

Acting on the OMRON Principles and Human Capital Management

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Global Human Resources and

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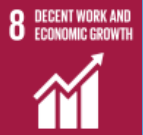
Today's Takeaways

- We believe our people and our organization are the drivers of growth under VG2.0. To coincide with the start of VG2.0, we enhanced our initiatives to accelerate this growth.
- We have set initiatives and targets in the following areas: 'Attracting and developing human capital', 'Diversity and inclusion', 'Employee wellbeing', 'Occupational health and safety' and 'Respect for human rights and labor practices'.
- To create an environment that encourages our employees to continue to challenge themselves to implement the OMRON Principles in their work, we created TOGA (The OMRON Global Awards) in FY2012. From FY2017, to further support employees taking initiative, we have tied behaviors such as creating innovation or day-to-day tasks to the satisfaction of solving social issues.
- We have also initiated engagement surveys from FY2016, to give management insight into what global employees are feeling and a grasp of organizational management issues. Addressing such issues elevates the attractiveness of OMRON as a workplace.

Sustainability Targets: Human Capital Management



Key Initiatives



Social Issues	FY2020 Targets & KPI
Attracting and Developing Human Capital	<ul style="list-style-type: none">• Evolve and advance TOGA to act in the spirit of the OMRON Principles- Ratio of non-Japanese in managerial positions overseas: 66%- Accelerate PDCA cycle via employee engagement surveys
Diversity & Inclusion	<ul style="list-style-type: none">• Ratio of women in managerial roles (OMRON Group in Japan): 8%• Disability employment: Expand hiring above the legally mandated level
Employee Wellbeing	<ul style="list-style-type: none">• Participation rate for mental health education: 100% (domestic)• Mental Toughness Deviation Scores: 55 (domestic)

Sustainability Targets: Human Capital Management



Key Initiatives



Social Issues	FY2020 Targets & KPI
Occupational Health and Safety	<ul style="list-style-type: none">• OHSAS18001 certification: # of accredited locations >80% of total production (in value terms)• OHSAS leaders/teams in place: All target sites• Participation rate in training for leaders/teams: 100%
Respect for Human Rights and Labor Practices	<ul style="list-style-type: none">• Formulation and implementation of human rights due diligence process• Ratio of production bases where risk analysis and remedial measures have been implemented: All production sites

