

OMRON

Basic Information



August 2021
OMRON Corporation

About OMRON

Corporate Profile

Established

May 10, 1933

Head Office

Shiokoji Horikawa, Shimogyo-ku, Kyoto 600-8530 Japan

Capital

¥64.1bn

Net Sales

¥655.5bn (Year ended Mar 31, 2021)

**Number of
Employees**

28,254 (As of Mar 31, 2021)

Stock Listing

Tokyo (Ticker symbol: 6645)

**Number of
Shares Issued**

206,245 thousand shares (As of Mar 31, 2021)

Established in 1933 as "Tateishi Electric Manufacturing Co."

Kazuma Tateishi established "Tateishi Electric Manufacturing Co." in Higashi-Osaka in 1933.

The first launched product which led to the foundation of OMRON was X-ray timers. With accurate shooting in 1/20 second, it was a revolutionary product at the time.

In 1945, moved the head office to Omuro in Kyoto to escape war damage.

In 1990, changed the company name to "OMRON Corporation"



Founder Kazuma Tateishi
(1900~1991)



At the time of
establishment



X-ray timer

Our DNA: Contributing to the Society Through Business

In 1959, publicly announced the OMRON's Corporate Motto



【Corporate Motto】

To improve lives and contribute to a better society.

Handwritten Sketch by Our Founder

Corporate Principles (Revised in 2015)

Our Mission

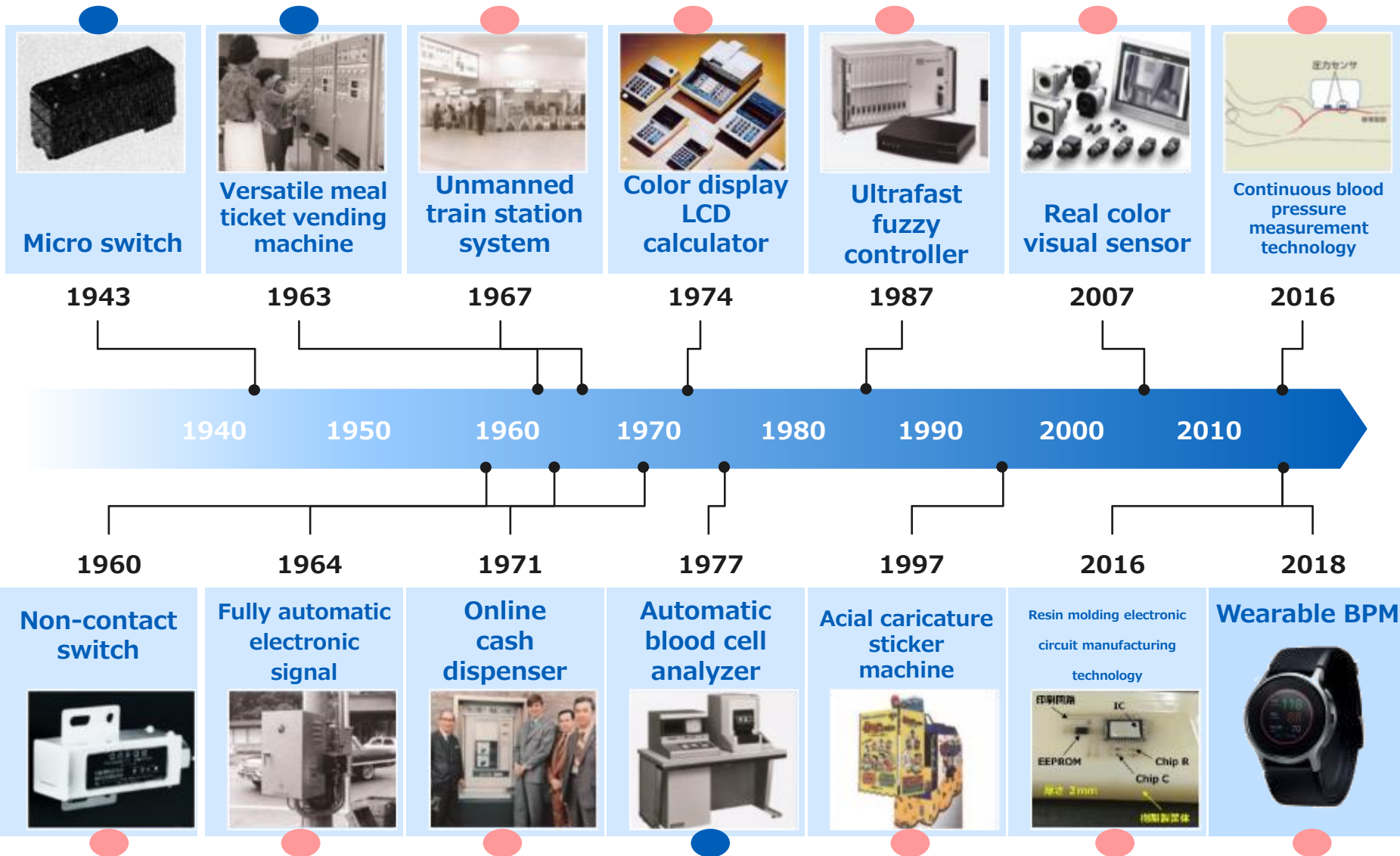
To improve lives and contribute to a better society

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's History: Innovation Driven by Social Needs

● The World's First ● First in Japan



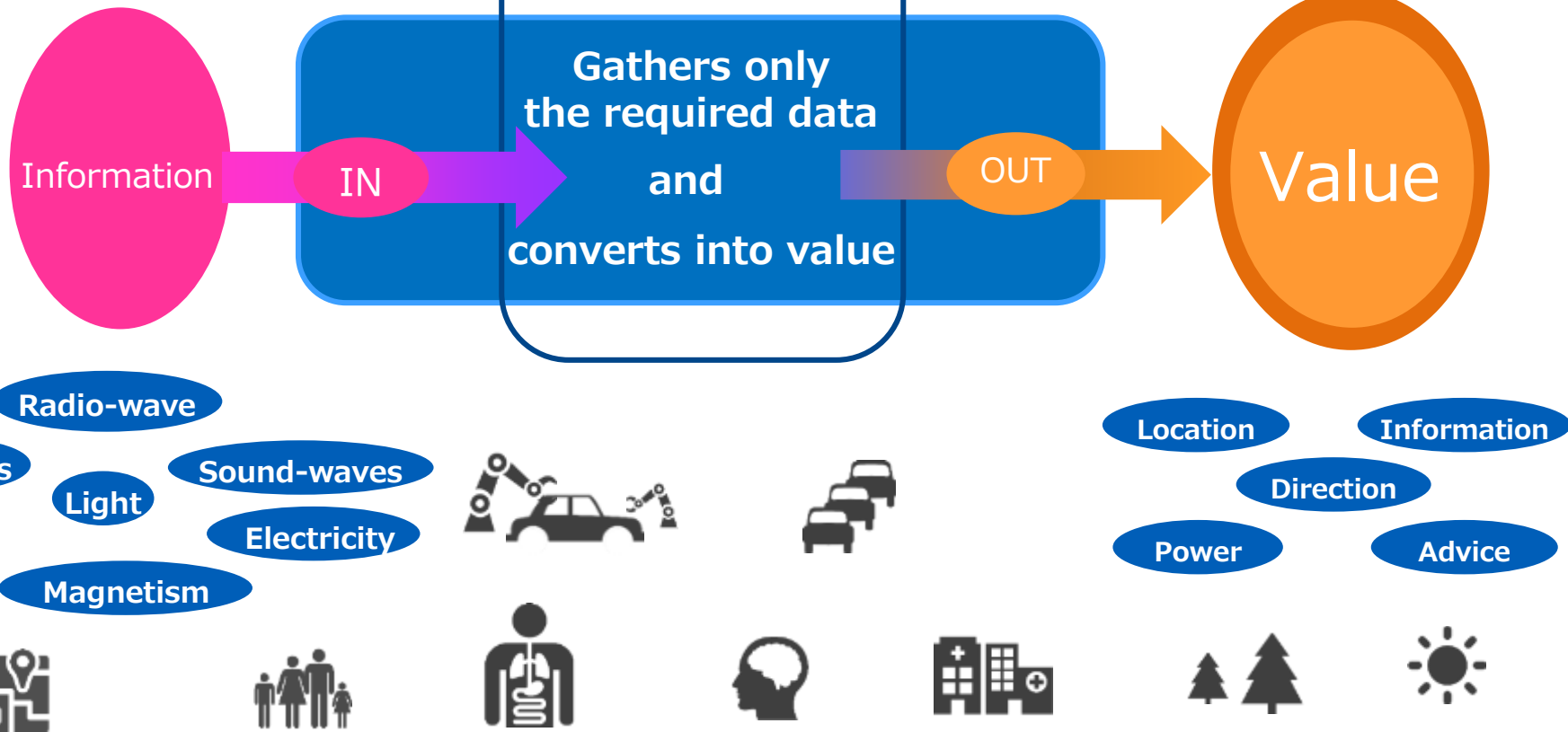
OMRON's Core Technology

“Sensing & Control + Think” is OMRON's core technology, which converts information into value through our original algorithm

