value through dialogue with shareholders. Additionally, we will release our basic policy for the development of systems and initiatives for facilitating constructive dialogue with shareholders (the “Basic Policy”).

For the Basic Policy, please refer to the website below.

<https://www.omron.com/global/en/about/corporate/governance/policy/>

# Consolidated Financial Statements

## Consolidated Balance Sheets

(JPY millions)

Item	86th term (As of March 31, 2023)	(Reference) 85th term (As of March 31, 2022)	Item	86th term (As of March 31, 2022)	(Reference) 85th term (As of March 31, 2022)
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Current Assets:</b>	<b>486,892</b>	<b>482,905</b>	<b>Current Liabilities:</b>	<b>210,020</b>	<b>211,672</b>
Cash and cash equivalents	105,279	155,484	Notes and accounts payable — trade	92,855	86,827
Notes and accounts receivable — trade	180,074	151,820	Short-term borrowings	213	20,000
Allowance for doubtful receivables	(869)	(798)	Accrued expenses	50,246	48,365
Inventories	173,926	141,935	Income taxes payable	10,560	5,657
Assets held for sale	2	363	Short-term operating lease liabilities	11,871	11,549
Other current assets	28,480	34,101	Other current liabilities	44,275	39,274
<b>Property, Plant and Equipment:</b>	<b>129,585</b>	<b>122,098</b>	<b>Deferred Income Taxes</b>	<b>2,052</b>	<b>2,177</b>
<b>Investments and Other Assets:</b>	<b>381,683</b>	<b>325,626</b>	<b>Termination and Retirement Benefits</b>	<b>9,348</b>	<b>8,194</b>
Right-of-use assets under operating leases	47,501	39,746	<b>Long-term operating lease liabilities</b>	<b>33,284</b>	<b>28,567</b>
Goodwill	43,125	39,718	<b>Other Long-Term Liabilities</b>	<b>12,229</b>	<b>12,048</b>
Investments in and advances to affiliates	134,557	124,691	<b>Total Liabilities</b>	<b>266,933</b>	<b>262,658</b>
Investment securities	46,123	43,757	<b>NET ASSETS</b>		
Leasehold deposits	8,094	7,815	<b>Shareholders' Equity:</b>	<b>728,473</b>	<b>665,227</b>
Prepaid pension cost	29,103	14,391	Common stock	64,100	64,100
Deferred income taxes	23,513	18,116	Capital surplus	98,506	100,652
Other assets	49,667	37,392	Legal reserve	24,729	24,503
			Retained earnings	571,807	517,566
			Accumulated other comprehensive income (loss):	39,947	13,013
			Foreign currency translation adjustments	51,344	33,908
			Pension liability adjustments	(11,226)	(19,930)
			Net gains (losses) on derivative instruments	(171)	(965)
			Treasury stock, at cost	(70,616)	(54,607)
			<b>Noncontrolling Interests</b>	<b>2,754</b>	<b>2,744</b>
			<b>Total Net Assets</b>	<b>731,227</b>	<b>667,971</b>
<b>Total Assets</b>	<b>998,160</b>	<b>930,629</b>	<b>Total Liabilities and Net Assets</b>	<b>998,160</b>	<b>930,629</b>

Note: The amounts above are rounded to the nearest million JPY.

## Consolidated Statements of Income

(JPY millions)

Item	86th term (April 1, 2022 to March 31, 2023)	(Reference) 85th term (April 1, 2021 to March 31, 2022)
Net sales	876,082	762,927
Cost of sales	482,199	416,100
Gross profit	393,883	346,827
Selling, general and administrative expenses	243,015	213,234
Research and development expenses	50,182	44,277
Other expenses, net	2,277	2,602
Income before income taxes	98,409	86,714
Income taxes	24,943	23,046
Current	34,401	18,594
Deferred	(9,458)	4,452
Equity in loss (earnings) of affiliates	(1,079)	1,624
Net income	74,545	62,044
Net income attributable to noncontrolling interests	684	644
Net income attributable to OMRON shareholders	73,861	61,400

Notes: 1. The amounts above are rounded to the nearest million JPY.