**Evolve and Advance TOGA to Act in the
Spirit of the OMRON Principles**

Our Mission

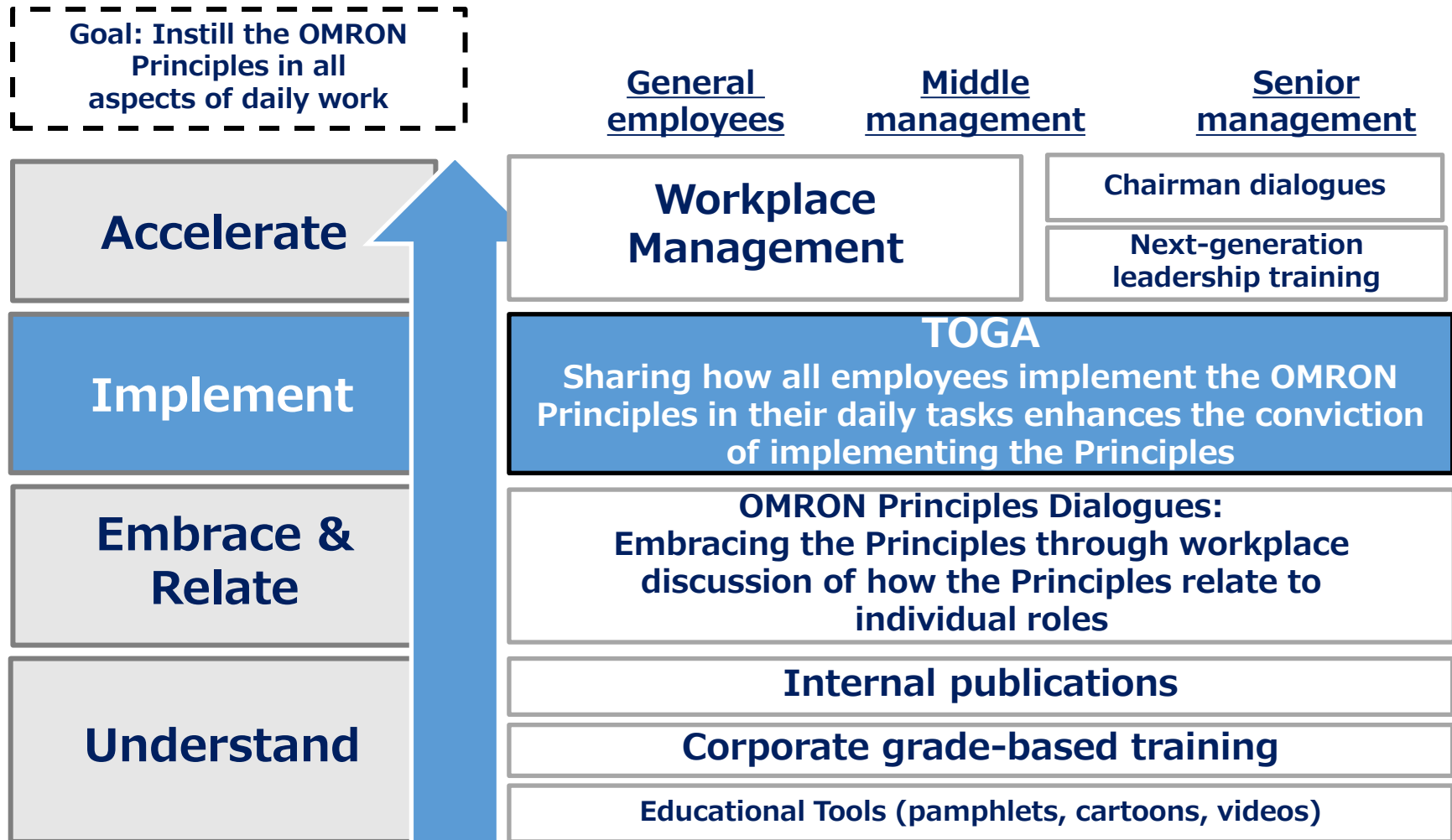
To improve lives and contribute to a better society

Our Values

- **Innovation Driven by Social Needs**
Be a pioneer in creating inspired solutions for the future.
- **Challenging Ourselves**
Pursue new challenges with passion and courage.
- **Respect for All**
Act with integrity and encourage everyone's potential.

Overview: OMRON Principles and TOGA

Start TOGA in FY2012 on a global basis to support employees in implementing the OMRON Principles in the workplace



What is TOGA ? (The OMRON Global Awards)

