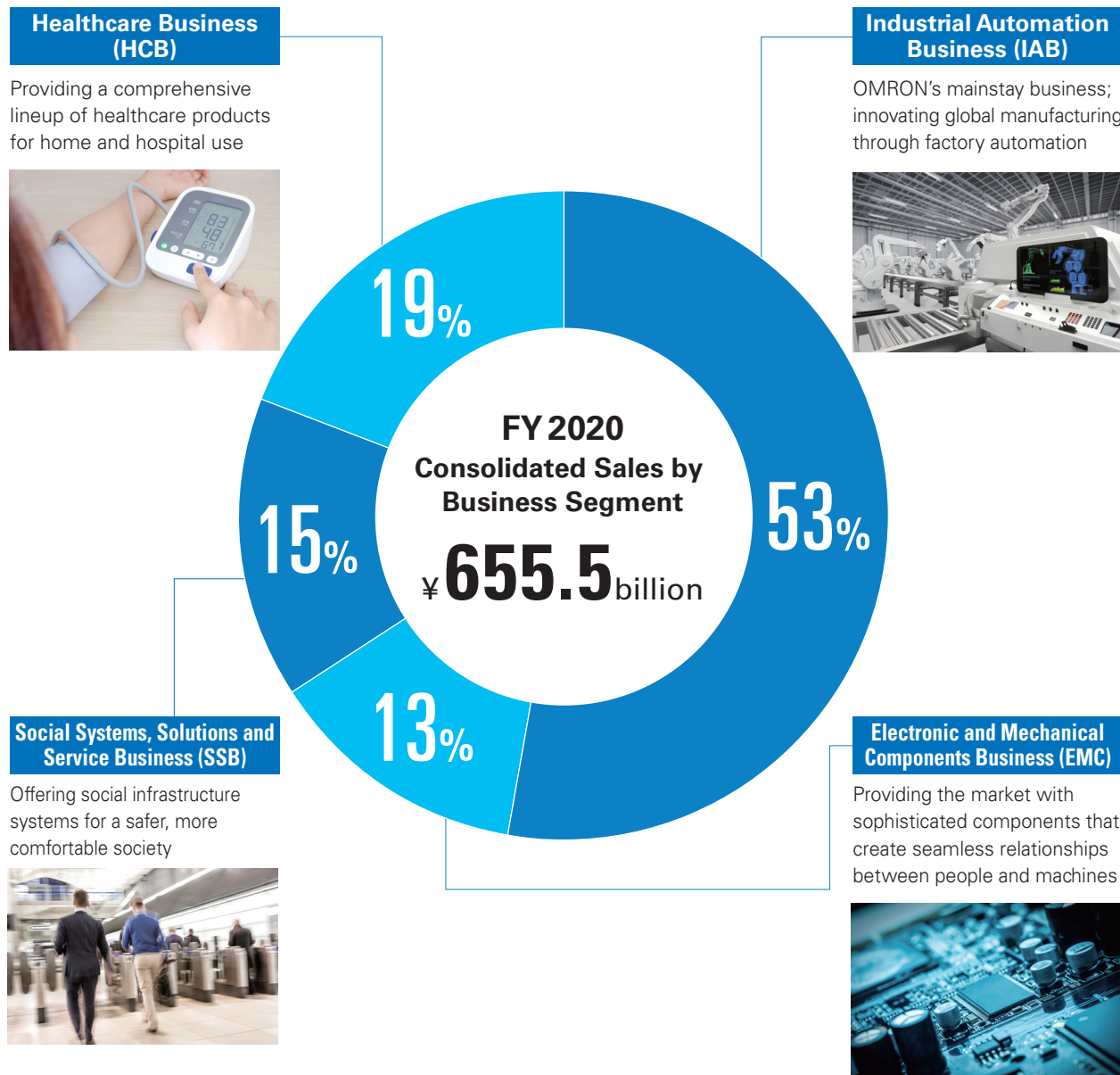


OMRON's Business and Fiscal 2020 Results

OMRON manufactures and sells market-leading sensing and control products in around 120 countries/regions around the world. Our products include control equipment, electronic components, social systems, and healthcare items.

Consolidated Sales Composition Ratio

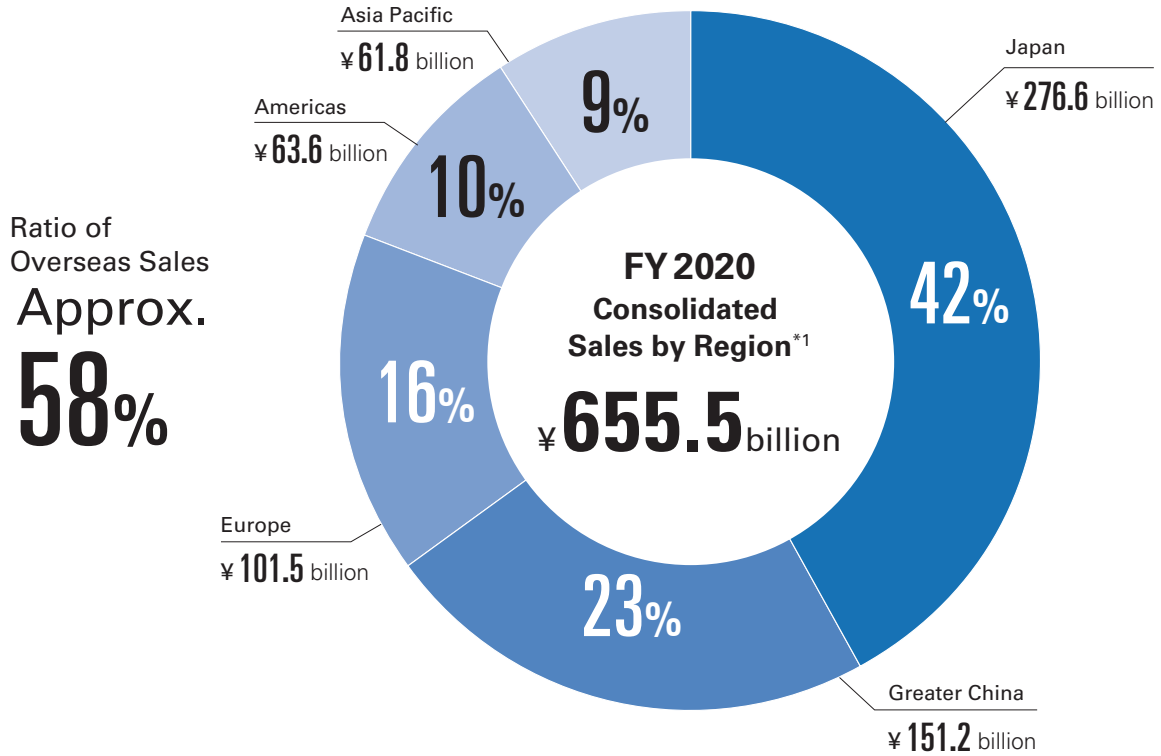


Net Sales, Operating Income, and Operating Income Margins by Business Segment for Fiscal 2020

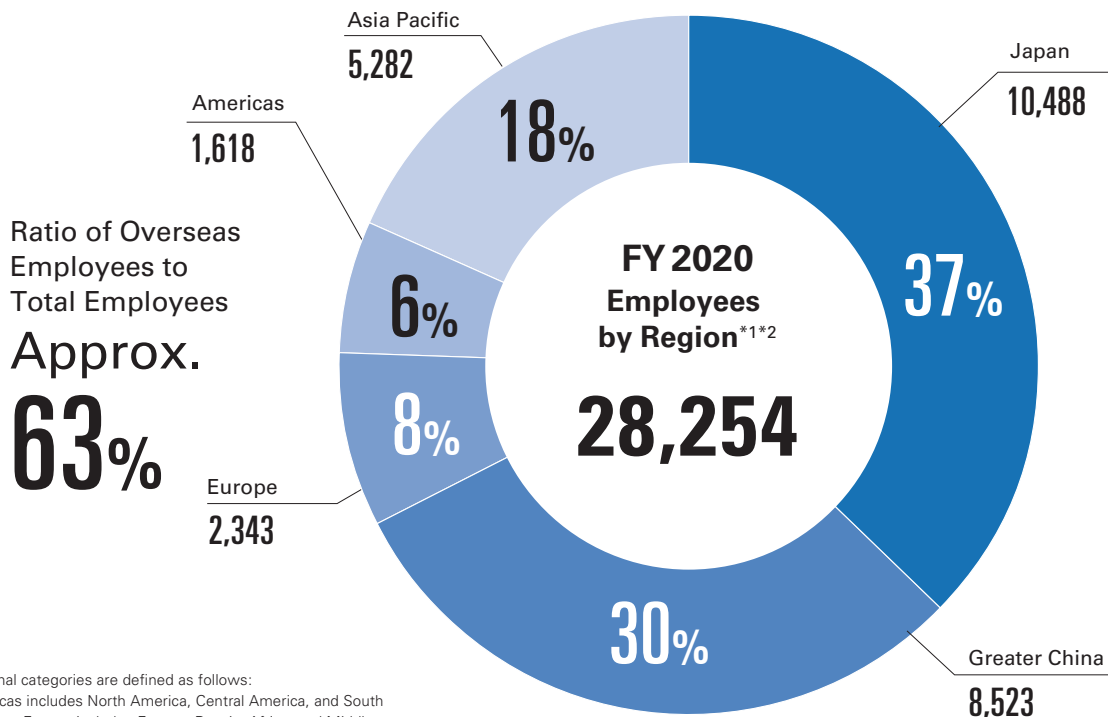
(Billions of yen)

Business Segment	Net Sales	Operating Income	Operating Income Margin
Industrial Automation Business (IAB)	346.4	58.8	17.0%
Electronic and Mechanical Components Business (EMC)	86.0	3.0	3.4%
Social Systems, Solutions and Service Business (SSB)	95.7	5.7	6.0%
Healthcare Business (HCB)	123.1	20.6	16.7%
Eliminations and Corporate	4.3	(25.5)	—
Total	655.5	62.5	9.5%

Net Sales by Region

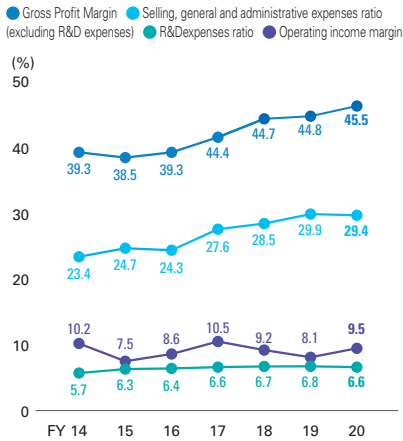


Number of Employees by Region

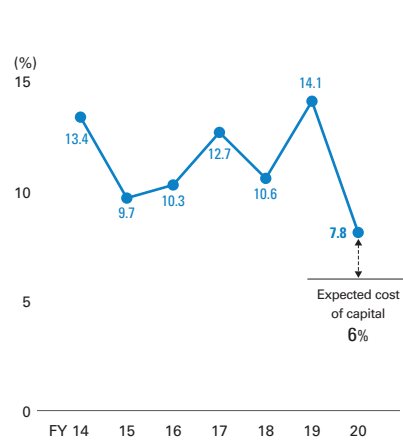
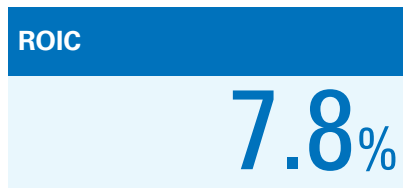


*1 Regional categories are defined as follows:
 Americas includes North America, Central America, and South America. Europe includes Europe, Russia, Africa, and Middle East. Greater China includes China, Taiwan, and Hong Kong. Asia Pacific includes Southeast Asia, Korea, India, and Oceania.
 *2 As of March 31, 2021.