Sensing

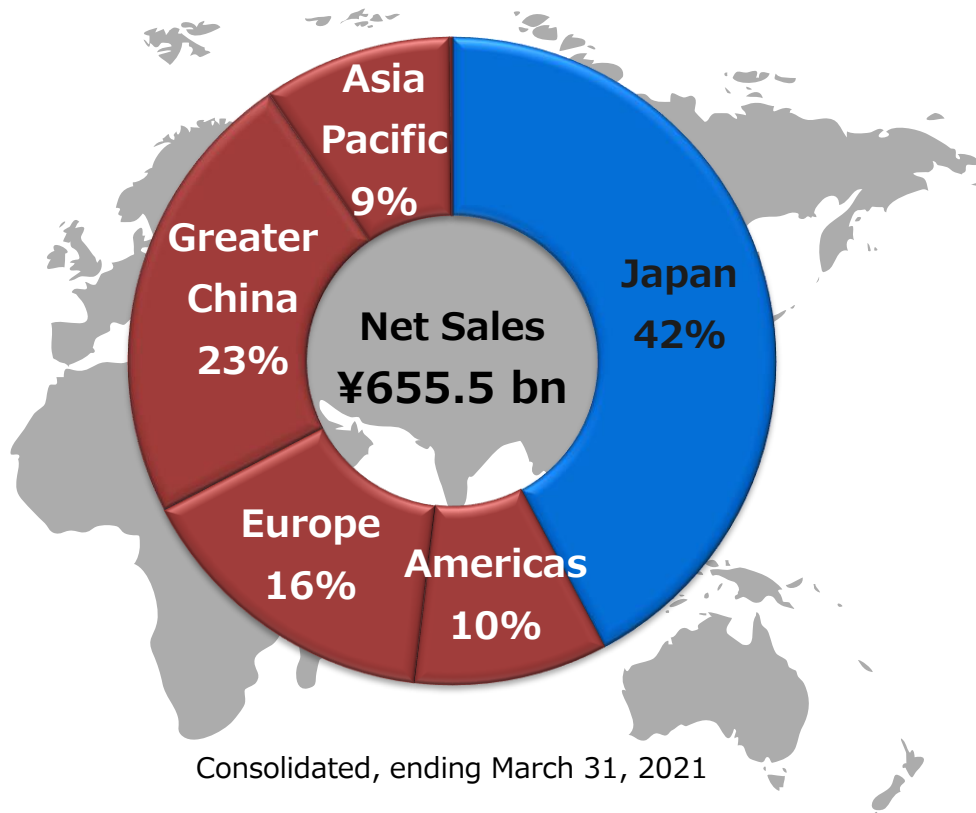
+ Think

Control

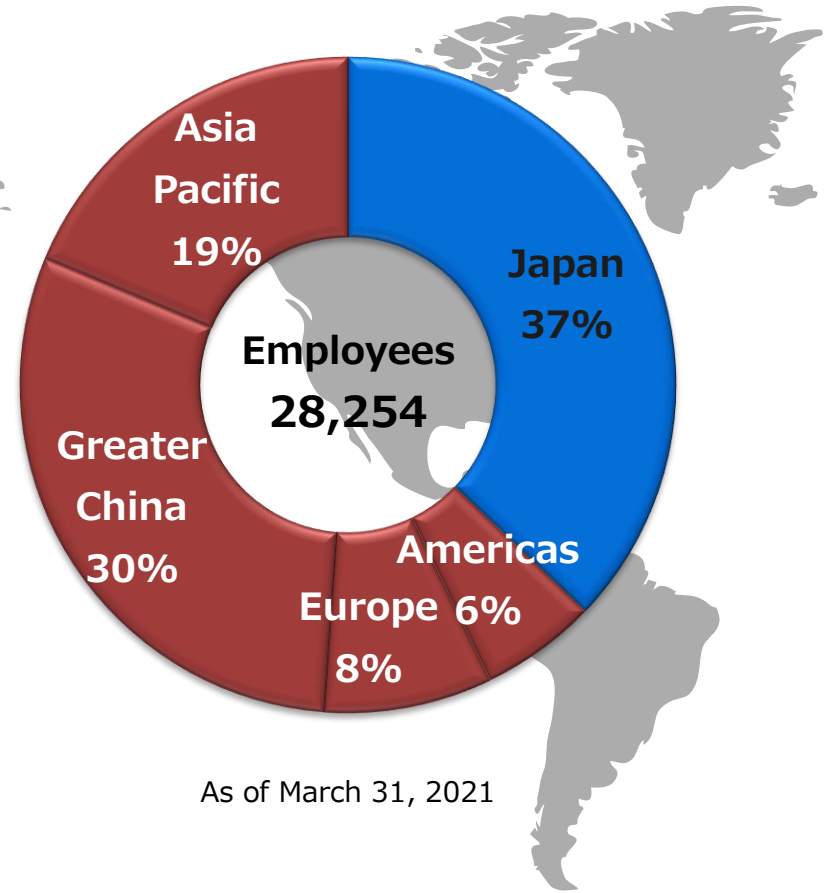


Business Develops in about 120 Countries and Areas

Over 50% is
overseas' sales



Approx. 60% are
non-Japanese



OMRON's Diverse Business Portfolio

HCB

Healthcare

Supporting the health of people around the world (electronic bpm, thermometer, etc.)



SSB

Social Systems, Solution & Service

Contributing to the comfortable and safe life by diverse systems for social infrastructure (automatic ticket gates, ticket vending machine, PV inverters, storage systems, etc.)



Elimination &
Corporate
0%

IAB

Industrial Automation

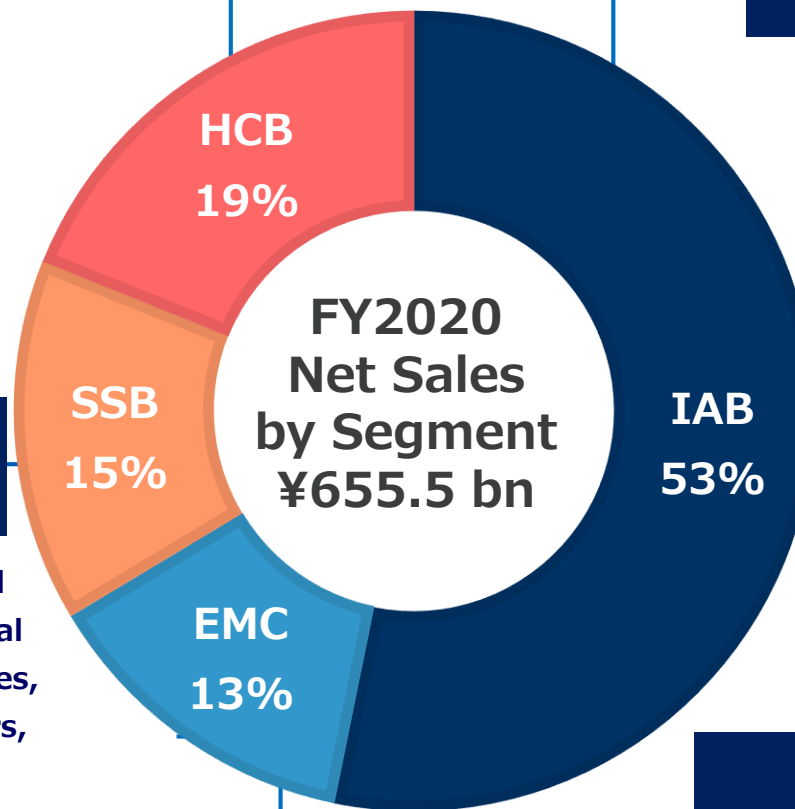
OMRON's mainstay business, leading the innovation of global manufacturing through factory automation (FA)



