

Achieving Decarbonization and Lower Environmental Impact

OMRON's Approach to the Environment

OMRON believes that creating an environmentally sustainable society corresponds to the OMRON Principle of "contributing to a better society," and is proactively working to address global issues such as climate change and resource recycling. In particular, we view "reducing greenhouse gas (GHG) emissions," "transitioning to a circular economy," and "coexisting with nature" as important environmental issues to be addressed. By ensuring effectiveness and establishing frameworks, we are committed to contributing to the creation of a sustainable society and enhancing corporate value.

OMRON Environmental Policy

OMRON revised the OMRON Environmental Policy on March 1, 2022 as important guidelines to promote the material sustainability issues of SF2030, which are "resolving social issues through our business" and "achieving decarbonization and lower environmental impact," and to achieve the targets. Under this policy, we have defined the key environmental issues OMRON should address and action guidelines and will promote decarbonization and lower environmental impact. Going forward, OMRON will address environmental issues throughout its value chain in accordance with this policy and will meet the expectations of its stakeholders, thereby enhancing its corporate value.

* The OMRON Environmental Policy can be accessed from the code.



Environmental Promotion System

OMRON management and executives work together to address environmental issues, with the Board of Directors fulfilling its responsibility for supervision and oversight. As part of our governance system, the president and CEO delegates authority to the individual executive division heads, who are responsible for pursuing environmental issues such as climate change and creation of circular economies. Additionally, the president and CEO reports to the Board of Directors on progress status and important matters, while the Board makes decisions and carries out oversight of executive matters.

As part of efforts to strengthen sustainability governance, a director in charge of environment was appointed in fiscal 2023. Additionally, a steering committee has been set up within OMRON's Sustainability Committee to accelerate scope 3 emission, circular economy and other value chain environmental initiatives, and we are proceeding full force with efforts to fulfill the objectives of our medium-term management plan, "SF 1st Stage," and to accelerate decision-making to better match fast-paced changes in the external environment.

OMRON Environmental Objectives

OMRON has established the OMRON Carbon Zero target, for zero scope 1 and 2 GHG emissions by 2050. Achieving decarbonization and lower environmental impact was also set as a material sustainability issue, and in addition to the SF2030 and SF 1st Stage sustainability targets (fiscal 2024 targets), six fiscal 2024 targets were also established for five categories, with monitoring of progress. Our scope 1, 2 and 3 GHG emission targets are certified by the Science Based Targets initiative (SBTi) as 1.5°C or 2.0°C pathway targets.

Fig. 1 OMRON Carbon Zero Medium- and Long-term Environmental Targets			
Zero GHG emissions (scope 1 and 2) by 2050			
Material sustainability issues under SF2030	SF2030 (FY2030) goals	SF 1st Stage (FY2024) goals	
Achieving decarbonization and lower environmental impact	The state of building further competitive advantage while solving social issues through reducing greenhouse gas (GHG) emissions in the value chain and establishing a resource recycling model ● Scope 1 and 2: 65% cut*1 vs. FY2016 ● Scope 3: 18% cut*1 vs. FY2016	● Scope 1 and 2: 53% cut vs. FY2016 ● Achieve Carbon Zero at all 76 sites in Japan*2 ● Scope 3, Category 11: Implement energy-saving designs for new products ● Implementing business model transformation, environmentally friendly design, collection and recycling, and sustainable procurement in response to transition to a circular economy	
Issues	SF 1st Stage (FY2024) targets	FY2022 results	Evaluation
Reduction of greenhouse gas emissions	Achieved 53% reduction in absolute amount vs. FY2016 result	Achieved 62% reduction in absolute amount vs. FY2016 result	Exceeded plan
	Environmental contribution*3 > CO ₂ emissions from production sites	Environmental contribution (938 thousand ton-CO ₂) > CO ₂ emissions from production sites (87 thousand ton-CO ₂)	As planned
Proper waste management and production	Maintain zero emissions*4 at all global production sites	24 sites (100% progress)	As planned
Compliance with environmental laws	Perform environmental legal assessments at all global production sites	25 sites (100% progress)	As planned
Effective usage of water resources	Reduce water usage at all global production sites by 20% vs. FY 2015 result	Down 45%	As planned
Facilitating environmental management	Acquire and maintain ISO 14001 certification at all global production sites	26 sites (100% progress)	As planned

*1 Certified under SBT Initiative in May 2022. https://www.OMRON.com/global/en/media/2022/05/c0531_2.html
 *2 GHG emissions from OMRON's electricity use (scope 2) at 13 production sites and 63 non-production sites (headquarters, R&D, and sales)
 *3 Volume of CO₂ emissions reduction contributed by society's use of the OMRON Group's energy generation and savings products and services
 *4 Recycling of waste: 98% or higher

OMRON's Key Environmental Initiatives under SF2030

OMRON aims to solve social issues through the reduction of GHG emissions in its value chain and the establishment of a resource recycling model by 2030, as well as to achieve a state in which further competitive advantages are built.