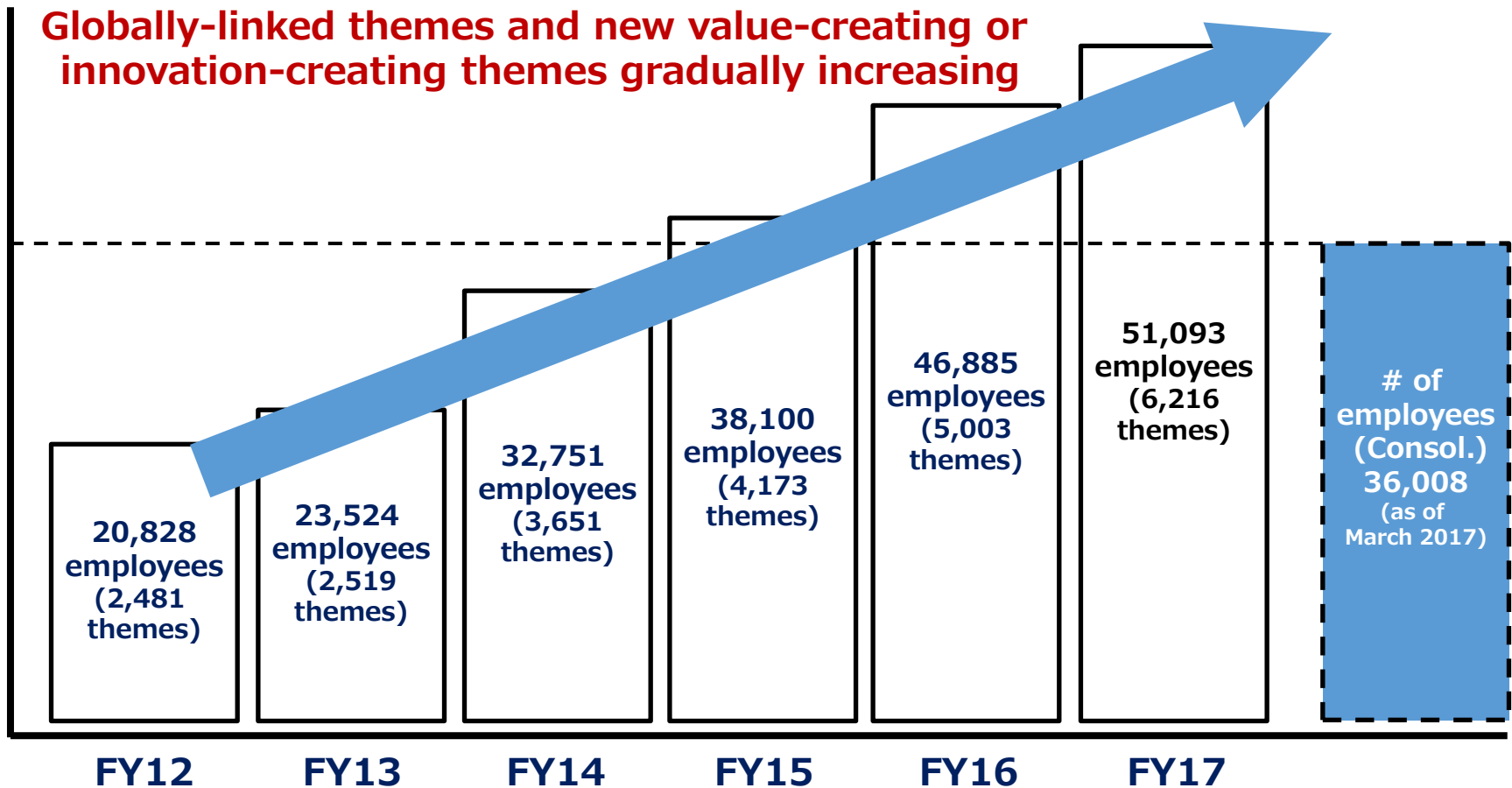
An annual global group-wide awards program designed to foster a culture in which employees continue to challenge themselves in implementing the Principles

3 Key Features

- 1. At time of entry, teams declare the challenge they will take on and must follow through**
- 2. Entries will be evaluated on how strongly they relate to the Principles**
- 3. The resulting value created through the challenges will be shared on a Group-wide basis**

Trends in TOGA Participation and Entry Themes

The number of TOGA entry themes and participants continue to increase annually.
Cumulative participation over the last 6 years:
213,181 participants, 24,043 entries



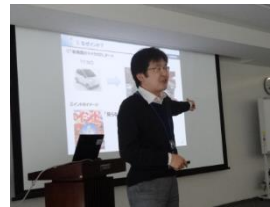
Annual TOGA Cycle

The TOGA cycle starts on May 10th, Founder's Day, and ends on Founder's Day in the following year, when the next cycle starts

- May 10
- Founder's Day
- Global Final

Feb. – Mar.
Regional presentation and selection process

Dec. - Jan.
Presentation and selection process within individual divisions & group companies



You are "THE ONE" who is contributing to a better society.

You and your team member's unswerving commitment to Challenge in the face of great goals is the very foundation of Omron.

"It's like to do this!" "We will do this!"

Why not share your passion and ambition via TOGA?

All members of the Omron Group support each other's feelings. Let's get inspired and grow together.

Email address	<input type="text"/>
Company	<input type="text"/>
Password	<input type="password"/>
	<input type="button" value="Login"/>
	<input type="button" value="First time users"/>

If you cannot log in after 3 times, your account will be locked. Please contact the person in charge for assistance. If you cannot log in after being open, please reset your password.



May - Aug.
Entry:
Follows workplace discussions

What Goes Into the Annual Cycle?

The annual process makes it possible to deepen the sense of connection between the OMRON Principles and daily tasks



1. Initiate

- Reaffirm 'Why do this?', 'Who for?'
- Elevate conviction through public declaration
- Stimulate others through public declaration

2. Declare

3. Execute

- Mutual recognition of efforts enhances confidence

4. Share

- Discussion generates a broader sense of shared experience and motivation
- Take pride from public recognition

5. Embrace

- Not mandatory; encourage employees to find their own inspiration

TOGA Highlights: 1. Healthcare Business (Asia)

Social Needs

28% of adult population in Philippines has high blood pressure and cardiovascular conditions are the #1 cause of fatalities

Social Value & Omron's Contribution

In support of local government, distribute blood pressure monitors to medical institutions to promote daily medical check-ups

Result

Installation of 44,000 units in local **community medical** facilities.