EMC

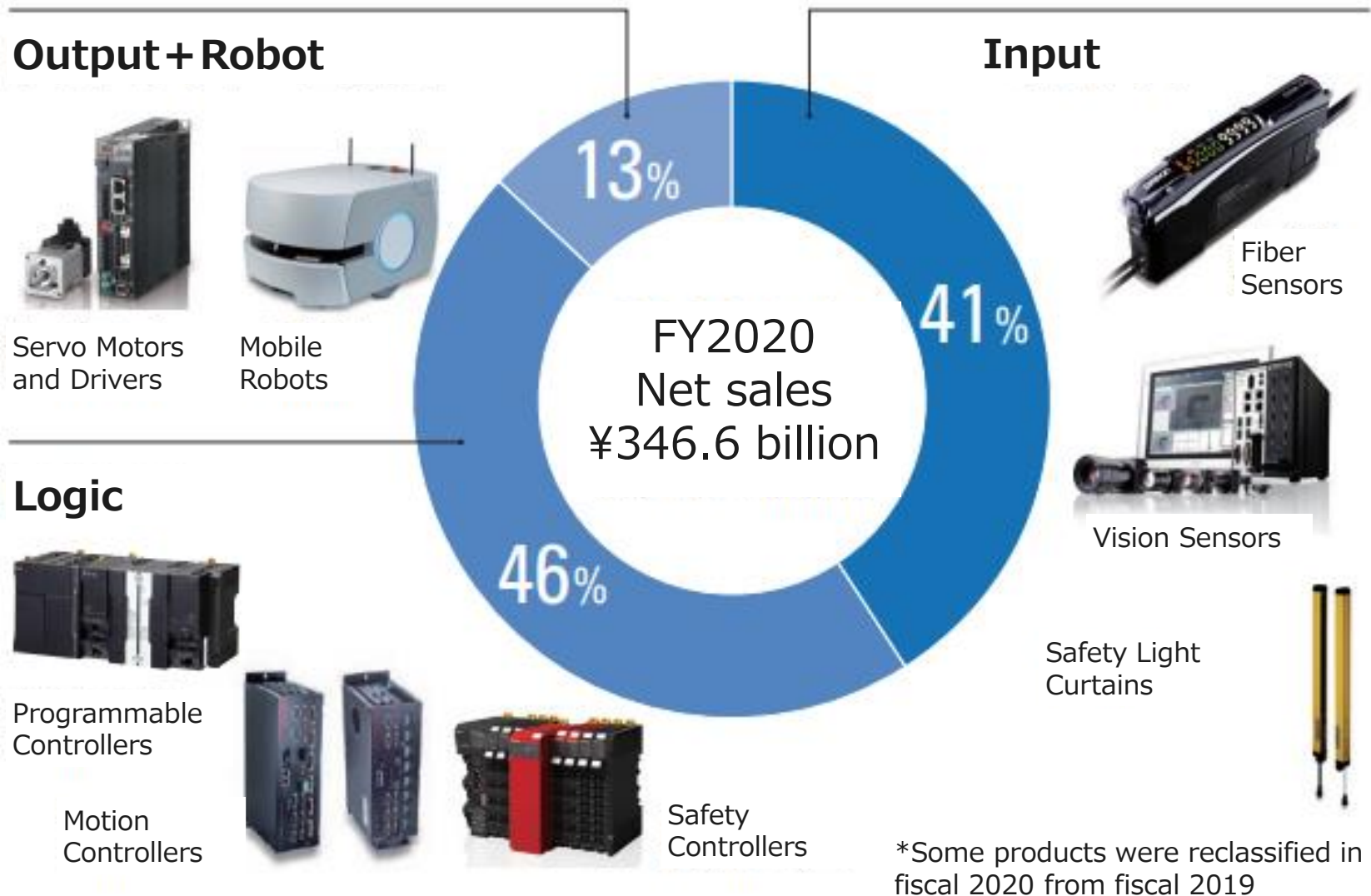
Electronic & Mechanical Components

Contributing to the high performance of consumer electronics, telecommunication equipment, etc. (relays, switches, etc.)



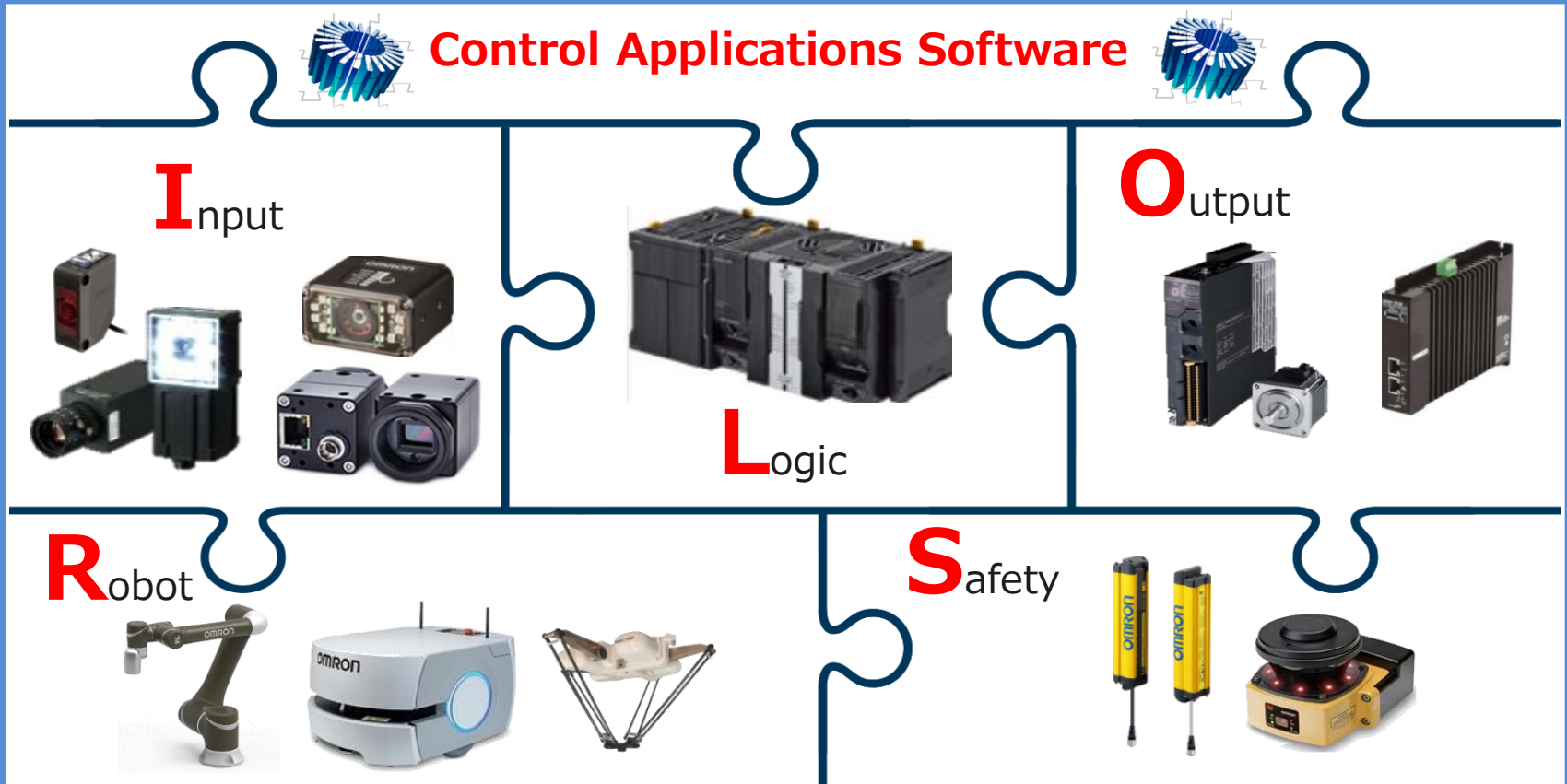
Industrial Automation (IAB)

