The OMRON Principles

Since its founding in 1933, OMRON has striven to create solutions to social issues through its business and to contribute to the development of society. We established the Corporate Motto, "to improve lives and contribute to a better society," in 1959 and the OMRON Principles in 1990, incorporating the spirit of the Corporate Motto as Our Mission. Ever since, the OMRON Principles have been at the heart of OMRON's management.
We want to make it crystal clear that our adherence to the values underpinning OMRON's management is unwavering. Thus, we will continue to put our corporate principles into practice, always striving to contribute to the development of society while enhancing corporate value. Indeed, practice of the corporate principles has been included in the articles of incorporation since fiscal 2022. (Resolved at the 85th Ordinary General Meeting of Shareholders held in fiscal 2022)

OMRON 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.

Management Philosophy

We believe a business should create value for society through its key practices. We are committed to sustainably increasing our long-term value by putting Our Mission and Values into practice.

- We uphold a long-term vision and solve social issues through our business.
- We operate as a truly global company through our fair and transparent management practices.
- We cultivate strong relationships with all of our stakeholders through responsible engagement.

SINIC* Theory: Predicting the Future Through the Interrelationships of Science, Technology, and Society

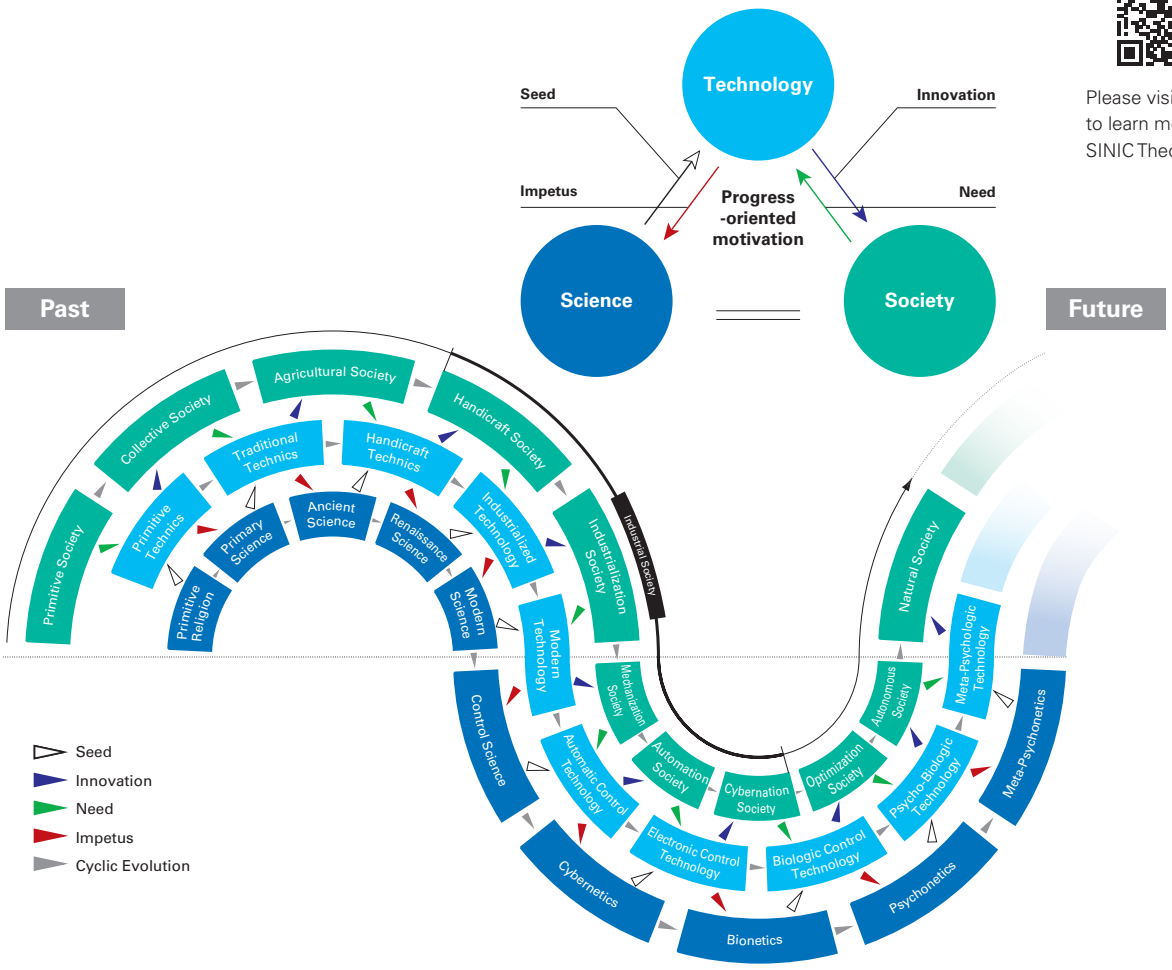
Our founder, Kazuma Tateishi, believed that solving social issues through business to create a better society required the ability to anticipate future social needs. He believed that a company needed a compass to help predict the future. As our compass, Mr. Tateishi formulated the SINIC predictive theory, which projects the future based on the cycle of interrelationships between Science, Technology, and Society. OMRON first announced this predictive theory to the world at the International Future Research World Congress in 1970. Since then, the SINIC Theory has been our compass for projecting into the future.

