OMRON has conducted business from a long-term perspective under its 10-year long-term vision, Value Generation 2020 (VG2020), from fiscal 2011 to fiscal 2020. During the effective period of VG2020, we endeavored to enhance financial value by strengthening our three abilities of growth power, earning capacity and responsiveness to changes, and non-financial value by engaging in sustainability initiatives. As a result of our efforts, total shareholder return (TSR), which is an indicator of corporate value creation, roughly quadrupled over the past ten years, proving a significant increase in corporate value.

### Total Shareholder Return (TSR)

![Graph showing Total Shareholder Return (TSR) from fiscal 2011 to fiscal 2020.](image)

**Improved Financial Value through the Enhancement of Growing Power, Earning Capacity, and Responsiveness to Changes.**

--- **Enhancing Growing Power**

By actively engaging in investment in order to achieve growth throughout the effective period of VG2020, we have built up three assets which will sustain future growth. The first is a strengthened ability to provide solutions. In our mainstay Industrial Automation Business, we have developed competitive and innovative products and applications, while strengthening our front-line human resources (sales and sales engineers) to communicate the value of these products and applications. The second is the formation of new business models. We invested in commercializing services that we expect to grow significantly in the future. These services include i-BELT, a manufacturing site data utilization service in our Industrial Automation Business, and remote medical consultation services in our Healthcare Business. The third is the acquisition of new products and new technologies. Focusing on fields such as robotics and AI, we have implemented M&As and created alliances in order to acquire innovative technologies and products which OMRON is lacking. We have acquired businesses in fields such as robotics and motion controllers for our Industrial Automation Business, enhancing our product lineup and technological capabilities. In addition, we have strengthened the competitiveness of our Healthcare Business through means such as acquiring nebulizer businesses and investing in a partner companies possessing electrocardiogram analysis technology. Through these approaches, we have been able to build a foundation for further growth.

--- **Increasing Earning Capacity**

We have been strengthening our earning capacity steadily by improving our gross profit margin and optimizing our business portfolio through ROIC management. We transferred the Automotive Electronic Components Business and wrapped up low-profit businesses, narrowing our business portfolio to businesses with higher profits and market shares, while concentrating our management resources. In fiscal 2011, our only business with an operating income margin of more than 10% was the Industrial Automation Business, which accounted for about 40% of total net sales. In fiscal 2020, our Healthcare
Since 2011, we have engaged in integrated risk management to support global business expansion, improving our responsiveness to changes. Aiming to further increase productivity and build resilience which will enable us to weather change, we are working to optimize our production locations and supply chain. In addition to M&A activities to acquire new businesses in our Industrial Automation Business, we doubled the number of production centers from four in fiscal 2011 to eight, responding to the global expansion of our customers. In our Healthcare Business, we have utilized M&As to acquire production locations in Brazil and Italy in order to position production close to consumers. In fiscal 2011, we had three production locations; this has now grown to five. This increase in production has enabled us to quickly respond to demand fluctuations in the major markets of the Americas and Europe. At the same time, we consolidated 11 production centers to seven in our Electronic and Mechanical Components Business. We were able to improve our productivity by consolidating and eliminating small production centers.

## Future Challenges
During the effective period of VG2020, operating income went from ¥40.1 billion in fiscal 2011 to ¥62.5 billion in fiscal 2020. At the same time, establishing a sound self-driven growth structure that will help us fight against headwinds and grow profits solely through our own capabilities remains a challenge. As part of our next long-term vision, we will continue to polish our existing businesses and strive to create further value in order to acquire the power to achieve self-driven growth. Moreover, we will also work to evolve our business model into one combining goods and services and, through joint development with our partners, accelerate our challenge to shift to new value generation, achieving self-driven growth.
Improving Non-Financial Value through Sustainability Initiatives

As part of VG2.0, our medium-term management plan launched in fiscal 2017, we established material sustainability issues (materialities) and worked to improve corporate value. These material sustainability issues are comprised of two key points: social issues to be solved through our business, and issues responding to stakeholder expectations. We have set VG2.0 targets for social issues to be solved in our mainline business domains and are taking action to achieve them. In addition, through the achievement of goals in the fields of human resources management, manufacturing and the environment, and risk management, we have strengthened our business foundation, built a relationship of trust with society, and fulfilled our corporate responsibility to society.

