VG2.0: New Medium-Term Management Plan
Management Issues

VG2.0 is the final four-year business plan under our *VG2020* long-term management strategy, which we started in 2011. VG2.0 is also our growth strategy in anticipation of the social changes beyond that timeframe. We are looking at the trends, the business environment, and social changes over the next 10 years in light of our SINIC predictive theory[*1] and Sustainable Development Goals[*2]. Here, we set the four focus domains since we expect to see social needs emerging in these domains most. New technologies, including Artificial Intelligence (AI), the Internet of Things (IoT), and robotics are evolving at a rate and scope beyond anything we could have imagined. These technologies dovetail with the evolution of our own core *Sensing & Control + THINK* technologies. We are redesigning our business models as we work to solve social issues through technological innovation.

■ VG2.0 Overview

VG2.0 is built around three basic strategies. To hasten our progress under these strategies, an open innovation strategy is added, as well as a functional business strategy to support and promote our plan execution.

Pivotal Strategies: Solving Social Issues through our Businesses

Redefine our focus domains and maximize the strengths of our businesses	We have defined focus domains which we believe best leverage our strengths: Factory Automation, Healthcare, Mobility, and Energy Management.
Evolve our business model	Our plan is to deliver total solutions that solve customer issues. Rather than develop stand-alone products and services, we will provide applications based on new, integrated technologies, incorporating AI, IoT, and more.
Reinforce our core technologies	Our aim is to reinforce both cross-organizational core technologies (AI, robotics, etc.) and the core technologies within each business unit.

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Open Innovation Strategy

Collaborative creations with partners	We intend to work closely with customers, companies in other industries, universities, research institutes, and others to drive technological innovation.

Functional Business Strategy: Functions Supporting VG2.0

Human resource management	Manufacturing	Risk management

Our Future Under VG2.0

Our Future Under VG2.0

A value-generator for people and the Earth that is qualitatively and quantitatively superior

Net Sales ¥1 trillion

Operating Income ¥100 billion

VG2020

GLOBE STAGE → EARTH-1 STAGE → VG2.0 (2017-2020)

Growing Concerns for Social Issues

Labor shortages
Adapting to changes in manufacturing

Aging society
Soaring medical costs

Frequent traffic accidents and congestion
Deteriorating urban environment

Advancing global climate change

Rapid Technological Innovation

AI

IoT

Robotics

2030 Shared Goals among International Society

http://www.un.org/sustainabledevelopment/

OMRON SINIC Predictive Theory

https://www.omron.com/about/principles/sinic/

*1 Predictive theory developed in 1970 by OMRON founder Kazuma Tateishi. SINIC is an abbreviation for Seed-Innovation to Need-Impetus Cyclic Evolution.
*2 Sustainable Development Goals were adopted by the United Nations in 2015.

Creating and Promoting VG2.0 within OMRON

In April 2016, OMRON began strategic planning for VG2.0. The following August, executive officers discussed intensively about the plan at an Executive Council meeting chaired by the CEO. After reviewing our results so far under *EARTH-1 STAGE*, we identified ongoing issues to address in VG2.0. We also forecasted likely changes over the next 10 years, identifying our strengths and weaknesses. Finally, we discussed our objectives and what we hoped to achieve. After discussions in subsequent board of director meetings, each individual business unit and functional division department were tasked to propose specific strategies, which were communicated down to every work location. In this way, the planning process was not a one-sided management affair. Many different departments and employees also participated.

Prior to launching the plan, our CEO and other top managers explained the plan to OMRON employees, sharing strategies company-wide to promote better understanding of and motivation for VG2.0. We will continue to promote the objective and progress through internal communication.

Sustainability Issues and Goals

Our desire is to always be a company that solves social issues, guided in our mission by the **OMRON Principles**. To this end, we incorporated sustainability initiatives into VG2.0, identifying issues and setting goals based on the **Sustainability Policy** set by our board of directors. In reaching our goals for sustainability, we will also grow as a company and raise corporate value by creating value for society.

★OMRON Principles (P57)   ★Sustainability Policy (P57)

■ Identifying Sustainability Issues and Setting Goals

STEP 1

Identify Issues
Analyze global social issues and ESG trends[1] to identify a broad range of environmental, social, and economic issues

[1] Sustainable Development Goals, Global Reporting Initiative, The United Nations Global Compact, ISO 26000, Electronic Industry Citizenship Coalition, Dow Jones Sustainability Index, FTSE4Good, MSCI Global Sustainability Indexes, etc.