2. Other expenses, net for the 85th term includes impairment loss of JPY3,384 million in related to NS Industria de Aparelhos Medicos LTDA. in Brazil.

## Consolidated Statements of Shareholders' Equity

(JPY millions)

	Number of common shares issued	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity	Non-controlling interests	Total net assets
(Reference) Balance, end of the 84th term (March 31, 2021)	206,244,872	64,100	101,403	22,931	476,185	(32,945)	(24,816)	606,858	2,500	609,358
Net income					61,400			61,400	644	62,044
Cash dividends paid to OMRON Corporation shareholders					(18,447)			(18,447)		(18,447)
Cash dividends paid to noncontrolling interests								—	(503)	(503)
Stock-based compensation			(751)				1,639	888		888
Transfer to legal reserve				1,572	(1,572)			—		—
Foreign currency translation adjustments						42,004		42,004	103	42,107
Pension liability adjustments						4,637		4,637		4,637
Net gains (losses) on derivative instruments						(683)		(683)		(683)
Acquisition of treasury stock and other							(31,430)	(31,430)		(31,430)
Balance, end of the 85th term (March 31, 2022)	206,244,872	64,100	100,652	24,503	517,566	13,013	(54,607)	665,227	2,744	667,971
Net income					73,861			73,861	684	74,545
Cash dividends paid to OMRON Corporation shareholders					(19,394)			(19,394)		(19,394)
Cash dividends paid to noncontrolling interests								—	(741)	(741)
Stock-based compensation			(2,140)				4,003	1,863		1,863
Transfer to legal reserve				226	(226)			—		—
Foreign currency translation adjustments						17,436		17,436	67	17,503
Pension liability adjustments						8,704		8,704		8,704
Net gains (losses) on derivative instruments						794		794		794
Acquisition of treasury stock and other			(6)				(20,012)	(20,018)		(20,018)
Balance, end of the 86th term (March 31, 2023)	206,244,872	64,100	98,506	24,729	571,807	39,947	(70,616)	728,473	2,754	731,227

Note: The amounts above are rounded to the nearest million JPY.



(Reference)

**Consolidated Statements of Comprehensive Income**

(JPY millions)

	86th term (April 1, 2022 to March 31, 2023)	85th term (April 1, 2021 to March 31, 2022)
Net income	74,545	62,044
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	17,503	42,107
Pension liability adjustments	8,704	4,637
Net gains (losses) on derivative instruments	794	(683)
Other comprehensive income (loss)	27,001	46,061
Comprehensive income	101,546	108,105
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	751	747
Comprehensive income attributable to OMRON shareholders	100,795	107,358

Note: The amounts above are rounded to the nearest million JPY.

(Reference)

## Consolidated Statements of Cash Flows

(JPY millions)

