

# **FY2020 ESG Presentation**



**March 1, 2021**  
**OMRON Corporation**

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# Corporate Philosophy Management and Sustainability

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Hello, everyone. My name is Igaki, and I am in charge of public relations and investor relations at OMRON. Thank you very much for your continued support. Thank you very much for taking time out of your busy schedule to participate in the ESG meeting today.

As Mr. Yamada, CEO of OMRON Corporation, stated at last year's ESG meeting, OMRON's sustainability initiatives are the very essence of our corporate philosophy.

From this perspective, I would like to begin with a briefing on the outline of our corporate philosophy management. In this presentation, I will use specific examples to show how the corporate philosophy has been put into practice by employees during the COVID-19 pandemic over the last year. This will be followed by the main topic of the day, an overview of our initiatives on environment and climate change.

Now, I would like to talk about corporate philosophy management and sustainability.

## OMRON Principles

**In 1959, OMRON Founder Kazuma Tateisi created the motto behind our growth: Solving social issues through our business**

### Our Mission

**To improve lives and contribute to a better society**



#### The spirit embodied in the founder's motto

- Companies have an obligation to serve society
- The determination to be a pioneer in driving social change

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OMRON's founder, Kazuma Tateishi, created our mission, which is the Company's constitution, in 1959, 25 years after the Company's founding. Tateishi's purpose in establishing the mission at this time was to achieve further growth by aligning the vectors of management and employees' will.

Please look at the black text in the middle of the slide where it says Our Mission.

“To improve lives and contribute to a better society,” is the mission.

Tateishi put two meanings into this mission. The first is the public nature of corporations, that they exist to serve society. The second is the determination of OMRON to be a pioneer in society, boldly taking on the challenge of innovation that no one else has yet achieved, and to realize a better society as a result.

The introduction of this mission created a sense of unity between management and employees, just as Tateishi had aimed to do, and led to OMRON's subsequent leap forward.

## 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.

Omron Principles

Revised May, 2015

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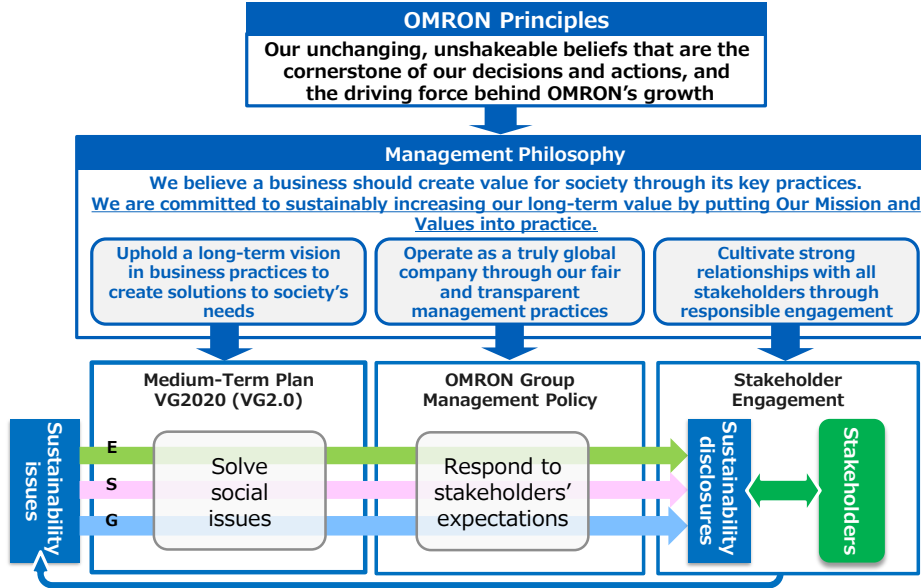
Today, OMRON carries on the spirit of the mission as its principles. Here is our current principles.

We have inherited the Company constitution established by our founder as our mission, and have established our values as the values that each and every one of our employees values in order to achieve this mission. There are three key elements: innovation driven by social needs, challenging ourselves, and respect for all. All of these are the action guidelines for employees that we at OMRON have cherished since the time of our founding.

Today, OMRON has made those principles the starting point of its centripetal force and the driving force behind its development, aiming to contribute to the development of society by solving social issues through its business.

## Corporate Philosophy Management: Rooted in our Principles

**The Management Philosophy creates a framework for embedding our Corporate Philosophy in our practices and operations**



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One of the characteristics of OMRON's management is that it does not merely uphold the principles, but also defines a management stance based on them and incorporates them into its business execution systems and operations. By doing so, we have created a system that allows all employees to practice our principles in their daily work. Here is a slide showing the structure.

Please look at the middle of the slide, where it says "Management Philosophy." OMRON's management stance is to aim for sustainable enhancement of corporate value through the implementation of its principles, based on the fundamental idea that a business should create value for society through its key practices.

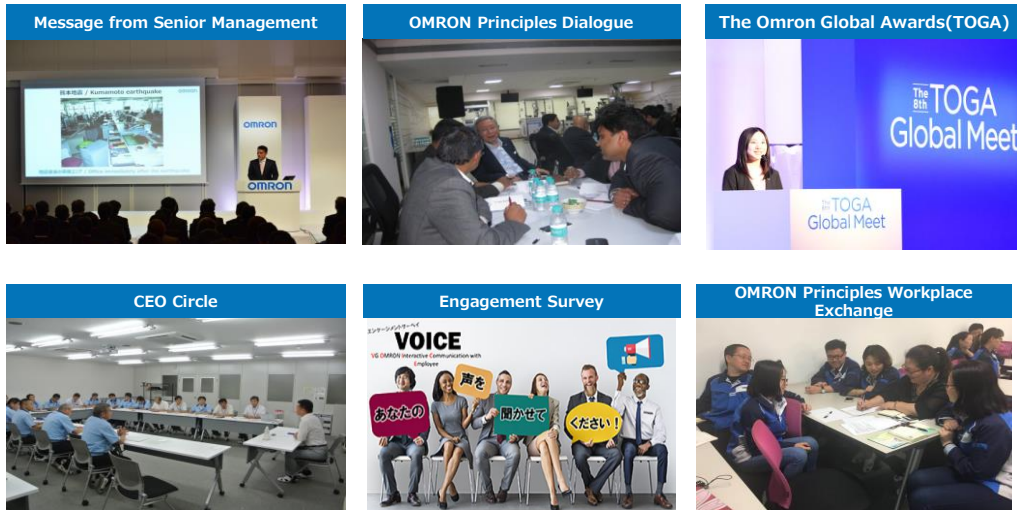
The specific initiatives consist of three pillars. Let us start from the left.

The first is to practice management from a long-term perspective in line with a long-term vision that looks ten years into the future. The second is to establish globally consistent policies for organizational management and to practice fair and transparent management. And finally, the third is stakeholder engagement, which involves working together with stakeholders to promote these management initiatives and build relationships of trust.

OMRON's focus on dialogue with stakeholders, including the disclosure of ESG information, financial information, reflects the Management Philosophy which clearly states: "Cultivate strong relationships with all stakeholders through responsible engagement." We believe that dialogue with our stakeholders will lead to the creation of a better society.

## Management Efforts to Inspire Resonance

**Wide variety of unique activities to expand the circle of resonance and deepen understanding of the OMRON Principles**



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So, how do we make our principles permeate all the way to the end of the organization? This slide shows a summary of some of the activities.

OMRON is engaged in a variety of activities, from communication by top management to discussions among employees, to expand the circle of sympathy and resonance with our principles.

As a result of these efforts, the corporate philosophy is deeply rooted in each and every employee, and a corporate culture has been fostered in which employees can take autonomous action based on the principles and take on the challenge of solving social issues.

Today, I would like to introduce two examples of how this globally fostered corporate culture has been incorporated into employee behavior, and how employees have put the principles into practice during the COVID-19 pandemic.

## Corporate Philosophy in Action During COVID-19 Outbreak: HCB

**Despite lockdown, the Italian production and development team increased production of medical aspirators to fulfil supply obligations**

**What is a medical aspirator?**

A suction device for patients on ventilators to aid breathing by removing mucus or bodily fluids from the respiratory tract



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The first is the medical nebulizer initiative in the healthcare business.

In Italy, a lockdown was implemented across the country last April in response to the expansion of COVID-19. Despite such restrictions,

OMRON Italy's healthcare business, which manufactures medical equipment, received permission from the government to go to work and continued its operations. They were quick to recognize the risk of a growing shortage in the supply of medical nebulizer as the number of ventilator-dependent patients increased and decided to increase production of medical nebulizer based on their on-site judgment.

OMRON's medical nebulizers are portable and can be used in temporary medical facilities such as intensive care units located outdoors. As a result, the demand for medical nebulizers has increased dramatically, as they are very useful in situations like this where the number of patients increases rapidly in a short period of time.

Even in the chaos of the lockdown, the Italian employees continued to fulfill their supply responsibilities in this way. We are still contributing to the early recovery of many patients by providing medical nebulizers.



**Corporate Philosophy in Action During COVID-19 Outbreak: IAB****Collaborated with a partner to develop a UV disinfection robot as a solution to COVID-19 transmission risk**

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Next, I would like to introduce an example from our control equipment business.

The second case is that of an employees working in the control equipment business in Europe. Please watch the video.

This is a demonstration of a UV radiation robot developed by Polish employees together with a partner for the purpose of fighting COVID-19. The COVID-19 pandemic has rapidly increased the need for sterilization and disinfection work in buildings. However, this kind of work carries the risk of secondary infection.

Focusing on this social issue, the employees took on the challenge of making this work unmanned. They took advantage of the characteristics of the OMRON mobile robots that were originally used in the factory to create this new UV irradiation robot. By using this UV irradiation robot, it is now possible to sterilize a building without exposing the workers to the risk of secondary infection.

**Corporate Philosophy in Action During COVID-19 Outbreak: IAB****Solutions created in Europe during the COVID-19 outbreak now being deployed globally**

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The resonance of this initiative has spread globally, and the UV illuminator robot solution has now been installed in more than ten countries around the world, including France, Canada, Brazil, Mexico, and Korea.

Furthermore, in Australia, mobile robots have been introduced to automate the transportation of medical equipment to operating rooms and consultation rooms in hospitals, using the technology of the UV illuminator robot.

In this way, OMRON's mobilerobots, which were originally intended for use in factory manufacturing, have been greatly expanding their applications to all aspects of our lives, inspired by employees' desire to create a better society.

**OMRON's Corporate Philosophy Management**

- **The Principles are embodied in how we conduct our business**
- **We have created a culture that is rooted in “Our Values”**
- **Our global employees are capable of taking initiative independently**

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In this way, the employees were able to act autonomously because, as I explained earlier, our principles have been incorporated into the systems and operations.

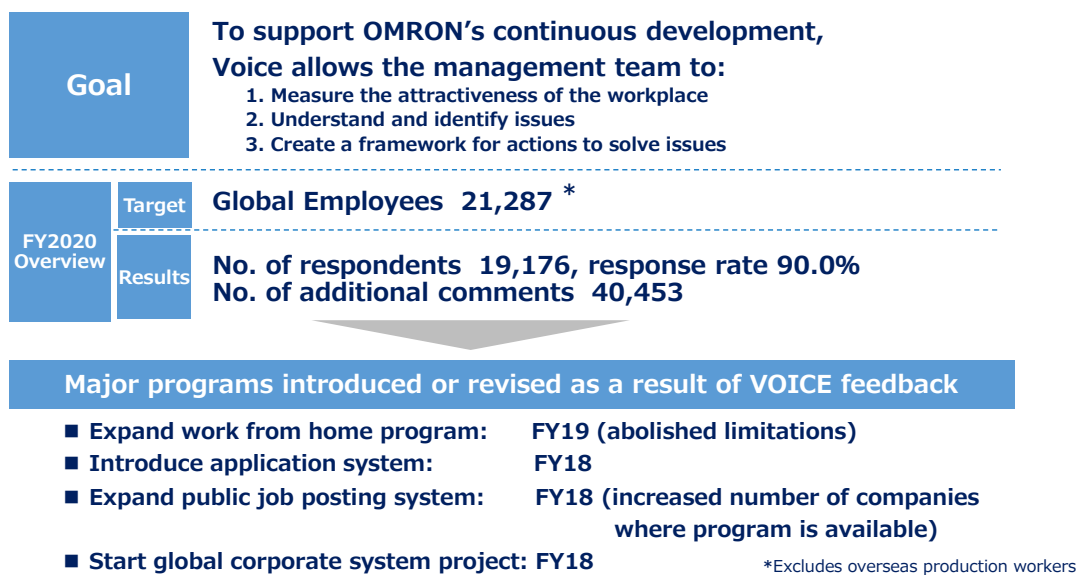
Specifically, based on the “Our Values” set forth in the principles, authority is transferred to the top company managers of the business and to the heads of the departments in the field around the world, thus creating a system that enables timely decision-making at the local level.

As a result, a culture based on “Our Values” was fostered in the workplace, and even during the COVID-19 crisis, employees were able to take the initiative in creating social needs to solve social issues without any angst on their own initiative.

And in order to keep those principles constantly evolving, OMRON has adopted a system to reflect the voices of employees as feedback.