Sales by Product



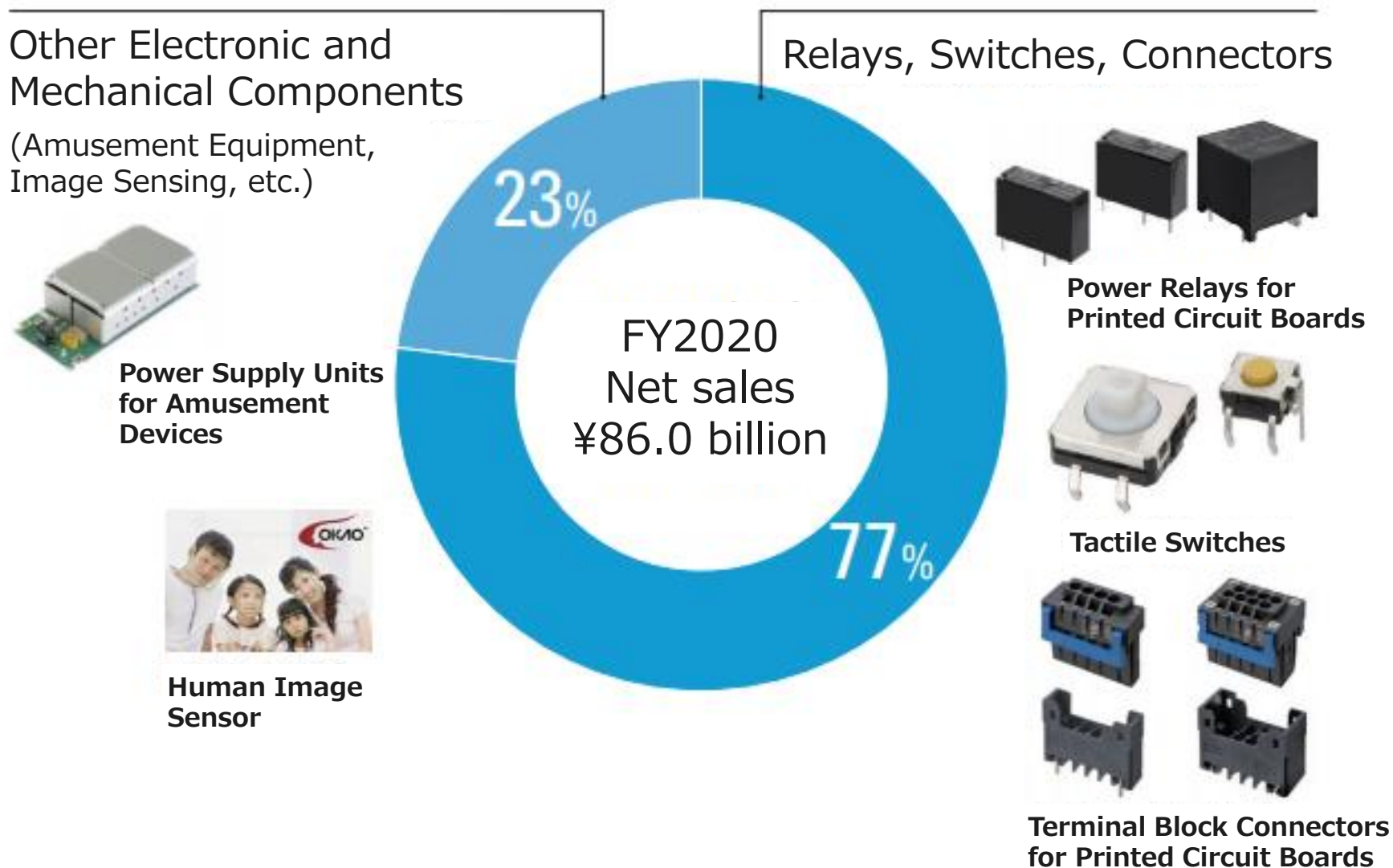
Full Coverage of Products

Broad lineup of over 200,000 products
× as many as 170 control applications software generation



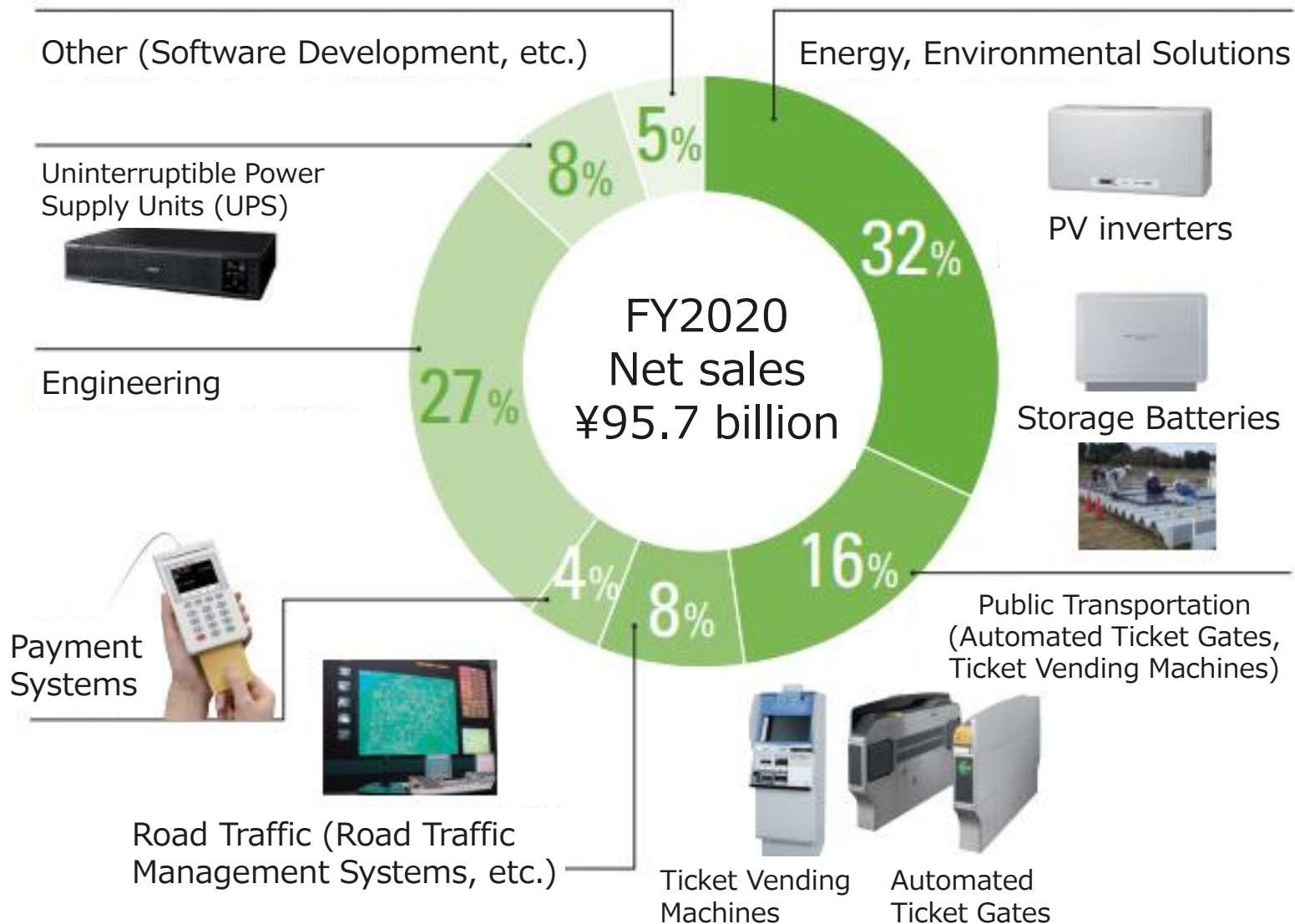
Electronic & Mechanical Components (EMC)