Project leader for Philippines presenting at the Global Final

The strong desire to contribute to society led to the cross-border teamwork needed to develop product tailored to customer specifications, to be delivered in line with customer requirements.

(Philippines/Singapore sales companies, Vietnam plant)

Develop partnership with Philippine government

(Social approach: Participate in test case)

44,000 BARANGAYS Reach **101** MILLION Filipinos



Omron Products will reach even the farthest and poorest community in the Philippines, and will contribute to a better health for all.



TOGA Highlights: 2. Electronic & Mechanical Components Business (Korea)

Social Issue

Radiography technicians taking X-rays exposed to radiation on a daily basis

Solution Proposed

Develop wireless handheld switch that allows hospital technicians to operate X-ray equipment from a distance

Result

Enter into a strategic partnership with customer, take first step toward commercialization

<Presentation by team leaders>



<Wireless hand-switch leveraging wireless technology>



TOGA Highlights: 3. Global HQ (Japan)

Social Issue

SMEs struggling with labor shortages, young people unable to find full-time work (NEETs)

Solution Proposed

Developed/implemented a matching platform for SMEs and young people in search of work, two cohorts that might not ordinarily find each other

Result

Revolutionized the job search process for two cohorts with seemingly little hope for success: NEETs/shut-in young people hoping for full-time employment and SMEs not able to attract employees



PR video

Matched 12 job seekers with 24 companies



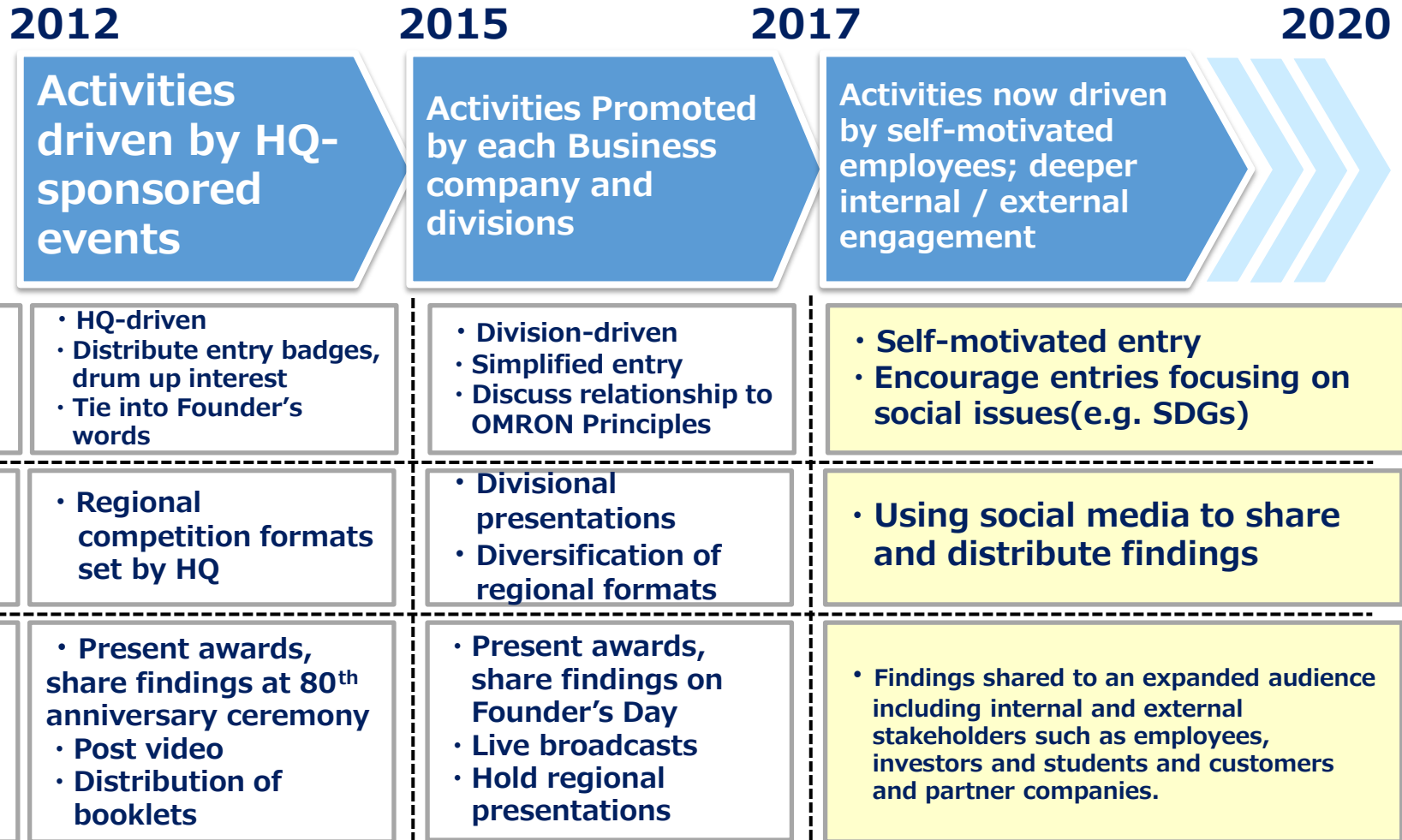
Companies waiting up to a maximum of 80 minutes to speak to a single job seeker!