## VOICE: Framework to Support Corporate Philosophy Management

**Using VOICE to identify and solve issues. 5-fold Y/Y increase in additional comments as employees engage with management**



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This is the employee engagement survey, VOICE, which was introduced at last year's ESG briefing.

VOICE is an initiative to measure the attractiveness of OMRON as a place to work, identify management issues, and take action to resolve them. This survey covers all global employees, except for factory workers on the production line.

In January of this year, the fourth VOICE was conducted after a two-year interval, and the response rate was 90%, up 6% from the previous VOICE. And the number of free comments increased fivefold, from about 8,500 last time to 40,000 this time.

According to the research company that conducts this survey, both the response rate and the number of free comments are extremely high compared to other companies. This proves that employees trust management and that they actively want to bring their voices to management.

CEO Yamada looks through all the free comments and other executives also look through the free comments of their organizations. Important items are discussed at the management meeting to decide on the necessary actions.

In fact, there are many cases where the comments received have led to the reaffirmation of management issues and the review of systems or the introduction of new systems. For example, the expansion of the work-at-home system, which was essential when working remotely during the COVID-19 pandemic, and the introduction of Office 365, a communication tool that is part of the corporate system, are initiatives that were implemented based on employee feedback received from VOICE to date. We plan to make use of the results of this VOICE in our future management.

The above is an explanation of OMRON's management through our principles.



# Sustainability and Environmental Initiatives

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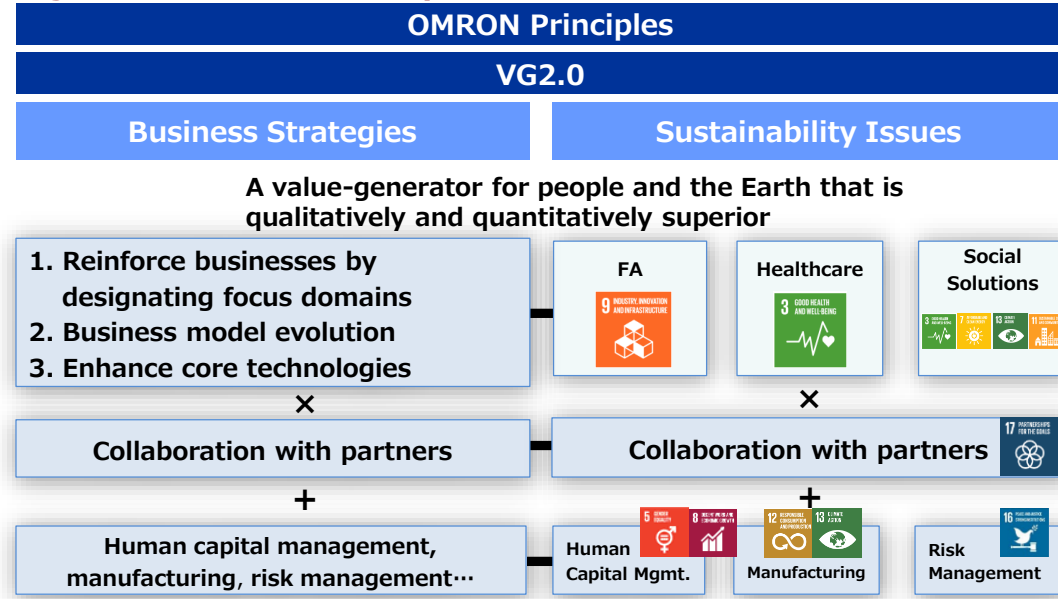
12

Next, I will explain OMRON's sustainability and environmental initiatives, which are the very essence of our corporate philosophy.

First, I will introduce the features of OMRON's sustainability initiatives, and then I will focus on the environment, which is a growing area of concern among ESG issues in the pursuit of a sustainable society.

## OMRON's Sustainability Framework

**Medium-term Plan earnings targets and business strategies aligned with sustainability issues**



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One of the characteristics of OMRON's sustainability initiatives is that it links and integrates performance targets, business strategies, and key sustainability issues in its medium-term management plan, VG2.0. Here is the outline of our current medium-term management plan, VG2.0, which started in 2017.

First of all, at the root is our principles, and based on those principles, the left side of the slide is the economic value, i.e., performance goals and business strategies. Relative to that, on the right side of the slide, we have set out the key sustainability issues that are linked to the SDGs.

The key sustainability issues are organized around two axes. The first is the social issues to be solved through the Businesses of FA, or Factory Automation, Healthcare, and Social Solutions, which are the focus domains of our business strategy. The other is the challenge of meeting stakeholder expectations, consisting of human resource management, manufacturing, and risk management, which are the pillars of the operational function strategy. Each item is linked to an issue of the SDGs.

In this way, VG2.0 has aimed to link performance targets, business strategies, and key sustainability issues, and to establish and clearly state specific sustainability issues, thereby creating a loop that involves people outside the Company in solving these issues.

## OMRON Environmental Policy

**Created Environmental Vision based on Corporate Principles.  
Initiatives aimed at the realization of a better, sustainable society**

### Vision: Green OMRON 2020

#### OMRON Group Environmental Policy

**In line with OMRON Principles, we will contribute to realizing sustainable societies, globally, by providing eco-friendly products and services that can contribute to the global environment and by efficient management of resources.**

- |   |                                       |
|---|---------------------------------------|
| 1. Provide eco-friendly products and services that can contribute to the global environment | 4. Co-existence with nature           |
| 2. Prevent Global Warming   | 5. Implement environmental management |
| 3. Use resources efficiently  |                                       |

#### OMRON Group Environmental Goals

- |   |   |
|---|---|
| 1. Reduction of greenhouse gas emissions                        | 4. Prevention of air, water, and soil contamination |
| 2. Appropriate management and reduction of hazardous substances | 5. Effective usage of water resources               |
| 3. Reduction of waste   | 6. Facilitating environmental management            |

Next, I will explain OMRON's environmental initiatives.

OMRON has built its environmental vision, Green OMRON 2020, based on our principles I explained earlier.

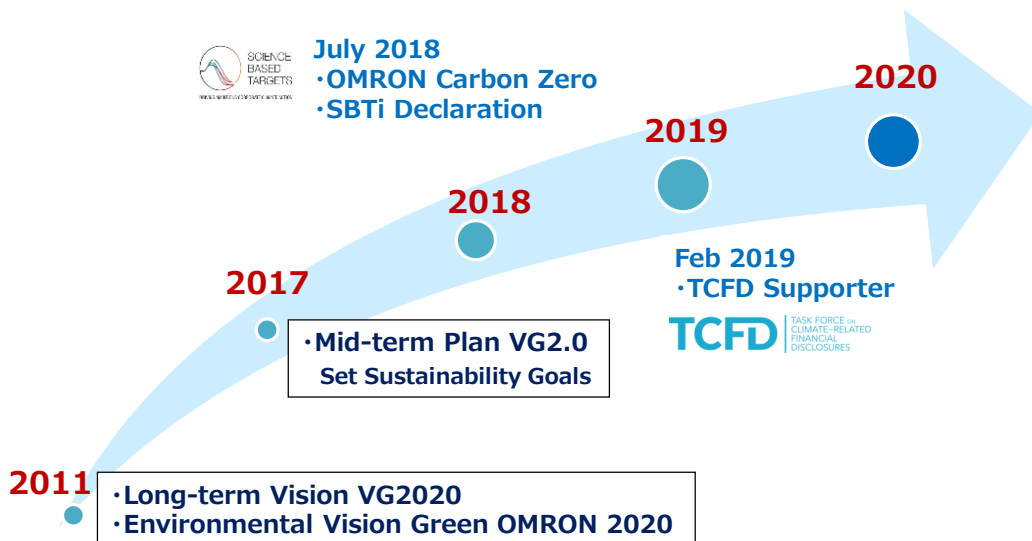
A better society, as described in Our Mission, is a sustainable society in terms of the environment itself. Specifically, a decarbonized society, a recycling-oriented society, and a society in harmony with nature.

OMRON's environmental vision is based on two pillars: to provide society with products and services that contribute to the environment through our business activities, and to operate our business in the most efficient way possible, using the materials, energy, human resources and other management resources entrusted to us by the Earth and society. And we are working on the five environmental policies and six environmental goals.

In line with this environmental vision, OMRON is continuously reviewing its efforts to deal with climate change while keeping abreast of changes in society.

## Evolution of OMRON's Climate Change Initiatives

Strengthened initiatives in line with our Environmental Vision and Policy



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Specifically, following the entry into force of the Paris Agreement in 2016, which aims to reduce the total amount of greenhouse gases, OMRON Carbon Zero was established in July 2018. At the same time, we also announced our participation in the SBT Initiative. Our goal is to achieve zero greenhouse gas emissions by 2050.

In February 2019, we announced our endorsement of the TCFD, recognizing the impact of climate change on the sustainable growth of society and ourselves. Currently, we are working on a company-wide initiative using the TCFD framework. Ms. Liu will explain the details later.



## Key Features of Our Environmental Actions

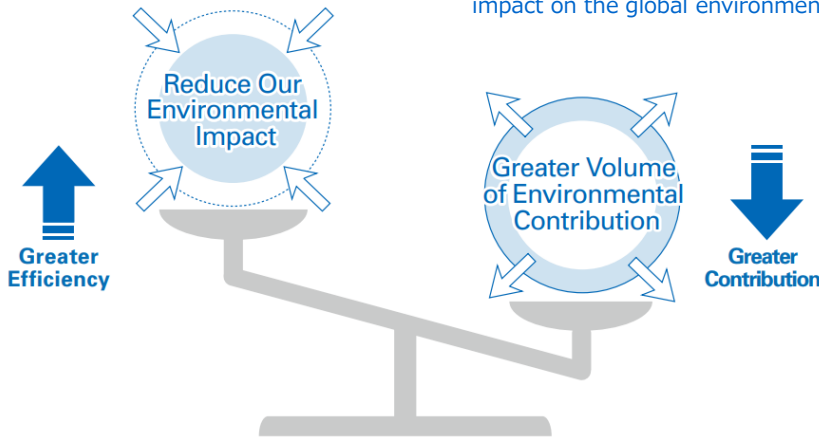
**Ongoing environmental activities on 2 fronts: Providing products and services that contribute positively to the environment, while reducing the environmental impact of our business activities**

**Maximize the Effective Use of All Management Resources**

(Improve energy, resource productivity)

**Products and Services Useful to Society**

(Grow our businesses that have a positive impact on the global environment)



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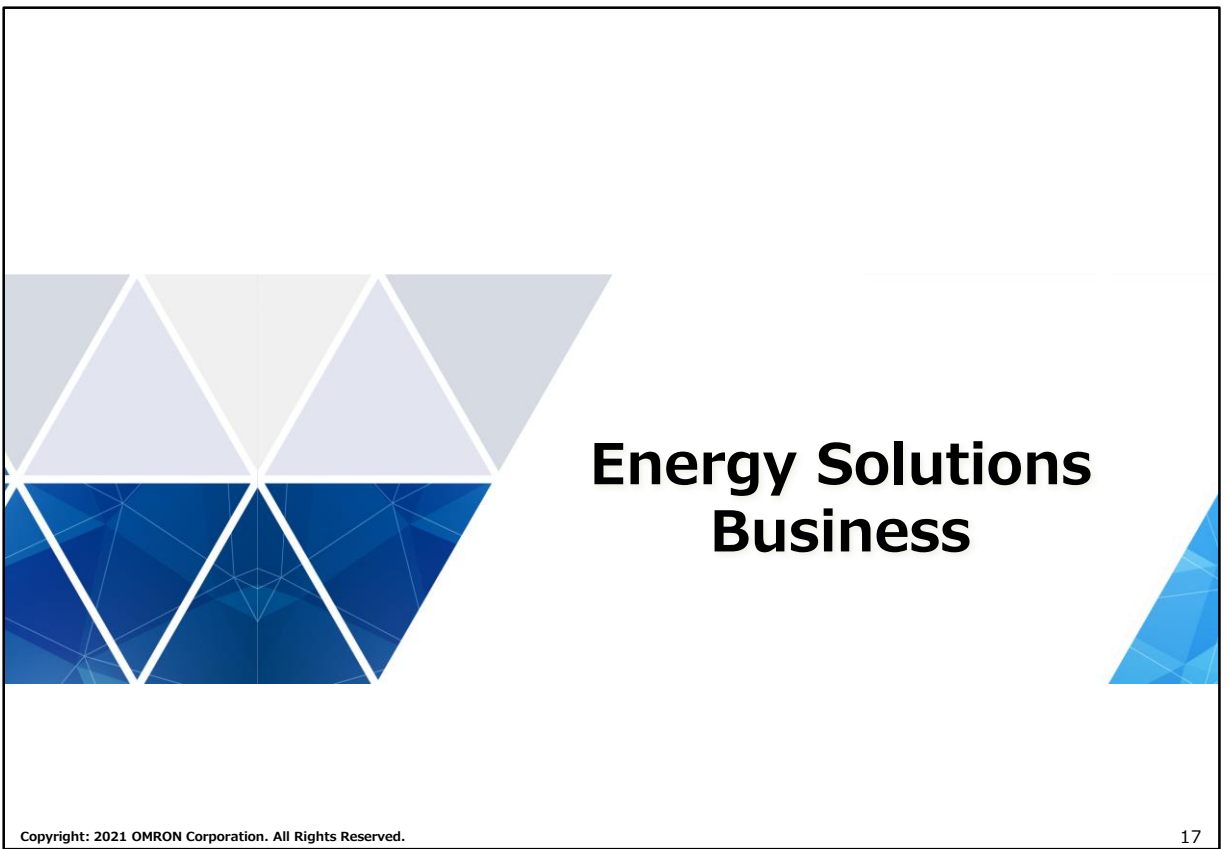
Next, I would like to explain the features of the environmental actions that OMRON is taking. OMRON's environmental actions consist of two types of actions.