Item	86th term (April 1, 2022 to March 31, 2023)	85th term (April 1, 2021 to March 31, 2022)
<b>I Operating Activities:</b>		
1. Net income	74,545	62,044
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	26,587	23,367
(2) Share-based compensation expense	1,863	864
(3) Loss on sale and disposals of property, plant, and equipment	45	901
(4) Loss on impairment of long-lived assets	1,768	410
(5) Loss on impairment of goodwill	—	3,384
(6) Net loss (gain) related to transfer of business	(922)	1,116
(7) Net loss (gain) on valuation of investment securities	2,099	(5,447)
(8) Termination and retirement benefits and prepaid pension cost	(574)	(662)
(9) Deferred income taxes	(9,421)	4,632
(10) Equity in loss (earnings) of affiliates	(1,079)	1,624
(11) Changes in assets and liabilities	(40,312)	(25,321)
(12) Other, net	(1,143)	516
Total adjustments	(21,089)	5,384
<b>Net cash provided by operating activities</b>	<b>53,456</b>	<b>67,428</b>
<b>II Investing Activities:</b>		
1. Proceeds from sale of investment securities	84	921
2. Purchase of investment securities	(2,860)	(5,386)
3. Capital expenditures	(45,018)	(33,357)
4. Increase in leasehold deposits, net	(299)	(140)
5. Proceeds from sale of property, plant and equipment	1,614	748
6. Increase in investment in affiliates, net	(9,976)	(112,444)
7. Proceeds from sale of business, net of cash paid	922	(505)
8. Other, net	0	0
<b>Net cash used in investing activities</b>	<b>(55,533)</b>	<b>(150,163)</b>
<b>III Financing Activities:</b>		
1. Net increase (decrease) in short-term debt	(19,787)	20,000
2. Dividends paid by the Company	(18,912)	(17,754)
3. Dividends paid to noncontrolling interests	(741)	(504)
4. Acquisition of treasury stock	(20,013)	(31,430)
5. Proceeds from disposal of treasury stock	772	0
6. Other, net	(76)	85
<b>Net cash used in financing activities</b>	<b>(58,757)</b>	<b>(29,603)</b>
<b>IV Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>10,629</b>	<b>17,067</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(50,205)</b>	<b>(95,271)</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>155,484</b>	<b>250,755</b>
<b>Cash and Cash Equivalents at End of the Year</b>	<b>105,279</b>	<b>155,484</b>

Note: The amounts above are rounded to the nearest million JPY.

# Non-consolidated Financial Statements

## Non-consolidated Balance Sheets

(JPY millions)

Item	86th term (As of March 31, 2023)	(Reference) 85th term (As of March 31, 2022)	Item	86th term (As of March 31, 2023)	(Reference) 85th term (As of March 31, 2022)
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Current Assets:</b>	<b>152,791</b>	<b>189,913</b>	<b>Current Liabilities:</b>	<b>253,477</b>	<b>319,763</b>
Cash and time deposits	22,152	72,914	Notes payable - trade	6,909	6,523
Notes receivable – trade	224	145	Accounts payable - trade	38,098	37,373
Accounts receivable – trade	66,742	60,679	Short-term borrowings	—	20,000
Finished products	11,442	7,883	Short-term borrowings from affiliated companies	169,336	220,563
Materials	15,277	10,556	Lease liabilities	139	895
Work in process	3,341	3,057	Other payables	16,734	12,879
Supplies	269	254	Accrued expenses	12,253	12,421
Short-term loans to affiliates	8,668	3,583	Income taxes payable	4,458	1,774
Accounts receivable - other	11,775	12,020	Advances received	28	17
Other receivable	5,016	5,235	Deposits received	1,340	1,147
Other current assets	7,885	13,587	Accrued bonus to officers	231	295
Allowance for doubtful receivables	(0)	(0)	Provision for share grant	355	113
<b>Fixed Assets:</b>	<b>443,518</b>	<b>416,569</b>	Other current liabilities	3,596	5,763
<b>Property and equipment:</b>	<b>49,159</b>	<b>45,851</b>	<b>Long-term Liabilities:</b>	<b>9,567</b>	<b>9,560</b>
Buildings	23,906	23,665	Lease liabilities	601	—
Structures	952	921	Provision for share grant	1,117	1,113
Machinery and equipment	5,557	4,268	Deferred tax liabilities related to revaluation	957	957
Vehicles and delivery equipment	1	0	Long-term advances received	2,649	2,649
Tools, furniture and fixtures	4,833	3,563	Other long-term liabilities	4,243	4,841
Land	12,025	12,025	<b>Total Liabilities</b>	<b>263,044</b>	<b>329,323</b>
Lease assets	830	889	<b>NET ASSETS</b>		
Construction in progress	1,055	520	<b>Shareholders' Equity:</b>	<b>322,958</b>	<b>266,887</b>
<b>Intangible fixed assets:</b>	<b>29,580</b>	<b>20,669</b>	<b>Common stock</b>	<b>64,100</b>	<b>64,100</b>
Software and others	24,115	14,551	<b>Capital surplus</b>	<b>88,771</b>	<b>88,771</b>
Technical assets	5,465	6,118	Additional paid-in capital	88,771	88,771
<b>Investments and other assets:</b>	<b>364,779</b>	<b>350,049</b>	Other capital surplus	—	0
Investment securities	32,407	33,202	<b>Retained earnings</b>	<b>240,702</b>	<b>168,621</b>
Investments in affiliated companies	269,689	259,737	Legal reserve	6,774	6,774
Investments in other securities of affiliated companies	1,429	500	Other retained earnings:	233,928	161,847
Contribution to affiliated companies	22,837	22,837	Reserve for dividends	3,400	3,400
Long-term advances to affiliates	3,703	3,091	Reserve for special account	1,252	1,177
Receivables from customers in bankruptcy	5,791	6,441	Non-restrictive reserve	73,500	73,500
Leasehold deposits	4,638	4,647	Retained earnings unappropriated	155,776	83,770
Prepaid pension cost	17,636	17,463	<b>Treasury stock, at cost</b>	<b>(70,615)</b>	<b>(54,605)</b>
Deferred income taxes	7,126	6,172	<b>Valuation and Translation</b>		
Other	5,247	1,683	<b>Adjustments:</b>	<b>10,307</b>	<b>10,272</b>
Allowance for doubtful receivables	(5,724)	(5,724)	Unrealized gains on available-for- sale securities	14,801	15,746
			Deferred hedge gain (loss)	(180)	(1,160)
			Land revaluation difference	(4,314)	(4,314)
<b>Total Assets</b>	<b>596,309</b>	<b>606,482</b>	<b>Total Net Assets</b>	<b>333,265</b>	<b>277,159</b>
			<b>Total Liabilities and Net Assets</b>	<b>596,309</b>	<b>606,482</b>