▶ Reduction of GHG Emissions (Scope 1 and Scope 2: Emissions from the OMRON Group)

To reduce Scope 1 and Scope 2 emissions, we will promote thorough energy conservation and use of renewable energy to transition to clean electricity. Moreover, by utilizing the renewable electricity-derived "J-Credit Scheme"^{*1} provided by our own energy solutions business, and "self-consignment"^{*2}, we aim to achieve 100% renewable energy at our sites in Japan by fiscal 2024.

▶ Reduction of GHG Emissions (Scope 3, Category 11: Use of Sold Products)

With regard to Scope 3, we will promote power-saving design, downsizing and weight reduction of new products, and replacement with low-power-consumption products in each business to prioritize reductions in Scope 3, Category 11, which accounts for approximately 80% of OMRON's GHG emissions.

▶ Transitioning to a Circular Economy

In order to solve the problems of resource depletion and environmental destruction, we will work to transition to a circular economy through such initiatives as "transformation of business models," "extension of product life," "expansion of collection and recycling," "procurement of recyclable raw materials," and "maximization of recycling rates." Specifically, for "procurement of recyclable raw materials," we are reducing plastic waste in the

production process and replacing containers (outer packaging) for products with paper packaging materials. For "expansion of collection and recycling," we are promoting in-process recycling, collection and recycling of OMRON products in cooperation with partners and customers and reviewing the production process and improving the recycling rate of resin waste materials generated in the production process.

Major FY2022 Initiatives and Results

▶ Initiatives to Reduce GHG Emissions

We are reducing emissions steadily every year to achieve our environmental targets, exercising energy conservation and using cleaner electricity from renewable energy sources.

In fiscal 2022, we continued with capital investment into replacing existing equipment with more efficient, energy-saving equipment, operational optimization based on energy saving diagnostics, and expansion of solar power generation equipment. Furthermore, as a new initiative, we utilized J-Credits obtained through business activities and switched to renewable energy-derived electricity for 5 locations in total, equivalent to

1,052 MWh.

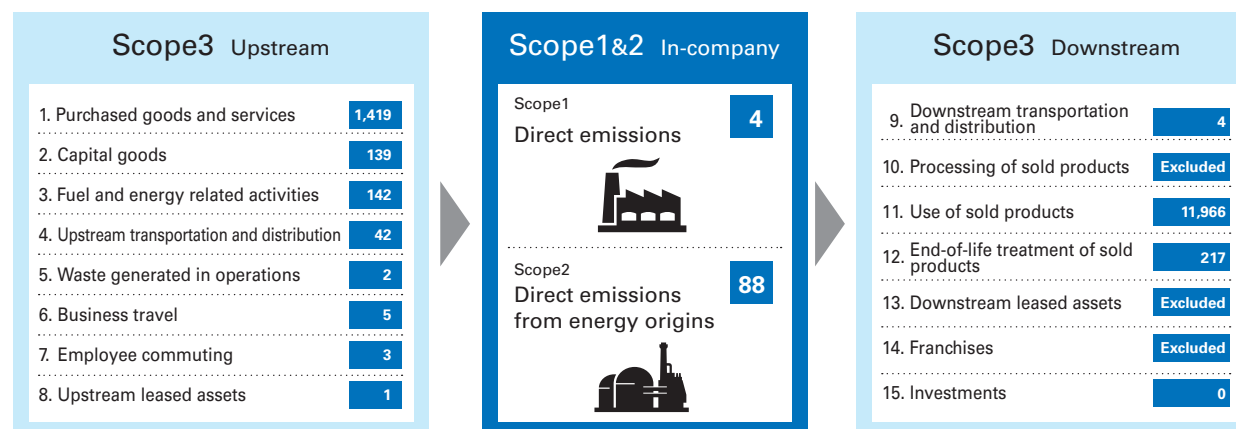
In addition to the above, we achieved a 62% reduction in GHG emissions (compared with fiscal 2016), due in part to the purchase of renewable energy-derived electricity in Malaysia and lockdowns in China. OMRON Group became the first Japanese manufacturer to join the EP100, and declared its commitment to doubling "energy productivity," which is the ratio of sales per gigawatt-hour (GWh), at all production sites of the Industrial Automation Business and the Healthcare Business by 2040 compared to 2016. At the Matsusaka Factory, which is a production base for blood pressure monitors and thermometers in Japan, the Industrial Automation Business and the Healthcare Business are working together to create a system to double production while reducing energy consumption. By offering the know-how gained through these initiatives to the world, rather than just retaining it within OMRON, we will contribute to the decarbonization of manufacturing industry and society.