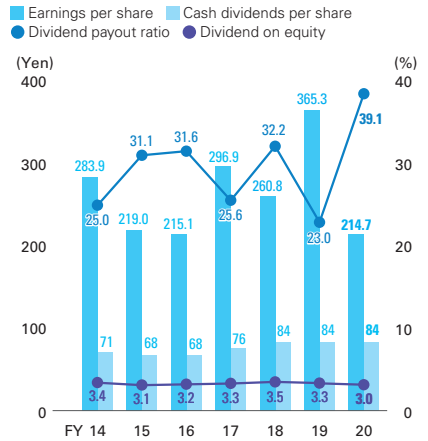
Financial Highlights



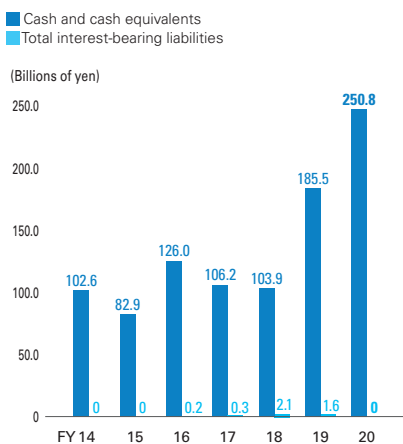
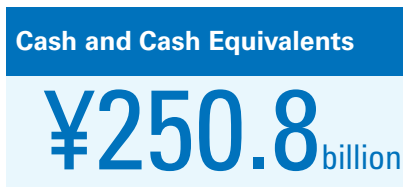
Gross profit margin reached a record high, driven by stronger group-wide earnings capacity.



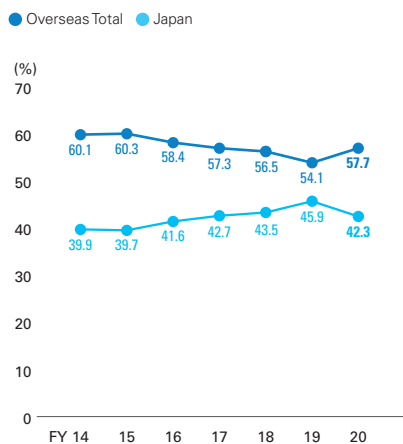
Our focus on ROIC management resulted in a 7.8% ROIC, above our 6% expected cost of capital.



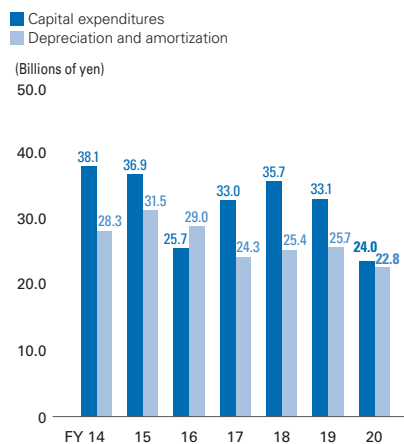
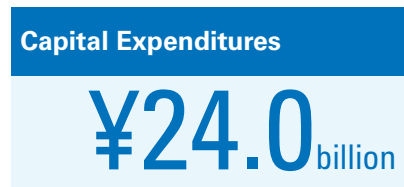
OMRON paid dividends of ¥84 per share, representing dividend on equity above our target of approximately 3%.



As a result of increased operating cash flow, cash and cash equivalents increased significantly.



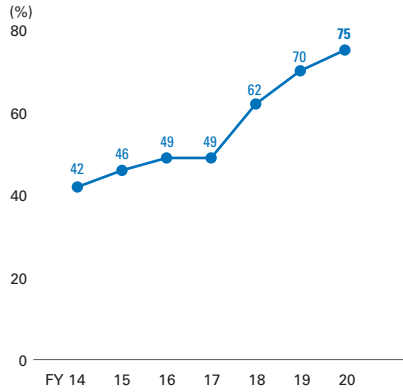
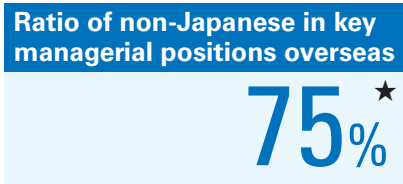
OMRON's overseas sales ratio remains over 50%.



OMRON made carefully selected capital investments, including increased production facilities and investment in operating sites for future growth.

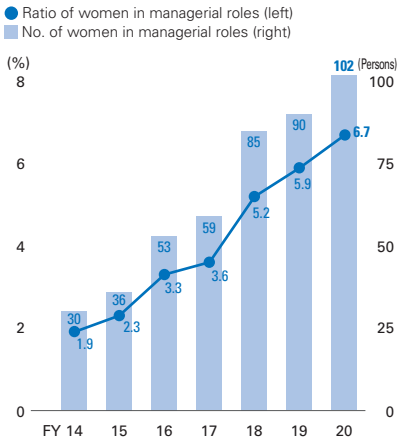
* The Automotive Electronics Components Business (AEC) was transferred, and the AEC business was classified as a "discontinued business." Accordingly, some financial data for fiscal 2017 and 2018 have been reclassified.

Non-Financial Highlights



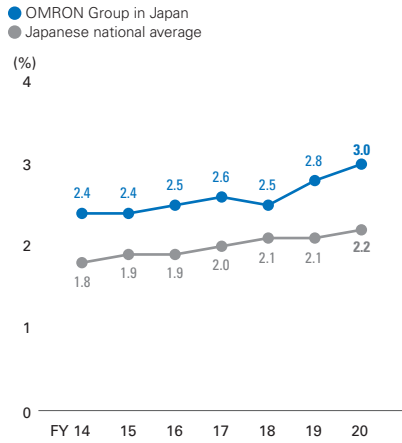
Depending on the size of the overseas OMRON Group companies, we increase the ratio of local employees to the number of important positions determined by OMRON. In fiscal 2020, in contrast to a target ratio of non-Japanese of 2/3 (66%), as a result of planned personnel changes taking effect, we achieved a ratio of 3/4 (75%).

* From fiscal 2018, concurrent positions for governance and development positions are excluded.



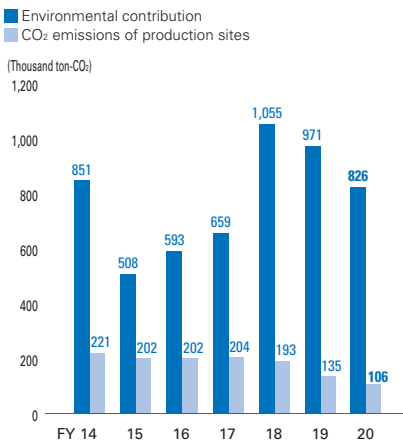
In contrast to a target of 8%, the ratio for fiscal 2020 was 6.7%. Although the desire for career development is growing among young female employees, forming a group of medium-to-long-term candidates is a challenge.

* To date, the ratio of women in managerial roles in the OMRON Group in Japan has been expressed as the result for the fiscal year under review as of April 20 of that year (the date on which job titles reflecting the OMRON Group's human resource evaluations for the previous year took effect). This has been changed to express the ratio as the result for the previous fiscal year (in this report, the ratio as of April 20, 2021 is expressed as the result for fiscal 2020). In accordance with this change, the expressions of the ratios of previous fiscal years have also been retroactively changed to this format.



We are striving to create more employment opportunities and fulfilling work for disabled persons. In fiscal 2020, the ratio of employees with disabilities was 3.0%, above the legally mandated ratio of 2.2%.

* Figures represent results as of June 20.
* For companies subject to the Act on Employment Promotion etc. of Persons with Disabilities.
* Employment rate calculation is based on the Act on Employment Promotion etc. of Persons with Disabilities.



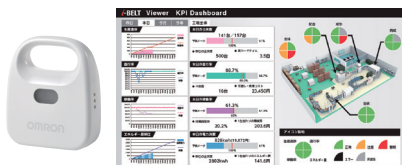
We are expanding the environmental contribution of OMRON products and services that reduce the impact on the environment. We also strive to reduce CO₂ emissions at our production centers through the use of our own energy saving products. In fiscal 2020, our environmental contribution was 826 thousand ton-CO₂, exceeding production site emissions of 106 thousand ton-CO₂.

* Environmental Contribution = Volume of CO₂ emissions reduction contributed by society's use of the OMRON Group's energy generation and savings products and services.
https://sustainability.omron.com/en/environ/climate_change/contribution/

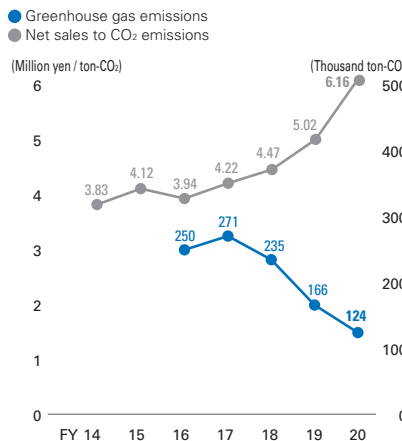
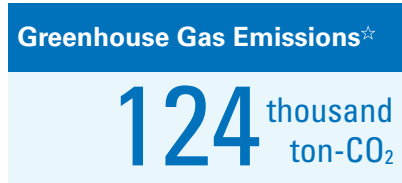
Energy-Generation and Storage Products



Energy-Saving Product



Left: Environmental sensor
Right: i-BELT energy visualization and analysis service



OMRON has established its new environmental target "OMRON Carbon Zero" with the goal of reducing greenhouse gas emissions to zero by 2050. OMRON has set greenhouse gas emissions as an indicator to achieve that goal. In fiscal 2020, we achieved a 50% reduction compared to fiscal 2016, substantially exceeding our initial target of a 4% reduction.

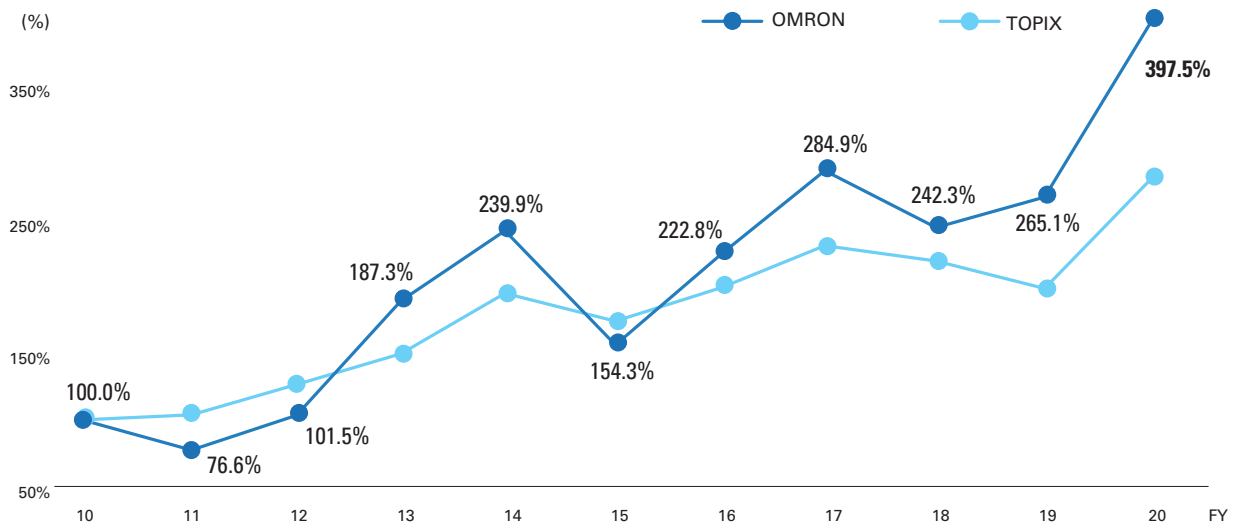
* Net sales to CO₂ emissions: Net sales per one ton of CO₂ emissions
* Since fiscal 2016, OMRON has been using the following published figures for the CO₂ emissions coefficient associated with electric power: Japan: Ministry of the Environment, by power company (updated annually); China: National Development and Innovation Committee, by power company (updated annually); Other: IEA, by country (2011) https://sustainability.omron.com/en/environ/data/ghg_emissions/

★ Indicates assurance performed by independent third party.
☆ Indicates independent verification or review performed by a third party.

Review of Long-Term Vision: Value Generation 2020

OMRON has conducted business from a long-term perspective under its 10-year long-term vision, Value Generation 2020 (VG2020), from fiscal 2011 to fiscal 2020. During the effective period of VG2020, we endeavored to enhance financial value by strengthening our three abilities of growth power, earning capacity and responsiveness to changes, and non-financial value by engaging in sustainability initiatives. As a result of our efforts, total shareholder return (TSR), which is an indicator of corporate value creation, roughly quadrupled over the past ten years, proving a significant increase in corporate value.