The first is to contribute to the environment through the provision of products and services that are useful to society. For example, we contribute to the environment by providing products such as the PV inverters required for solar power generation and energy-saving nebulizers.

The second is to reduce the environmental impact of our business activities. For example, we are promoting energy conservation by visualizing the consumption of facilities such as air conditioning and lighting on production floors in our own factories and optimally controlling them according to production conditions.

Today, we would like to introduce some of these specific initiatives in the following steps. First, we would like to introduce our energy solution business, which will be responsible for the future expansion of renewable energy from a business perspective.

Now, Mr. Tateishi, please.



## Energy Solutions Business

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Hello, everyone. My name is Tateishi, and I am in charge of the energy solutions business at OMRON Social Solutions. Thank you for the opportunity to be here today.

Until last year, I was involved in the energy business at the Environmental Business Division, which reports directly to the head office. Since this fiscal year, I have been working together with OMRON Social Solutions.

Today, I would like to explain about our energy solution business, which we are working on as one of the solutions to social issues through our Business.

## History of Energy Solutions Business

**Started 85 years ago with protective relay business in 1934, 1 year after OMRON's founding. Environmental Business Promotion HQ set up in 2009 as an incubation business reporting directly to the CEO**

1934



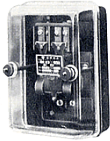
1994



2009



Now



Developed improved protective relay for timers



1<sup>st</sup> PV inverter developed, production started



Environmental Business Promotion HQ established



Integrated with SSB

OMRON has a long history in the energy-related business, having developed a product called a protective relay the year after its founding in 1933. This protective relay is a device that minimizes damage to equipment and facilities in the event of a disaster such as wind or flood. I heard that there was a lot of demand at that time due to major disasters such as the Muroto typhoon.

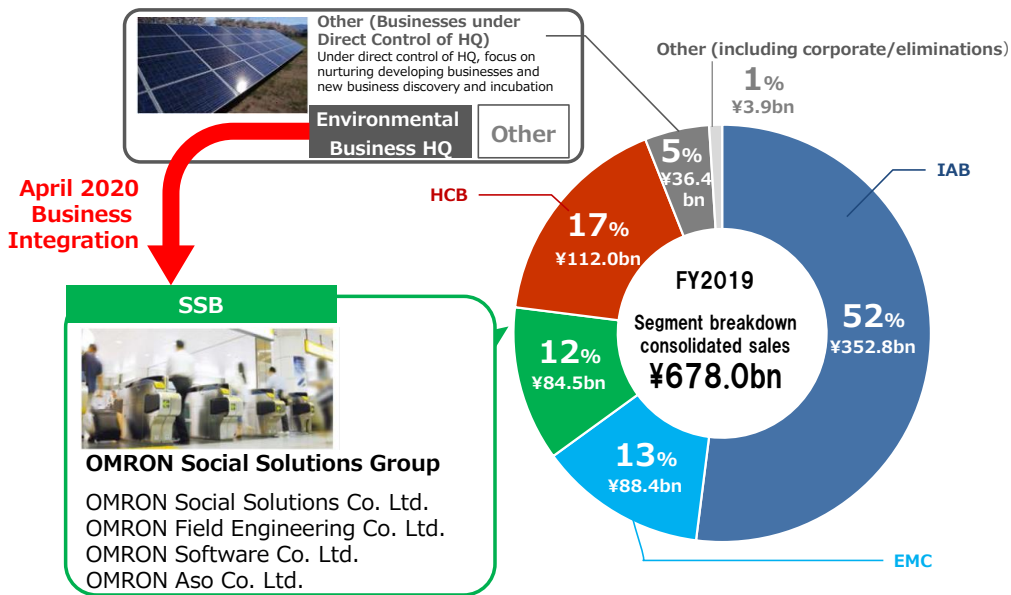
Later, in 1994, we started selling power converters used in solar power generation, called PV inverters, utilizing our protection relay technology.

Since 2009, we have been operating as the Environmental Business Promotion Division, which is directly under the control of the president and is responsible for incubation business, concentrating our resources. We have been developing a system that allows us to make decisions quickly in response to market changes.

Starting this fiscal year, we are integrating with OMRON Social Solutions in order to further strengthen our Business.

## Integration with SSB

**Bolster Energy Business by combining Environmental Business, Social Systems with respective strengths in components and engineering**



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The pie chart here shows the composition of consolidated net sales by business segment for fiscal 2019.

The Environmental Business Division was positioned as a part of the Other Business Division, which is under the direct control of the Head Office, as shown in the upper left. From April 2020, the Business was integrated with the Social Systems, Solutions & Service Business, one of our business companies.

In addition to OMRON Social Solutions Co. Ltd., the Social Systems, Solutions & Business includes OMRON Field Engineering Co. Ltd., which engages in maintenance and engineering, OMRON Software Co. Ltd., which develops software and cloud computing and OMRON Aso Co. Ltd., which manufactures power electronics components, as group companies.

Synergy with these group companies will be important to further strengthen the energy solution business.

## Vision for Energy Solutions Business

### OMRON Social Solutions: Mission

Create a vibrant society where people around the world enjoy safe, secure and comfortable lives

### Vision for Energy Solutions Business

**Realize a circular society for the next generation through energy optimization**

The corporate mission of OMRON Social Solutions is to “create a prosperous society where people around the world can continue to live in safety, security and comfort.”

In this context, the vision of the Energy Solution Business is to “realize a recycling-oriented society for the next generation through energy optimization.”

By promoting renewable energy to the maximum extent possible, we hope to reduce disasters and environmental destruction caused by global warming and contribute to the creation of an affluent society where people can live safely, securely, and comfortably without depending on finite fossil energy.

## Progress on VG2.0 Sustainability Issues (Social Solutions)

**Markets depressed by COVID-19 impact but expect a recovery going forward on rising market needs**

**Social Issues  
To be Solved**

- Increase in traffic accidents and traffic jams
- Global warming from CO<sub>2</sub> emissions
- Slow expansion of the renewable energy market

**Fiscal 2019  
Progress**

- Introduced tailgating detection function
- **Solar power system: Cumulative shipping capacity 9.6GW**
- **Storage battery system: Cumulative shipping capacity 438MWh**

**Fiscal 2020  
Goals**

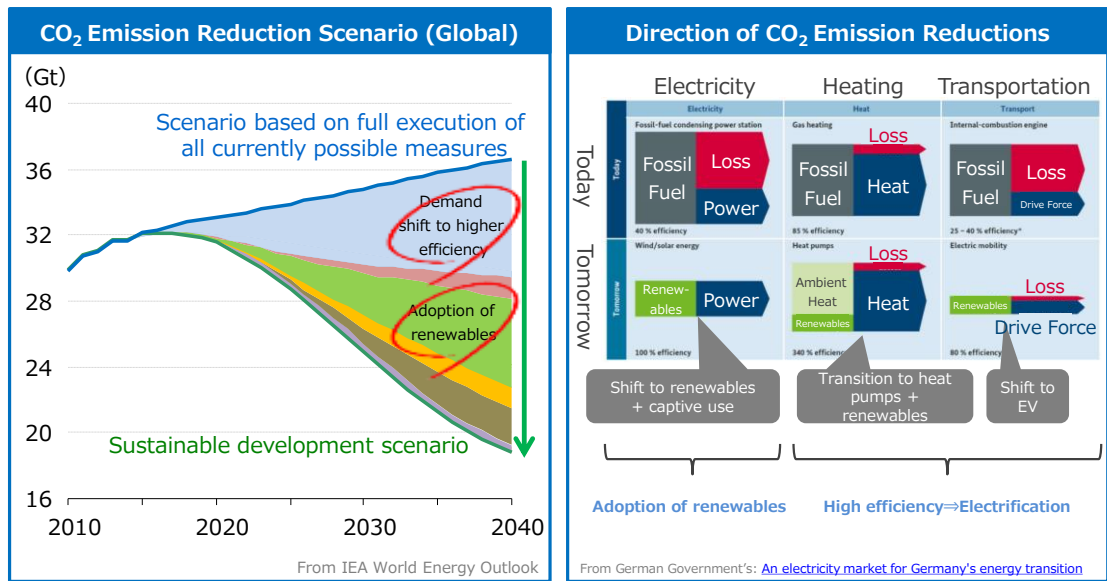
- Creation of safe driving support systems and technologies
- **Cumulative shipped capacity of solar power/storage battery systems: 11.2GW**
- **Build an energy resource aggregation business using solar power/battery systems(Japan)**

With regard to the progress of our sustainability target set for FY2020, we are facing a difficult situation this fiscal year due to the impact of the new coronavirus, which has restricted the sales activities of our customers. But we expect the market to be revitalized once the coronavirus is resolved.

The need for renewable energy and storage battery systems is growing every year and is expected to continue to expand.

## Macro Trends in the Energy Business

**Countries accelerating adoption of renewables. Demand shifting toward higher efficiency to achieve CO<sub>2</sub> emission reduction targets**



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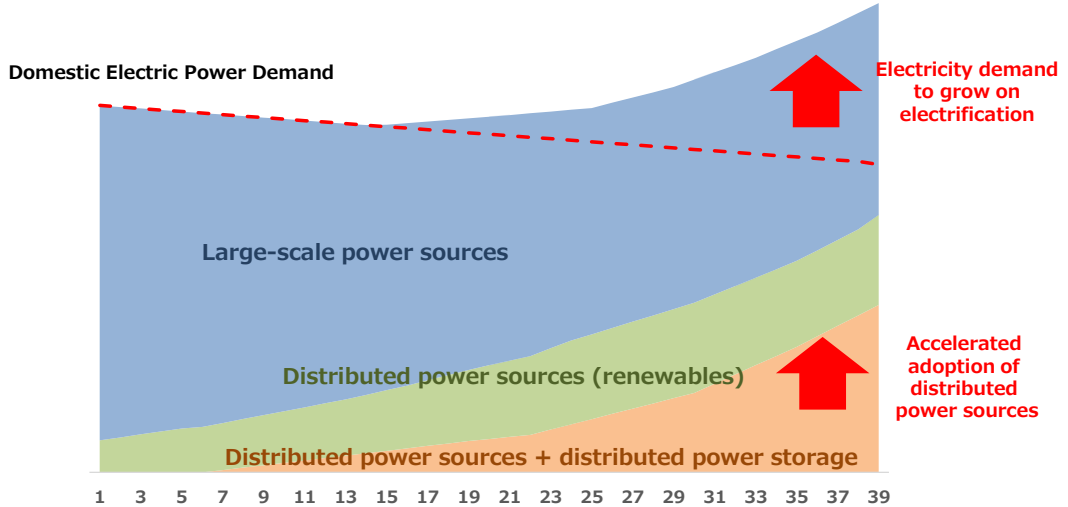
Here, I would like to give you a bird's eye view of the macro trends in the energy field that we are facing.

In Japan, Prime Minister Suga declared in October last year that Japan will be carbon neutral by 2050, which means that overall greenhouse gas emissions will be zero by 2050. As you can see on the left, maximizing the introduction of renewable energy, in addition to increasing the efficiency of demand, will contribute greatly to achieving this.

Specifically, as shown on the right, we will make further contributions by promoting the introduction of renewable energy in power generation, and by increasing efficiency through electrification that utilizes electricity in areas such as heat and transportation.