^{*1} J-Credit Scheme: Under this scheme, the Japanese government certifies a company's environmental value (the effect of not emitting CO₂).

^{*2} Self-consignment: A power supply system that allows businesses that own their own power generation facilities to transmit and supply electricity generated by those facilities to their own factories and offices in remote places via the power grids of general power transmission and distribution business operators and use the electricity.

<FY2022 GHG Emissions>

Unit: Thousand ton-CO₂



▶ Initiatives to Transition to a Circular Economy

In addition to reducing waste by minimizing and streamlining use of resources, we are also promoting reuse and recycling and are working to reduce hazardous waste emissions. In fiscal 2022, 24 OMRON Group sites maintained or achieved zero emissions (12 in Japan and 12 overseas). Regarding container and packaging material use, despite increased sales due to higher customer investment in carbon neutrality and plastic-free initiatives and continued demand from the digital industry, due to logistical improvements and reductions in weight, container material use was down by 11% and packaging material use was down by 12%, compared to the previous year. In Japan, we will continue to work to save resources by monitoring and standardizing container and packaging use, in line with the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging. Water risks are a growing global concern due to water usage increases due to economic development and population growth. We are working to reduce water intake, with effective usage of water resources as one of the material sustainability issues laid out in SF2030. Since fiscal 2014, the OMRON Group has kept track of water resource data in accordance with CDP water security (CDP Water) standards. Along with fiscal 2017 sustainability issues, we established a set of environmentally related social issues for the Group to address. Accordingly, all of our production sites worldwide have been working to make more effective use of water resources. In fiscal 2022, water intake at all production sites worldwide was down 45% (compared with fiscal 2015) as a result of production site efforts to reduce water use.

▶ Biodiversity Efforts

OMRON strives to preserve healthy ecosystems and protect biodiversity through such measures as stabilizing the climate, purifying water and air, and reducing waste. To this end, we formulated the OMRON Group's Biodiversity Policy through a collaborative project with international NGO Conservation International (CI), clarifying our approach to preserving biodiversity in terms of both business activities and social contributions. We aim to strengthen biodiversity initiatives and disclosure, so as to better meet requirements of the TNFD (Task Force on Nature-related Financial Disclosures) and stakeholder expectations grasped through engagement.

▶ Green Procurement Initiatives

We specified ecology (reduction of environmental impact) and compliance (observance of laws, regulations, and social norms) as key programs that should be promoted across our supply chain. As such, we certify green suppliers from two perspectives: establishment of an EMS, environmental management system; establishment of a CMS, management system for chemical substances contained in products. During fiscal 2022, we certified 62 more suppliers, for a cumulative total of 3,188 suppliers. As a result of systems for thorough monitoring and management of chemical substances in products, there were no significant violations for the OMRON Group.

▶ Held Symposium on Latest Environmental Regulatory Trends in Europe

Laws and regulations in countries throughout Europe grow stricter each year. OMRON held a symposium to deepen understanding of Europe's rapidly changing environmental legal and regulatory trends, inviting

outside experts as speakers. The symposium was held in Japan in July 2023, with twenty managers from the Environment and Sustainability divisions attending to learn more about the latest trends in Europe in regards to climate change, energy policy and other such issues.

Employee Comments

By using the J-Credit Scheme, we contribute to carbon neutrality for society as a whole

"Promoting carbon neutrality at OMRON sites" is one of the objectives set forth in SF 1st Stage, and we are working to achieve Carbon Zero for all 76 sites inside Japan.

As one part of initiatives, we utilized the Japanese government's J-Credit Scheme for global warming, releasing "Our Eco Life Circle" in January 2022 to collect and utilize economic value created through home consumption of solar power. Solar generation and storage systems are offered by our Social Systems, Solutions and Service Business, and over 10,000 customers using these products have applied to join the point system, with the number steadily rising. In fiscal 2022, we achieved Carbon Zero for five sites and plan to expand that number further. In the future, we will continue to help popularize renewable energy and to contribute to achieving a carbon neutral society through our products and services.