Total Shareholder Return (TSR)



Improved Financial Value through the Enhancement of Growing Power, Earning Capacity, and Responsiveness to Changes.

— Enhancing Growing Power

By actively engaging in investment in order to achieve growth throughout the effective period of VG2020, we have built up three assets which will sustain future growth. The first is a strengthened ability to provide solutions. In our mainstay Industrial Automation Business, we have developed competitive and innovative products and applications, while strengthening our front-line human resources (sales and sales engineers) to communicate the value of these products and applications. The second is the formation of new business models. We invested in commercializing services that we expect to grow significantly in the future. These services include i-BELT, a manufacturing site data utilization service in our Industrial Automation Business, and remote medical consultation services in our Healthcare Business. The third is the acquisition of new products and new technologies. Focusing on fields such as robotics and AI, we have implemented M&As and created alliances in order to acquire innovative technologies and products which OMRON is lacking. We have acquired businesses in fields such as robotics and motion controllers for our Industrial Automation

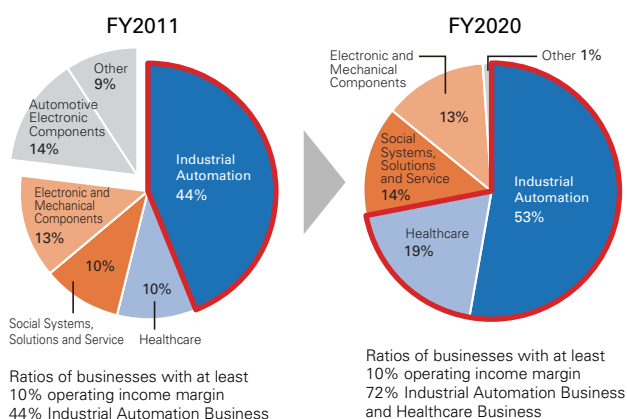
Business, enhancing our product lineup and technological capabilities. In addition, we have strengthened the competitiveness of our Healthcare Business through means such as acquiring nebulizer businesses and investing in a partner companies possessing electrocardiogram analysis technology. Through these approaches, we have been able to build a foundation for further growth.

— Increasing Earning Capacity

We have been strengthening our earning capacity steadily by improving our gross profit margin and optimizing our business portfolio through ROIC management. We transferred the Automotive Electronic Components Business and wrapped up low-profit businesses, narrowing our business portfolio to businesses with higher profits and market shares, while concentrating our management resources. In fiscal 2011, our only business with an operating income margin of more than 10% was the Industrial Automation Business, which accounted for about 40% of total net sales. In fiscal 2020, our Healthcare

Business' operating income margin also exceeded 10%. Combined with the Industrial Automation Business, these two businesses have grown to account for approximately 70% of total net sales. In addition to these portfolio management actions, we have continued to improve our earnings power through efforts conducted jointly among manufacturing, sales, development and planning, including expanding sales of high-value-added products, strengthening our ability to provide solutions, and reducing variable costs and manufacturing costs. As a result, we improved gross profit margin, our focus for the past ten years, from 36.8% in fiscal 2011 to 45.5% in fiscal 2020.

Changes in Sales Ratio by Segment



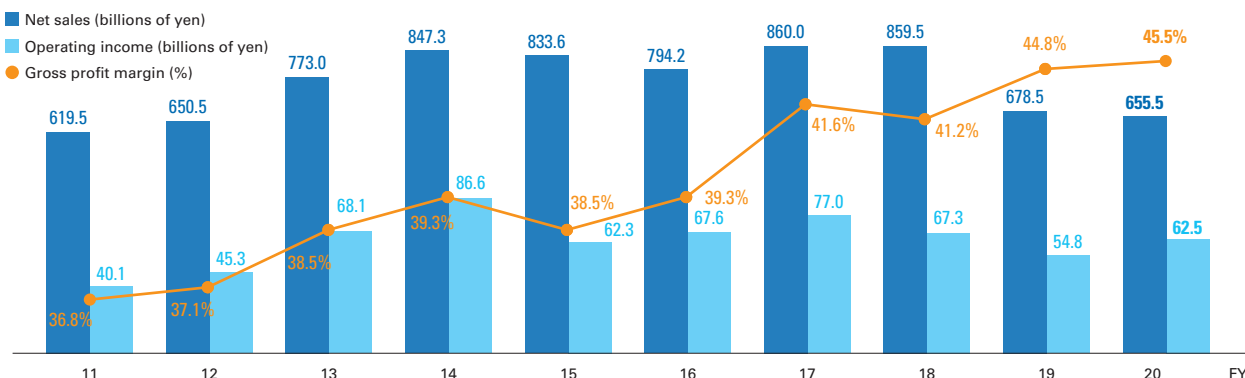
Strengthening Responsiveness to Changes

Since 2011, we have engaged in integrated risk management to support global business expansion, improving our responsiveness to changes. Aiming to further increase productivity and build resilience which will enable us to weather change, we are working to optimize our production locations and supply chain. In addition to M&A activities to acquire new businesses in our Industrial Automation Business, we doubled the number of production centers from four in fiscal 2011 to eight, responding to the global expansion of our customers. In our Healthcare Business, we have utilized M&As to acquire production locations in Brazil and Italy in order to position production close to consumers. In fiscal 2011, we had three production locations; this has now grown to five. This increase in production has enabled us to quickly respond to demand fluctuations in the major markets of the Americas and Europe. At the same time, we consolidated 11 production centers to seven in our Electronic and Mechanical Components Business. We were able to improve our productivity by consolidating and eliminating small production centers.

Future Challenges

During the effective period of VG2020, operating income went from ¥40.1 billion in fiscal 2011 to ¥62.5 billion in fiscal 2020. At the same time, establishing a sound self-driven growth structure that will help us fight against headwinds and grow profits solely through our own capabilities remains a challenge. As part of our next long-term vision, we will continue to polish our existing businesses and strive to create further value in order to acquire the power to achieve self-driven growth. Moreover, we will also work to evolve our business model into one combining goods and services and, through joint development with our partners, accelerate our challenge to shift to new value generation, achieving self-driven growth.




Net Sales, Operating Income, Gross Profit Margin Results (FY2011–2020)




Improving Non-Financial Value through Sustainability Initiatives

As part of VG2.0, our medium-term management plan launched in fiscal 2017, we established material sustainability issues (materialities) and worked to improve corporate value. These material sustainability issues are comprised of two key points: social issues to be solved through our business, and issues responding to stakeholder expectations. We have set VG2.0 targets for social issues to be solved in our mainline business domains and are taking action to achieve them. In addition, through the achievement of goals in the fields of human resources management, manufacturing and the environment, and risk management, we have strengthened our business foundation, built a relationship of trust with society, and fulfilled our corporate responsibility to society.

Goals for Social Issues to be Solved through Business

Factory Automation   	
Social Issues to be Solved	<ul style="list-style-type: none"> ● Shrinking labor force, as an issue in global manufacturing. ● Shortage of skilled workforce on production floors and requirements of increasingly advanced & diversifying manufacturing processes.
VG2.0 Goals	Generate applications to embody the concept of innovative-Automation* in our four focused industries, establish control technologies, and develop new products —Generate Control Technologies for Manufacturing Innovation—
Fiscal 2020 Progress	<ul style="list-style-type: none"> ● Integrated: Released the world's first robotic integrated controller. Facilitated the building of systems remotely through the fusion of virtual and real, achieving these and other advanced, automated manufacturing innovations. ● Intelligent: Tested and developed 5G solutions, accelerated productivity improvement using IoT data. ● Interactive: Contributed to the automation of assembly, feeding, and inspection operations at customer manufacturing sites by utilizing mobile robots and collaborative robots.
Social Value	Contribute to economic development by improving social productivity.

* innovative-Automation is the unique OMRON concept to bring innovations to production floors.

Healthcare 	
Social Issues to be Solved	<ul style="list-style-type: none"> ● Increased incidence of brain diseases and cardiovascular diseases attributable to hypertension. ● Increased worldwide prevalence of asthma and other respiratory diseases.
VG2.0 Goals	<ul style="list-style-type: none"> ● Blood pressure monitor sales: 25 million units/year. ● Development of analytical technologies to continuously track blood pressure fluctuations. ● Nebulizer and wheeze detector sales: 7.65 million units/year.
Fiscal 2020 Progress	<ul style="list-style-type: none"> ● Blood pressure monitor sales: 24 million units/year. ● Conducted two clinical research projects. Launched telemedicine service in North America. ● Nebulizer and wheeze detector sales: 3.41 million units/year. Launched wheezing sensor in Europe. Promoted the value of wheeze sensors via seminars with doctors in Europe.
Social Value	Contribute to healthy lives globally by extending healthy life expectancies and reducing medical expenses (initiatives to expand and continue blood pressure monitoring at home to achieve vision of zero heart attacks and strokes; early detection and treatment of asthma via nebulizers and wheeze sensors).

Social Solutions    	
Social Issues to be Solved	<ul style="list-style-type: none"> ● Increase in traffic accidents and traffic jam. ● Global warming from CO₂ emissions. ● Slow growth of the renewable energy market.
VG2.0 Goals	<ul style="list-style-type: none"> ● Create driving safety support systems and technologies. ● Cumulative shipped capacity of solar power/storage battery systems: 11.2GW. ● Build the energy resource aggregation business using solar power/storage battery systems (Japan).
Fiscal 2020 Progress	<ul style="list-style-type: none"> ● Analyzed and verified the correlation between risk and changes in driving behavior in certain psychological states, including joint research on driving risk detection in collaboration with universities. ● Solar power systems: Cumulative shipped capacity of 10.3 GW; Storage battery systems: Cumulative shipped capacity of 695 MWh. ● Provided PV inverters to maximize self-consumption and energy management systems for business continuity measures in emergencies.
Social Value	<ul style="list-style-type: none"> ● Contribute to a safe, secure, comfortable, and clean society for all. ● Contribute to building a sustainable society by promoting renewable energy.

Solving Issues Responding to Stakeholder Expectations

Human Resources Management

Employees are the most critical element to promote OMRON Principles Management. As employees supporting the growth of OMRON, we enjoy our work and commit to building an attractive company that accepts the challenge of creating social needs that solve social issues. We create and evolve conditions where the company and its employees can grow together.

Talent Attraction and Development P65 →	
OMRON's Initiatives	Human Resources Strategy <ul style="list-style-type: none"> ● Securing and training of next-generation leaders (candidates for important positions). ● Providing of a workplace environment that can attract and empower the diverse talent necessary for business growth. ● Fostering of self-motivated employees who can achieve self-transformation and development.
VG2.0 Goals	<ol style="list-style-type: none"> Continued evolution of TOGA*1 towards meeting OMRON Principles. Ratio of non-Japanese in key managerial positions overseas: Two-thirds (66%). Accelerate PDCA implementation through VOICE*2 employee engagement surveys.
Fiscal 2020 Progress	<ol style="list-style-type: none"> Participation in the 8th (FY2019) TOGA Global Conference: A record 16,000 people, including 200 guests from outside OMRON. Steadily accelerated the expansion of the circle of empathy and resonance. Ratio of non-Japanese in key managerial positions overseas: Three-fourths (75%). Response rate: 90% (established consistent cycle of listening to and implementing employee feedback).
Examples	<ul style="list-style-type: none"> ● For the 9th (FY2020) TOGA, a total of 51,033 employees (1.8 times entire employee base) engaged in 6,461 projects. ● Used periodic talent reviews in the selection of successors, and in localized positions. Systematic provision of opportunities for rotating roles and responsibilities as well as training aimed at the appointment of selected successors. ● To create a work environment in which employees can fully express their abilities, we strengthened workplace communications between superiors and subordinates, simplified rules, adopted systems for more flexible work styles, and leveraged IT infrastructure.
Social Value	OMRON is creating leaders who can drive innovation and employees who possess and express diverse abilities to solve social issues through our businesses.

*1 TOGA: An abbreviation for The OMRON Global Awards, a participation-type approach for employees worldwide to foster a challenge-oriented corporate culture that uses our business activities to put into practice the OMRON Principles. Through these activities, each and every employee seeks to voluntarily take on the challenges of solving social issues, and of creating value.
 *2 VOICE: VG OMRON Interactive Communication with Employee.