## Decarbonization: Electric Power Demand Trends

**Electrification to drive a resurgence in domestic power demand in the longer term. Continued growth in renewables-based distributed power sources. Accelerating take-up of distributed power storage**



Based on Ministry of Environment's Long-term Low-carbon Vision Council materials, September 19, 2017

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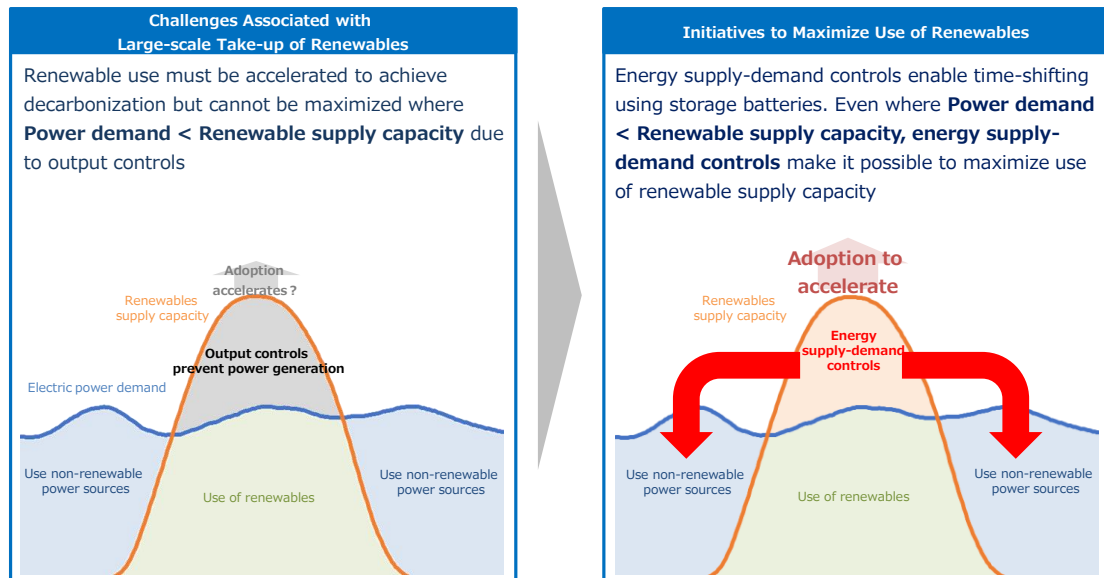
In Japan, overall domestic energy consumption itself is expected to decrease due to population decline and energy conservation. However, as electrification progresses, the demand for electric energy in Japan is expected to grow again in the medium to long term.

In addition, the power source to cover that re-expanding demand for electricity will be important to reduce CO<sub>2</sub> emissions. It is expected that there will be a shift from centralized grid power sources such as large-scale thermal power plants to distributed power sources that utilize renewable energy sources such as solar power and wind power, and then to distributed storage batteries that combines these with storage batteries.



## Challenges Associated with Large-scale Take-up of Renewables

**Balancing variability of demand, supply capacity an issue. Key is supply-demand controls that use storage batteries as control valves**



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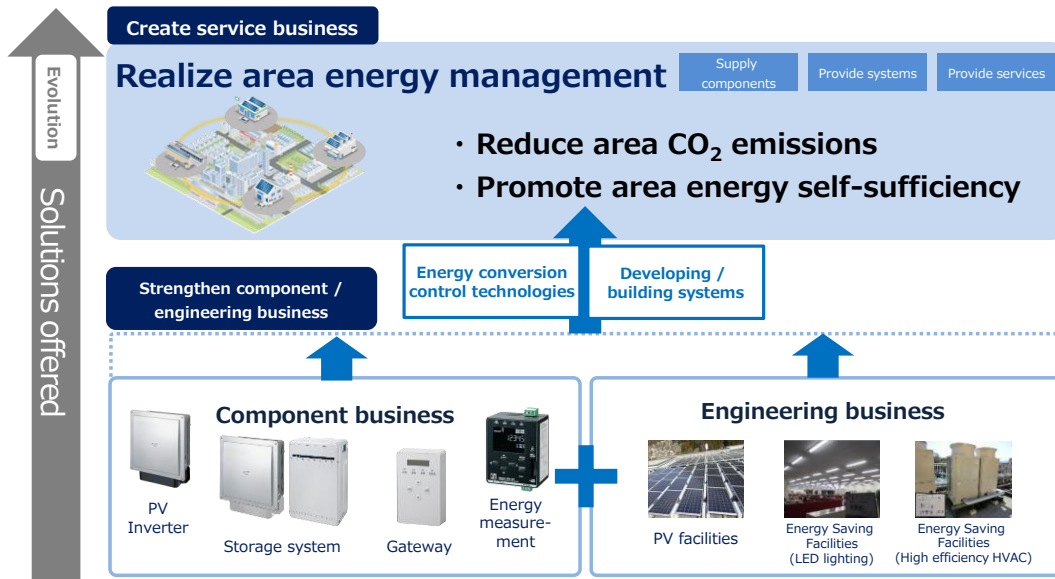
Here, I would like to explain some of the issues that will arise from the massive introduction of renewable energy.

Renewable energies, such as solar and wind power, are unstable sources of power generation that can increase or decrease depending on weather and other environmental factors. Therefore, in order to solve this instability, more and more systems are expected to combine the energy storage function as a regulating valve for distributed power sources.

By storing excess power that cannot be used up and using the stored power when power generation cannot keep up with demand, we can make the most of the power generated by renewable energies. This will help stabilize grid power and reduce the need to curtail the generation of renewable energy.

## Our Vision of the Energy Solution Business

**Promote area CO<sub>2</sub> reduction, energy self-sufficiency by combining system development skill with energy conversion/control technology**



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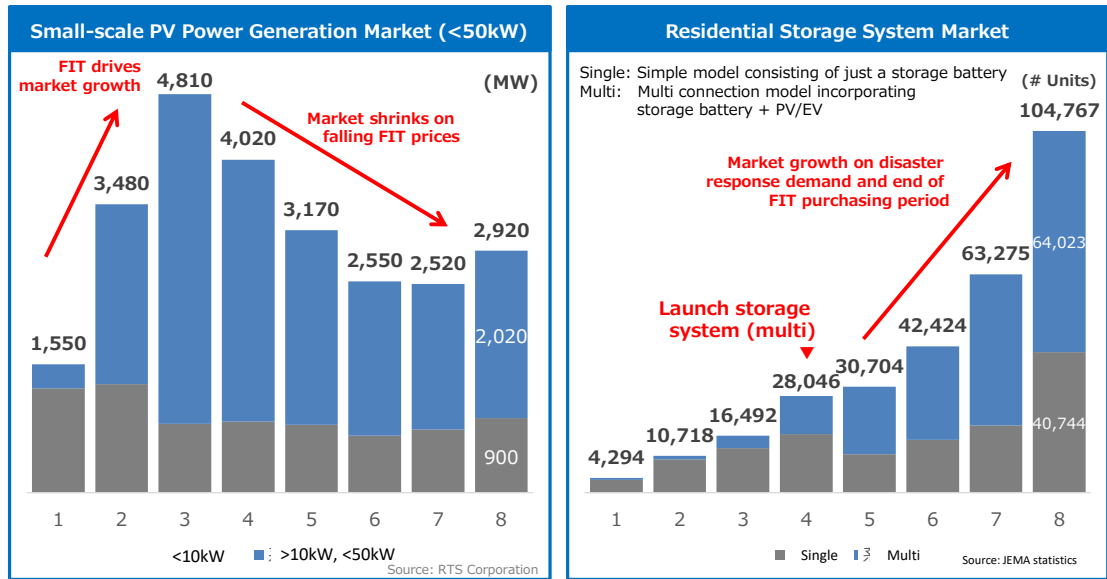
Here is an overview of what OMRON's Energy Solutions Business is aiming for.

The vision of the Energy Solution Business is to “realize a recycling-oriented society for the next generation through energy optimization.” In order to realize this vision, we aim to reduce CO<sub>2</sub> emissions in the area and achieve area energy management that promotes energy self-sufficiency.

In order to realize this area energy management, we believe that we will be able to utilize both our Component Business, which is based on our strengths in energy conversion and control technology, and our Engineering Business, which is based on our strengths in system development and construction.

## Market Trends in the Component Business

**FIT start in 2012 drove surge in small-scale PV power market.  
Enter storage system market on disaster response demand, end of FIT**



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I will now explain in more detail about the Component and Engineering Businesses we have been working on.

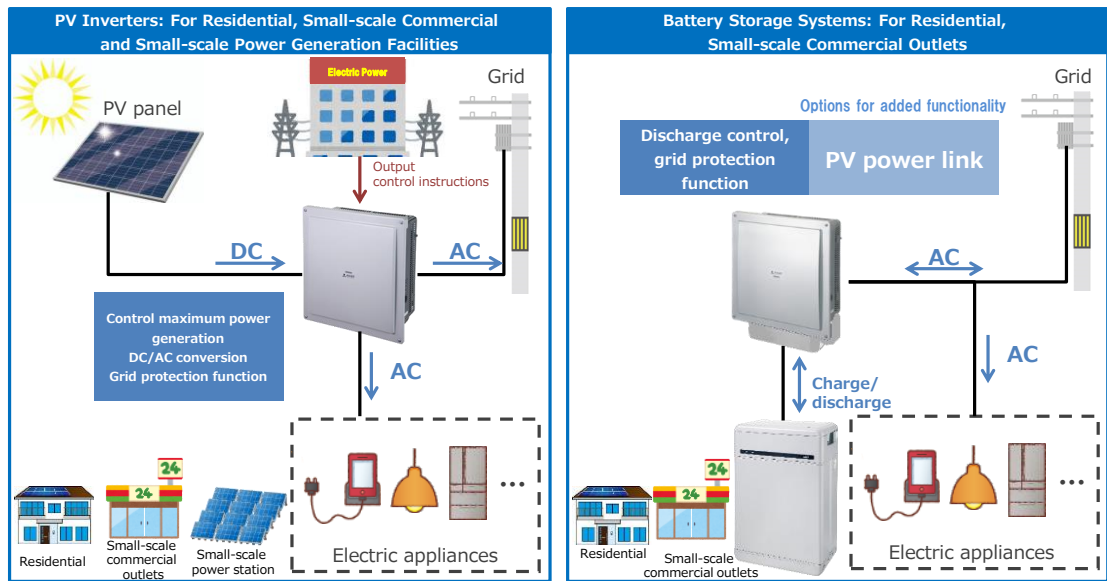
First, the graph on the left shows the trend in the market size of the small-scale solar power generation market.

The market has expanded rapidly with the FIT system, a power purchase program that started in July 2012. After peaking in 2014, the market has been gradually shrinking as the price of electricity sold has fallen each year. However, the introduction of renewable energy is expected to increase in the future, and it is hoped that it will be re-expanded through self-consumption instead of selling the generated electricity.

On the other hand, contrary to the small-scale solar power market, the market for storage battery systems is expanding as a result of disaster response and the end of the FIT power sales period.

## Component Business Within Energy Solutions Business

**Strengths are inverters that convert PV panels' DC to AC, and storage systems that enable power use at desired time, emergency backup**



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Our Component Business includes a wide range of products that contribute to energy conservation, power generation, and energy storage. Of which PV inverters, the key components for solar power generation systems, and storage battery systems account for a particularly high percentage of our Business.

PV inverters and storage battery systems require different product capacities depending on the application in which they are used. Our area of expertise has been in small volume products suitable for homes and small stores.

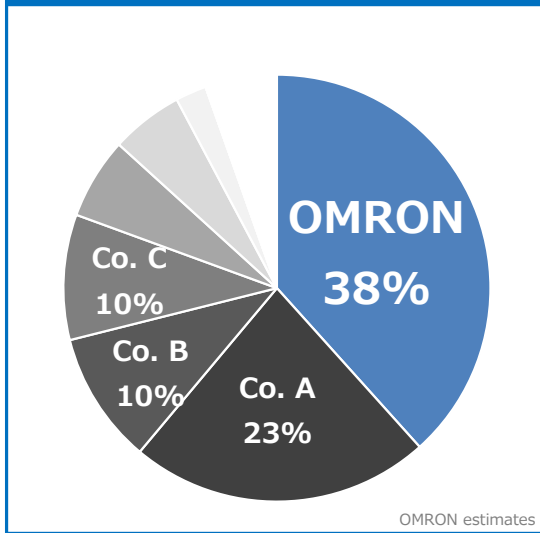
As the need for distributed power sources and distributed storage batteries grows, we believe that the need for small-capacity products, which is our specialty, will also increase.

## Track Record in Component Business

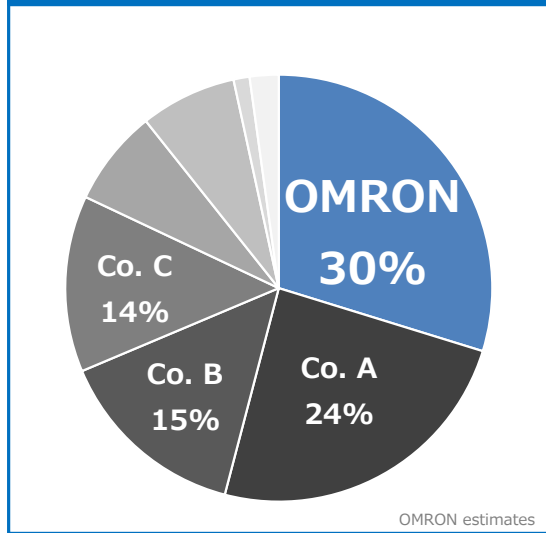
**No.1\* share in small-scale PV inverters, residential storage battery systems. Shipped >1.8mn PV inverters, > 70k storage systems**

\*OMRON estimate

Share in Small-scale PV Inverters



Share in Residential Storage Battery Systems



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Now, let me explain our market position.

To date, we have shipped a cumulative total of 1.8 million units of PV inverters for small-scale solar power generation and a cumulative total of 70,000 units of storage battery systems.

The pie chart on the left shows the share of PV inverters for small-scale solar power generation, and the one on the right shows the share of residential storage battery systems. We have captured the top share in both markets.