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Disclosures in Line with TCFD Framework

With numerous major disasters occurring around the world due to extreme weather events, we at OMRON consider climate change to be one of the most important issues we face. OMRON is committed to creating carbon-neutral societies, as described in SF2030.

In February 2019, OMRON endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on this endorsement, since 2020 we have carried out multiple scenario analysis, identifying both risks and opportunities presented by climate change for our businesses, strategies, and financial plans.

Furthermore, in addition to incorporating these analyses into integrated risk management under a common group framework, we have also been pursuing integration of business operations, under oversight of the Board of Directors, with the aim of consistency with SF2030 and business strategies. Finally, we are working to strengthen engagement with shareholders, investors, and other stakeholders through proactive disclosure of these measures.

Scenario Analysis in Line with TCFD Framework

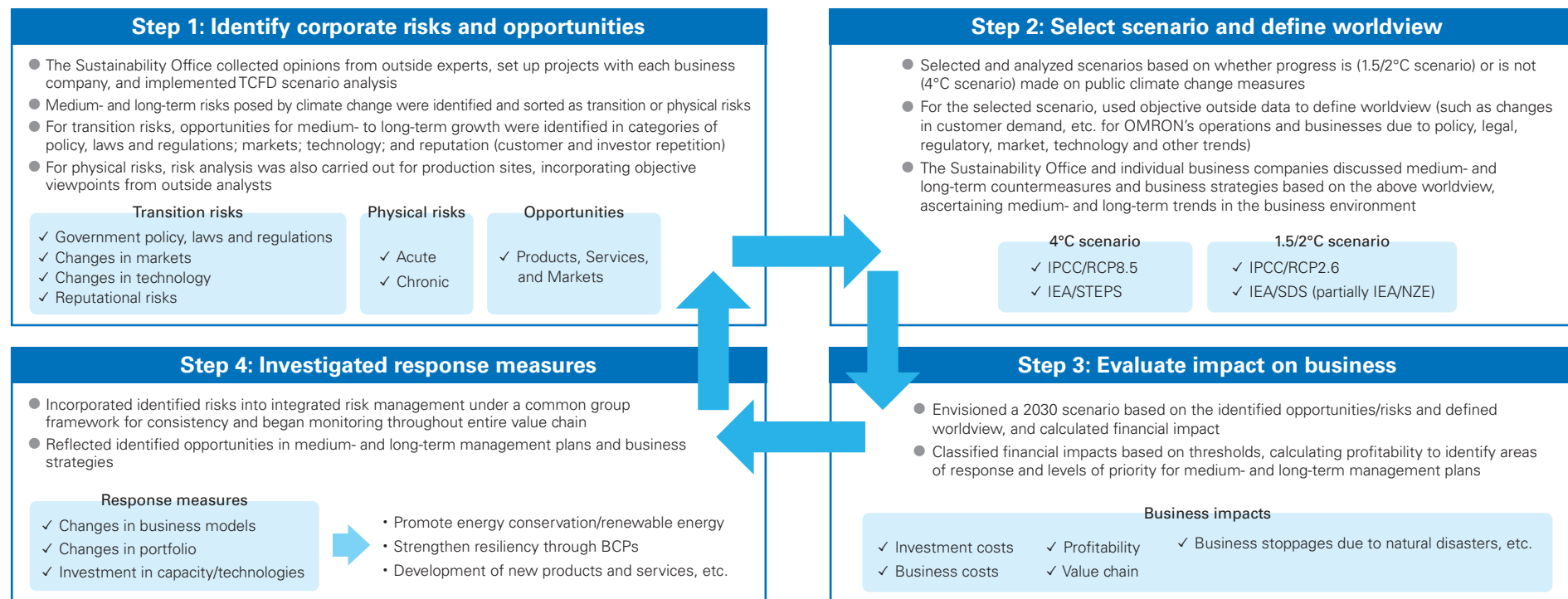
OMRON's Sustainability Office, in accordance with the basic steps for scenario analysis released by the Ministry of the Environment, cooperated with each

head office division and business company to construct a system for scenario analysis. Transition, physical and other risks to OMRON business strategies posed by climate change were analyzed according to the four steps shown below.

Disclosure in Line with the Four Overarching Recommendations of the TCFD

In fiscal 2022, we pursued initiatives and disclosed information according to the four thematic pillars recommended by the TCFD: governance, strategy, risk management, and indicators and targets.