Diversity and Inclusion P65 →	
OMRON's Initiatives	Advancement of Diversity <ul style="list-style-type: none"> ● Promoting career advancement for women (OMRON Group in Japan). ● Promoting career advancement for persons with disabilities.
VG2.0 Goals	<ol style="list-style-type: none"> Ratio of women in managerial roles: 8%*1 (OMRON Group in Japan). Ratio of employees with disabilities: Increase number of such employees to above the legally-mandated ratio (OMRON Group in Japan).
Fiscal 2020 Results*2	<ol style="list-style-type: none"> Ratio of women in managerial roles: 6.7% (OMRON Group in Japan) Ratio of employees with disabilities: 3.0% (OMRON Group in Japan) (legally mandated ratio: 2.2%)
Examples	<ul style="list-style-type: none"> ● Promoting career advancement for women <ul style="list-style-type: none"> • Provided leadership training, career training, and networking opportunities for female employees. • Trained managers in employee development skills. • Female management mid-career hires. • Enhanced systems that enable flexible work styles. ● Employment of employees with disabilities <ul style="list-style-type: none"> • Empowerment support and verification of reasonable accommodations at all OMRON Group companies. • Established a consultation system and support for activities using professional counselors. • Expanded duties aimed at increasing employment opportunities. • Implemented heart barrier-free training—an awareness amongst everyone of accessibility issues.
Social Value	Achieving a workplace in which diverse human resources can play an active role, regardless of the presence of limitations such as gender or disabilities.

*1: Ratio of women in managerial roles—April 2022 Goal/KPI. *2: Ⓞ is for April 2021, Ⓞ is for June 2020.

Wellness Management	
OMRON's Initiatives	Advancement of Health Management <ul style="list-style-type: none"> ● Issuing of employee health management declaration. ● Implementation of employee education. ● Implementation of initiatives towards ameliorating factors that inhibit good health.
VG2.0 Goals	Improve awareness of wellness management (spread activities based on Boost5* globally).
Fiscal 2020 Progress	Employees who have achieved at least three of the Boost5 categories: 45.3%. Issues related to exercise and meals remained due to COVID-19. Online events held to improve health awareness of overseas employees.
Examples	<ul style="list-style-type: none"> ● Within Japan <ul style="list-style-type: none"> • Published the OMRON White Paper, and made employees aware of the relationship between Boost5 and employee health and performance. • As one measure to support smokers in quitting tobacco, the Quit Smoking Marathon was held to offer them team support. (In FY2020, OMRON Group companies in Japan adopted a policy prohibiting smoking during work hours including break time while in the office.) ● Overseas <ul style="list-style-type: none"> • Established unique Boost5 in each overseas region and implemented activities. (10,000 steps-per-day challenge to all employees, weight-loss competition, kickboxing classes, health seminars, mental health counselors, smoking cessation support by specialists, etc.)
Social Value	Promoting employee health management and fitness increases productivity and employee creativity, as well as contributing towards job satisfaction and a sense of meaning in life for all employees. This is also effective in reducing medical costs.

*Boost5: We selected and created guidelines for five key themes for evaluating the health of mind and body (exercise, sleep, mental health, nutrition, and smoking).

Occupational Health and Safety		
OMRON's Initiatives	Health and Safety-related Management System and Improvement Activities	<ul style="list-style-type: none"> Promote the acquisition of international health and safety standards at major production centers. Ensure personnel for promotion, and carry out education.
VG2.0 Goals	<ol style="list-style-type: none"> Number of major production centers acquiring international health and safety standards: Acquisition at centers comprising 80% of production. Continue assignments of promotion personnel: All covered sites. 	
Fiscal 2020 Results	<ol style="list-style-type: none"> Completed certification for sites representing more than 80% of production capacity Maintained assignments of occupational health and safety managers 	
Examples	<ul style="list-style-type: none"> Introduced an OSH management system to investigate occupational risks; pursuing measures to improve processes for self-directed recurrence prevention at each location. Identified and prioritized regions/facilities requiring more personnel; implemented appropriate personnel assignments. 	
Social Value	While ensuring compliance with laws and regulations concerning workplace occupational health and safety, we are creating a work environment to ensure the wellbeing of all employees at the OMRON Group and to maximize their abilities, by striving to create workplaces at which employees can work safely and healthfully — both physically and mentally.	

Respect for Human Rights and Labor Practices P71 →		
OMRON's Initiatives	Human Rights-related Management System and Improvement Activities	<ul style="list-style-type: none"> Establishment of management system (human rights policy and organizational structure). Human rights risk analysis and corrective actions at production sites.
VG2.0 Goals	<ol style="list-style-type: none"> Define and adopt due diligence process. Implement analyses and corrective actions regarding human rights risks at all production sites. 	
Fiscal 2020 Results	<ol style="list-style-type: none"> In addition to our own employees, we expanded the scope for employees of temporary staffing companies and contractors, both in Japan and at targeted overseas sites. Conducted risk analyses and implemented corrective measures at all 25 manufacturing sites.* 	
Examples	<ul style="list-style-type: none"> Developed training content for employees of contractors working at our locations; implemented human rights training for representatives of the said employees; provided access to relief measures for employees of contractors. Communicated our policies to employee dispatch companies and contractors. Implemented risk assessments at 19 production locations using RBA SAQ (self-assessment questionnaire); confirmed all locations qualified as Low Risk. In the Labor section, as well, sites qualified as Low Risk expanded to 16 (6 additional sites over the previous year). 	
Social Value	Achieving a better work environment in which the human rights of all people working in the OMRON Group are respected.	

* Production sites accounting for 80% or more of Group production (excludes minor production).

Manufacturing, Environment

By putting the OMRON Principles into practice in a way that complies with its Manufacturing Policy,* OMRON will create social value and strives to contribute to sustainable manufacturing. In conformance with OMRON's Purchasing Policy, OMRON also seeks to achieve sustainable procurement together with suppliers through purchasing practices that conform to our guidelines.

Product Safety and Quality		
OMRON's Initiatives	Advancement of Groupwide Product Quality Management	<ul style="list-style-type: none"> Conducting group-wide product quality management reform. Reducing product safety risk.
VG2.0 Goals	<ol style="list-style-type: none"> Ratio of newly developed products undergoing safety assessment: 100%. Improve product safety assessments. 	
Fiscal 2020 Results	<ol style="list-style-type: none"> Product safety assessments for newly developed products: 100%. Confirmed regular application to 101 newly developed products. 	
Examples	Expanded assessment details for the application of latest safety standards, laws, and regulations and to improve market and customer usability, and applied this to assessment processes in each business.	
Social Value	Incorporating quality, safety, environmental, and human rights into products and services, to bring about sustainable manufacturing.	

* OMRON's manufacturing policy comprises three principles: Quality First; 3F (Front-loading, Flowing & Flexible), and H&E (Human-oriented & Eco-manufacturing). The 3F policy refers to the creation of value upstream in the development process and delivering that which is required in the needed quantities and at the needed times. The H&E policy refers to achieving the best match between people and machines and promoting humanity-focused, environmentally friendly manufacturing.

Supply Chain Management		
OMRON's Initiatives	Engagement with Partners	<ul style="list-style-type: none"> Promotion of sustainability self-assessment for important suppliers.*1 Introduction of management compliant with RBA,*2 and initiatives to maintain and improve this
VG2.0 Goals	<ol style="list-style-type: none"> Sustainability self-assessment for important suppliers (Partner Suppliers): 100% implementation ratio Sustainability self-assessment: Achieve RBA score of 85 or more 	
Fiscal 2020 Progress	<ol style="list-style-type: none"> Self-checks: 100% of critical suppliers. All critical suppliers achieved at least 85 points (low risk) in RBA standard score. 	
Examples	<ul style="list-style-type: none"> Used individual meetings to dialogue with these suppliers, and to further communicate that sustainability self-assessment is an issue for business. Visited suppliers who have not implemented sustainability self-assessment, and requested their cooperation. Conducted individual dialogues with suppliers with less than 85 points, and conducted follow-up to improve understanding (Based on the improvement plans, we verified the consistency of initiatives between the person in charge at the critical supplier and our CSR manager, completing the self-check.). 	
Social Value	By solving social issues in the supply chain in cooperation with suppliers, achieving a society capable of sustainable production and consumption.	

*1 Sustainability self-assessment: Supplier self-evaluation of their own labor, safety, health, and environment, etc. initiatives using a questionnaire. 85 points or above is considered low risk, whereas 65 points or less is considered high risk. Compliant with RBA (Responsible Business Alliance).

*2 RBA: abbreviation of Responsible Business Alliance. Global CSR alliance centered around the electronics industry.

Reduction of Greenhouse Gas Emissions P72 →	
OMRON's Initiatives	Advancement of Green OMRON 2020 <ul style="list-style-type: none"> ● Reduction in greenhouse gas emissions by improving the efficiency of power usage, and by introducing renewable energy. ● Provision of products and services that contribute to the spread of clean energy.
VG2.0 Goals	① Reduce total GHG emissions by 4% (vs. fiscal 2016). ② Environmental contribution to exceed CO2 emissions from production centers
Fiscal 2020 Results	① Reduced total GHG emissions by 50% (vs. fiscal 2016). ② Environmental contribution of 826kt-CO2 > Production location CO2 emissions: 106kt-CO2
Examples	Examples of Greenhouse Gas Reduction <ul style="list-style-type: none"> ● Solar power generation system installations: 3 locations in Japan, 1 overseas ● Renewable energy procurement: 6 locations in Japan, 1 overseas. ● Energy reduction through equipment upgrades and optimized operations (production site in Shenzhen, China). ● Potential assessment by professionals to plan mid-term measures for energy conservation and use of renewable energy at production site in Indonesia.
Social Value	Making sustainable manufacturing a reality by reducing greenhouse gas emissions, and bringing about decarbonized society.

Appropriate Management and Reduction of Hazardous Substances P72 →	
OMRON's Initiatives	Advancement of Green OMRON 2020 <ul style="list-style-type: none"> ● Build a framework for the management of the chemical substances used in production processes. ● Stop use or reduce the use of harmful chemical substances, responding to high social demand.
VG2.0 Goals	① Reduce mercury through prevalent usage of digital thermometers and blood pressure monitors: 69 tons/years. ② Stop use of equipment using CFCs in FY2018. Also stop use of equipment using HCFCs and mercury (fluorescent lamps) in FY2020.
Fiscal 2020 Results	① Mercury reduction: 70 tons/years. ② Eliminated the use of equipment using CFCs in fiscal 2018, and equipment using HCFCs and mercury (fluorescent lamps) one year ahead of schedule.
Examples	Exhibits at trade shows and academic societies for ongoing educational activities for doctors.
Social Value	Realization of decarbonized society that is in harmony with nature, by reducing negative impacts of chemical substances on people, organisms, and the environment.

Risk Management

OMRON promotes risk management that integrates all risk-related activities at the global level, in order to ensure business continuity and the achievement of goals, while also fulfilling its social responsibilities. By disseminating the policies and rules established in-house, OMRON seeks to build long-term relationships of trust with stakeholders while helping employees engage in work and business with pride and a sense of security.

Fair Business Practices P30 →	
OMRON's Initiatives	Enhanced Compliance Program <ul style="list-style-type: none"> ● Periodic reviews of OMRON Group Rules for Ethical Conduct in order to reflect laws and regulations, and social demand of countries around the world. ● Offer continuous, periodic and necessary training and education in order to maintain awareness of compliance and instill matters stipulated in rules. ● Assess issues using the whistle-blower system and promptly take corrective actions.
VG2.0 Goals	Dramatic evolution of group governance.
Fiscal 2020 Results	Completed OMRON Group Rules (OGR)* development and mechanism for global rollout.
Examples	<ul style="list-style-type: none"> ● CEO message (translated into 25 languages; delivered to all global company employees). ● E-learning for all employees during Global Corporate Ethics Month (bribery prevention, etc.). ● Use promotion videos and posters, etc., to encourage understanding of the internal whistleblowing system (Europe).
Social Value	Implementing appropriate anti-corruption measures taking into account the political, economic, and cultural circumstances of each country, and contributing to the maintenance of an orderly and healthy society based upon the rule of law. Ensuring fair business practices in conformance with applicable laws of respective countries and global rules, thereby contributing to the realization of the society that allows fair and free competition.