Note: The amounts above are rounded to the nearest million JPY.

## Non-consolidated Statements of Income

Item	(JPY millions)	
	86th term (April 1, 2022 to March 31, 2023)	(Reference) 85th term (April 1, 2021 to March 31, 2022)
<b>Net sales</b>	<b>369,498</b>	<b>310,989</b>
Cost of sales	223,030	188,878
<b>Gross profit</b>	<b>146,468</b>	<b>122,111</b>
Selling, general and administrative expenses	117,784	101,499
<b>Operating income</b>	<b>28,684</b>	<b>20,612</b>
<b>Non-operating income:</b>	<b>78,048</b>	<b>25,699</b>
Interest and dividends received	74,759	22,613
Foreign exchange gains	—	549
Other non-operating income	3,289	2,537
<b>Non-operating expenses:</b>	<b>3,624</b>	<b>4,227</b>
Interest paid	2,674	2,480
Foreign exchange losses due to subsidiary paid-in capital refunds	—	1,049
Foreign exchange losses	401	—
Commission expenses	49	31
Loss on investments in partnerships	453	263
Other non-operating expenses	47	404
<b>Ordinary income</b>	<b>103,108</b>	<b>42,084</b>
<b>Extraordinary gains:</b>	<b>226</b>	<b>1,748</b>
Gain on sales of property and equipment	6	7
Gain on sales of investment securities	80	601
Gain on liquidation of subsidiaries and associates	140	—
Reversal of allowance for doubtful accounts	—	1,140
<b>Extraordinary losses:</b>	<b>371</b>	<b>18,262</b>
Loss on sales and disposal of property, equipment and intangible fixed assets	371	311
Impairment loss	—	407
Loss on sales of shares of subsidiaries and associates	—	592
Loss on valuation of shares of affiliated companies	—	16,811
Other extraordinary losses	—	141
<b>Income before income taxes:</b>	<b>102,963</b>	<b>25,570</b>
Income taxes - current	12,826	3,276
Income taxes - deferred	(969)	(956)
<b>Net income</b>	<b>91,106</b>	<b>23,250</b>

Note: The amounts above are rounded to the nearest million JPY.