Sales by Product



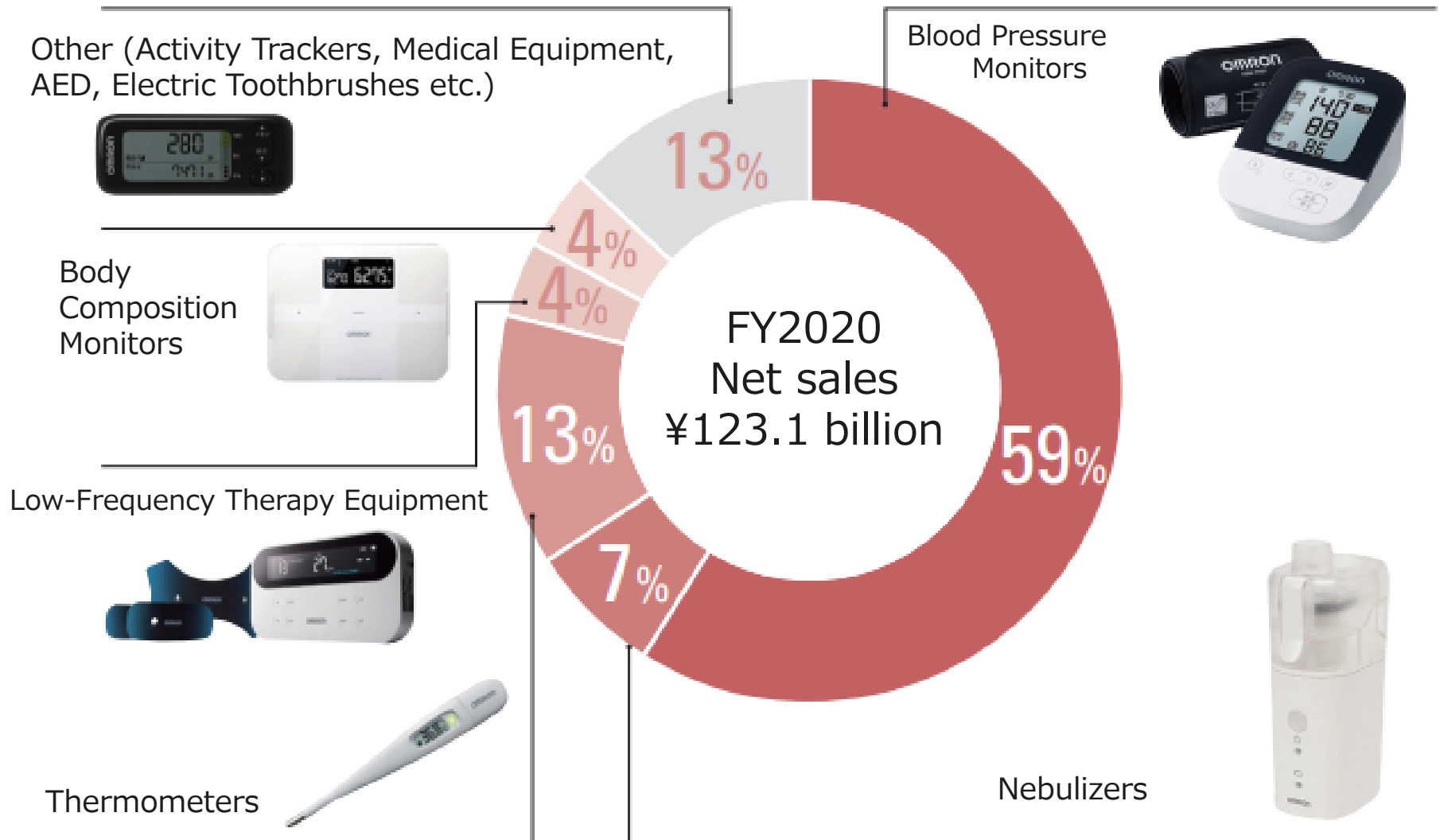
Social Systems, Solution & Service (SSB)

Sales by Product



Healthcare (HCB)

Sales by Product



Enhancement of Corporate Value

OMRON Included in Major ESG Indices (As of August 2021)

ESG Indices which include OMRON

- ✓ DJSI – World **4th consecutive year**
- ✓ FTSE4Good Index Series **6th consecutive year**
- ✓ MSCI ESG Leaders Indexes **7th consecutive year**
- ✓ MSCI SRI Indexes **5th consecutive year**
- ✓ STOXX Global ESG Leaders indices **5th consecutive year**
- ✓ FTSE Blossom Japan Index **5th consecutive year**
- ✓ MSCI Japan ESG Select Leaders Index **5th consecutive year**
- ✓ MSCI Japan Empowering Women Index **5th consecutive year**
- ✓ S&P/JPX Carbon Efficient Index **3rd consecutive year**

* OMRON discloses information and contributes to numerous external surveys for ESG assessment organizations, including the CDP Climate Change & Water Security questionnaires.

FY2020 Assessment: Climate Change 'A-', Water Security 'A-'

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



2021 MSCI ESG Leaders
Indexes Constituent

THE INCLUSION OF OMRON CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF OMRON CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

STOXX

Member 2020/2021
**ESG Leaders
Indices**

**2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

THE INCLUSION OF OMRON CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF OMRON CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



**FTSE Blossom
Japan**

**2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

THE INCLUSION OF OMRON CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF OMRON CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



External Recognition (As of August 2021)

ESG awards, selection for inclusion

S&P Global Sustainability Award

- ✓ S&P Sustainability Award Gold Class **1st time**

Sustainability Award
Gold Class 2021

S&P Global

Japan Association of Corporate Directors

- ✓ Corporate Governance of the Year 2018

METI Minister's Award for Corporate Governance of the Year **FY2018**



Corporate Governance
of The Year

Ministry of the Environment

- ✓ FY2018 Minister's Award for Global Warming Prevention Activity

'Implementation of Countermeasures and Dissemination Category' **FY2018**



Sponsored by Nikkei Inc

- ✓ Nikkei SDGs Management Grand Prix SDGs Strategy/Economic Value Award **December 2019**

Selected by METI, TSE

- ✓ TSE 2014 Corporate Value Improvement Award, Grand Prix. **FY2014**
- ✓ Nadeshiko Brand **4th consecutive year from FY2017**
- ✓ Health & Productivity Stock **3rd consecutive year from FY2018**
- ✓ Health & Productivity: White 500 **5th consecutive year from FY2016**



Selected by Nikkei Inc.

- ✓ Nikkei 225 **March 2019, 1st time**

Basic Policy on Profit Sharing

The priority of profit sharing is

(1) investment for future growth (2) dividends (3) share buybacks

Investment for Future Growth

Focusing on Factory Automation and Healthcare, allocate investment for growth (M & A), R & D, and capital expenditures.