* OMRON Group Rules (OGR): Internal rules established as a foundation for management in order to ensure transparency, fairness, and globality of management, and to ensure appropriate and prompt decision-making. These encompass 23 globally shared topics, including ethical conduct, risk management, unauthorized control, information security, safety assurance business management, IT controls, accounting and funding, labor and occupational health, environmental management, procurement, and brand logo management.

Privacy and Data Security P30 →	
OMRON's Initiatives	Rebuilding an Information Security Management System <ul style="list-style-type: none"> ● Support for revised and newly enacted laws worldwide concerning the protection of personal information. ● Strengthened technical measures to counter the sharply increasing cyber attacks.
VG2.0 Goals	Build a new information security system.
Fiscal 2020 Results	Consistent engagement in activities based on clearly defined responsibilities, including the promotion of measures by specialized departments such as legal and IT, as well as regular activities by the Information Security Management Committee.
Examples	<ul style="list-style-type: none"> ● Survey into personal information protection laws in each country, and updated OMRON Group Rules.* ● Improved training of employees in personal information security and dealing with targeted emails. ● Globally conducted website vulnerability assessment and management monitoring.
Social Value	Enable appropriate management of confidential data and personal information to help conduct business safely and securely in a digitized society.

* OMRON Group Rules (OGR): Internal rules established as a foundation for management in order to ensure transparency, fairness, and globality of management, and to ensure appropriate and prompt decision-making. These encompass 23 globally shared topics, including ethical conduct, risk management, unauthorized control, information security, safety assurance business management, IT controls, accounting and funding, labor and occupational health, environmental management, procurement, and brand logo management.

The Direction of Our Next Long-Term Vision

Positioning of Fiscal 2020 and 2021

In 2011, OMRON started Value Generation 2020 (VG2020), a plan that outlines a 10-year vision for our company. Marking the plan's final stage and last four years, fiscal 2017 was also the year we launched VG2.0, a medium-term management plan which additionally defines our growth strategy to respond to social change beyond the timeframe of VG2020. VG2.0 forecasts future world trends and social changes, incorporating these projections of the future into our strategies. VG2.0 also reflects considerations of the SINIC theory (OMRON's unique future predictive model) and the international initiative Sustainable Development Goals. In VG2.0, we tackled the creation of social needs through co-creative activities with customers and partners, while focusing on three anticipated business growth domains: Factory automation (FA), healthcare, and social solutions. These are three domains in which we can expect to experience business growth by contributing to the resolution of social challenges while at the same time demonstrating OMRON'S strengths.

In response to the COVID-19 pandemic, we have positioned the two years from fiscal 2020 to fiscal 2021 as a period of business reform with an eye not only on responding to the immediate crisis but also on the post-COVID world. We see this as a time in which to accelerate business reform in order to realize sustainable growth in the coming age of the new normal. Our next long-term vision will begin in fiscal 2022.

The Coming 10 Years as Perceived by OMRON

The world is facing extensive and unpredictable social change unlike anything which has come before, including natural disasters becoming more powerful and frequent, a headlong plunge into a super-aging society, increasing economic disparity, and an increasing risk of global division caused by US-China conflict. In addition, the COVID-19 pandemic has caused people to question just what society and they truly need, transforming people's values from a focus on material to emotional wealth, and accelerating the creation of a new, sustainable society and economic system.

OMRON sees the next 10 years as a transition period during which time we will move from a socioeconomic system predicated on increasing growth through mass production and mass consumption, to a socioeconomic system aiming to realize a sustainable society. Going forward, in the process of realizing that sustainable society, OMRON perceives that clashes between old and new values and the strain generated by the existing socioeconomic system will result in a wealth of social issues which will need to be solved.

OMRON'S purpose

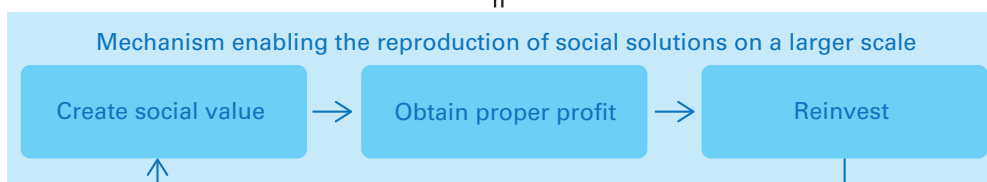
Looking back on our past, whenever the socioeconomic system has undergone great change, OMRON has always built up its business and grown by identifying social issues and creating social needs. During the period of rapid economic growth, OMRON solved the social issues found on production floors and at the sites of transportation infrastructure with new solutions that used machines and systems to automate human work, bringing innovation to peoples lives and creating an abundant society in which people can live in safety, security, and comfort. Further, in the time of the advanced information society, OMRON has supported the development of lifestyles, industry, and society by applying the extensive value it had generated to widely deployable system components and providing them to the global market. In ways such as these, OMRON has identified the burgeoning social issues of the day and, by transforming them into economic value, achieved growth together with society. When looking back on the challenges we have overcome using the OMRON Principles as our driving force, we can perceive our *raison d'être* clearly. The purpose of OMRON's existence is to create social value through our businesses and continue to contribute to society. The next 10 years will be a time when social issues well forth in the realization of a sustainable society, and they will be a time for OMRON to demonstrate its *raison d'être* so that it may remain OMRON. In our next long-term vision, we aim to demonstrate our reason for existing and respond flexibly to change even in a highly unpredictable society, identify social issues, create social value and, at the same time, transform social value into economic value and maximize our corporate value.

OMRON Principles: To improve lives and contribute to a better society

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Raison d'être: Create social value through our businesses and continue to contribute to society

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Social Issues Being Tackled by OMRON

In our next long-term vision, based on the perspective of the business domains we are engaged in and the technologies which are OMRON's strengths, we have identified the following social issues: Curbing CO₂ emissions, extending health expectancy, and cooperation and harmony between humans and machines. In addition, in the resolution of those social issues, OMRON has established the following four solutions as business opportunities to pursue and will be creating new value accordingly: Increasing sophistication on the production floor, automating primary and tertiary industries, providing preventative medical support for chronic diseases, and delivering energy solutions toward carbon neutrality.

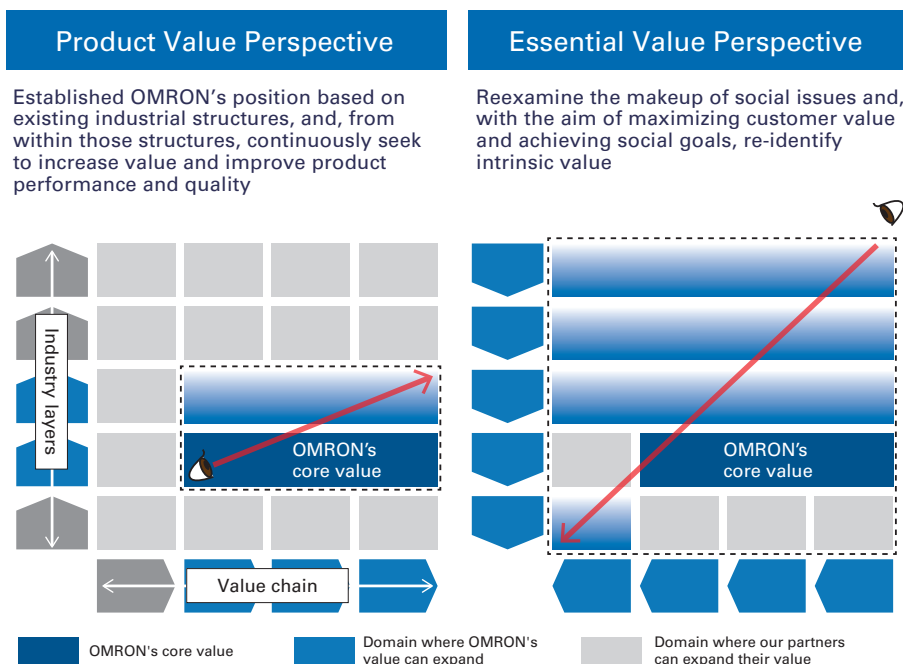


OMRON's Value Generation

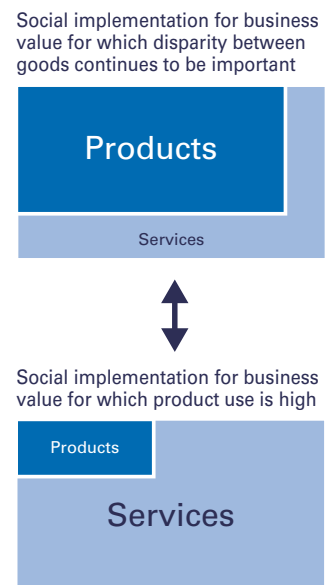
What is needed in the transition period to a new socioeconomic system is a change in perspective. Industrial structures will undergo drastic change, and so too will sources of value change. It is essential that we shift away from a value generation system derived from a product value perspective and look at markets and ascertain the essence of issues from the perspective of re-identifying intrinsic value, what we call a essential value perspective. From this essential value perspective, OMRON will strive to maximize customer value and achieve social goals. To this, OMRON will also be changing the forms in which value is implemented. In addition to conventional value implementation in the form of goods, we will also be combining goods and services for each business and selecting the implementations which offer the highest value.

At the same time, when one has an overarching view of the makeup of social issues from such a essential value perspective, one can see that the requirements for realizing a sustainable society are complex, and that at times the entire social system may need to be redesigned. Resolving these social issues and producing new value will be difficult for OMRON to do alone. Accordingly, we will be accelerating our efforts to tackle the creation of new value with a focus on collaboration with our partners.

Perspectives Needed for Value Generation



Implementation Needed for Value Generation





CFO Interview

Constantly Evolving ROIC Management Enabling OMRON's Self-driven Growth

Director, Senior Managing Executive Officer
CFO and Senior General Manager, Global
Strategy HQ

Koji Nitto

Earning Capacity Further Enhanced despite an Unprecedented Contingency

— You have led OMRON's COVID-19 countermeasures requiring difficult decisions amid the challenging situations found all over the world. What are your thoughts looking back on the previous fiscal year?

After launching the COVID-19 Emergency Headquarters in January 2020, as deputy general manager I oversaw the implementation of countermeasures while working closely with each business unit and our overseas sites. During the pandemic, I focused on our responsibilities as a member of local communities and our responsibility to supply products to customers, with employees' safety and health a top priority. The number of infections varied by country and region, so our basic policy was to disseminate information from the headquarters in Japan while setting up emergency headquarters in each region; thereby, ensuring an independent and agile response, including in terms of working styles.

Furthermore, we reduced fixed costs by more than ¥20 billion per year and actively worked on solution proposal-based sales and business process reforms utilizing remote work, in order to survive this crisis when a substantial drop in sales was expected. As a result, in fiscal 2020 we posted a 14.1% year-on-year increase in profits, despite a downturn in revenue, and gross profit margin, an indicator of profitability, rose by 0.7 points to 45.5%, marking the highest level on record.

Our reduction in fixed costs in fiscal 2020 went beyond just cutting or stopping fixed costs. We recognized this as an opportunity to transform our conventional approaches to work, such as face-to-face communication. Therefore, we were able to lower fixed costs by ¥22.2 billion, well above the target of ¥20 billion. At the same time, investments in IT systems along with the future growth drivers of the Industrial Automation Business (IAB) and Healthcare Business (HCB) were carried out after careful consideration during the COVID-19 pandemic. We were able to progress according to plan because we worked with the shared recognition that reducing fixed costs and making growth investments are actions paving the way to the future.