<Scenario Analysis Steps>



Governance

▶ Role of the Board of Directors / Monitoring System

The OMRON Corporate Governance Policy clearly stipulates that the Board of Directors shall determine and disclose the OMRON Group's sustainability policy, material sustainability issues, and targets, including initiatives to address climate-related risks based on the TCFD and other frameworks.

In accordance with TCFD recommendations and in connection to SF2030 and SF 1st Stage, the Executive Council and the Sustainability Committee discuss risks, business opportunities, targets, and specific measures related to climate change for each business, as identified by scenario analyses, make decisions, manage progress, and conduct monitoring on a regular basis, and consider corrective measures, as necessary. The Board of Directors receives, on a regular basis, reports on what has been discussed and decided by the Executive Council and deliberates on and supervises the matters.

Evaluations concerning the GHG emissions reduction target and evaluations based on sustainability indicators (Dow Jones Sustainability Indices) by third parties are included among the evaluation indicators for the medium- to long-term, performance-linked compensation for internal Directors and Executive Officers for the period from fiscal 2021 to fiscal 2024.

Strategy

▶ Short-, Medium-, and Long-term Climate-related Risks and Opportunities and Responses

In SF2030 and SF 1st Stage, we have defined "achieving decarbonization and lower environmental impact" as a material sustainability issue. Viewing climate change from two aspects, opportunities and risks, we are committed to fulfilling our corporate social responsibility and further building our competitive advantage. In order to prevent the expansion of the serious impacts of climate change

on ecosystems and human society, we will work to reduce GHG emissions throughout its value chain through "Products and services that contribute to carbon neutrality," "Evolved business models that combine products and services," "Co-creation with our partners" "improved energy efficiency," and "expanded use of renewable energy."

Amid these initiatives, we analyzed risks and opportunities based on two scenarios as announced by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and others: one assuming a rise in global average temperature of 4°C or more, and the other assuming that the increase in global average temperature is kept to below 2°C (1.5°C in some cases) as agreed under the Paris Agreement. We reaffirmed that we must act to solve climate change issues. Specifically, in the field of industrial automation, we will develop innovative-Automation to establish manufacturing sites that support a sustainable future of job satisfaction and harmony with the environment, and will aim for automation that increases productivity and energy efficiency. In the field of social solutions, OMRON has already contributed to the spread of solar power generators and storage batteries. Moving forward, we will contribute to the further spread of renewable energy by eliminating instable generation through advanced energy control technologies. Additionally, in the field of device and module solutions, we will accelerate development and supply of energy- and resource-saving products designed to satisfy the growing interest in improving environmental performance and reducing carbon footprints. OMRON connects with society in a variety of ways, and will contribute to the realization of a carbon-neutral society on multiple fronts. In fiscal 2022, OMRON became the first Japanese manufacturer to join the EP100, and declared its commitment to doubling "energy productivity," which is the ratio of sales per gigawatt-hour (GWh), at all

production sites of the Industrial Automation Business and the Healthcare Business by 2040 compared to 2016. At the Matsusaka Factory, which is a production base for blood pressure monitors and thermometers in Japan, the Industrial Automation Business and the Healthcare Business are working together to create a system to double production while reducing energy consumption. By offering the know-how gained through these initiatives to the world, rather than just retaining it within OMRON, we will contribute to the decarbonization of manufacturing industry and society.

▶ Companywide Sales Targets and Progress in Contributing to Carbon Neutrality through our Businesses

SF 1st Stage includes a company-wide sales target (Green Revenue) of 130 billion yen from sales contributing to carbon neutrality. In fiscal 2022, we accelerated efforts to become carbon neutral and achieved 109.2 billion yen in sales (+105% over plan).

<Major Approaches in FY2022>

Governance	<ul style="list-style-type: none"> ● Clarified responsibilities toward sustainability, including in terms of the environment and climate change, for Board of Directors ● Appointed an executive officer in charge of sustainability ● Strengthened the Sustainability Committee's Value Chain Environmental Response Subcommittee
Strategy	<ul style="list-style-type: none"> ● Accelerated business activities for achieving a carbon neutral society ● Reevaluated risk and opportunity impacts for four business domains based on multiple scenarios ● Reanalyzed physical risks for 15 key global OMRON production sites
Risk management	<ul style="list-style-type: none"> ● Aligned company-wide integrated risk management with environmental risks
Indicators and targets	<ul style="list-style-type: none"> ● Strengthened energy conservation, renewable energy and energy creation initiatives to achieve FY2022 SBTi targets