Dividend

Decide on a target of

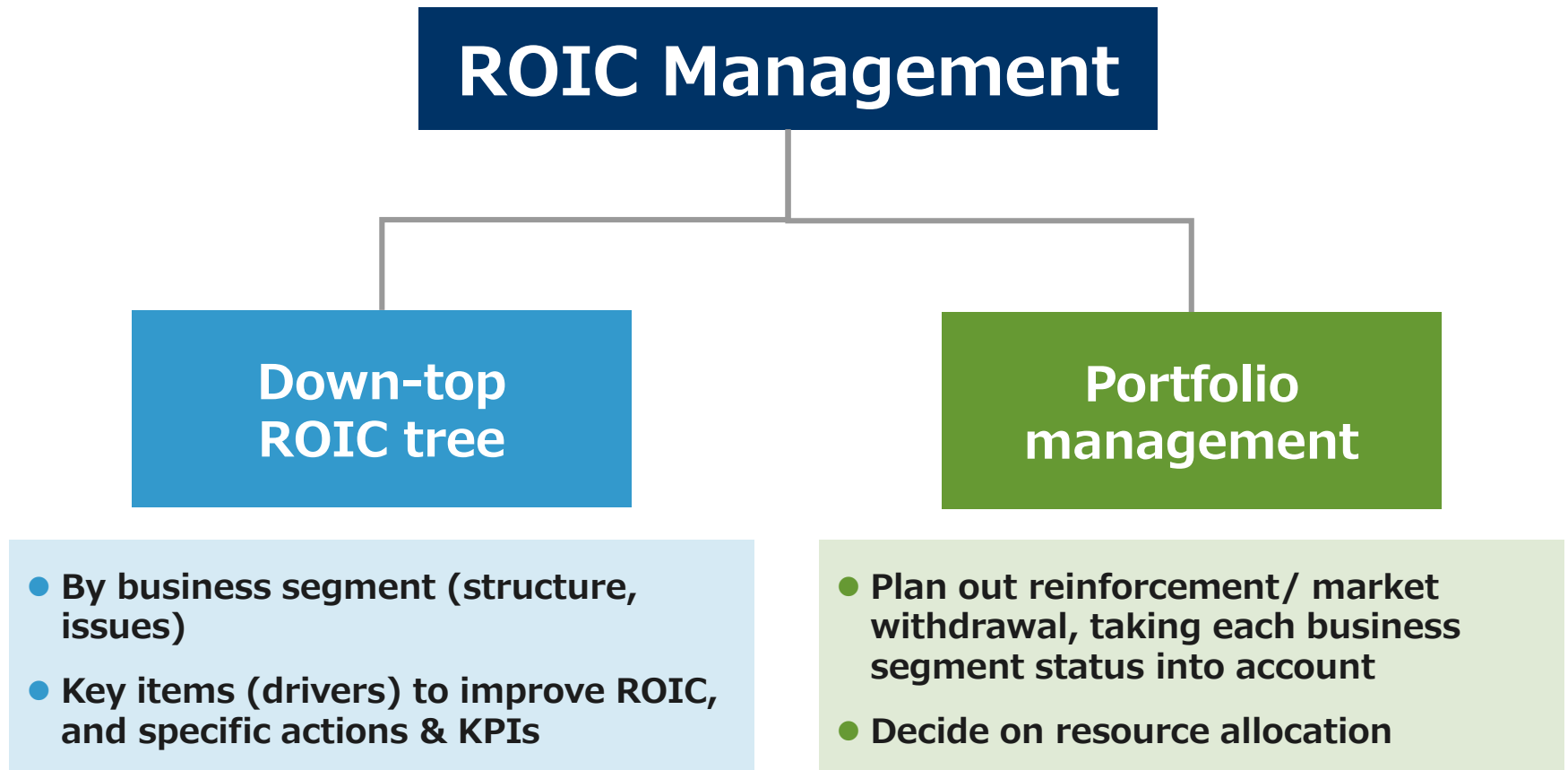
- full-year dividend payout ratio as approximately 30%.
- dividend on equity ratio (DOE) as approximately 3%.

Share Buyback

Long-term retained earnings may be allocated toward share buybacks in a flexible manner.

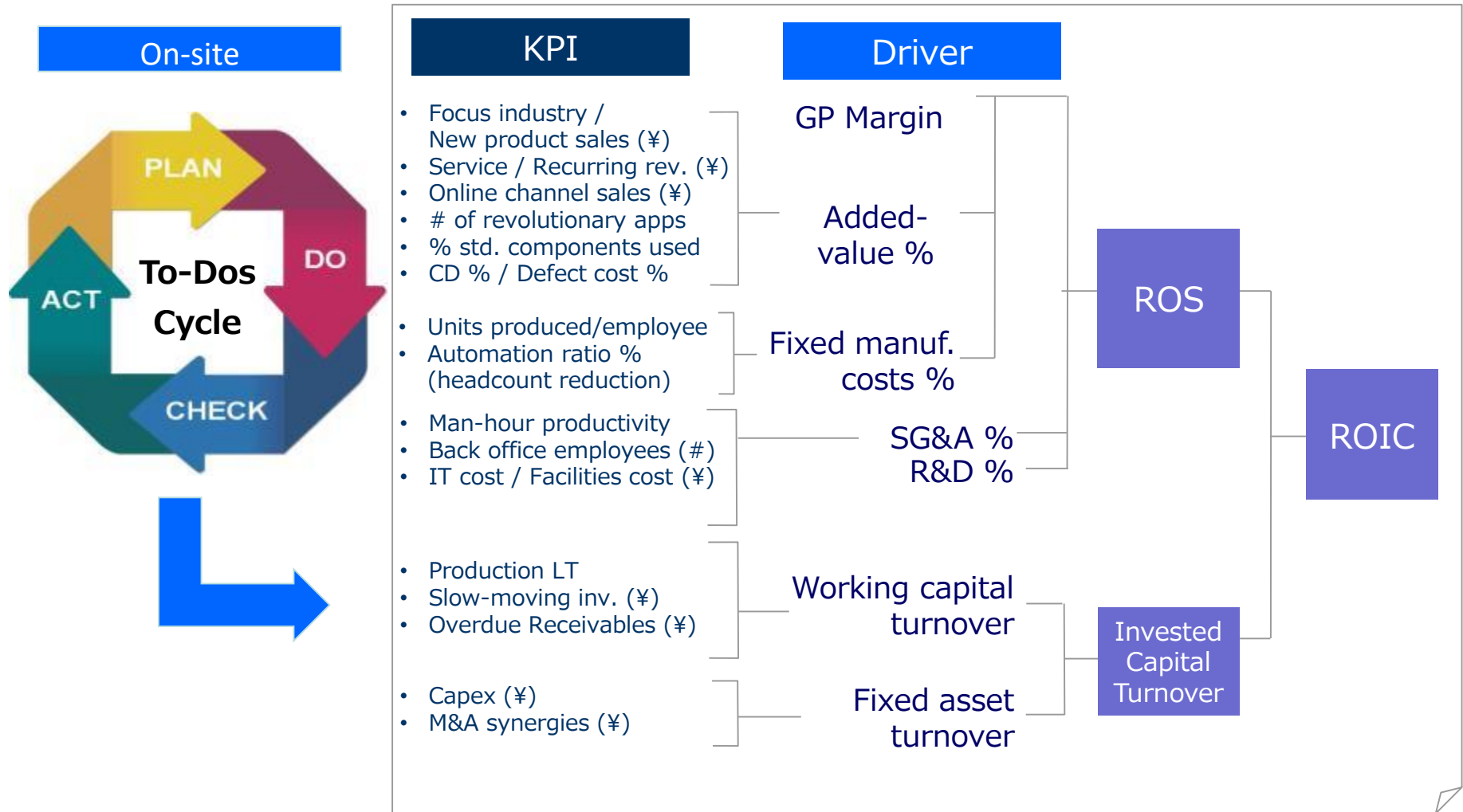
ROIC Management

Set ROIC Management as medium- to long-term management decision making tools



Down-Top ROIC Tree (2.0)