ROIC Management Underpinned by Portfolio Management and Down-Top ROIC Tree

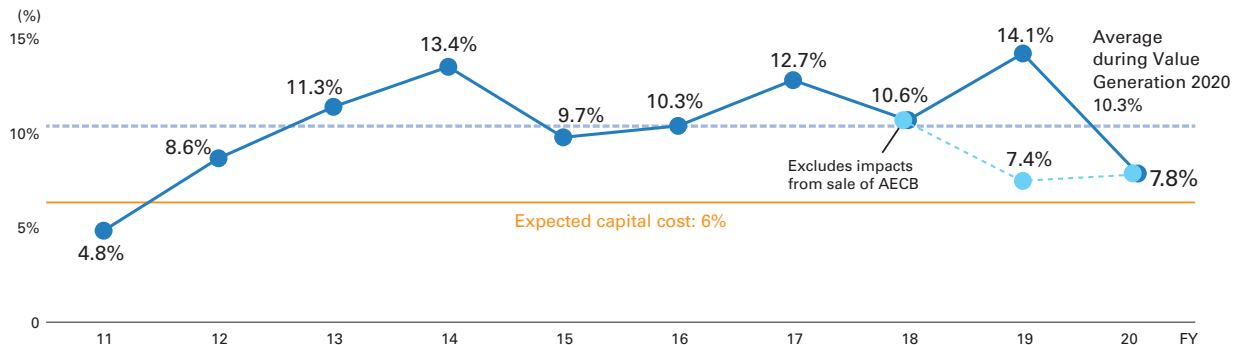
— **Fiscal 2020 marked the final year of OMRON's 10-year long-term vision Value Generation 2020. During this period, the Company promoted management based on the OMRON Principles using both ROIC Management and Technology Management. How do you evaluate the results over this 10-year period?**

Our corporate Principles form the foundation of ROIC Management. Based on this recognition, we are focusing first and foremost on rebuilding our business portfolio. Our aim is to contribute to the development of society through our business, going beyond increasing sales and profits. If we can supply the world with essential products, this will naturally lead to higher sales and profits and as a result we will be in a position to invest in the next stage of growth. As such, we will explore ways to enhance the value we offer by accelerating growth investments in businesses that generate profits. At the same time, since

businesses that do not generate profits do not contribute to the world, we will search for the best partner outside OMRON to take over these businesses or consider exiting them altogether. In making these decisions, we will not rely simply on the numbers, but rather deliberate over the technologies of these businesses and future potential of the market.

ROIC was 4.8% in fiscal 2011 at the start of Value Generation 2020. Since fiscal 2012, though, ROIC has trended above expected capital cost of 6%, with the 10-year average sitting at 10.3%. In fiscal 2020, ROIC fell back to 7.8%, but this was impacted by the transfer of the Automotive Electronic Components Business in fiscal 2019 and because cash on hand is at 4.6 months of sales, which greatly exceeds the target range of one to two months during normal times. Going forward, in order to further enhance corporate value, the cash stockpiled until now and the cash generated from businesses in the future will be used to strengthen existing businesses and invest in new opportunities to accelerate our growth. We will continue to increase capital efficiency and our ability to generate future cash flow by allocating management capital in the best way possible.

Trends in Return on Invested Capital (ROIC)



— **Business Portfolio Management is important in promoting ROIC Management.**

OMRON had a total of 63 business units as of the end of fiscal 2020. When evaluating business units using ROIC, we have established the level of 6% of expected capital cost for each business to measure where corporate value is being undermined or not. From this, the hurdle rate is set at 10%, exceeding the cost of salespeople and administrative departments. However, first discussions are held based on present numbers while considering differences in the business life cycle and stage, without making a judgement based solely on this hurdle rate, to determine problem areas and how to make improvements. Next, an action plan is formulated and explained which contains the milestones and measures needed to clear the hurdle rate. At that time, I take ownership as the

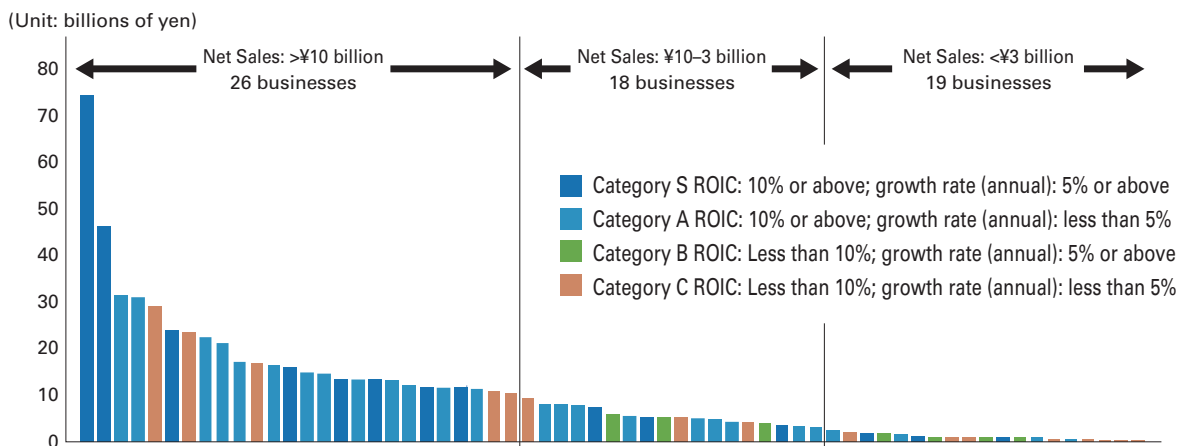
person responsible for ROIC Management and need to reach a consensus with the heads of business units.

Business units probably feel a constant sense of pressure, but amid our discussions using the common language of ROIC repeated every year, composed and realistic opinions naturally emerge. This includes recognition that a business unit's problems can be fully resolved organically, determination of who to partner with, or whether it is wise to transfer the business. Furthermore, from the perspective of the company's entire business portfolio, we are now able to examine business repositioning or organizational restructuring. For example, we determined that IAB and HCB should be focus areas as our core business, that the Social Systems, Solutions and Service Business (SSB) should develop the solutions business together

with the environmental business, and that the Electronic and Mechanical Components Business (EMC) should consolidate its production sites to enhance its earnings structure. In fiscal 2020, we added three business units to investment domains (Category S) compared to fiscal 2019 and removed four business units from the profitability restructuring domains (Category C), which greatly improved the evaluations of business units compared to fiscal 2019. Going

forward, we will continue to deepen discussions with business units using the common language of ROIC to build a more powerful and pliable business portfolio. Furthermore, we have changed our expected capital cost from 6% to 5.5% starting from fiscal 2021. The hurdle rate for the businesses, though, remains the same at 10%. We will continue aiming to enhance corporate value by improving ROIC and lowering capital cost.

Business Units Subject to Portfolio Management (FY2020)



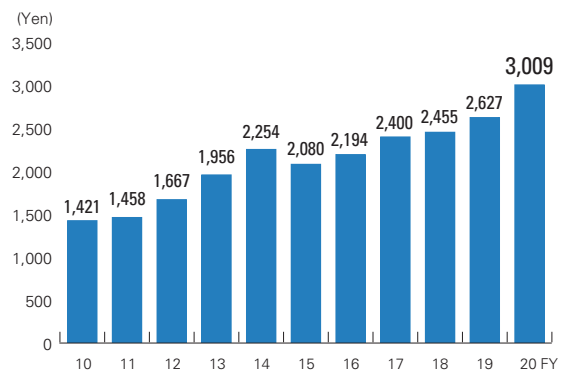
Evolving ROIC Management toward Self-Propelled Growth

— Could you provide a general overview of OMRON’s improved financial resiliency, which can be considered as an outcome from a decade of ROIC Management? Could you also share the company’s cash allocation policy?

Looking at cash allocation, we have greatly improved our earnings power compared to 10 years prior and we have built up capital. Furthermore, we integrated cash management operations globally and established as system where cash can be allocated by the Head Office. Operating cash flow during Value Generation 2.0 (fiscal 2017 to fiscal 2020) has steadily risen owing to our enhanced earnings power and efficient use of working capital. Furthermore, we saw a major inflow of cash together with these operating cash flows following the transfer of AEC. Meanwhile, we are funding capital investment aimed at future growth and executing strategic investments such as M&A focused on our core IAB and HCB segments. As for shareholder returns, we continued to pay out a stable dividend and initiated stock buybacks in an agile manner considering capital efficiency.

As a result of these initiatives, book value per share (BVPS) at the end of fiscal 2020 totaled ¥3,009, which is roughly double the level of fiscal 2010. In addition, total shareholder returns including stock price increased by 397.5% as of the end of fiscal 2020 when using the closing price as of the end of fiscal 2010, roughly quadrupling. As for our cash allocation policy including shareholder returns, we will continuously increase operating cash flow generated from existing businesses and prioritize investments needed for future growth, aiming to sustainably enhance corporate value. After securing internal reserves

Book Value Per Share (BVPS)

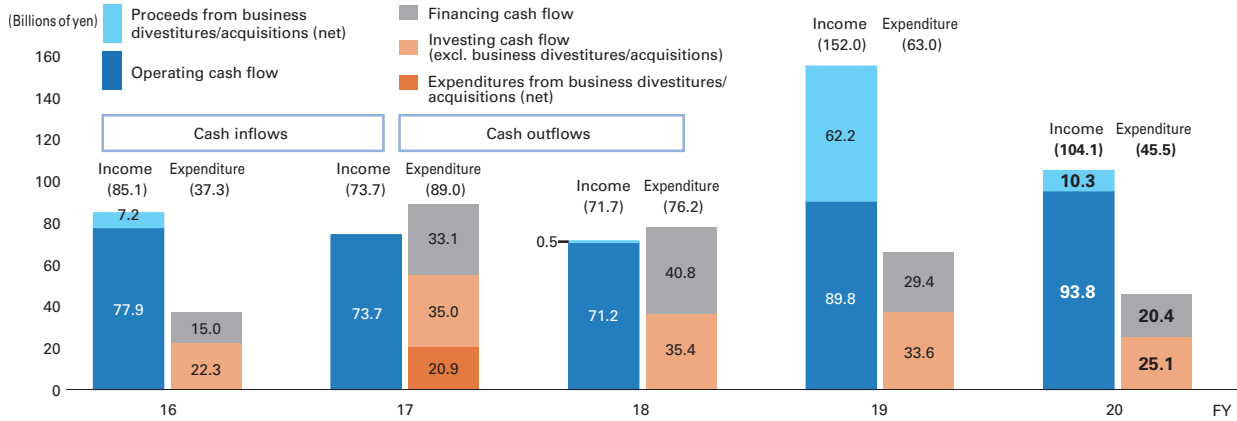


* Figures as of the end of each fiscal year in the case of purchasing at the closing price as of the end of fiscal 2010.

needed to fund future investments, we will pay out a stable and continuous dividend to our shareholders. To efficiently administer surplus funds

accumulated over many years, we will work toward management conscious of capital efficiency and execute stock buybacks in an agile manner.

Trends in Cash Flow



Note 1: Figures presented exclude impacts of foreign exchange rates.

Note 2: Figures for cash flow from investing activities are presented separate from impacts due to business divestitures/acquisitions. Proceeds and expenditures from business divestitures/acquisitions include "Acquisition of business, net of cash acquired (net with cash outflow amount)," "Proceeds from sale of business, net of cash paid (net with cash outflow amount)" and "Decrease in investments in affiliates (increase)" appearing in the consolidated statements of cash flows.

How will ROIC Management evolve in OMRON's future growth?

There are new ways of generating earnings through the service business and recurring business amid the worldwide trend of combining products and user experience. This change has not been fully reflected in our Down-Top ROIC Tree previously; thus, we will need to ascertain initiatives underway while reviewing KPI as necessary. At the same time, we will have to establish a new indicator going forward, since ROIC indicates the present value calculated as financial information but cannot measure the value of intangible assets linked to future growth. As such, aimed at the next long-term vision, we are holding discussions on indicators and visualization of future growth including ESG (Environmental, Social, Governance) issues and non-financial value.

Fiscal 2021 has been positioned as the starting line for the Company's efforts toward self-driven growth. As CFO, how will you work to achieve this growth?