Goals for Social Issues to be Solved through Business

### Factory Automation

<table>
<thead>
<tr>
<th>Social Issues to be Solved</th>
<th>VG2.0 Goals</th>
<th>Fiscal 2020 Progress</th>
<th>Social Value</th>
</tr>
</thead>
</table>
| ‣ Shrinking labor force, as an issue in global manufacturing. | ‣ Generate applications to embody the concept of innovative-Automation* in our four focused industries, establish control technologies, and develop new products — Generate Control Technologies for Manufacturing Innovation — | ‣ Integrated: Released the world’s first robotic integrated controller. Facilitated the building of systems remotely through the fusion of virtual and real, achieving these and other advanced, automated manufacturing innovations.  
 ‣ Intelligent: Tested and developed 5G solutions, accelerated productivity improvement using IoT data.  
 ‣ Interactive: Contributed to the automation of assembly, feeding, and inspection operations at customer manufacturing sites by utilizing mobile robots and collaborative robots. | ‣ Contribute to economic development by improving social productivity. |
| ‣ Shortage of skilled workforce on production floors and requirements of increasingly advanced & diversifying manufacturing processes. |                                                                                   |                                                                                   |                                                                              |

### Healthcare

<table>
<thead>
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| ‣ Increased incidence of brain diseases and cardiovascular diseases attributable to hypertension.  
 ‣ Increased worldwide prevalence of asthma and other respiratory diseases. | ‣ Blood pressure monitor sales: 25 million units/year.  
 ‣ Development of analytical technologies to continuously track blood pressure fluctuations.  
 ‣ Nebulizer and wheeze detector sales: 765 million units/year. | ‣ Blood pressure monitor sales: 24 million units/year.  
 ‣ Conducted two clinical research projects. Launched telemedicine service in North America.  
 ‣ Nebulizer and wheeze detector sales: 3.41 million units/year. Launched wheezing sensor in Europe. Promoted the value of wheeze sensors via seminars with doctors in Europe. | ‣ Contribute to healthy lives globally by extending healthy life expectancies and reducing medical expenses (initiatives to expand and continue blood pressure monitoring at home to achieve vision of zero heart attacks and strokes; early detection and treatment of asthma via nebulizers and wheeze sensors). |

### Social Solutions

<table>
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| ‣ Increase in traffic accidents and traffic jam.  
 ‣ Global warming from CO2 emissions.  
 ‣ Slow growth of the renewable energy market. | ‣ Create driving safety support systems and technologies.  
 ‣ Cumulative shipped capacity of solar power/storage battery systems: 11.2GW.  
 ‣ Build the energy resource aggregation business using solar power/storage battery systems (Japan). | ‣ Analyzed and verified the correlation between risk and changes in driving behavior in certain psychological states, including joint research on driving risk detection in collaboration with universities.  
 ‣ Solar power systems: Cumulative shipped capacity of 10.3 GW; Storage battery systems: Cumulative shipped capacity of 695 MWh.  
 ‣ Provided PV inverters to maximize self-consumption and energy management systems for business continuity measures in emergencies. | ‣ Contribute to a safe, secure, comfortable, and clean society for all.  
 ‣ Contribute to building a sustainable society by promoting renewable energy. |
Solving Issues Responding to Stakeholder Expectations

Human Resources Management

Employees are the most critical element to promote OMRON Principles Management. As employees supporting the growth of OMRON, we enjoy our work and commit to building an attractive company that accepts the challenge of creating social needs that solve social issues. We create and evolve conditions where the company and its employees can grow together.

Talent Attraction and Development

OMRON’s Initiatives

Human Resources Strategy
- Securing and training of next-generation leaders (candidates for important positions).
- Providing of a workplace environment that can attract and empower the diverse talent necessary for business growth.
- Fostering of self-motivated employees who can achieve self-transformation and development.

VG2.0 Goals
1. Continued evolution of TOGA*1 towards meeting OMRON Principles.
2. Ratio of non-Japanese in key managerial positions overseas: Two-thirds (66%).
3. Accelerate PDCA implementation through VOICE*2 employee engagement surveys.