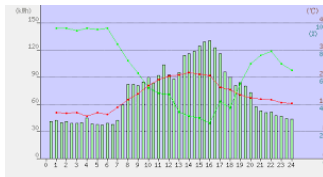
In the future, we will continue to capture new needs associated with market changes and reflect them in our products in order to provide products that customers will continue to choose.

## Engineering Business within Energy Solutions Business

**Provide total solutions for enterprise energy issues (energy savings, CO<sub>2</sub> emission cuts, BCP): Diagnostics, design, installation and O&M**

### Energy Assessment

Analyze current situation, propose improvement plan



### O&M\*Service

Mfg. Plants  
Logistics Facilities  
Hospitals  
Nursing Homes  
Retail Facilities  
Retail Stores  
Office Buildings  
Schools  
Gas Stations  
Financial Institutions

### Power Generation (Renewables) Engineering

Design captive-power generation facilities



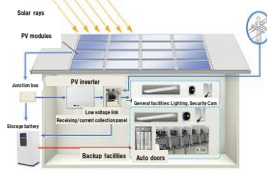
PV power generation system



Regular/emergency use power generator  
Co-generation system  
Fuel cell system

### Energy Storage Engineering

Design, install storage system



### Energy Conservation Engineering

Enhance facilities, design & implement renovation



\*O&M : Operation & Maintenance

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The engineering business, on the other hand, utilizes both our own products and those of other companies to design and construct optimal systems that provide maximum value to our customers.

Utilizing the knowledge of equipment and facilities we have cultivated over the years, we have solved customer issues with total solutions ranging from energy assessment at customer sites to the design and installation of systems related to power generation, energy storage and energy conservation, as well as O&M.

## Engineering Project: Contributing to Car Port PV Facilities

**Car port PV facilities installed at Murata Manufacturing's Okayama Plant are one of Japan's largest. OMRON supports corporates in their efforts to increase use of renewables to reduce CO<sub>2</sub> emissions**



PV power generation system installed in parking lot for 1,200 vehicles

Double-sided panels enable use of reflected light to generate power



PV power generation systems installed on car port roofs

For more details, see OMRON website: [EDGE&LINK](#)

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Here are some examples of typical construction projects in the Engineering Business.

The first is a case of installing a solar power system in a parking lot. Recently, many companies are considering installing solar power generation systems to combat global warming.

However, many companies face difficulties in actual installation, such as the need to reinforce the building for installation on the rooftop or the lack of free space for installation.

To solve these problems, Okayama Murata Manufacturing Co., Ltd. installed one of the largest carport solar power generation systems in Japan in their parking lot. It is not only the value of the solar power generation, but also the protection from rain and direct sunlight, which leads to greater satisfaction for the employees.

As EVs are expected to become widespread in the future, it will also be possible to use them for charging.

## Engineering Project: Contributing to BCP System

**Install BCP system for Yamaichi Electronics, combining PV power generation system and large-scale storage batteries. Contribute to securing emergency power source and lowering electric power costs**



PV power generation system installed for Yamaichi Electronics



Large-scale storage battery used to secure emergency power source. Battery charged with solar power generated in excess of requirements

Next is an example of a BCP system that enables business continuity in the event of a disaster.

Yamaichi Electronics CO., Ltd. in Sakura City, Chiba Prefecture, experienced a prolonged power outage due to Typhoon No. 15 in 2019. Based on this experience, the Company decided to introduce a BCP system combining a solar power generation system and large storage batteries in order to strengthen its BCP system to ensure uninterrupted supply of products in the event of a disaster.

This system uses an energy management system to control charging and discharging. Optimal control of charging and discharging will make it possible to maximize self-consumption of solar power and at the same time use it to reduce power costs.



## Engineering Project: Contributing to Local Government

**SSB proactively helping municipalities to address issues. Contribute to local government efforts to reduce CO<sub>2</sub> emissions and use renewables to help make communities safe, secure and comfortable**



Based on comprehensive agreement with Miyazu City, converted abandoned farm land to an asset by installing PV power systems. Contribute to making the community safe, secure and comfortable, and decarbonization



Installation of PV power system in Maizuru City, based on comprehensive agreement with the city. Adoption of PV power system for the Cultural Park Gymnasium contributes to regional disaster prevention and damage reduction as well as decarbonization.

OMRON Social Solutions is also actively involved in resolving issues faced by local governments in its community solutions business. In its business, the Company is promoting services for local consumption of energy, providing solutions to the problems faced by communities such as aging and declining population.

On the left is an example from Miyazu City, Kyoto Prefecture. The city of Miyazu was facing the issue of fallow land, such as abandoned farmland. By developing fallow lands and installing solar power generation systems, we are not only taking measures against fallow land, but also helping to revitalize the economy of depopulated areas.

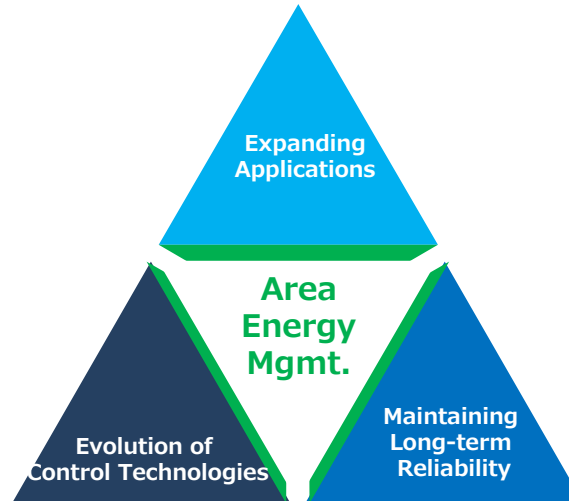
On the right is an example from Maizuru City, Kyoto Prefecture. We have concluded a comprehensive cooperation agreement with Maizuru City to solve social issues in the local area with an eye to the year 2030. One of the initiatives taken by Maizuru City is the installation of solar power generation and storage battery systems in the local government facility, the Social Culture Park Gymnasium. The gymnasium has been designated as an evacuation shelter, and this initiative not only achieves low carbon emissions during normal times, but also strengthens the disaster prevention system by allowing this power source to be used for lighting and communication equipment in the event of a disaster.

In this way, we are contributing to the creation of safe, secure, and comfortable communities through cooperation between the Energy Solutions Business and the Community Solutions Business, including disaster prevention and disaster mitigation in local communities.

## To Achieve Area Energy Management

**Following 3 elements are key to achieving area energy management:**

- 1) Expanding applications,**
- 2) Enhancing control technologies,**
- 3) Maintaining long-term reliability**



In addition to the municipalities I have introduced, we are also working to realize area energy management in large complexes.

And in order to realize this goal, we believe it will be important to strengthen the three elements of expanding applications, evolving control technology, and maintaining long-term reliability.

## Expanding Applications: Maximizing Integration Impact

**Expand into business fields covered by SSB, in addition to existing focus on residential and small-scale commercial outlets**



### Energy Solutions

Manufacturing



### Transport Solutions

Railways



### Life Svc. Solutions

Distribution



### Community Solutions

Local Government



Residential/Small-scale Commercial



Roads/Mobility



Services



Multi-purpose Facilities



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I would now like to introduce some of OMRON Social Solutions' initiatives and strengths in these three areas.

The first element is the expansion of applications.

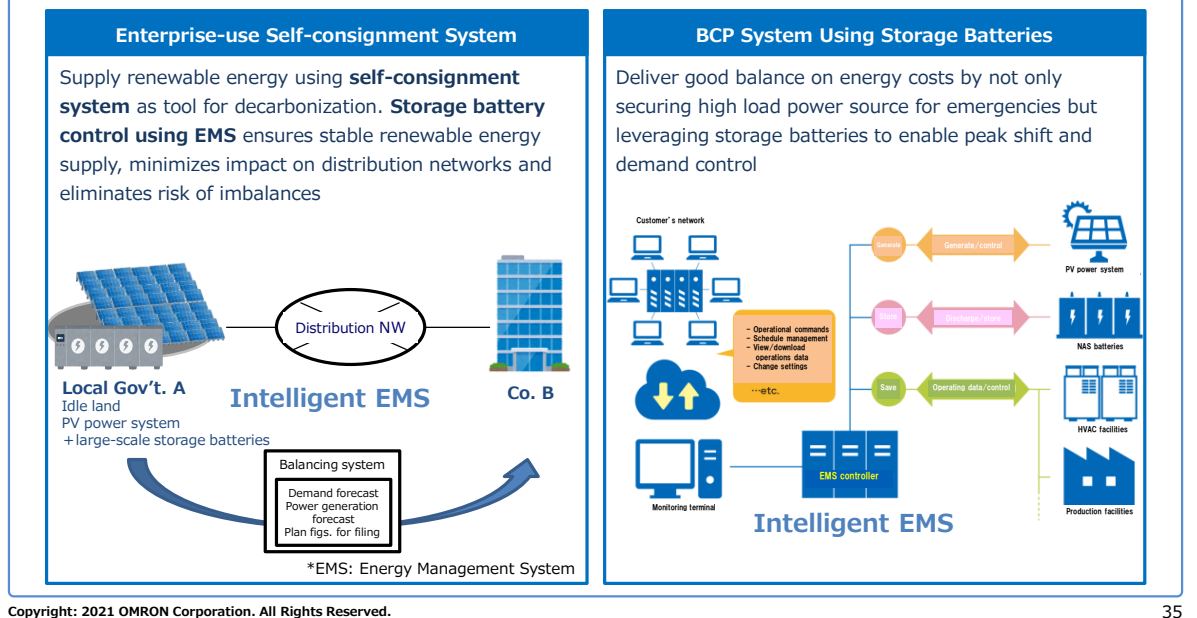
There are many different types of facilities in local governments and complexes. The best way to use energy in each facility is different. Therefore, it is necessary to realize the use of energy that is appropriate for both normal times and times of disaster. And at the same time, to consider the optimal use of energy for the entire area.

Until last fiscal year, the Environmental Business Division has been promoting business to residences and small stores, shown in the lower left corner. On the other hand, in the social systems business, we are developing business with a variety of markets and customers, including manufacturers, transportation companies, lifestyle service companies and local governments, in addition to housing and small stores.

In this way, we will effectively leverage OMRON Group's relationships with customers in the social systems business and achieve optimal energy utilization in each application.

## Evolution of Control Technologies: Energy Control Technologies

**Pairing storage control with PV facilities enables stable supply.  
Optimizing energy control cuts energy cost and fulfils BCP needs**



And the second factor is the evolution of energy control technology.

To realize an area-independent distributed power supply, it is necessary to properly balance supply and demand in the area. It is important to control energy to achieve the optimal supply and demand conditions according to the current situation.

On the left is shown a self-consignment system whose needs are expected to grow in the future. We envision using this system when there is no or not enough space for renewable energy installation in our own premises. This is an application that allows companies to use power generated from renewable energy sources installed in remote locations, thus increasing the percentage of renewable energy used.

On the right is a BCP system that uses large storage batteries. In addition to securing power sources in times of disaster and other emergencies, the power stored in storage batteries can be recharged and discharged at appropriate times to reduce energy costs by shifting peak power demand and controlling demand.

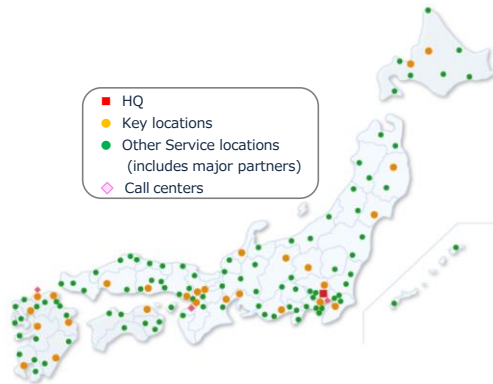
In both cases, smarter energy management systems with smarter controls are important to increase the value for customers. We have been expanding our business in various markets by utilizing the core technologies of "Sensing & Control + Think," which are common to the entire Group. In the Energy Solution Business as well, we will continue to refine our energy control to realize a smart EMS based on our past knowledge.

## Maintaining Long-term Reliability: Maximizing Renewables Output

**Robust service network indispensable for stable operation. New service combines PV inverter rental and maintenance service**

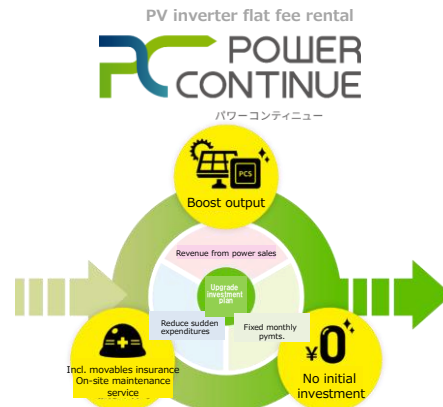
### Robust Service Network: Positioned for Rapid Response

Support long-term, stable operations of customers' facilities: **nationwide coverage with 140 service locations**



### PV Inverter Flat Fee Rental

Contribute to long-term, stable operations of PV power plants through **service combining PV inverter rental and maintenance & support**



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The third factor is to maintain long-term reliability. Energy is a critical infrastructure, and reliability in long-term stable operation is essential.