## Non-consolidated Statements of Changes in Shareholders' Equity

86th Term: April 1, 2022 — March 31, 2023

(JPY millions)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings					
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings				Total retained earnings
						Reserve for dividends	Reserve for special account	Non-restrictive reserve	Retained earnings unappropriated	
Balance, April 1, 2022	64,100	88,771	0	88,771	6,774	3,400	1,177	73,500	83,770	168,621
Changes during the year ended March 31, 2023										
Dividends paid				—					(18,969)	(18,969)
Net income				—					91,106	91,106
Provision of reserve for special account				—			75		(75)	—
Acquisition and sale of treasury stock			(0)	(0)					(56)	(56)
Net change in items other than shareholders' equity during the year				—						—
Total changes during the fiscal year	—	—	(0)	(0)	—	—	75	—	72,006	72,081
Balance, March 31, 2023	64,100	88,771	—	88,771	6,774	3,400	1,252	73,500	155,776	240,702

	Shareholders' equity		Valuation and translation adjustment				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred hedge gain (loss)	Land revaluation difference	Total valuation and translation adjustment	
Balance, April 1, 2022	(54,605)	266,887	15,746	(1,160)	(4,314)	10,272	277,159
Changes during the year ended March 31, 2023							
Dividends paid		(18,969)				—	(18,969)
Net income		91,106				—	91,106
Provision of reserve for special account		—				—	—
Acquisition and sale of treasury stock	(16,010)	(16,066)				—	(16,066)
Net change in items other than shareholders' equity during the year		—	(945)	980		35	35
Total changes during the fiscal year	(16,010)	56,071	(945)	980	—	35	56,106
Balance, March 31, 2023	(70,615)	322,958	14,801	(180)	(4,314)	10,307	333,265

Note: The amounts above are rounded to the nearest million JPY.

## Non-consolidated Statements of Changes in Shareholders' Equity (Reference)

85th Term: April 1, 2021 — March 31, 2022

(JPY millions)

	Shareholders' equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings				Total retained earnings
		Additional paid-in capital	Other capital surplus	Total capital surplus		Reserve for dividends	Reserve for special account	Non-restrictive reserve	Retained earnings unappropriated	
Balance, April 1, 2021	64,100	88,771	0	88,771	6,774	3,400	1,177	73,500	78,333	163,184
Changes during the year ended March 31, 2022										
Dividends paid				—					(17,813)	(17,813)
Net income				—					23,250	23,250
Acquisition and sale of treasury stock			0	0						—
Net change in items other than shareholders' equity during the year				—						—
Total changes during the fiscal year	—	—	0	0	—	—	—	—	5,437	5,437
Balance, March 31, 2022	64,100	88,771	0	88,771	6,774	3,400	1,177	73,500	83,770	168,621

	Shareholders' equity		Valuation and translation adjustment				Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities	Deferred hedge gain (loss)	Land revaluation difference	Total valuation and translation adjustment	
Balance, April 1, 2021	(24,814)	291,241	12,355	(366)	(4,314)	7,675	298,916
Changes during the year ended March 31, 2022							
Dividends paid		(17,813)				—	(17,813)
Net income		23,250				—	23,250
Acquisition and sale of treasury stock	(29,791)	(29,791)				—	(29,791)
Net change in items other than shareholders' equity during the year		—	3,391	(794)	—	2,597	2,597
Total changes during the fiscal year	(29,791)	(24,354)	3,391	(794)	—	2,597	(21,757)
Balance, March 31, 2022	(54,605)	266,887	15,746	(1,160)	(4,314)	10,272	277,159

Note: The amounts above are rounded to the nearest million JPY.