VG2.0 Medium-Term Management Plan

A Road Map Anchored in the Future

In 2011, OMRON started Value Generation 2020 (VG2020), a plan that outlines a 10-year vision for our company. VG2.0, our medium-term management plan launched in fiscal 2017, is the last stage of VG2020. Spanning four fiscal years, VG2.0 also defines our long-term strategy to respond to social change beyond the timeframe. In drafting VG2.0, we forecast future world trends and social changes, incorporating these projections of the future into our strategies. VG2.0 also reflects considerations of the SINIC theory (OMRON's unique future predictive model) and Sustainable Development Goals[*].

Innovation driven by social needs. It is a core tenet of the OMRON Principles and a concept driving us to work with customers and partners, leveraging open innovation to address four core areas of emerging social needs: Factory Automation, Healthcare, Mobility, and Energy Management.

* Goals for sustainable development adopted by the United Nations.

Growing Concern for Social Issues

Labor shortages
Adapting to changes in manufacturing

Frequent traffic accidents, congestion
Deteriorating urban environment

Aging society
Soaring medical costs

Advancing climate change

Rapid Technological Innovation

AI

IoT

Robotics

OMRON

Sustainability

VG2.0

Business Strategies

1. Redefine focus domains and maximize the strength of businesses
2. Evolve business models
3. Reinforce core technologies

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Collaborative Creation with Partners

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Operations/Functional Strategies

Human Capital Management, Manufacturing, and Risk Management

Vision

Strategy

Business

Governance

Financial Information

Corporate Information

VG2.0 and Sustainability Initiatives

OMRON has aligned sustainability targets with our VG2.0 goals to pursue sustainable corporate value through the generation of social value. Based on the OMRON Sustainability Policy, we identified social issues in VG2.0 to be solved through four focus business domains, while selecting core sustainability issues to support our execution of VG2.0 as well as answer the expectations of our stakeholders. We set goals in these areas to achieve by fiscal 2020, and began working toward these goals in fiscal 2017. In the same year, we added progress toward VG2.0 and sustainability indicators[*] evaluated by third parties into the medium- and long-term performance-linked stock based compensation system for our officers and directors.

* Dow Jones Sustainability Index (DJSI)

Principles

Policy

Sustainability Initiatives

Social Issues to be solved through our Business > P42

FA | Healthcare | Mobility | Energy Management

Collaborative Creation with Partners

Issues Responding to Stakeholder Expectations > P56

Human Capital Management | Manufacturing | Risk Management

VG2.0 Targets

A global value-creating group that is qualitatively and quantitatively superior

Net Sales **¥1** trillion

Operating Income **¥100** billion

2030 Shared Goals (SDGs) Among International Society

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD

https://www.un.org/sustainabledevelopment/