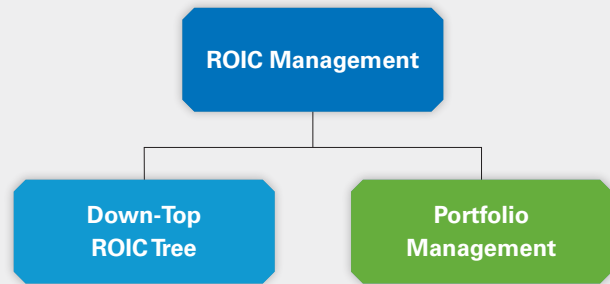
In addition to a recovering global economy, there are growing demands in society to address sustainability including reducing CO2 emissions. In fiscal 2021, we will boost revenue across all business segments by steadily capturing these business opportunities. In addition, we will work on structural reforms and on increasing added value by strengthening the marketability of our products, while prioritizing investments needed for future growth along with continuously increasing operating cash flow generated from existing businesses aimed at continuing new working styles implemented during the COVID-19 pandemic. After securing internal reserves needed to fund future

investments, we will pay out a stable and continuous dividend to shareholders. Additionally, surplus funds accumulated over the years will be used toward management conscious of capital efficiency by executing stock buybacks in an agile manner. We will minimize any uptick in fixed costs to further boost earning capacity going forward. Currently, our core IAB and HCB segments are expected to see substantial growth in the future and for this reason we will work to achieve robust sales growth here. The cash generated from this sales growth and strong earnings power will be deployed to fund M&A, business alliances, and investments in venture companies, unlocking new growth opportunities, which will pave the way for the next stage of our growth. To actualize this growth, we will invest in human capital and further accelerate digital transformation (DX) including the evolution of our core IT systems currently underway. Since both require a long-term perspective, we will work toward each with an eye toward future cash flows.

Today the world is experiencing profound changes characterized by Volatility, Uncertainty, Complexity and Ambiguity (VUCA). We will be left behind if we simply maintain the status quo. In such an era, OMRON will further strengthen its existing businesses while also creating value based on new growth opportunities. Under our next long-term vision, we will evolve our business model by not only providing value through products, but also combining them with services and user experience and co-creating with partners. Toward this end, in fiscal 2021 we will speed up our business model reforms and concepts for our next management system to actualize growth during the next long-term vision.

ROIC Management

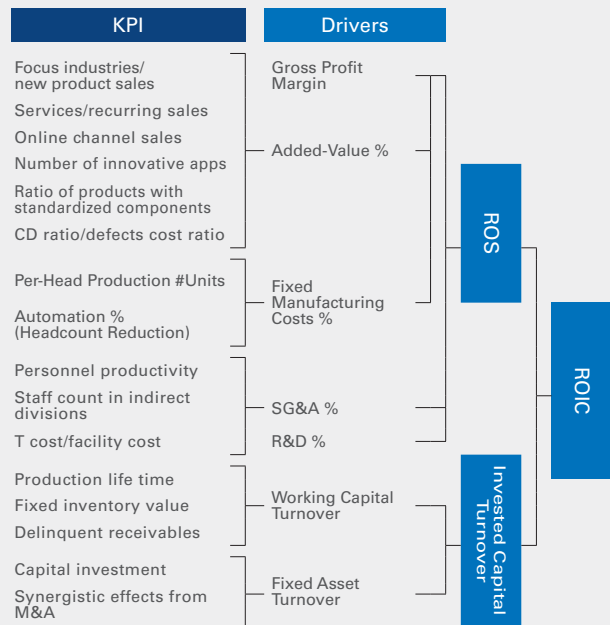
ROIC management consists of Down-Top ROIC Tree and Portfolio Management. OMRON encompasses a number of business divisions with varied characteristics. We believe ROIC is an excellent measure for assessing business performance fairly for each business. Using operating income or operating income margin as an indicator doesn't account for variances due to the nature or scope of a business. ROIC, on the other hand, measures return on invested capital, providing a fair assessment.



Down-Top ROIC Tree

Down-Top ROIC Tree breaks ROIC into key performance indicators for each department, allowing us to improve ROIC at the most basic operating level. Using simple ROS or invested capital turnover as ROIC indicators are ineffective, since they do not relate directly to front-line operations. On-site managers would have trouble thinking of ways to improve ROIC using these indicators. However, we can break ROIC down into automation/head count reduction or facilities turnover as KPIs of manufacturing departments. With these indicators, managers can finally see how their goals tie directly to ROIC improvement initiatives. At OMRON, one of our greatest strengths is our unified approach to improving ROIC from the ground level up.

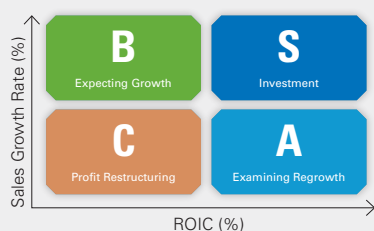
Down-Top ROIC Tree



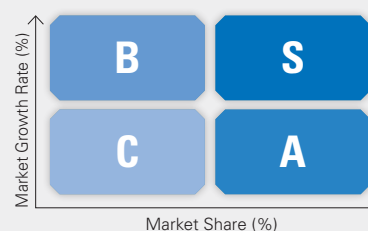
Portfolio Management

OMRON consists of approximately 60 business units, each subject to a portfolio management system that assesses the economic value of the unit according to (1) ROIC and (2) sales growth rate. In this way, OMRON management can make proper and timely decisions related to new business entry, growth acceleration, restructuring, or divestiture to drive improvements in OMRON Group value. We consider both the economic value and the market competitiveness of a business to allocate limited resources in an optimal manner. This assessment system allows us to identify the growth potential of each business unit, making an optimal allocation of our resources.

Assessing Economic Value



Assessing Competitiveness



Risk Management

Corresponding SDGs

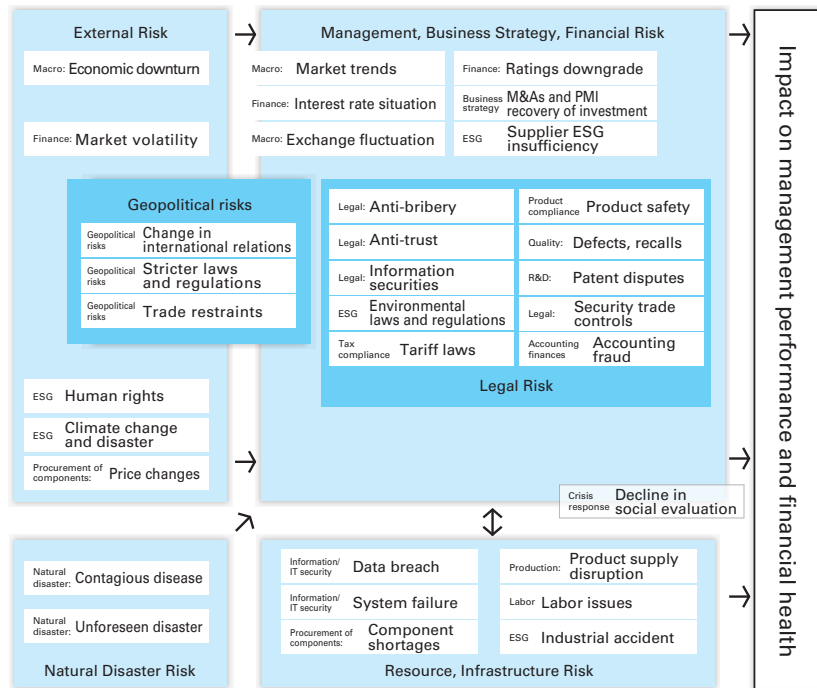


Integrated Risk Management for Supporting Global Business Activities

OMRON started integrated risk management in order to manage the risks of the Group via a shared framework in 2011, the same year OMRON initiated VG2020. The reason for this was that in order to rapidly respond to the faster pace of change in the operating environment and rising levels of uncertainty, we needed to become more attuned to risk, scenting and addressing risks before they became actualized.

We aim to develop effective risk management whereby all employees and management teams can work together to solve issues arising from environmental changes that cannot be resolved at the working level. We work to improve the quality of our initiatives by following the plan-do-check-act (PDCA) cycle on a global scale. We also regard the accelerated business environmental changes as opportunities, and perceive determining how to take risks as an essential perspective. We are additionally addressing how to build mechanisms enabling efficient, effective, and prompt risk decisions to be made while still adhering to the OMRON Principles and relevant business rules.

Overview of Business Risks



Integrated Risk Management Structure

OMRON has established a PDCA cycle that is conducted throughout the year to analyze risks, respond to material risks, and engage in crisis management. To promote initiatives on a global scale with all employees, risk managers are appointed for each headquarters, division, regional headquarters, and group company across the world.

Activity Cycle for Integrated Risk Management



Risks Surrounding Management and Businesses, and Risk Analysis

As OMRON does business globally, we must respond to a variety of risks. Therefore, the OMRON Group breaks down all risks that may impact its management or financial condition into categories and determined their interrelationships. For major risks, we regularly (at least once a year) conduct comprehensive analyses of expected environmental changes, the appropriateness/sufficiency of Group measures, and actual risk cases that have occurred, and rank these risks accordingly. S-rank and A-rank risks, as defined below, are called significant Group risks. For these, we monitor the implementation status of countermeasures and situational changes.

- S Rank: Risks of utmost importance to the operation of the Group, which may jeopardize its survival or bring severe social liability.
- A Rank: Risks that impede the achievement of important Group goals

Addressing Material Group Risks

The following examples of significant Group risks represent those matters related to business and finance which may impact the Group’s operating results and financial condition (including stock price). Items which have undergone a particularly extensive change in management or business environment and which the OMRON Group is currently prioritizing are labeled with an asterisk in the table below. However, this is not an exhaustive list of all risks; the Group may be affected in the future by risks that are not currently foreseeable or considered significant.

Matters discussed here that are not historical fact reflect the judgment of OMRON Group management as of June 25, 2021 (the date of submission of the annual securities report).

S Rank	A Rank
<ul style="list-style-type: none"> * COVID-19 * Global information & IT security * Business continuity * Quality issues Crisis response Accounting/financial fraud Violation of global laws and regulations (e.g. cartels, bribery) 	<ul style="list-style-type: none"> * Geopolitical risks * Addressing sustainability issues <li style="padding-left: 20px;">Human rights risks <li style="padding-left: 20px;">Climate change risks * Recovering M&A and alliance investments Product compliance Tax compliance (e.g. customs) Group company governance systems Internal fraud Labor issues Employee safety Intellectual property disputes and legal proceedings Environment/occupational health and safety

* Priority topics to be addressed

Risk	COVID-19 (S Rank)
Risk Scenario	Since the OMRON Group does business at locations and with suppliers on a global scale, prolonged spread of COVID-19 worldwide would significantly impact Group business activities. Specifically, in the event of decreasing demand caused by stagnating customer business activities and capital investment or stagnating individual consumption, or in the event of delayed supply of products to customers over the long term due to events such as stoppages in parts supply from important suppliers and internal outbreaks of infection, the reduced production performance and declining sales could impact the Group’s operating results or financial condition.
Measures	<p>Continuing from our efforts last year, the Pandemic Response Headquarters, led by our CEO, addresses the pandemic with top priority to ensuring health and safety of our employees and the prevention of the spread of infection in regions where we operate. In addition, based on our COVID-19 Business Continuity Plan (BCP), we are continuing to expand telecommuting and take infection control measures in the workplace in consideration of various national government/regional laws, regulations, and guidance. Infection status and Group efforts to address the pandemic have been brought up and discussed at the Board of Directors as a priority topic. In addition, we are working to improve productivity through new work styles such as remote work and going paperless cultivated amid the COVID-19 pandemic, while promptly responding to demand generated in the pandemic armed with ample infection control measures.</p> <p>Assuming a future business environment with COVID-19, we will continue to maintain our supply chain, accomplish our responsibility to supply our customers, and fulfill our social responsibilities.</p> <p>[Major Initiatives]</p> <ul style="list-style-type: none"> ● Implementation of measures based on the COVID-19 Business Continuity Plan (BCP) ● Monitoring of suppliers in major countries (54 countries/regions) ● Implementation and continuous improvement of in-house infection control measures ● Monitoring of infection outbreak status, work attendance rates, etc.

