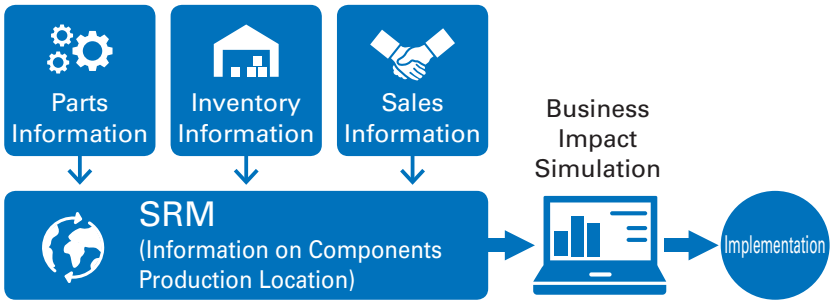
Responding to Natural Disasters

Corresponding SDGs

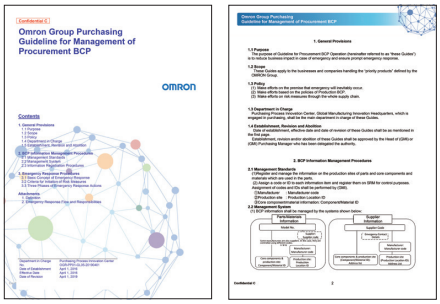
During fiscal 2018, major earthquakes in northern Osaka, Hokkaido, Indonesia, and Mexico, as well as heavy rain and large typhoons in western Japan, were natural disasters with the potential to threaten the continuity of OMRON businesses.
Since the March 2011 Great East Japan Earthquake, OMRON has been working to fulfill our supply and business continuity social responsibilities. We have also strengthened our response to risks such as natural disasters, which we can only expect to increase.

Stronger Procurement BCP Via Supplier and Risk Management Systems

As a manufacturer, we believe in the importance of fulfilling our supply responsibilities and thereby raising our corporate value. As part of our efforts to minimize the impact of natural disasters on customers and our own business, we took the lessons learned from the Great East Japan Earthquake, and in 2012 implemented the OMRON Supplier and Risk Management System (SRM), a countermeasure against procurement risk. SRM is an application software installed on enterprise systems to manage the location and parts manufacturing information related to global suppliers.
During the Great East Japan Earthquake, many suppliers of semiconductors and electronic components in the Tohoku region suffered damages that had an extensive impact on our components procurement network. We spent more than one month in understanding and identifying parts and production information, leading to an extended period of uncertainty about production recovery.
We built SRM as a response to the lessons learned at that time. In the wake of the Kumamoto earthquakes in 2016, we created guidelines for procurement BCP operations, while continuing to refine both operations and systems.
Today, we can use information obtained via SRM during a disaster to identify components produced by suppliers in the area and products made from said components. This information allows us to conduct simulations and assess the impact on our business within 24 hours.
The OMRON SRM and procurement BCP showed its effectiveness during the 2018 Mexico earthquake, the northern Osaka earthquake, and the heavy rains in western Japan. We identified the situation at our suppliers and managed components quickly, meeting our responsibilities for procurement and supply as a manufacturer.



Simulations of the business impact using parts, inventory, and sales data based on production location information for components registered in SRM



Shared Global Operating Guidelines (Published in 2016)

OMRON engages in Procurement BCP not because of the potential for disaster, but with the knowledge that disasters will happen. Based on this stance we engage in measures to collect information constantly and to mitigate risks. Information accuracy is important for making a prompt response to emergencies. With the cooperation of our suppliers, we use an interactive system to secure information in a timely manner. Even during disasters, OMRON contributes to a sustainable society by meeting our responsibilities to supply our customers.

Global Manufacturing Innovation HQ **Kumiko Ueno**

BCP Training for Stronger Disaster Management

Training at a Production Center for Electronic and Mechanical Components Business (December 2017)

Since the Great East Japan Earthquake, OMRON has focused on disaster-response measures, as well as related training and education in every global location. Our efforts here are to prevent or mitigate human and property damage through prompt, correct initial response in the event of a disaster. We believe that we can only respond to a disaster to the extent that we have prepared. Therefore, we conduct drills in each location around the world, assuming the type of disaster that may occur, aiming to improve employee awareness of disaster and disaster-response capabilities.

In addition to initial response training, evacuation training, safety confirmation training, and other training for all employees, OMRON has been engaged in business continuity planning (BCP) training since 2012, mainly in Japan, which has a propensity for natural disasters such as earthquakes and typhoons. Our preparation proved itself in the Kumamoto earthquake of April 2016. While OMRON facilities in Kumamoto and Oita suffered damage, we incurred no major interruptions to production. OMRON RELAY & DEVICES Corporation, a production center for electronic components, quickly confirmed the safety of employees and production quality. In fact, OMRON RELAY & DEVICES was one of the earliest companies in Kumamoto to return to regular production. This outstanding performance was the result of regular disaster preparedness training, as well as BCP training conducted in 2014 in anticipation of earthquakes.

To incorporate the experience and expertise cultivated through these Japanese-based training programs throughout the entire OMRON Group, we began rolling out BCP training globally in fiscal 2016. In fiscal 2018, we conducted training in 15 locations, mainly in Asia, China, and Japan, which represent the bulk of our production centers. In BCP training, senior management and crisis-management personnel at each site create scenarios based on the experience and perspective of OMRON in past disasters. Responses are formulated based on these projected scenarios. This type of training allows OMRON to improve our ability to predict situations, share awareness of disaster-preparedness among member companies, and minimize the impact of disasters on our business.

Disaster-response and BCP training raise employee awareness of prevention. At the same time, we focus on knowledge management to ensure training and experience from disasters become knowledge assets. Our ongoing efforts will lead directly to employee safety, to meeting our supply responsibility, and to ensuring OMRON business continuity.

OMRON takes measures to prevent indirect risk, direct risk, and to prevent damages to our business and our employees. We also employ safety measures to protect against the event of risk and damage. I have a personal desire to support OMRON Group businesses by going out into the field to work with local workplaces to engage in day-to-day safety measures for the employees who work at OMRON. Through local experience and sharing what I learn with the rest of the OMRON Group, I help protect the safety of our employees and contribute to the further development of our business.

OMRON EXPERTLINK Co., Ltd. **Masanori Kushida**