Fiscal 2020 Progress
1. Participation in the 8th (FY2019) TOGA Global Conference: A record 16,000 people, including 200 guests from outside OMRON. Steadily accelerated the expansion of the circle of empathy and resonance.
2. Ratio of non-Japanese in key managerial positions overseas: Three-fourths (75%).
3. Response rate: 90% (established consistent cycle of listening to and implementing employee feedback).

Examples
For the 9th (FY2020) TOGA, a total of 51,033 employees (1.8 times entire employee base) engaged in 6,461 projects.
- Used periodic talent reviews in the selection of successors, and in localized positions. Systematic provision of opportunities for rotating roles and responsibilities as well as training aimed at the appointment of selected successors.
- To create a work environment in which employees can fully express their abilities, we strengthened workplace communications between superiors and subordinates, simplified rules, adopted systems for more flexible work styles, and leveraged IT infrastructure.

Social Value
OMRON is creating leaders who can drive innovation and employees who possess and express diverse abilities to solve social issues through our businesses.

Diversity and Inclusion

OMRON’s Initiatives

Advancement of Diversity
- Promoting career advancement for women (OMRON Group in Japan).
- Promoting career advancement for persons with disabilities.

VG2.0 Goals
1. Ratio of women in managerial roles: 8%*1 (OMRON Group in Japan).
2. Ratio of employees with disabilities: Increase number of such employees to above the legally-mandated ratio (OMRON Group in Japan).

Fiscal 2020 Results*2
1. Ratio of women in managerial roles: 6.7% (OMRON Group in Japan).
2. Ratio of employees with disabilities: 3.0% (OMRON Group in Japan) (legally mandated ratio: 2.2%).

Examples
- Promoting career advancement for women
  - Provided leadership training, career training, and networking opportunities for female employees.
  - Trained managers in employee development skills.
  - Female management mid-career hires.
  - Enhanced systems that enable flexible work styles.
- Employment of employees with disabilities
  - Empowerment support and verification of reasonable accommodations at all OMRON Group companies.
  - Established a consultation system and support for activities using professional counselors.
  - Expanded duties aimed at increasing employment opportunities.
  - Implemented heart barrier-free training—an awareness amongst everyone of accessibility issues.

Social Value
Achieving a workplace in which diverse human resources can play an active role, regardless of the presence of limitations such as gender or disabilities.

Wellness Management

OMRON’s Initiatives

Advancement of Health Management
- Issuing of employee health management declaration.
- Implementation of employee education.
- Implementation of initiatives towards ameliorating factors that inhibit good health.

VG2.0 Goals
- Improve awareness of wellness management (spread activities based on Boost5* globally).

Fiscal 2020 Progress
Employees who have achieved at least three of the Boost5 categories: 45.3%. Issues related to exercise and meals remained due to COVID-19. Online events held to improve health awareness of overseas employees.

Examples
- Within Japan
  - Published the OMRON White Paper, and made employees aware of the relationship between Boost5 and employee health and performance.
  - As one measure to support smokers in quitting tobacco, the Quit Smoking Marathon was held to offer them team support.
  - (In FY2020, OMRON Group companies in Japan adopted a policy prohibiting smoking during work hours including break time while in the office.)

- Overseas
  - Established unique Boost5 in each overseas region and implemented activities.
  - (10,000 steps-per-day challenge to all employees, weight-loss competition, kickboxing classes, health seminars, mental health counselors, smoking cessation support by specialists, etc.)

Social Value
Promoting employee health management and fitness increases productivity and employee creativity, as well as contributing towards job satisfaction and a sense of meaning in life for all employees. This is also effective in reducing medical costs.

*1 TOGA: An abbreviation for The OMRON Global Awards, a participation-type approach for employees worldwide to foster a challenge-oriented corporate culture that uses our business activities to put into practice the OMRON Principles. Through these activities, each and every employee seeks to voluntarily take on the challenges of solving social issues, and of creating value.

*2 VOICE: VG OMRON Interactive Communication with Employees.