Key team members



Evolution: Entering a New Phase

Clear progress in enhancing understanding and resonance to the OMRON Principles within the Group. The next challenge is to practice the Principles by going beyond internal business divisions to collaborate with external partners in order to solve social issues.



**Accelerate PDCA cycle via employee
engagement survey 'VOICE'**

Defining Engagement Surveys

1. Management tool to identify and address management issues

Positioned not as a diagnostic tool for the company, organization or employees but a tool to identify and address management issues on a global basis:
What employees want from management

2. Measure 'Employmentability' (Corporate's ability to attract and retain human resources)

An assessment of the attractiveness of OMRON as a workplace from the perspective of existing and prospective employees. Also a potential trigger for management in thinking about how to enhance attractiveness

3. A tool for understanding what employees really think

More than an aggregate, quantitative score, the open comment sections give management a window on what employees are really thinking, making it possible to raise issues that can form the basis for subsequent actions

Survey Overview

	FY2016				FY2017			
Respondents (Global total)	21,260				23,617			
Response rate (Global total and regional breakdown)	Region	Responses	Respondents	%	Region	Responses	Respondents	%
	Global	16,963	(21,260)	80	Global	19,957	(23,617)	85
	Americas	1,056	(1,855)	57	Americas	1,999	(3,137)	64
	Asia	1,045	(1,268)	82	Asia	1,751	(1,871)	94
	Greater China	3,279	(4,267)	77	Greater China	3,551	(4,090)	87
	Japan	9,988	(11,883)	84	Japan	10,878	(12,187)	89
	Europe	1,595	(1,987)	80	Europe	1,476	(2,114)	70
	Korea	-	-	-	Korea	301	(329)	91
# of open comments					Approx. 7,600			
Structure	55 questions Major categories: Engagement, customer-centric / awareness of quality, diversity, corporate ethics, OMRON Principles & VG 2.0, training / professional development, change and risk-taking, sense of belonging/job satisfaction, earnings management, team work, expectations for the survey				76 questions Major categories: Engagement, customer-centric / awareness of quality, diversity, corporate ethics, OMRON Principles & VG 2.0, training / professional development, change and risk-taking, sense of belonging/job satisfaction, earnings management, team work, evaluation of management, operational efficiency, work-life balance <small>Blue items added in FY2017</small>			

View of OMRON from the Engagement Survey

FY2017 results: YoY improvement in all businesses & regions. High level of resonance to OMRON Principles and corporate pride maintained. Will implement measures to respond to expectations expressed for enhancements to further facilitate acting on the Principles through daily work