Evaluated Business and Financial Impacts of Climate Change

- Assumed period: Period covered by SF2030 (through fiscal 2030)
 - Adopted Scenarios:
 - 4°C Scenario: IPCC/RCP8.5, IEA/STEPS
 - 1.5/2°C scenario: IPCC/RCP2.6, IEA/SDS (portions of IEA/NZE)
 - Time Horizon: Short-term: less than 3 years; Medium-term: 3 to 10 years, Long-term; 10 to 30 years
 - Scenario analysis targets: Existing business
 - Definition of business and financial impact (large, medium, and small)
- <Impact on risk: Positive or negative impact on operating income>

Large	We expect ongoing regulations, policies, etc. on climate change at our customers, markets, etc., to have an impact in the future, resulting in an estimated impact on operating income (single-year) of 10 billion yen or more.
Medium	A movement against climate change is already ongoing among our customers, markets, etc. We expect ongoing impacts to continue. However, we expect responses to change over the medium to long term, depending on whether consumers are accepting and on judgments related to return on investment. As a result, we expect the impact on operating income (single-year) to be between 3 billion yen and 10 billion yen.
Small	A movement against climate change is already ongoing among our customers, markets, etc. However, we expect the medium- to long-term impact to be limited. As a result, we estimate the impact on our operating income (single-year) to be less than 3 billion yen.

<Overview of the OMRON Group’s climate-related risks and opportunities and responses>

Type of opportunities	Time horizon	Overview of opportunities	Business and financial impact		Response to risks
			1.5°C/2°C	4°C	
Transition	Government policy and regulations	• Increase in business costs (introduction of carbon tax, emissions trading, circular economy regulations, etc.) as a result of complying with climate change regulations	Small	Small	• Systematically promoting energy conservation and renewable energy (introduction of high-efficiency air conditioning systems, expansion of in-house renewable energy generation, procurement of J-Credits from the social systems business, etc.)
	Markets and technology	• Increased competition in areas related to decarbonization, such as improving the environmental performance of products and reducing the carbon footprint of products	Small	Small	• Developing products and services to solve environmental issues, such as reduction of GHG emissions and compliance with circular economy regulations
	Reputation	• Changes in reputation due to inability to meet customer needs • Changes in investor evaluation due to poor performance attributable to inability to capture the needs associated with the resolution of environmental issues	Small	Small	• Attracting ESG investment and enhancing the added value of our products through proactive response to climate change and the circular economy
Physical	Acute	• Suspension of production facilities and procurement of parts and materials at sites and partner factories due to increased severity of natural disasters (flooding, torrential rain, water shortages, etc.)	Small*	Small*	• Strengthening resilience by reestablishing business continuity plans (BCPs) of OMRON sites • Expanding procurement sources, particularly semiconductors, continuing the switch to materials with low procurement risk by design changes, formulating a supply chain strategy for greater resilience from a medium- to long-term perspective

Type of opportunities	Time horizon	Overview of opportunities	Business and financial impact		Response to risks
			1.5°C/2°C	4°C	
Products, services, and markets	Industrial Automation Business	Increased opportunities to provide factory automation equipment in the following business fields: [By field] • Digital devices: Increased demand for semiconductors to support the spread of environmentally friendly vehicles and EVs • Environmental mobility: Increased demand for EV-related components such as rechargeable batteries and for EVs • Food and daily necessities: Increased demand for environmentally friendly packaging materials such as plastic-free packaging materials to realize a decarbonized society • Growing need for decarbonization of production processes	Large	Medium	Providing innovative-Automation solutions to the needs associated with production method changes, new capital expenditure, and enhanced energy productivity at production sites
	Healthcare Business	Increased demand for environmental performance due to the expansion of ethical consumption	Small	Small	• Capturing consumer demand by enhancing environmental performance (carbon reduction, circular economy, etc.)
	Social Systems, Solutions and Service Business	The following trends accelerate the increasing energy management needs in response to decarbonization, and rising electricity prices: [Common] Acceleration of the models toward private energy creation, storage, and use, due to the expansion of the renewable energy, livestock energy, and energy management markets Expanded solar power generation systems and increased demand for PV inverters associated with municipal ordinances and residential solar incentives Increased demand for bi-directional charging systems and energy supply-demand control systems in response to stronger measures against natural disasters and the soaring cost of energy [By field] Households: Increased demand for private power generation and storage battery systems due to preferential measures for solar power roof installations and the need for stronger measures against natural disasters Business/industry: Accelerated decarbonization and increased installations of solar power systems and energy supply-demand control systems	Medium	Small	• Expanding sales of PV inverters and storage batteries further in the energy management markets that utilize solar and other renewable energy sources • Securing V2X and other new technologies in the energy management market
	Device & Module Solutions Business	Increased opportunities to provide electronic and mechanical components because of the following: [Common] • Increased interest in enhancing the environmental performance of products and reducing their carbon footprint [By field] • Home appliances: Increased demand for air conditioning systems due to rising average temperatures and increased demand for air conditioners with inverters due to the need to strengthen measures to reduce GHG emissions associated with air conditioning systems. • Power tools: Accelerated shift to electric tools due to the need to strengthen measures to reduce GHG emissions associated with product use, leading to increased demand for DC current interruption • FA: Increased demand for new products (EVs, next-generation power semiconductors, recycled plastics, alternative foods, etc.) and increased demand for introduction of new FA equipment and replacement in line with the progress of decarbonization of production processes	Small	Small	• Accelerating development and provision of electronic components that contribute to energy saving of customer products and reduction of the carbon footprint of manufacturing processes, including customer production processes • Timely monitoring of market trends to capture opportunities associated with changes in demand and design of products for decarbonization