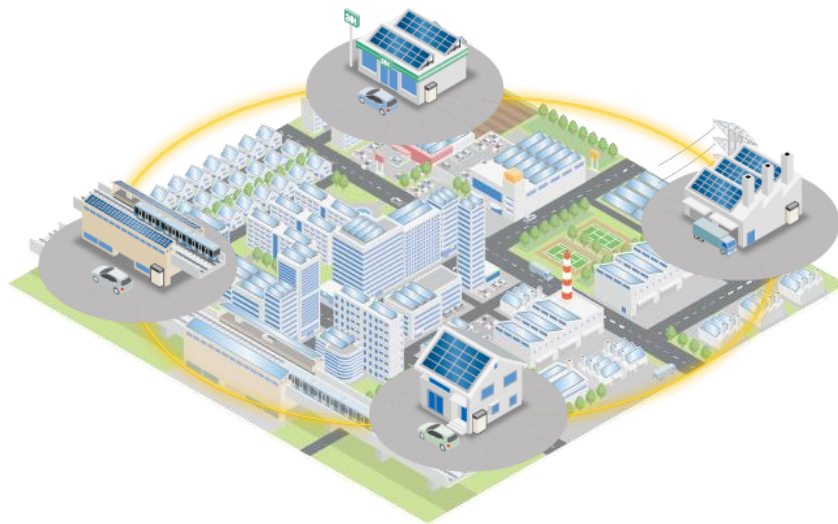
The left shows the nationwide service bases owned by OMRON Field Engineering, an OMRON Social Solutions Group company. OMRON Field Engineering has been providing maintenance services for a variety of infrastructure facilities that would have a significant impact on society if they were to be shut down. With approximately 140 locations covering the entire country, the Company will also provide energy security.

On the right is a newly released flat-rate lending service called Power Continue, which was released on February 25. This service includes not only sales of PV inverters, but also installation, maintenance and insurance for PV inverters to ensure stable operation of solar power generation during the remaining FIT period.

In this way, we will continue to expand new equipment and services that will continue to provide value to both customers who have installed equipment and those who will install equipment in the future, while leveraging the capabilities and past achievements that the OMRON Group already possesses.

## Our Vision of the Energy Solution Business

# To realize area energy management



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OMRON has been working to solve social issues by creating social needs as a value to be cherished in our principles.

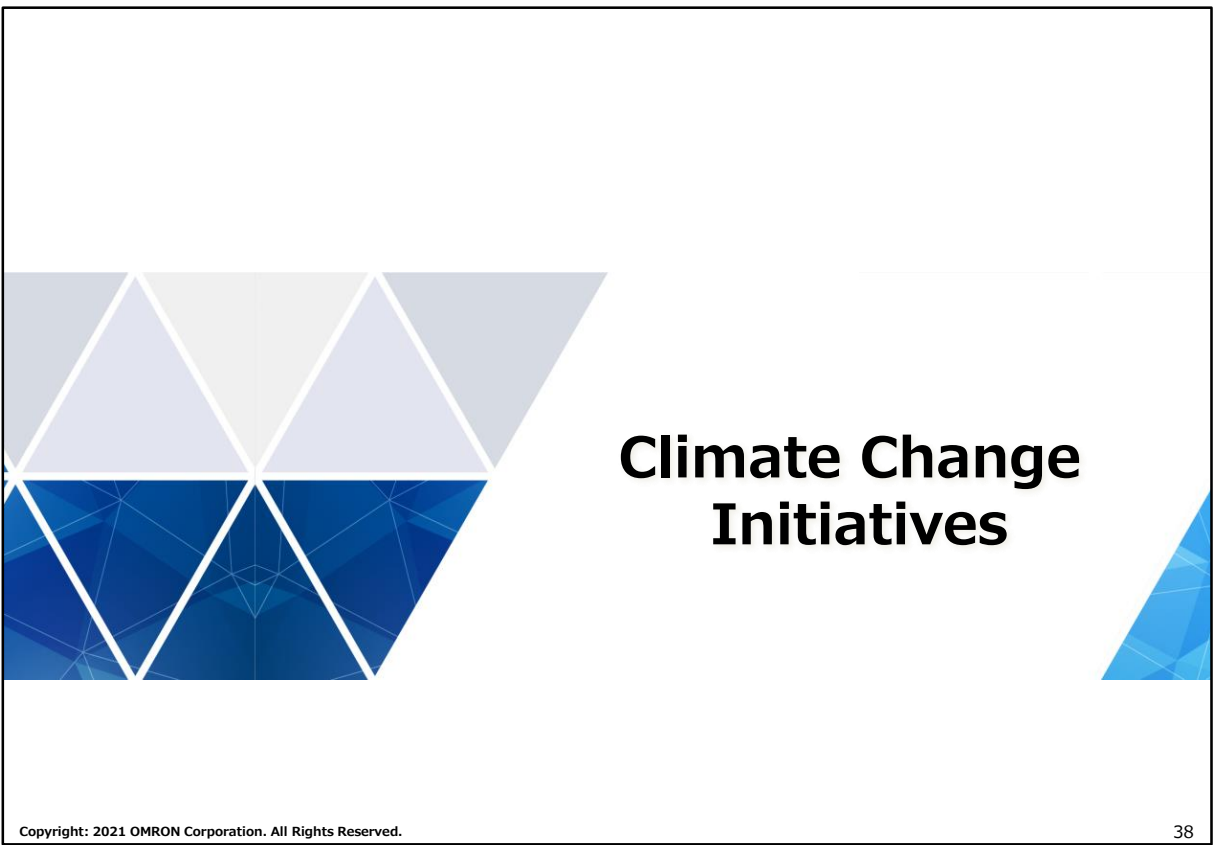
One of the biggest challenges facing the global community today is global warming caused by CO<sub>2</sub> emissions. We have been working on this issue for many years, and we believe that it is one of the most important issues that we should continue to contribute to solving.

We aim to realize area energy management by building a smart energy management system and developing it as a business, in addition to providing the component and engineering services that we have been promoting so far. In this way, we will contribute to a safe, secure, and comfortable energy society.

Please look forward to the future evolution of OMRON's Energy Solutions Business.

Next, Ms. Liu, Senior General Manager of the Sustainability Office, will explain about our efforts to address climate change.

Now, Ms. Liu, please.



# Climate Change Initiatives

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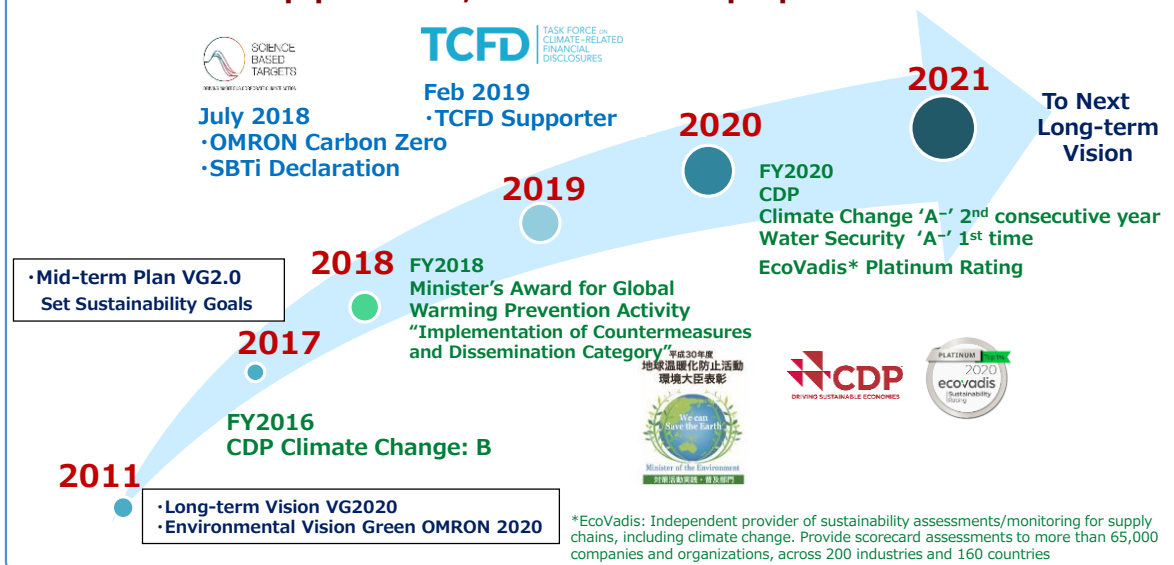
Hello, everyone. This is Liu from the Sustainability Office.

I was appointed to the position in October last year. Before that, I was in charge of the China Business and corporate communications and involved for many years in enhancing OMRON's corporate presence globally, especially in emerging markets.

Today, in my part of the presentation, I will explain OMRON's approach to climate change and its progress.

## Evolution of OMRON's Climate Change Initiatives

**Stepped up climate change initiatives in VG2.0. Currently developing Long-term Vision for 2030 in which climate change will be positioned as one of our top priorities; will further step up initiatives**



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As mentioned earlier by Mr. Igaki and Mr. Tateishi, OMRON has been working on environmental issues from early on. In particular, the ten years since 2011 can be said to be the decade in which OMRON made significant progress in responding to climate change.

Here, I would like to explain three important points that have led to significant progress.

The first point is that in fiscal 2011, OMRON launched a long-term vision called VG2020, and at the same time formulated a long-term environmental vision, Green OMRON 2020, to address climate change.

The second point is that in the wake of the Paris Agreement, the global trend to demand more climate change measures from companies has intensified. OMRON has set OMRON Carbon Zero as a new goal based on the SBT in July 2018.

The third point is that we announced our endorsement of TCFD in February 2019. The Company's enhanced efforts to address climate change, mainly by reducing its own greenhouse gas emissions, as well as its proactive information disclosure and stakeholder engagement, have improved its external reputation.

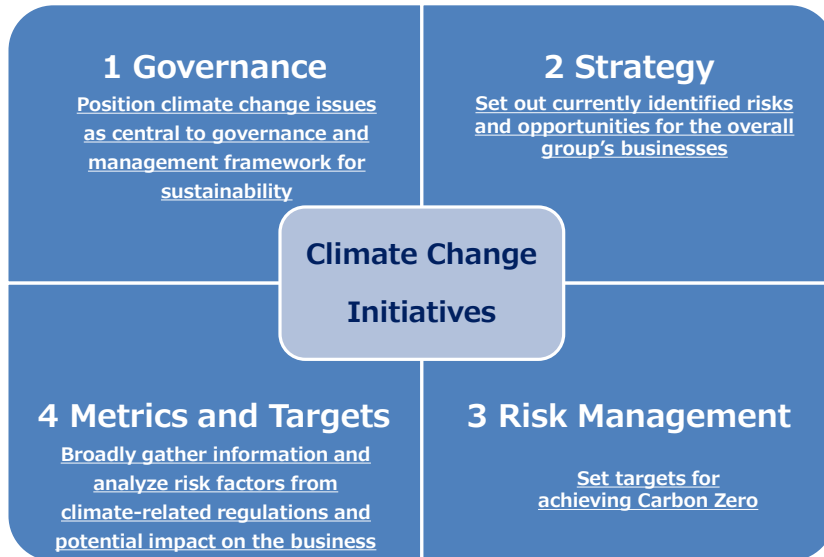
Particularly in recent years, we received an A-minus rating for CDP Climate Change for two consecutive years in 2019 and 2020 and received an A-minus rating for CDP Water Security for the first time in 2020. In addition, for the first time this year, we were awarded platinum status, the top 1%, in EcoVadis, a rating of sustainability initiatives including climate change that is used as a reference by customers.

However, we recognize that we must view environmental change issues as a business opportunity and mitigate risks, and further speed up the reduction of greenhouse gas emissions, including in the value chain.



## Climate Change Initiatives: Disclosure Using TCFD Framework

Present our initiatives using TCFD's recommended disclosure framework

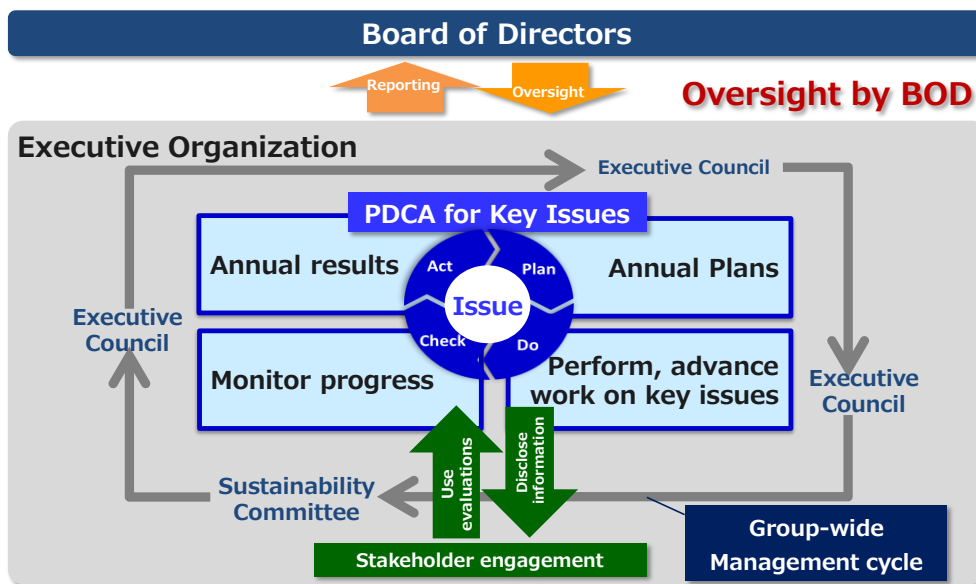


From here on, we will follow the TCFD frame of reference.