*Boost5: We selected and created guidelines for five key themes for evaluating the health of mind and body (exercise, sleep, mental health, nutrition, and smoking).
### Occupational Health and Safety

**OMRON’s Initiatives**
- Health and Safety-related Management System and Improvement Activities
  - Promote the acquisition of international health and safety standards at major production centers.
  - Ensure personnel for promotion, and carry out education.

**VG2.0 Goals**
1. Number of major production centers acquiring international health and safety standards: Acquisition at centers comprising 80% of production.
2. Continue assignments of promotion personnel: All covered sites.

**Fiscal 2020 Results**
- Completed certification for sites representing more than 80% of production capacity
- Maintained assignments of occupational health and safety managers

**Examples**
- Introduced an OSH management system to investigate occupational risks; pursuing measures to improve processes for self-directed recurrence prevention at each location.
- Identified and prioritized regions/facilities requiring more personnel; implemented appropriate personnel assignments.

**Social Value**
- While ensuring compliance with laws and regulations concerning workplace occupational health and safety, we are creating a work environment to ensure the wellbeing of all employees at the OMRON Group and to maximize their abilities, by striving to create workplaces at which employees can work safely and healthfully — both physically and mentally.

### Respect for Human Rights and Labor Practices

**OMRON’s Initiatives**
  - System and Improvement Activities: Human rights risk analysis and corrective actions at production sites.

**VG2.0 Goals**
1. Define and adopt due diligence process.
2. Implement analyses and corrective actions regarding human rights risks at all production sites.

**Fiscal 2020 Results**
- In addition to our own employees, we expanded the scope for employees of temporary staffing companies and contractors, both in Japan and at targeted overseas sites.
- Conducted risk analyses and implemented corrective measures at all 25 manufacturing sites.

**Examples**
- Developed training content for employees of contractors working at our locations; implemented human rights training for representatives of the said employees; provided access to relief measures for employees of contractors.
- Communicated our policies to employee dispatch companies and contractors.
- Implemented risk assessments at 19 production locations using RBA SAQ (self-assessment questionnaire); confirmed all locations qualified as Low Risk. In the Labor section, as well, sites qualified as Low Risk expanded to 16 (6 additional sites over the previous year).

**Social Value**
- Achieving a better work environment in which the human rights of all people working in the OMRON Group are respected.

### Manufacturing, Environment

By putting the OMRON Principles into practice in a way that complies with its Manufacturing Policy, OMRON will create social value and strives to contribute to sustainable manufacturing. In conformance with OMRON’s Purchasing Policy, OMRON also seeks to achieve sustainable procurement together with suppliers through purchasing practices that conform to our guidelines.

### Product Safety and Quality

**OMRON’s Initiatives**
- Advancement of Groupwide Product Quality Management: Conducting group-wide product quality management reform.
  - Product Quality System and Improvement Activities: Reducing product safety risk.

**VG2.0 Goals**
1. Ratio of newly developed products undergoing safety assessment: 100%.
2. Improve product safety assessments.

**Fiscal 2020 Results**
- Product safety assessments for newly developed products: 100%.
- Conducted regular application to 101 newly developed products.

**Examples**
- Expanded assessment details for the application of latest safety standards, laws, and regulations and to improve market and customer usability, and applied this to assessment processes in each business.

**Social Value**
- Incorporating quality, safety, environmental, and human rights into products and services, to bring about sustainable manufacturing.

### Supply Chain Management

**OMRON’s Initiatives**
- Engagement with Partners: Promotion of sustainability self-assessment for important suppliers.

**VG2.0 Goals**
1. Sustainability self-assessment for important suppliers (Partner Suppliers): 100% implementation ratio
2. Sustainability self-assessment: Achieve RBA score of 85 or more

**Fiscal 2020 Progress**
- Self-checks: 100% of critical suppliers.
- All critical suppliers achieved at least 85 points (low risk) in RBA standard score.

**Examples**
- Used individual meetings to dialogue with these suppliers, and to further communicate that sustainability self-assessment is an issue for business.
- Visited suppliers who have not implemented sustainability self-assessment, and requested their cooperation.
- Conducted individual dialogues with suppliers with less than 85 points, and conducted follow-up to improve understanding (Based on the improvement plans, we verified the consistency of initiatives between the person in charge at the critical supplier and our CSR manager, completing the self-check.)