FY2016: Key Findings

1. High level of resonance to OMRON Principles

2. High level of pride in company and own work

3. Expectations for increased opportunities for employees to challenge themselves for personal growth and achievements

FY2017: Key Findings

1. Even higher level of resonance to OMRON Principles

2. Expectations for greater empowerment

3. Expectations for improved operational efficiencies

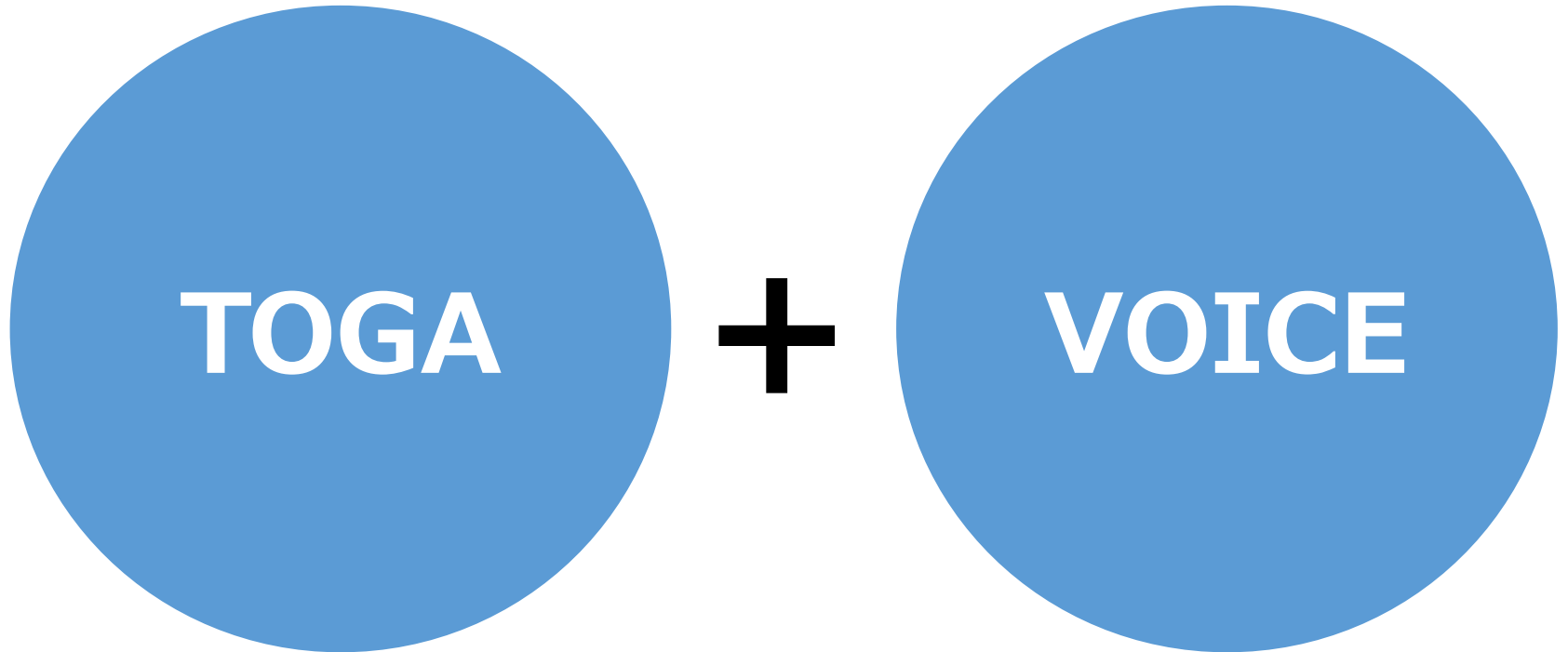
Actions Resulting from Engagement Survey

Key changes made in Japan and globally, based on FY2016 results. Currently debating the actions to be taken based on FY2017 results.

Actions resulting from FY2016 findings

Domestic Actions	Global Actions
<p>1. Lay the ground for diversification of working styles</p> <ul style="list-style-type: none">• Working from home (trial)• Introduction of paid leave on hourly basis• Develop communication platform (Introduction/promotion of O365) <p>2. Expand professional development programs to support self-motivated growth</p> <ul style="list-style-type: none">• Expand online educational tools• Financial support for expensive professional development training• Company-sponsored seminars after-hours	<p>1. Expand talent discovery / human capital development programs</p> <ul style="list-style-type: none">• Initiate global talent discovery process (Joint effort by local subsidiaries and regional HQs)• Identify and nurture talented young employees<ul style="list-style-type: none">-Create individual development plans-Online training (management basics)-Expanded merit-based training programs (English/Chinese-language) <p>*Develop in FY2017 for execution in FY2018</p>

In Conclusion



OMRON