As I mentioned earlier, OMRON endorsed TCFD two years ago in February 2019. Since then, as we explained at last year's ESG briefing, we have been promoting group-wide initiatives using the TCFD framework and disclosing our progress on our website and in integrated reports.

## 1. Governance

Climate change initiatives are designated key sustainability issues under Mid-term Plan VG 2.0, with monitoring and oversight by the board



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The following is an explanation of each of the four categories recommended by TCFD: governance, strategy, risk management and indicators and targets.

First of all, let us talk about governance.

I will explain the status of governance in the areas of climate change and the environment from the two aspects of OMRON's overall governance system and environmental management system.

The chart here shows OMRON's governance structure.

As explained by Mr. Igaki earlier, OMRON has established key sustainability issues based on its business strategy at the start of VG2.0, and is working to achieve sustainability goals to solve these issues.

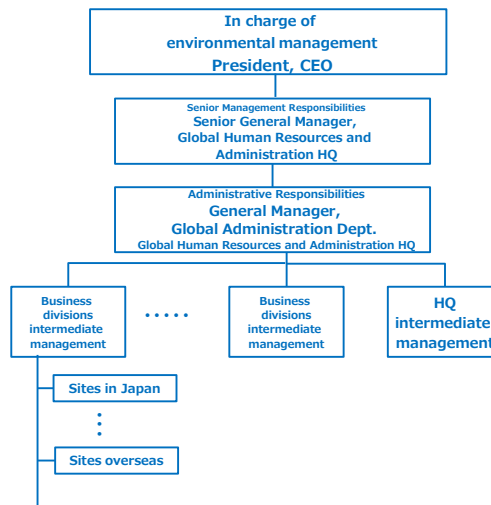
The executive divisions responsible for achieving each target share the annual target, the implementation of specific plans, and progress at the Sustainability Committee and Executive Council, and discuss solutions to any issues that may arise. The results are then reported to the Board of Directors at least once a year to discuss the appropriateness of the target level and progress.

The Board of Directors monitors and oversees our efforts to address climate change as one of the key sustainability issues in our mid-term management plan.

## 1. Governance: Environmental Management Structure

**HQ department responsible for environmental management works with each business company to set targets, formulate plans and support execution**

### Environment Management Structure



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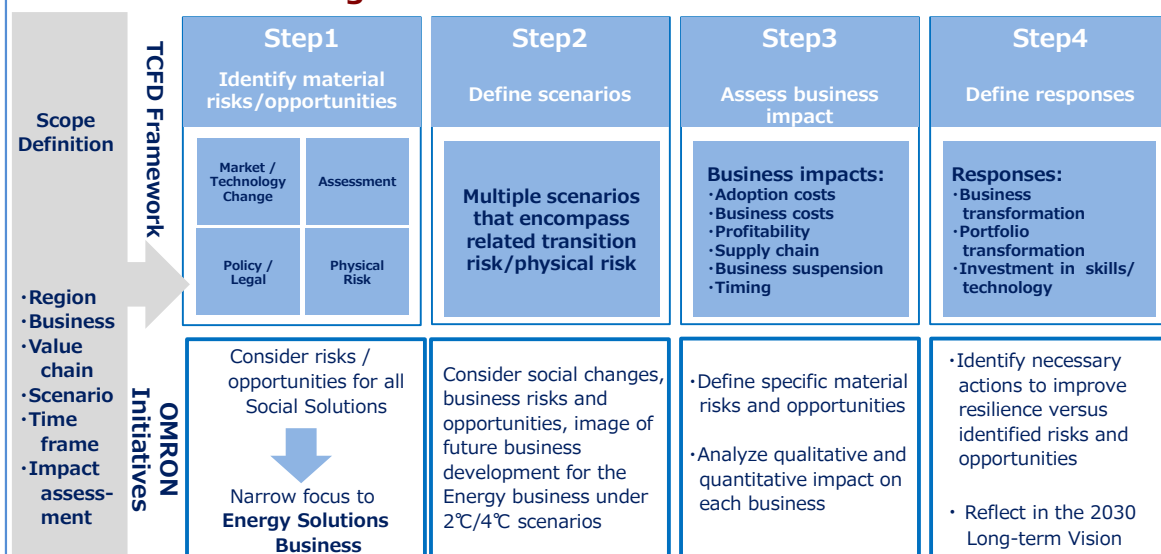
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Please see our specific environmental management system.

Under the overall responsibility of the President and CEO, the Global Human Resources & Administration HQ, a functional division of the head office, is in charge of setting and managing overall targets for reducing the Group's greenhouse gas emissions, while each business company implements specific measures. The progress and issues will be reported to the Executive Council on the previous page, where the issues will be discussed.

## 2. Strategy: Energy Business Scenario Analysis

**Identify risks and opportunities in the Energy business to 2030 through scenario analysis, using the steps below. This will feed into the next Long-term Vision**



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The second point, strategy.

The TCFD requires disclosure of current and potential impacts, including risks and opportunities to business associated with expected future climate change, through scenario analysis.

OMRON has three business domains: Factory Automation, Healthcare, and Social Solutions. As Mr. Tateishi explained earlier, we first conducted scenario analysis in the Energy Solutions Business, which is the Social Solutions domain.

In Step 1, we examined the transition risks, physical risks, and opportunities in all business areas of Social Solutions. Because of the wide range of businesses, we first conducted a scenario analysis focusing on the Energy Solution Business, which has products and services that directly solve climate change issues.



In Step 2, we identified the key factors in the Energy Solution Business and examined the image of future business development at 2 degrees Celsius and 4 degrees Celsius in 2030.

In Step 3, we imagined the future business development discussed in Step 2 and grasped the quantitative business impact.

In Step 4, we identified actions necessary to improve our ability to respond to the identified risks and opportunities and linked them to the next long-term vision.

## 2. Strategy: Energy Business Scenario Analysis

**Advance CO<sub>2</sub> emission reduction and energy self-sufficiency by combining system development skill with energy conversion and control technologies, factoring in scenario analysis results**

	Identified Risks and Opportunities	OMRON's responses
<b>Transition Risk</b>	<ul style="list-style-type: none"> <li>Intensification of competitive environment as a result of new entrants from other industries/overseas players, changing customer needs</li> <li>Increased business costs (mandatory reparability) as a result of responding to regulations related to transition to a circular economy such as climate change (carbon taxes, etc.), or an acceleration of climate change measures, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Development of products/services that lead to reduction of GHG emissions</li> <li>Review of product plans/designs</li> <li>Advancing plans to reduce energy consumption and use of renewable energy, etc.</li> </ul>
<b>Physical Risk</b>	<ul style="list-style-type: none"> <li>Supply chain disruption as a result of the intensification of natural disasters (floods, torrential rains, water shortages), etc.</li> </ul>	<ul style="list-style-type: none"> <li>BCP initiatives (diversification of suppliers, production bases, etc.)</li> <li>Adoption of in-house power generation from renewable sources, etc.</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Expansion of markets for renewable energy, energy storage and management as a result of rapid advances in decarbonization of energy supply and consumption (Accelerating adoption of renewable energy and storage solutions as a part of diversification of power sources, which is raising demand for decarbonization and disaster prevention solutions from corporates and local governments. Home energy self-sufficiency rising on captive-generation, storage and consumption)</li> <li>Increasing need for sophisticated energy management to solve the challenge of managing power supply-demand balance resulting from the rising adoption of renewables, etc.</li> </ul> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>Market for home use storage batteries: Approx. 4x Non-residential storage battery market: Approx. 6-7x</p> </div> <div style="text-align: center;">  <p>Market for power aggregation: Approx. 90x</p> </div> </div>	<ul style="list-style-type: none"> <li>Further expansion of sales of PV inverters targeted at rising demand from corporates, households and local governments for renewable energy and energy storage solutions</li> <li>Development of energy management business leveraging solar/storage solutions</li> <li>Consideration of new businesses in anticipation of advances in the circular economy, etc.</li> </ul>

• Expected time horizon: FY2030  
 • Scenario used: IPCC/RCP8.5: Global average temperatures rise 4°C or more from pre-industrial revolution levels  
 IEA/SDS (partial use of IPCC/SR1.5): Rise in average global temperatures limited to less than 2 °C as agreed under the Paris Accord (in part less than 1.5°C)  
 • Market scale: Estimates based on Fuji Keizai Group publication

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Specifically, I will explain the results of scenario analysis from each aspect of risk and opportunity.

First, transition risks were identified like the increased operating costs associated with complying with climate change regulations such as carbon taxes, and regulations related to the circular economy. In the future, we will review the planning and design of our products to develop new products and services that will help reduce greenhouse gas emissions.

Regarding physical risks, we identified risks such as supply chain disruptions due to the severity of natural disasters. In the future, we will further strengthen our BCP measures and introduce private power generation using renewable energy.

As for opportunities, as Mr. Tateishi explained earlier, the renewable energy market is sure to expand further in the future.

In the future, we will reflect the results of this scenario analysis to further expand sales of PV inverters and storage batteries, and also consider new business development in anticipation of the development of the circular economy.

In addition, by combining energy conversion and control technologies with system development and construction, we will further promote the reduction of CO<sub>2</sub> emissions and energy self-sufficiency in areas for area energy management.

## 2. Strategy: IAB Opportunities: Reducing Plastic Waste

**Developed temperature control program that leverages AI to achieve changes in packaging materials for food processing customers. Contribute to solving issue of marine plastic waste**

Solve issue of temperature variability on adhesion process for a variety of packaging materials



Temperature control program that leverages AI

Contribute to reduction of packaging waste equal to 930kt of plastic



\*OMRON Estimates

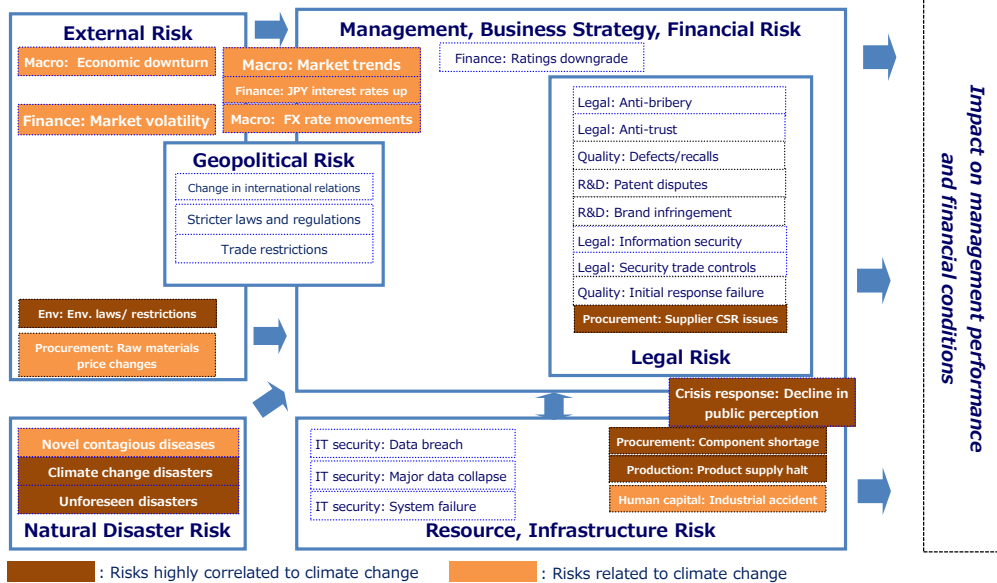
Now, let me introduce some examples that we provide products and services that contribute to the environment through business to society.

In the Industrial Automation Business, which is our core business, such business opportunities have already become apparent in climate change. In the decarbonizing society, the reduction in the use of petroleum-based plastic is progressing for the purpose of prevention of marine pollution, and a lot of countries are declaring the reduction in plastic waste from packaging. As a result, many of our customers in the industrial automation business are changing their packaging materials.

In the Industrial Automation Business, we have solved the problem of temperature fluctuations in packaging material adhesion, which had been a bottleneck in changing packaging materials, with our AI temperature controllers for production sites, contributing to the reduction of plastic waste on a global scale, and leading to business with major European manufacturers and other companies with which we had no previous dealings.

### 3. Risk Management

**Initiate BCP response based on analysis of climate change-related risks, factoring in impacts based on integrated risk management**



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Next, I will explain the third item, risk management.

First, take a look at this diagram. In the overall risk map, risks with high relevance to climate change are shown in dark orange, and those that are not high but are relevant are shown in light orange.

Integrated risk management analyzes risks on a global basis and identifies key risks each year and adopts countermeasures. The management and analysis of this risk is based on the impact on management and finance.

Climate change risk is not a risk that can be managed and analyzed in isolation, but rather a risk that should be recognized in relation to a variety of other risks, including external environmental risk, natural disaster risk, and management, business strategy, and financial risk.