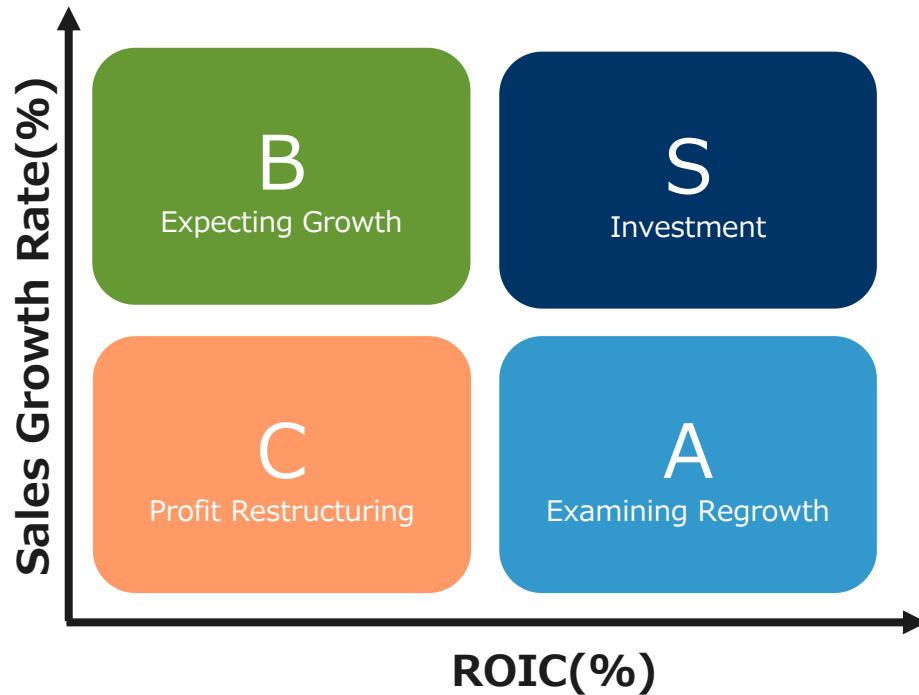
Through Down-Top tree, execute on KPI/PDCA at all levels down to on-site staff



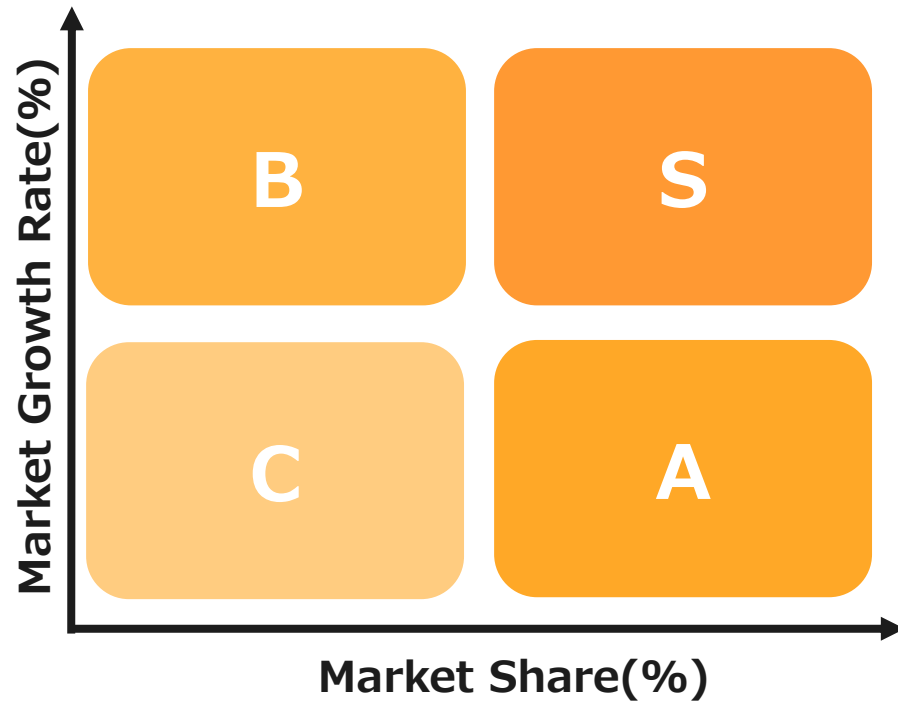
Portfolio Management

After assessing economic and market value,
allocate investment resources in an optimal manner

■ Assessing Economic Value

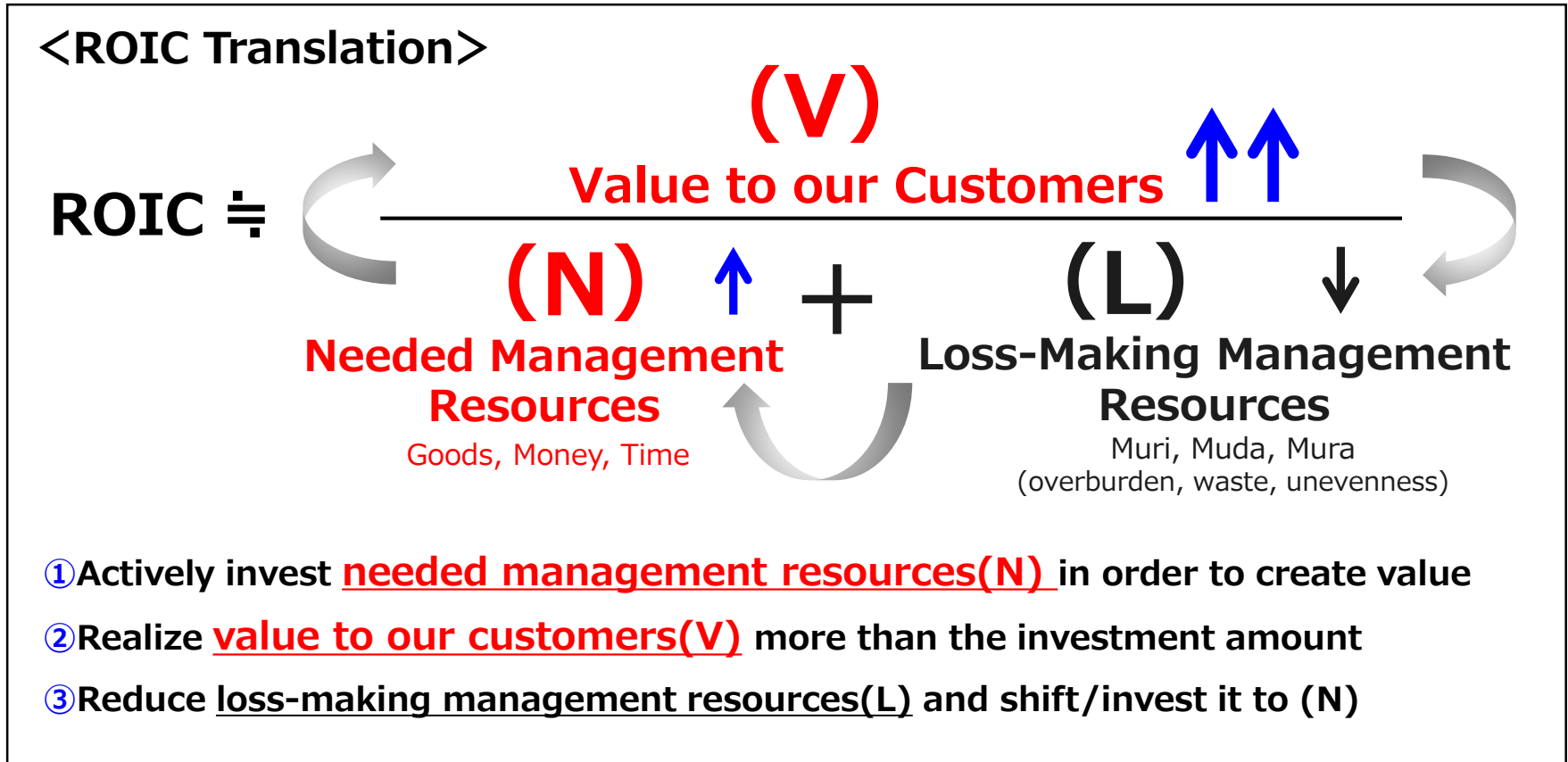


■ Assessing Market Value



ROIC Management Upgrading (ROIC 2.0)

Upgrading ROIC management to encourage an awareness and better understanding on ROIC

