

OMRON's Sustainability Initiatives: OMRON Sustainability Goals

December 27, 2017

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Key Highlights: Sustainability Initiatives

- 1. Formulated Sustainability Policy. Set sustainability targets and KPIs integrated with medium-term management plan objectives. Achieving medium-term management plan objectives = achievement of sustainability targets. Also contributes to SDGs.**
- 2. In identifying sustainability issues, focused on buy-in from all employees by highlighting OMRON's aims of 'Solving social issues through our businesses' and 'Responding to stakeholder expectations.'**
- 3. Sustainability Policy set out by the Board of Directors, which has responsibility for monitoring and oversight of initiatives related to sustainability issues.**
- 4. Adopt third-party sustainability evaluation as one of the KPIs in determining medium- to long-term performance-based compensation for senior management.**
- 5. Sustainability Policy, targets, KPI and status updates disclosed in a variety of media, including the Integrated Report, deepening dialogue with stakeholders.**

1959: Our Corporate Constitution is our Mission



Handwritten sketch by our Founder

Spirit of Our Mission Carried Over in Our Principles

Our Mission

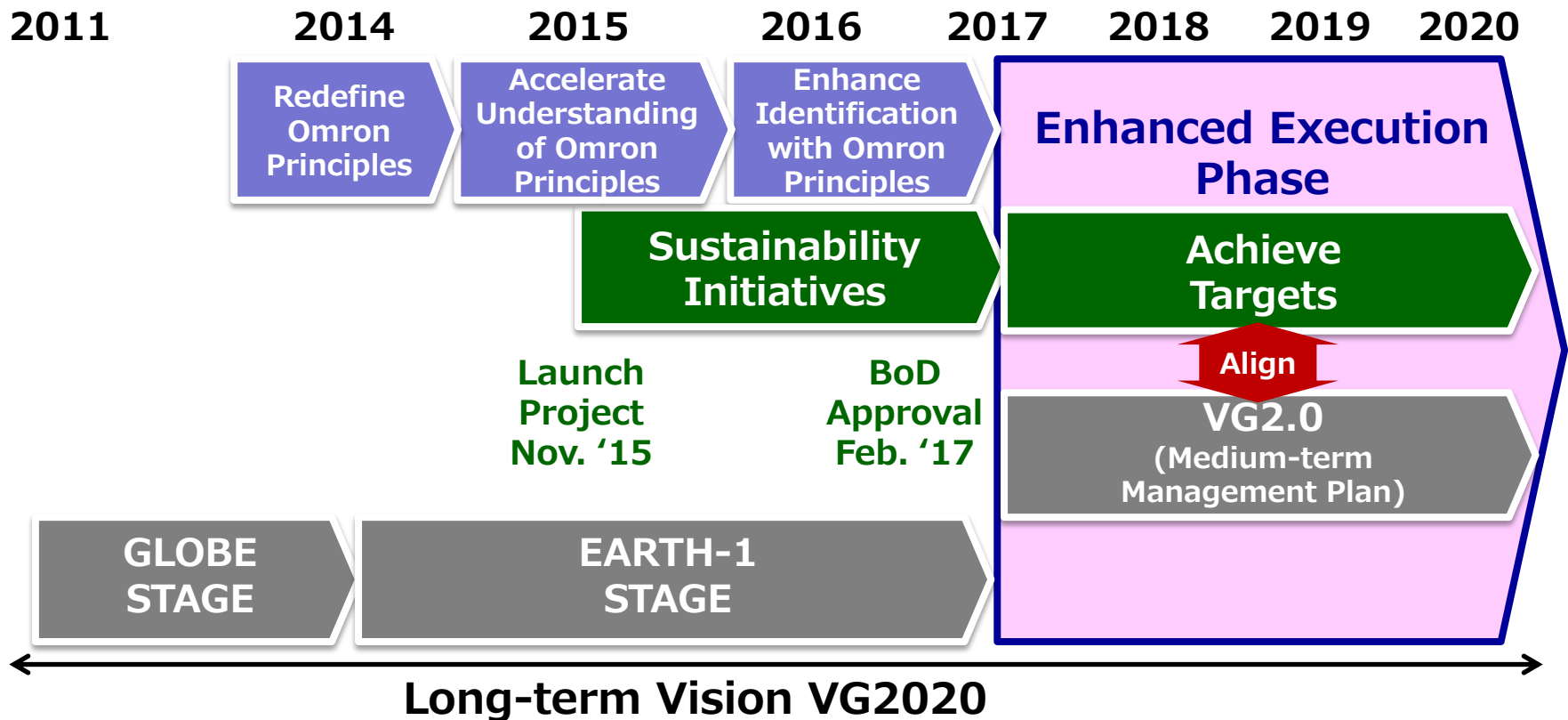
To improve lives and contribute to a better society

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 and Sustainability Initiatives

Medium-term Management Plan VG2.0 incorporates sustainability initiatives. FY2017 marks the start of a phase of enhanced execution of our Principles, in order to further elevate corporate value.



Management Commitment

The FY2017 Operational Policies for the Board clearly state the Board's oversight of material sustainability issues. Medium- to long-term performance-linked compensation for directors and executives now incorporates sustainability metrics based on third-party scores.