* We analyzed physical risks using hazard maps and AQUEDUCT for 15 major production centers, mainly in Japan and China. Although it is clear that two centers would be exposed to risk in the event of a once-in-a-century disaster, the annual impact, taking into account the replication period, is extremely small for both the 1.5/2°C and 4°C scenarios. Therefore, we rated the impact as small.

| Physical Risk Adaptation Plan

Regarding water risks, looking ahead to 2030, we have assessed all of our global locations (including existing and new businesses) to identify sites with high water risks, using WRI AQUEDUCT (recognized as the standard for CDP water security assessment) and water risk analysis services provided by risk management consulting firms. Four OMRON sites were identified: two in China (Dalian and Shanghai), one in Brazil (Jundiai), and one in Italy (Frosinone). Fiscal 2022 water intake for these four sites totaled 212 thousand m³, which accounts for 20% of total water intake for the OMRON Group. OMRON voluntarily take initiatives to protect water resources so as to ensure business continuity, and has not been subject to any administrative guidance to cut intake or improve the quality of drainage.

We are also systematically implementing the following measures and more for sites with high levels of physical risks, such as water risk.

- i. Installation of generators
- ii. Subscription to logistic and property insurance
- iii. Ad-hoc review of disaster prevention manuals
- iv. Minimizing impact on product manufacturing (review of manufacturing processes)

| Risk Management

▶ Processes for Assessing, Identifying, and Managing Risk

The OMRON Group conducts scenario analysis for each business to identify a comprehensive set of “transition risks” and “physical risks” related to climate change. We then visualize the “time horizon” and “amount of impact on business and finances” of each of the extracted climate-related risks for each adopted scenario, and evaluated the degree of impact on business and finances. Based on the assessment,

we identify climate-related risks that are significant to OMRON, incorporating these results into companywide risk management as integrated business risk.

Important matters related to risk identification and formulation of countermeasures are reported to the Board of Directors. In fiscal 2022, we reevaluated the results of scenario analyses for the Industrial Automation Business, Healthcare Business, and Device & Module Solutions Business carried out in fiscal 2021, and re-performed scenario analysis for the Social Systems, Solutions and Service Business. We also reviewed risk assessment at main manufacturing centers in each of our businesses, visualizing the time horizon and amount of impact on business and finances for each scenario for transition and physical risks associated with climate change.

▶ Status of Integration into Group-wide Risk Management

Recognizing the importance of establishing a system to manage risks on a Group-wide basis, OMRON is implementing integrated risk management under a common framework throughout the Group. We identify and assess climate-related risks as significant Group risks for the Group and monitor risk management by aligning these risks with the risks identified by scenario analysis.

| Indicators and Targets

▶ Indicators for Climate-related Risks and Opportunities

We have established indicators for Scope 1, 2, and 3^{*1} greenhouse gas emissions and for renewable energy as a percentage of electricity used in our business activities. We use these indicators to manage risks and business opportunities.

▶ Targets and Results of GHG Emissions (Scope 1, 2, and 3)

OMRON believes that creating an environmentally sustainable society corresponds to the OMRON Principle of “contributing to a better society,” and set the OMRON Carbon Zero target in July 2018, aiming to reduce GHG emissions in Scope 1 and 2 to zero by 2050.