STEP 2

Set Priorities and Goals
Work with relevant departments to analyze the materiality of issues through stakeholder and OMRON perspectives[2]

[2] Consider the impact of our businesses on the economy, environment and society, the relation with VG2.0, factors for employee motivation and the impact on corporate value

STEP 3

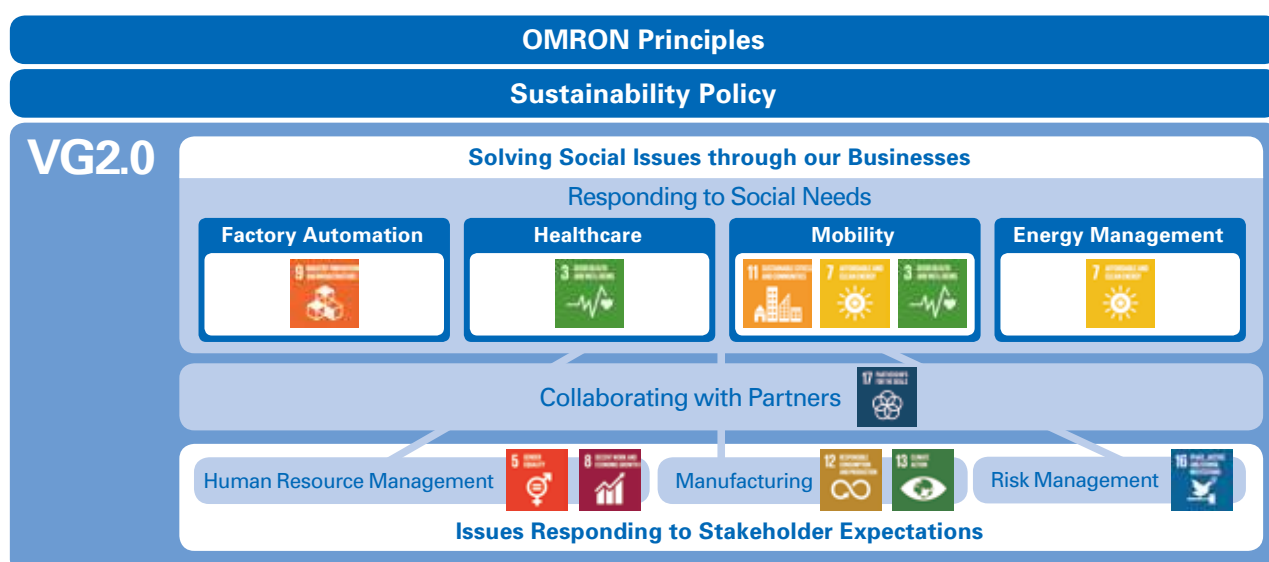### Discussions and Approvals at the Management Level
Discussed at the Executive Council with the CEO acting as a meeting chair
Approved by the board of directors

■ Sustainability Management

We have defined two main areas of issues to tackle under VG2.0. The first are those social issues we can solve through the four focus business domains redefined . The second are issues that support the execution and respond to the expectations of our stakeholders.

We considered specific initiatives regarding these issues, setting related non-financial targets. We will regularly check the progress of these initiatives and targets, making progress as we engage with our stakeholders. Achievement of our targets will also contribute to progress in Sustainable Development Goals.

OMRON Principles

Sustainability Policy

VG2.0

Solving Social Issues through our Businesses

Responding to Social Needs

| Factory Automation | Healthcare | Mobility | Energy Management |

Collaborating with Partners

Human Resource Management   Manufacturing   Risk Management

Issues Responding to Stakeholder Expectations

Increase Corporate Value by Creating Value for Society

Major Financial Goals (Fiscal 2020)

Net Sales	¥1 trillion	Operating Income	¥100 billion

Sustainability Issues and Major Non-Financial Goals (Fiscal 2020)

Response to Social Needs

■ **Factory Automation**
  Manufacturing Innovation

■ **Healthcare**
  Project Zero for brain and cardiovascular diseases, severe asthma

■ **Mobility**
  Reduction of traffic accidents and the environmental burden of vehicles

■ **Energy Management**
  Spread of renewable energy

- New products leading to innovative-Automation in four focus industries
  ~Create Control Technologies for Manufacturing Innovation~
- Blood pressure monitor unit sales: 25 million / year
- Nebulizer + Asthma wheeze monitor unit sales: 7.65 million / year
- Create safe driving support systems and technologies
- Create advanced driving support / 360° driver assistance technologies
- Automobiles with environmentally friendly components: 10 million units / year
- Cumulative output volume for solar power (PV) / storage systems: 11.2GW

Human Resource Management

■ Talent Attraction and Development

■ Diversity and Inclusion

■ Wellness Management

■ Occupational Health and Safety

■ Respect for Human Rights and Labor Practices

- Evolve and advance TOGA[1] 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
- Ratio of women in managerial roles (OMRON Group in Japan): 8%

Manufacturing

■ Product Safety and Quality

■ Reduction of Greenhouse Gas Emissions

■ Appropriate Management and Reduction of Hazardous Substances

■ Supply Chain Management

- Ratio of product safety assessments for newly developed products: 100%
- Environmental contribution > CO_2 emissions of production sites
- Reduction of mercury through the prevalence of electronic digital thermometers and electronic blood pressure monitors: 69 tons / year
- Sustainability self-assessments by important vendors:
  · Implementation ratio: 100%
  · Score of 85 or higher

Risk Management

■ Fair Business Practices

■ Privacy and Data Security

- Continuous evolution in group governance
  · Consistent promotion of OMRON Group Rules[2] at all global bases
  · Global training in ethics rules
  · Build a new information security system

(Note) OMRON updates the progress and showcases regarding non-financial goals on our corporate website.

[1] Abbreviation for The OMRON Global Awards, an internal award system encouraging employees to put the OMRON Principles in action

[2] Internal rules to ensure OMRON management transparency, fairness, and global perspective; serves as a foundation for proper and timely decision-making

Vision
Overview
Strategy
Governance
Financial Information