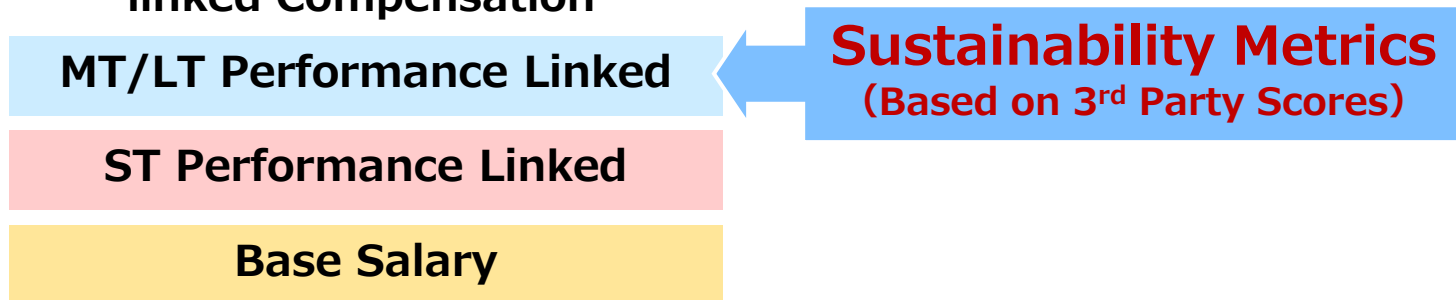
FY2017 Operational Policies for the Board

Based on the Corporate Governance Advisory Committee's assessment, the Board has oversight over the following three items, in seeking to achieve the targets set out in Medium-term Management Plan VG2.0.

- Confirmation of progress on the short-term management plan
- Human resource and technology strategies, which are key to the Medium-term Management Strategy
- **Initiatives related to materiality under the Sustainability Policy**

Our objective is to enhance corporate value on a sustainable basis. We will remain focused on achieving this through ongoing efforts to improve the effectiveness of the Board.

Medium- to Long-term Performance-linked Compensation



Framework for Setting Targets

The social issues OMRON aims to address under VG2.0 are linked to SDGs. Our goal is to create social value through our initiatives and FY2020 targets.



How we think about targets and KPIs

- Qualitative, quantitative targets aligned with VG2.0
- Identify issues that are meaningful for society and lead to enhanced social value
- Targets should be easy for employees to understand; should be positive and motivational
- Targets should be global
- Initiatives and targets should capture Omron's uniqueness
- Not just results-oriented targets; process targets also acceptable

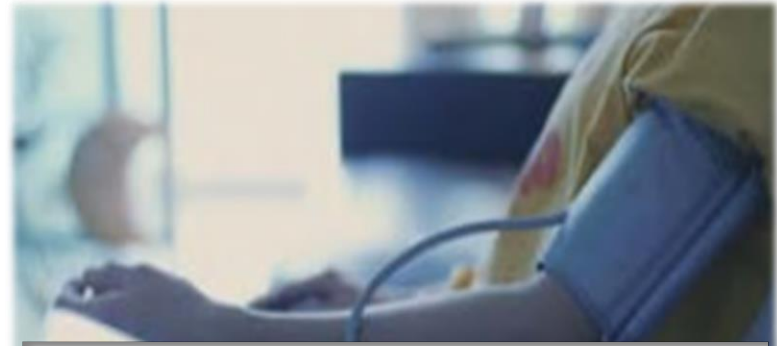
VG2.0: Basic Strategies

Four designated focus domains where OMRON can contribute by addressing social needs. Particular emphasis on FA and Healthcare.



FA

Contribute to manufacturing through innovation



Healthcare

Contribute to healthy and comfortable lives for people around the world



Mobility

Contribute to vehicular safety, security, comfort and cleanliness



Energy Management

Contribute to global sustainability

VG2.0 and Sustainability Strategies

OMRON Principles

Management Philosophy & Sustainability Policy

VG2.0

Business Strategies

1. Reinforce businesses by designating focus domains
2. Business model evolution
3. Enhance core technologies



Collaboration with partners



Operational & Functional Strategies

Human capital management, manufacturing risk management...

Sustainability Issues

Solving social issues through our businesses:
Responding to social needs

FA



Health-care



Mobility



Energy Mgmt.



Collaboration with
Partners



Responding to stakeholder expectations

Human
Capital Mgmt.



Manufacturing



Risk
Management



Solving Social Issues Through Our Businesses

Set FY2020 Sustainability Targets for the 4 Focus Domains

FA



Create new products for 4 focus domains that lead to **innovative**-Automation: Revolutionary control technologies for manufacturing



Healthcare



Sales volume:
BPM: 25m/yr
Nebulizer/Asthma Wheeze Monitors: 7.65m/yr



Mobility



Create driving safety systems and technology
Create technologies for ADAS/360° driver assistance systems for autonomous driving
Vehicles with eco components: 10m units/yr



Energy Management



PV power generation/storage systems shipped:
Cumulative total output: 11.2GW



Responding to Stakeholder Expectations

Set operational and functional sustainability targets for FY2020

Human Capital Management

Continue to develop TOGA* to reflect Corporate Principles
Localization of key international positions: 66% local staff
Accelerate PDCA cycle through engagement surveys
Women in managerial positions (domestic group): 8%



Manufacturing

Safety assessments on newly developed products: 100%
Environmental contribution > CO2 emissions from production sites
Mercury reduction achieved through higher penetration of electronic thermometers, BPMs and other devices: 69 tons/year
Sustainability self-assessment by major vendors: 100% implementation, all scores above 85 points



Risk Management

Dramatic evolution in Group Governance

- Full global penetration of OMRON Group Rules** at all sites
- Global training for ethical conduct rules completed
- New information security framework in place



* The OMRON Global Awards. Internal awards program to promote behaviors reflecting the Corporate Principles

** Internal rules to ensure OMRON's management transparency, fairness, and global perspective; serves as a foundation for proper and timely decision-making

Today's Themes

Human Capital Management

Manufacturing



 Solving social issues through our businesses
 Responding to stakeholder expectations

Risk Management

OMRON