In March 2022, stepping up its initiatives to realize a carbon-neutral society, OMRON changed the scenario for reduction of GHG emissions in Scope 1 and 2 from a 2°C scenario to a more aggressive 1.5°C scenario. For Scope 3, Category 11, we have also set a new target of 18% reduction by 2030 (compared to fiscal 2016). These targets are certified by the Science Based Targets initiative (SBTi)^{*2}.

^{*1} Scope 1 and 2: Direct and indirect GHG emissions from the company
Scope 3 Category 11: Scope 3 corresponds to GHG emissions from the company's value chain. Category 11 of Scope 3 corresponds to emissions from use of manufactured/sold products, services, etc.

^{*2} SBTi: An international initiative that encourages companies to set science-based medium- to long-term GHG emissions reduction targets

FY2022 Initiatives and Progress

Japan

Number of Carbon Zero sites*3

FY2022 target: 9 sites → Result: 10 sites

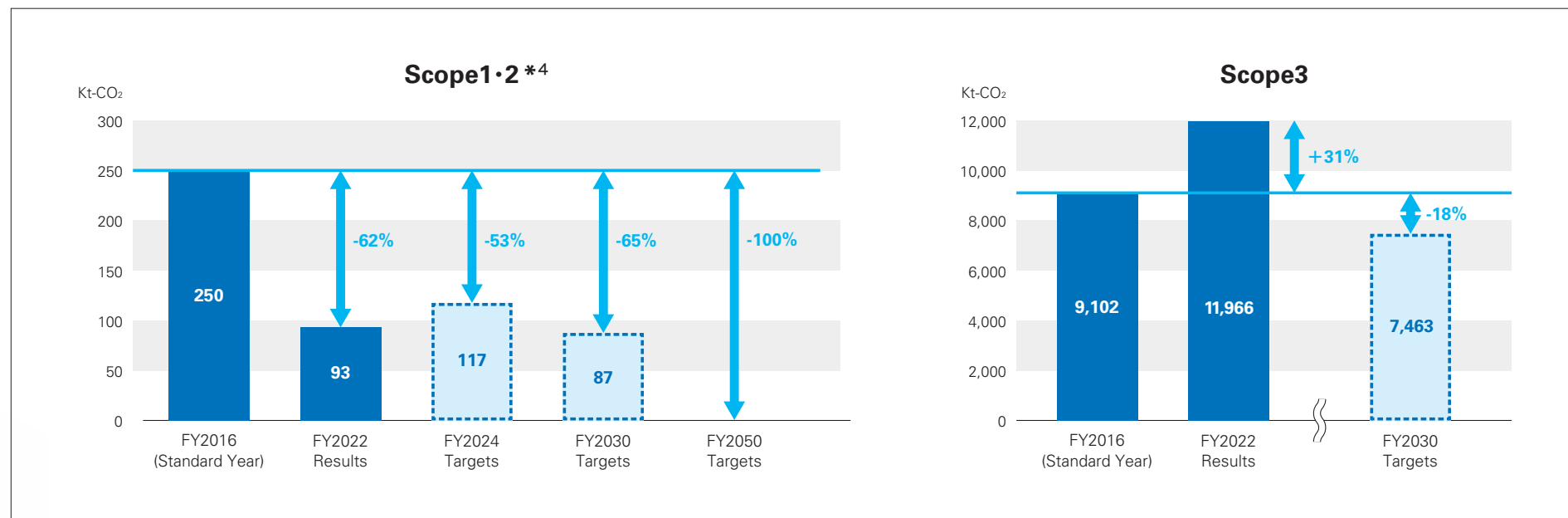
- Expanded productivity solutions from Industrial Automation Business throughout Group
- Began self-consignment (Keihanna Technology Innovation Center)
- Expanded use of J-Credits acquired through business

Global

Expanded energy creation and conservation initiatives

- Procured renewable energy (Malaysia)
- Installed new solar generation facilities (China)
- Expanded energy conservation at each site

<GHG Emission Targets and Results>



*3 GHG emissions (Scope 2) from OMRON's electricity use at 13 production sites and 63 non-production sites (headquarters, R&D, and sales).

*4 GHG emissions (Scope 1 and 2) for fiscal 2022 will be disclosed on the OMRON corporate website. These results have been verified to a limited level of assurance by the third-party assurance firm Bureau Veritas Japan Co., Ltd. These limited assurance engagements are in accordance with the International Standards on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information of the International Auditing and Assurance Standards Board.