Risk	Global information & IT security (S Rank)
Risk Scenario	<p>The OMRON Group possesses essential business information, as well as personal or confidential information obtained from business partners during the course of business. New, growing cyberattacks worldwide and revisions to laws on data and personal information protection in the Americas, China, and Asia, such as stronger enforcement of GDPR* in Europe, are greatly impacting business activities. In the event of leakage of essential confidential or personal information due to virus infection of the Group's IT systems, suspension of production activities, or insufficient Company management in accordance with personal information laws and regulations of various nations in data, imaging and other businesses, the stoppage of business activities, administrative penalties, damage to social trust in our brands, and other instances could impact the Group's operating results or financial condition.</p> <p>*GDPR: EU regulations for protection of personal information</p>
Measures	<p>In order to strengthen information security on a global scale, we hold integrated cybersecurity meetings under the control of the CFO, creating a system for monitoring and taking preventive actions before risks arise even during normal times, and for taking unhindered, prompt action in the event of an incident. We also evaluate measures based on global standard information security management systems, and address issues accordingly. Furthermore, we have established Group rules on information security and personal information protection. We are improving the effectiveness of our measures in these areas through initiatives such as website vulnerability checkups, cyberattack drills, and employee education for enhanced information literacy.</p> <p>[Major Initiatives]</p> <ul style="list-style-type: none"> ● Website vulnerability checkups and addressing issues ● Segmenting factory network environments and strengthening protection ● Conducting cyberattack drills ● Implementing data encryption measures based on analyses of increasingly sophisticated cyber risk cases ● Understanding personal data regulations and implementing measures to protect individual rights ● Thorough handling of information based on information security rules(e.g. usage, storage, disposal, measures to take in the event of an incident) ● Employee education for enhanced information literacy

Risk	Business continuity (S Rank)
Risk Scenario	<p>The OMRON Group operates production sites in China, Asia, and other regions around the world. We deliver products to our clients globally through sales sites in these countries and regions. The supply chain for parts and other items used by the Group is also diversified in processes globally, from materials procurement to the production assembly process. Our dependence on highly-competitive manufacturers is increasing. Recently, climate change has caused major natural disasters and earthquakes, large-scale fires at business partners, and other unforeseen disasters. Tightening product supplies due to this and rising demand has a significant impact on our business activities. In the event that social infrastructure or economic activities were to halt in a broad area, or if supply shortages were to occur for critical components, our business activities could be partially suspended or curtailed, which could have an impact on OMRON Group operating results or financial condition.</p>
Measures	<p>The OMRON Group has devised a business continuity plan (BCP) for not only production, but also purchasing and procurement, logistics, and IT, and is taking actions to provide for necessary safety measures, business continuity, and rapid recovery in preparation for the outbreak of new infectious diseases and all kinds of natural disasters. We also conduct simulations and training drills for emergency situations, operate an employee safety confirmation system in preparation for disasters, and stockpile emergency food and drinking water to improve the effectiveness of our continuity plans.</p> <p>Furthermore, in preparation for an emergency in the supply chain, we are taking measures such as building a mechanism to ascertain parts supply risk immediately after a disaster and securing strategic parts inventory according to degree of importance. At present, global supply of semiconductors is tight due to greater use of electrical equipment in automobiles and increasing demand for personal computers caused by the COVID-19 pandemic-driven acceleration of remote work, as well as due to the expectations of economic recovery in Europe and the United States. While resolution is not considered likely over the short term, we are striving to secure supply through strong trust relationships and close communications via strategic dialogue with our suppliers. At the same time, we are trying to minimize risks by exploring and adopting alternative materials for high-risk parts.</p> <p>[Major Initiatives]</p> <ul style="list-style-type: none"> ● Formulating and updating business continuity plans (BCP) ● Conducting simulations and training drills ● Centralized management of supplier production area information and establishment of evaluation systems for alternative production sites ● Understanding and analyzing market/material information using third-party information ● Regular meetings with suppliers (dialogue based on information analysis) ● Securing parts inventories according to degree of importance ● Establishing escalation routes for emergencies

Risk	Quality issues (S Rank)
Risk Scenario	<p>The OMRON Group aims to provide products with a high degree of novelty for accelerating technological evolution and resolving social issues. Increasing demands for product safety and accuracy, as well as for reporting and actions taken against product quality defects, and furthermore the globally-growing rigorosity of environmental chemical substance regulations covering products (such as the European RoHS Directive) and laws, regulations, and standards relating to product safety are greatly impacting business activities. In the event that we provide inadequate product design/inspection, inappropriate customer support, or inappropriate reporting, or in the event that we are non-compliant with laws, regulations, and standards, the resulting large-scale recalls or damage to social trust in our brands could impact the Group's operating results or financial condition.</p>
Measures	<p>In order to maximize customer satisfaction, we have established a basic quality policy based on the principle of quality first. We have also established a quality management system based on international standard requirements. In addition, in order to further our quality governance, the Global Procurement and Quality Management HQ, which conducts top-level oversight of quality, holds company-wide quality meetings. In addition, we have established and enforce Group rules regarding our quality assurance system, quality assurance activities, and management in the event of a serious quality issue. Furthermore, we are strengthening our management system by ascertaining trends in globally-changing environmental and safety-related laws, regulations, and standards related to products and other areas.</p> <p>[Major Initiatives]</p> <ul style="list-style-type: none"> ● Acquisition of ISO 9001 / ISO 13485 / IATF 16949*1 Internal audits of QMS*2 at business companies ● Promotion of design process problem solving activities ● Currently working to ascertain trends in environmental and safety-related laws, regulations, and standards related to products and other areas, and to strengthen management systems conducting impact assessments <p>*1 ISO 9001: International standard for quality management systems ISO 13485: International standard for quality management systems for medical devices IATF 16949: International standard for quality management systems specifically for the automotive industry *2 QMS: Quality management system</p>
Risk	Geopolitical risks (A Rank)
Risk Scenario	<p>The OMRON Group operates production sites in China, Asia, and other regions around the world. We deliver products to our clients globally through sales sites in these countries and regions. Changes in policies and regulations following shifts in international relations, such as U.S.-China relations, greatly impact our business activities. In the event that various national export regulations, technology transfer restrictions, and tax increases impose limitations on development, production, logistics, and sales activities, this could impede the delivery of products to our customers, impacting the Group's operating results or financial condition.</p>
Measures	<p>We regularly monitor global political and economic conditions and trends in laws and regulations, ascertaining changing business environments in each area and their impact on our performance. We are also exploring systems for rapidly analyzing and generating insights on the state of optimal production, research and development, and intellectual property management, as well as on the impact of changes in laws and regulations on our various businesses. In addition, export regulations in various countries have wielded greater influence in recent years. Our Global Risk Management and Legal HQ manages a company-wide export control committee, conducting proper security trading management. These initiatives have been brought up and discussed at the Board of Directors as a priority topic.</p> <p>[Major Initiatives]</p> <ul style="list-style-type: none"> ● Analyzing and evaluating policies such as tariff increases in major countries, export restrictions, and emerging technology trading restrictions based on security export controls ● Re-evaluating transaction formats and our supply chain ● Building a system to manufacture products in parallel at multiple locations
Risk	Addressing sustainability issues (human rights risks) (A Rank)
Risk Scenario	<p>The OMRON Group has business locations around the world, and does business with suppliers across a number of countries. Awareness of business and human rights is growing more and more, particularly in developed countries. The increasing demand by stakeholders for addressing ESG concerns at a higher level, such as calls to address human rights and conflict minerals in the supply chain, greatly impacts our business activities. In the event that the Group and its suppliers were to fail to appropriately address these, the resulting suspension of customer transactions, administrative penalties, or damage to social trust in our brands could impact the Group's operating results or financial condition.</p>
Measures	<p>We maintain legal compliance in each country and region, refer to international rules and guidelines regarding sustainability, such as ISO 26000*1, and have formulated OMRON Group policies and codes of conduct. We have also declared our compliance with the UK Modern Slavery Act and have publicly announced Group initiatives to address human rights. We are also taking other measures, such as operating global whistle-blower hotlines. Regarding human rights risks, which fall under our sustainability targets, we are advancing initiatives through discussions at the Sustainability Committee, with the oversight and supervision of the Board of Directors. We also require our suppliers to manage their affairs properly in line with our sustainable procurement guidelines.</p> <p>[Major Initiatives]</p> <ul style="list-style-type: none"> ● Establishing OMRON Group Sustainable Conduct Policies and OMRON Group Rules for Ethical Conduct ● Implementing RBA*2 risk assessments (at all 25 production sites*3) ● Declaring compliance with the UK Modern Slavery Act ● Conducting human rights training (Japan, China) ● Operating whistle-blower hotlines worldwide ● Conducting human rights training for on-site outsourced employees and establishing whistle-blower hotlines (Japan) ● Presenting sustainable procurement guidelines to suppliers and confirming compliance status <p>*1 ISO 26000: International standard for social responsibility *2 RBA: Responsible Business Alliance *3 Production sites accounting for 80% or more of Group production (excludes minor production)</p>

<p>Risk</p>	<p>Addressing sustainability issues (climate change risks) (A Rank)</p>
<p>Risk Scenario</p>	<p>Customers, suppliers, and society as a whole are calling for reductions in greenhouse gas emissions in the supply chain toward a decarbonized society as well as environmental consideration in products and services as an international response to climate change risks.</p> <p>The OMRON Group has business locations around the world, and does business with suppliers and customers across a number of countries. Due to the rise in energy prices as a result of tightening regulations in various nations, additional capital investment to address energy savings and renewable energies, and impact from the introduction of carbon taxes, there are risks of increasing business costs. Furthermore, in the event that OMRON and its suppliers were to fail to appropriately address these, the resulting suspension of customer transactions, administrative penalties, or damage to social trust in our brands could harm business opportunities. If the aforementioned risks were to become apparent, this could impact the Group's operating results or financial condition.</p>
<p>Measures</p>	<p>The OMRON Group maintains compliance with environmental laws, regulations, and guidelines in each country and region, and has formulated Group policies with reference to international rules. We have also launched analyses of business opportunities and risks given future regulatory trends. In our declaration of the OMRON Carbon Zero target, we aim for the company to emit zero greenhouse gas emissions in 2050 (Scopes 1 and 2), and are steadily reducing emissions each year to achieve this goal. We have also declared our support for the TCFD*1. We conduct governance, risk management, target-setting, and strategy-building in accordance with this framework, and disclose information accordingly.</p> <p>Regarding reduction of greenhouse gas emissions and increase in environmental contribution*2, which fall under our sustainability targets, we are advancing initiatives through discussions at the Sustainability Committee, with the oversight and supervision of the Board of Directors.</p> <p>[Major Initiatives]</p> <ul style="list-style-type: none"> ● OMRON Carbon Zero declaration ● Setting greenhouse gas emission reduction targets, implementing energy savings, implementing captive consumption of renewable energy, and advancing other initiatives based on the SBT*3 ● Declaring support for TCFD, disclosing information in accordance with this framework, and implementing scenario analyses ● Increasing environmental contribution*2 ● Presenting sustainable procurement guidelines, including for addressing climate change, to suppliers and confirming compliance status <p>*1 TCFD: Taskforce on Climate-Related Financial Disclosures *2 Environmental contribution: CO2 emissions that can be reduced by utilizing products and services related to energy creation and savings in society *3 SBT: Science Based Targets, a series of medium to long-term targets for greenhouse gas reductions based on scientific evidence</p>
<p>Risk</p>	<p>Recovering M&A and alliance investments (A Rank)</p>
<p>Risk Scenario</p>	<p>The OMRON Group considers M&A and alliances to be necessary strategies for future growth. In accordance with this, we work to improve the corporate value of the Group with M&A, alliances, and divestment of business based on portfolio management*.</p> <p>Here, in the event that governance or compliance issues arise at the company to receive investment, which could not be identified even with prior investigation, or in the event of failure to achieve the expected sufficient synergistic effects due to dramatic deterioration in the economy, changes in the competitive environment, or changes in laws and regulations, etc., there is a risk that impairment losses may occur due to failure to achieve the expected results, impacting the Group's operating results or corporate value.</p> <p>*Portfolio management: Efforts to evaluate businesses based on assessments of economic value and market value for the approximately 60 business units OMRON controls at present</p>
<p>Measures</p>	<p>When executing M&A and establishing alliances, we form project teams comprised of members from business divisions, headquarters units, and outside experts. These teams issue investment determinations in consideration of risks and synergistic effects from collaboration with the Group based on confirmation of financial and contract details with the company in question and a detailed preliminary examination through conversations with management, among other actions. Even after the acquisition, business divisions and HQ units work together to formulate and execute a post-merger integration (PMI) plan given the business strategy and risks. In addition, the performance of the company in question, the progress of the relevant business strategy, and the assessment of its business value are regularly reviewed by the Company's Board of Directors.</p> <p>[Major Initiatives]</p> <ul style="list-style-type: none"> ● Exploring and assessing M&A and alliance candidates based on business strategy ● Formulating due diligence and business plans according to M&A and alliance projects ● Review of specific target progress for post-acquisition economic impact by the Company's Board of Directors(At least once a year)