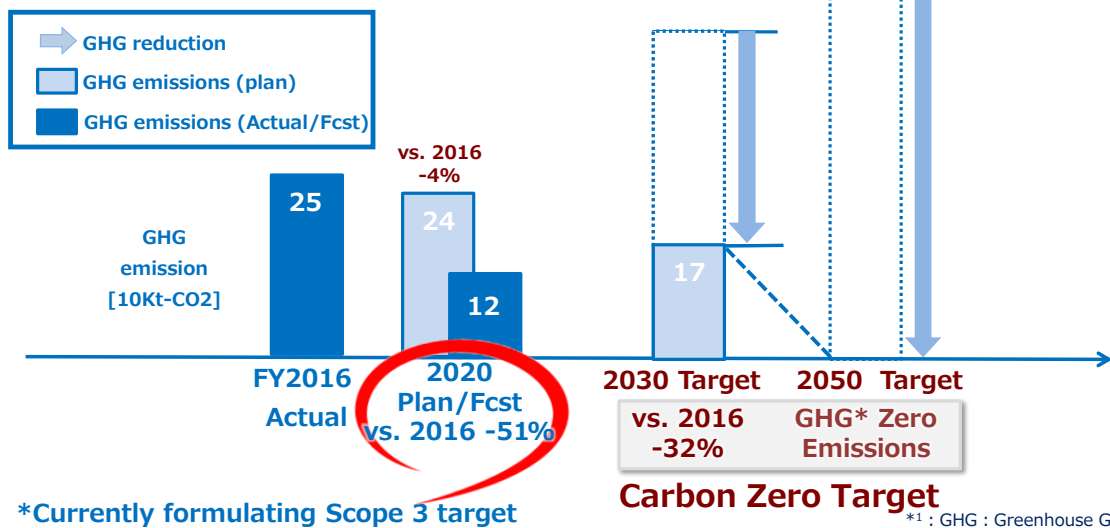
For example, the frequent and severe occurrence of natural disasters affects the operations of production bases, so it is necessary to deal with physical risks. At the same time, the impact on the value chain, including suppliers and customers, is significant, and this affects business and financial strategies.

In addition, due to the tightening of environmental regulations, dealing with transition risks such as business and operational changes will have a short-term impact on finances, but we believe that proactive responses can lead to business opportunities. In addition, there is the risk of reputation damage due to delays in responding to climate change.

In this way, in the area of climate change, we are broadly capturing the relevance of risks and considering responses as appropriate.

#### 4. Metrics and Targets: OMRON Carbon Zero

**Expect to exceed FY2020 target (-4%) by 51%, owing to ongoing initiatives. New targets for 2021 and beyond to be set in alignment with next Long-term Vision**



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Next, let us talk about indicators and targets.

In July 2018, we set OMRON Carbon Zero as a new goal. Our goal is to achieve zero Scope 1 and Scope 2 greenhouse gas emissions by 2050, and a 32% reduction from FY2016 levels by 2030. In order to achieve the target, we are promoting thorough energy conservation, utilizing renewable energy sources, and developing cleaner power usage, and are steadily reducing emissions every year.

In FY2020, we expect to exceed our initial reduction target and achieve a 51% reduction compared to FY2016, thanks to ongoing energy conservation efforts, the introduction of renewable energy, and the full-scale operation of solar power generation implemented in 2019.

The main reasons for this significant reduction are: reduction due to our own procurement of electricity from solar power generation and renewable energy sources, energy-saving initiatives such as the use of LEDs, the impact of OMRON Automotive Electronics, whose shares we transferred in 2019.

From FY2021 onward, we are working to set new targets for both Scope 1, 2, and 3 in conjunction with the next long-term vision.



## 4. Metrics and Targets: Environmental Initiatives in Our Businesses

**Implemented construction design and energy-saving activities. New building at Yasu certified ZEB Ready\*<sup>2</sup> in 2020 \*<sup>1</sup>, reflecting capacity to reduce energy consumption by more than 50%**



\*<sup>1</sup> Year in which operations commenced. Building completed in 2019

\*<sup>2</sup> ZEB (Net Zero Energy Building) is an international initiative promoted by the Ministries of the Environment and Economics, Trade and Industry(METI) aimed at realizing zero energy buildings where primary energy consumption is reduced to zero through a combination of energy conservation and power generation. The ZEB Ready rating is awarded to buildings that reduce energy consumption through energy conservation by more than 50%.

\*<sup>3</sup> Comprehensive Assessment System for Building Environment Efficiency: Methodology for assessing and promoting environmental efficiency of buildings

\*<sup>4</sup> Building Housing Energy efficiency Labeling System

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Next, I would like to introduce some examples of OMRON's efforts to achieve carbon zero.

In line with its environmental vision, OMRON has been working to reduce its environmental impact, and has taken every possible measure to ensure that new buildings are as environmentally friendly as possible and has received third-party certifications and evaluations from external organizations.

The new building at Yasu Plant in Shiga Prefecture has been certified as ZEB Ready, an environmentally friendly design that reduces energy consumption by more than 50% through energy conservation.

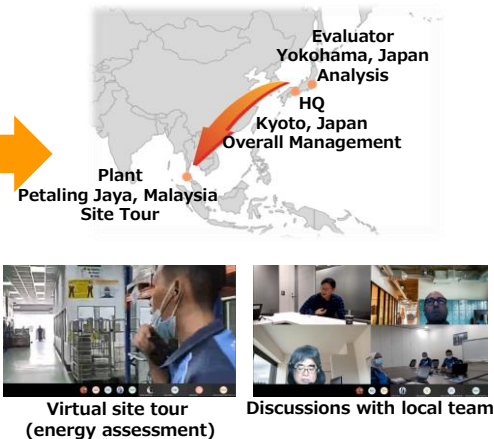
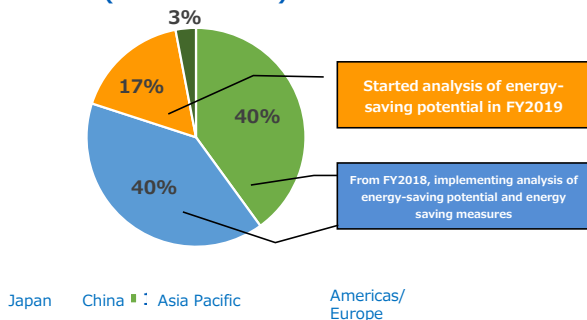
ZEB (Net Zero Energy Building) is an international initiative recommended by the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and other organizations to move toward a zero energy era, in which primary energy consumption is reduced to zero through energy conservation and energy creation. This ZEB Ready initiative is aimed at ZEBs with the highest level of commitment.

We will continue to make such energy-saving and energy-recycling efforts in our new buildings.

#### 4. Metrics and Targets: COVID-19 Remote Review of Overseas Plants

**Start analysis of energy conservation potential \*1 in Asia Pacific in FY2019. Due to COVID-19, FY2020 energy conservation review for Malaysia conducted remotely from Japan**

##### Breakdown of Energy Use for FY2020 (Electric Power)



\*1 Analysis of energy-saving potential: Creation of a specific plan with estimates of impacts and costs, based on an understanding of the local situation and a grasp of energy loss risks and opportunities to improve energy efficiency

Next is an example of OMRON's energy-saving activities toward carbon zero.

Since FY2019, we have been working on energy efficiency and conservation potential analysis in Asia Pacific, which has the second largest energy consumption after Japan and China. Energy efficiency and conservation potential analysis is to understand the risk of energy loss and opportunities for energy efficiency improvement at production bases, to plan specific measures, and to estimate the effects and costs.

At the Indonesian factory, where we implemented the analysis last fiscal year, we found room for energy conservation equivalent to 23% of annual energy consumption and are now formulating a mid-term energy conservation plan.

In the current fiscal year, we had planned from the beginning of the fiscal year to conduct an energy conservation potential analysis at our factory in Malaysia, which has high energy consumption among OMRON Group companies. However, due to the spread of the new coronavirus infection, overseas travel restrictions became a barrier, making it difficult for us to dispatch analysts to the factory.

Although energy efficiency and conservation potential analysis is usually based on the three principles of on-site, actual, and real, we developed an online site tour plan in advance based on information on power equipment such as compressors, air conditioning equipment and production facilities. By checking and reinforcing the network in advance to enable live broadcasting, we were able to realize an energy efficiency analysis equivalent to an on-site visit.

## Material Environmental Sustainability Issues and Targets

**Expect to achieve two VG2.0 initial sustainability targets, as well as targets set in alignment with the Environmental Vision**

	Target Item	FY2020 Target	FY2019 Result	Evaluation
Material Sustainability Issues	1. Reduce GHG emissions	Environmental contribution > Production site CO2 emissions	Environmental contribution 971kt-CO2 > Production plant CO2 emissions : 135kt-CO2	In line with plan
		<ul style="list-style-type: none"> <li>·2020 -4% vs. 2016</li> <li>*2030 -32% vs 2016</li> <li>*2050 Zero emissions (Scope 1&amp;2. Scope 3 under consideration)</li> </ul>	Total GHG emissions reduced by 34% (vs. FY2016) (Scope 1&2)	In line with plan
	2. Reduce / appropriately manage hazardous substances	Mercury reduction through adoption of digital thermometers and BPMs 69 tons/year	57 tons/year (Thermometers: 12.27m units, professional BPMs: 880K units)	In line with plan
<ul style="list-style-type: none"> <li>·Stop use of CFCs in 2018</li> <li>·Stop use of HCFCs</li> <li>·Stop use of mercury (fluorescent lights)</li> </ul>		Complete full elimination 1 year early	In line with plan	
Environmental Vision Targets	3. Reduce waste	Achieve zero emissions at all global production sites	21 locations (Progress rate 95%)	In line with plan
	4. Prevent air, water & soil contamination	Undertake environmental legal assessments and complete corrective measures for all production sites globally	24 locations (Progress rate 100%)	In line with plan
	5. Effective use of water resources	Reduce volume of water used at all production sites globally by 6% vs. FY2015	Reduced by 13.2%	In line with plan
	6. Promote environmental mgmt.	Acquire and maintain ISO14001 certification for all production sites globally	25 locations (Progress rate 100%)	In line with plan

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Lastly, I would like to report on the progress of each of the goals set by OMRON, including climate change.

First, this table shows our progress in achieving our Sustainability Key Issues and Environmental Vision Goals.

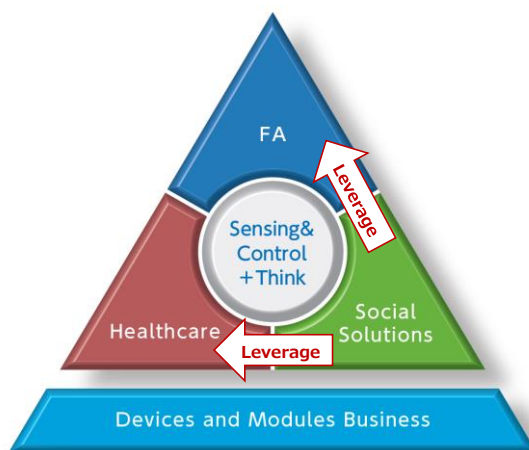
These are the sustainability goals that we set at the start of VG2.0. We expect to achieve our greenhouse gas emission reduction targets related to climate change, as I mentioned earlier. We have also completed our response to the reduction of chemical substances.

In addition, we are on track to achieve all of the targets set in our environmental vision, including waste recycling, air and water pollution prevention, effective use of water resources, and promotion of environmental management.

In addition to climate change, which we have positioned as the most important issue when considering the next long-term vision, we will promote initiatives to minimize the impact of our business activities on the environment by effectively utilizing and reusing resources.

## Toward 2030: Climate Change Initiatives

**As we seek to expand opportunities under the Long-term Vision to 2030, climate change is one of our highest priorities. Consideration of risks/opportunities for FA and HCB to be reflected in strategy**



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At the beginning of today's session, Mr. Igaki introduced how our principles have been put into practice during the COVID-19 pandemic over the last year, both in the field and among our employees.

COVID-19 has brought the issues of the global environment and economic disparity into clearer relief.

And Europe called its recovery from COVID-19 Green Recovery and was quick to declare that it would achieve economic recovery based on the environment. China and Japan have declared their intention to become carbon neutral by 2060 and 2050, respectively.

We recognize that we can no longer wait to address the issue of climate change. In its long-term vision for 2030, which is currently under review, OMRON views climate change as one of the most important issues for the future, especially from the perspective of expanding business opportunities. For businesses other than Energy Solutions Business of Social Solutions, we will continue to identify the respective risks and examine the opportunities.

**We will achieve sustainable corporate value growth by continuing to generate economic value, environmental value and social value, underpinned by our focus on solving social issues through our business**

As I have mentioned, OMRON's principles have spread globally and continues to evolve.

Thanks to OMRON's unique principles, even in a crisis like COVID-19, our global employees were able to tackle head-on the mission of solving social issues through our Business.

By solving social issues through our business, OMRON will continue to create economic, environmental and social value, and achieve sustainable growth in corporate value.

This concludes today's presentation. Thank you very much for your kind attention.

**OMRON**