**Social Value**
- By solving social issues in the supply chain in cooperation with suppliers, achieving a society capable of sustainable production and consumption.

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* Production sites accounting for 80% or more of Group production (excludes minor production).

*1 Sustainability self-assessment: Supplier self-assessment questionnaire to evaluate their own labor, safety, health, environment, etc. initiatives using a questionnaire. 85 points or above is considered low risk, whereas 65 points or less is considered high risk. Compliant with RBA (Responsible Business Alliance).

*2 RBA: abbreviation of Responsible Business Alliance. Global CSR alliance centered around the electronics industry.
OMRON promotes risk management that integrates all risk-related activities at the global level, in order to ensure business continuity and the achievement of goals, while also fulfilling its social responsibilities. By disseminating the policies and rules established in-house, OMRON seeks to build long-term relationships of trust with stakeholders while helping employees engage in work and business with pride and a sense of security.

### Risk Management

OMRON promotes risk management that integrates all risk-related activities at the global level, in order to ensure business continuity and the achievement of goals, while also fulfilling its social responsibilities. By disseminating the policies and rules established in-house, OMRON seeks to build long-term relationships of trust with stakeholders while helping employees engage in work and business with pride and a sense of security.

### Fair Business Practices

- **OMRON’s Initiatives**
  - Enhanced Compliance Program
    - Periodic reviews of OMRON Group Rules for Ethical Conduct in order to reflect laws and regulations, and social demand of countries around the world.
    - Offer continuous, periodic and necessary training and education in order to maintain awareness of compliance and instill matters stipulated in rules.
    - Assess issues using the whistle-blower system and promptly take corrective actions.

- **VG2.0 Goals**
  - Completed OMRON Group Rules (OGR)** development and mechanism for global rollout.

- **Fiscal 2020 Results**
  - Completed OMRON Group Rules (OGR)** development and mechanism for global rollout.
  - **Examples**
    - **Social Value**
      - Realization of decarbonized society that is in harmony with nature, by reducing negative impacts of chemical substances on people, organisms, and the environment.

### Privacy and Data Security

- **OMRON’s Initiatives**
  - Rebuilding an Information Security Management System
    - Support for revised and newly enacted laws worldwide concerning the protection of personal information.
    - Strengthened technical measures to counter the sharply increasing cyber attacks.

- **VG2.0 Goals**
  - Build a new information security system.

- **Fiscal 2020 Results**
  - **Examples**
    - **Social Value**
      - Enable appropriate management of confidential data and personal information to help conduct business safely and securely in a digitized society.

- **Examples**
  - Improved training of employees in personal information security and dealing with targeted emails.
  - Globally conducted website vulnerability assessment and management monitoring.

**OMRON Group Rules (OGR)** Internal rules established as a foundation for management in order to ensure transparency, fairness, and globality of management, and to ensure appropriate and prompt decision-making. These encompass 23 globally shared topics, including ethical conduct, risk management, unauthorized control, information security, safety assurance business management, IT controls, accounting and funding, labor and occupational health, environmental management, procurement, and brand logo management.

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**OMRON’s Initiatives**
- Advancement of OMRON Group Rules (OGR): Internal rules established as a foundation for management in order to ensure transparency, fairness, and globality of management, and to ensure appropriate management, IT controls, accounting and funding, labor and occupational health, environmental management, procurement, and brand logo management.

**VG2.0 Goals**
- Reduce total GHG emissions by 4% (vs. fiscal 2016).
- Environmental contribution to exceed CO2 emissions from production centers.

**Fiscal 2020 Results**
- **Reduced total GHG emissions by 50% (vs. fiscal 2016).**
- Environmental contribution of 826kt-CO2 > Production location CO2 emissions: 106kt-CO2

**Examples**
- **Social Value**
  - Making sustainable manufacturing a reality by reducing greenhouse gas emissions, and bringing about decarbonized society.

**Social Value**
- **Realization of decarbonized society that is in harmony with nature, by reducing negative impacts of chemical substances on people, organisms, and the environment.**