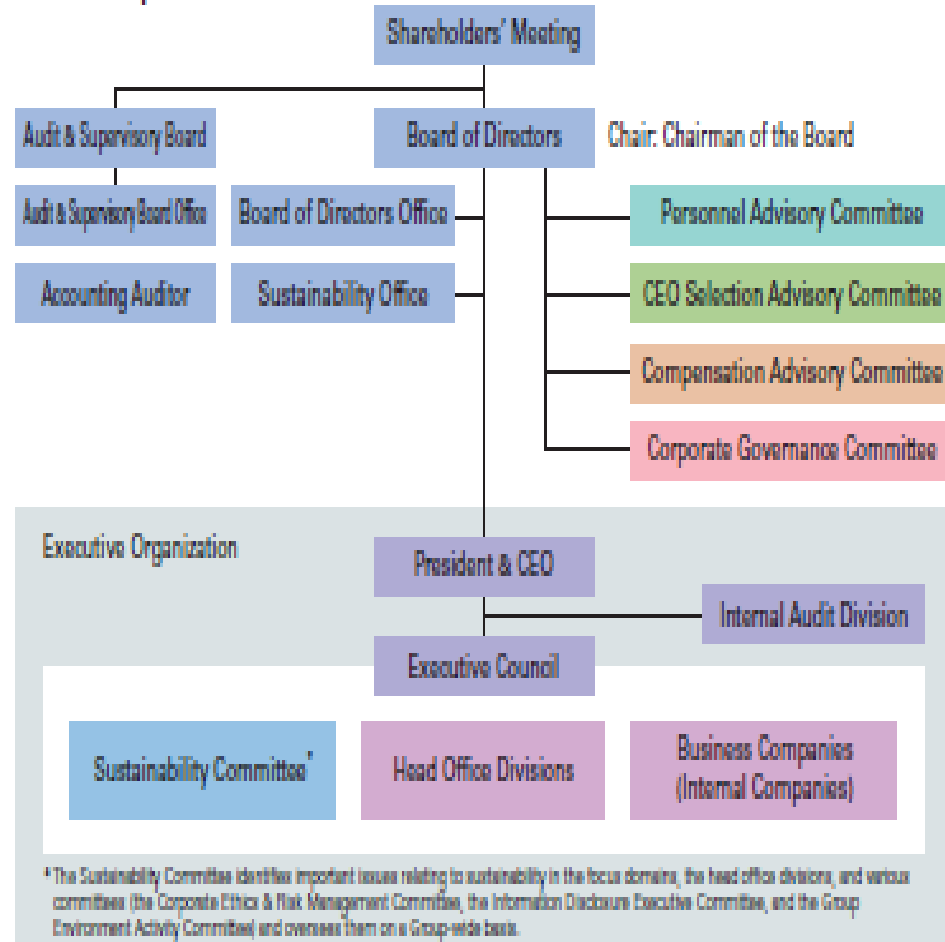


Corporate Governance

Highly transparent and effective corporate governance structure as a basis for sustainable value creation

- ✓ **Separation of management oversight and business execution**
 - Separate position: Chairperson of the BoD and CEO
 - Of 8 directors, 3 are independent, with majority being non-executive
 - Larger authority given to business company presidents for swifter decision-making
- ✓ **Personnel/ CEO selection/ compensation advisory committees and corporate governance committee**
 - While OMRON is a company with an audit & supervisory board under Japan's Companies Act, it has 3 advisory committees and 1 committee
 - The four chaired by independent directors
 - President does not belong to any of the committees

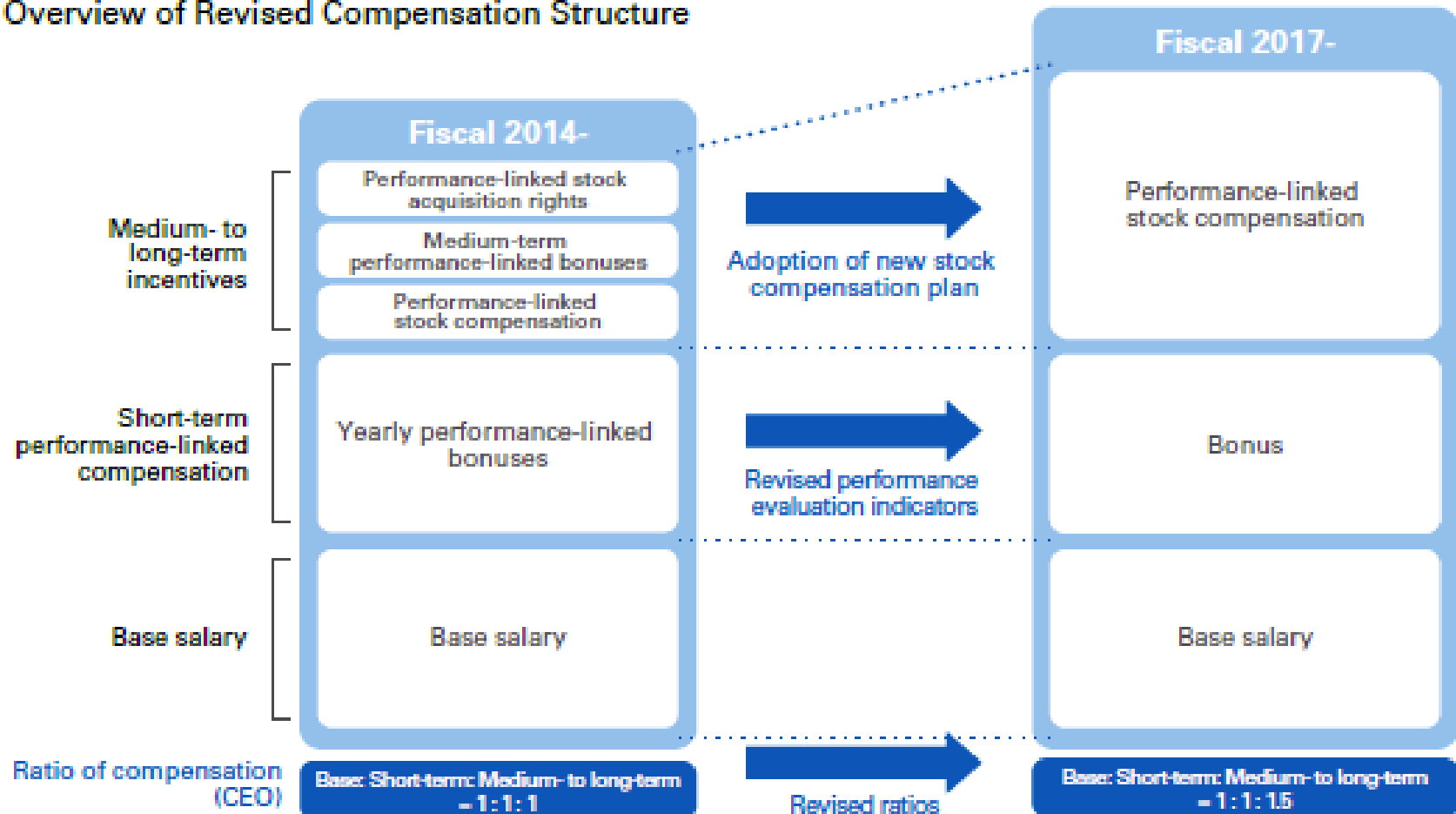
Fiscal 2019 Corporate Governance Framework



Compensation Scheme

Increased ratio of medium- to long-term performance-lined compensation

■ Overview of Revised Compensation Structure



Evolution of Remuneration Governance

Reflecting changes in the operating environment and stakeholders' expectations, updating medium-to-long-term performance-linked compensation ahead of next LT Vision/medium-term management plan

Base Salary

**Short-term
Performance-
linked
Compensation
(Bonuses)**

Bonuses

=

**Base
Amount for
Each
Position**

×

**Performance
Score**

×

**ROIC
Score**

OPM 50%
Net Income 50%

**Medium-to-long-
term,
Performance-
linked
Compensation
(Stock compensation)**

**Stock
Compensation**

=

**Base
Amount for
Each
Position**

×

**Financial
Metrics
60%**

+

**Corporate
Value
Evaluation
20%**

+

**Sustainability
Evaluation
20%**

EPS
ROE

Relative
TSR

GHG Emission Reduction
Engagement Survey
DJSI

OMRON