The basic philosophy behind the SINIC Theory is that the interrelationships among science, technology, and society lead to social change. Let us use the Cybernation Society as an example. We can see how the rise of cybernetics, computer science, and other synthetic sciences in the 1940s became the seeds of electronic control technologies, programming, and other technology. These technologies gave rise to the PC and the internet, leading to the advent of the Cybernation Society. Society demanded more data, along with more accurate and rapid data analysis. These demands forced us to produce CPUs and GPUs with faster processing power, make advancements in deep learning and other artificial intelligence technologies, and reach higher levels of sophistication in neuroscience and cognitive science.

The current Optimization Society is going through a transition period of the paradigm shift from the Industrial Society to the Autonomous Society. Now, in a time when society is facing drastic changes and the future is uncertain, we are openly promoting use of the SINIC Theory as social knowledge to build the future through discussions with a diverse array of people.

* SINIC: Seed-Innovation to Need-Impetus Cyclic Evolution

Please visit our website to learn more about the SINIC Theory.

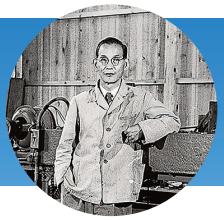


History of Innovation

Automation Society [1945-74]

Cybernation Society [1974-2005]

1933 1970 1990



1933
Kazuma Tateishi established Tateisi Electric Manufacturing Co. in Higashinoda, Miyakojima-ku, Osaka City.

1948
Company name changed to Tateisi Electronics Co.

1959
Our Mission established based on the belief that a business should create value for society through its key practices

1960
Central R&D Laboratory completed in Nagaoka-cho (present-day Nagaokakyo City), Kyoto

1970
SINIC Theory announced

1972
OMRON Taiyo Electronics Co. established

1974
Tateisi Institute of Life Science

1990
Company name changed to OMRON Corporation

1991
Yokohama Laboratory and Kumamoto Laboratory established

1973
SYSMAC programmable sequence controller developed

1987
World's first ultra-high-speed fuzzy logic controller launched

1988
Mass production of electric power steering controllers

1995
Industry's first vision sensor / color/grayscale vision sensor

1995
OKAO Vision image sensing technology

1995
Distance warning system for motor vehicles developed

1966
MY series of general-purpose relays

1934
General-purpose electromagnetic relay

1933
Production of X-ray timers started

1943
Japan's first microswitch

1960
World's first non-contact switch developed

1973
OMRON's first blood pressure monitor

1978
OMRON's first monitor with digital display

1980
Digital thermometers (for home use)

1963
Japan's first multifunctional meal ticket vending machine

1991
Fuzzy logic-based blood pressure monitor

1964
World's first automated traffic signal developed

1969
World's smallest desktop electronic calculator "CALCULET-1200" launched

1967
World's first unmanned train station system developed

1971
World's first online automated cash dispenser developed

1994
Production of power conditioners for photovoltaic systems started

Optimization Society [2005-]

2000 — 2020

1999 Division system abolished and internal company system introduced

2003 Global R&D hub "Keihanna Innovation Center" established

2005 OMRON R&D Collaborative Innovation Center (Shanghai) opened

2013 Table-tennis-playing robot FORPHEUS

2014 OMRON VENTURES CO., LTD. established

2018 OMRON SINIC X Corporation established

2018 Innovation Exploring Initiative HQ (IXI) established

Industrial Automation Business

2000 Japan's first digital fiber sensor

2007 World's first real-color three-dimensional vision sensor

2011 Sysmac NJ series of machine automation controllers launched

2016 World's first SCARA robot with predictive maintenance functions launched

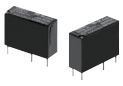
2017 AI-incorporated machine automation controller developed

2018 World's first high-performance smart camera with multi-color light launched

2020 World's first integrated controller launched

Device & Module Solutions Business

2003 OMRON RELAY & DEVICES Co., Ltd. established



2016 Environmental sensor

2020 Touchless hybrid elevator switch launched

2010 OMRON SWITCH & DEVICES Co., Ltd. established

2010 OMRON Automotive Electronics Co., Ltd. established

2016 World's first on-vehicle sensor using cutting-edge artificial intelligence

2019 Sold Automotive Electronic Components Business

2003 OMRON HEALTHCARE Co., Ltd. established

Healthcare Business

2002 Wrist blood pressure monitor with wrist positioning guide

2004 Fully automatic Spot Arm blood pressure monitor

2018 World's first wearable blood pressure monitor

Connected wrist blood pressure monitor

2019 Japan's first blood pressure monitor + ECG

Mesh-type nebulizer

Upper arm blood pressure monitor

2011 OMRON SOCIAL SOLUTIONS Co., Ltd. established

Social Systems, Solutions and Service Business

2004 Transferred the ATM Business to Hitachi-OMRON Terminal Solutions, Corp.

2015 Automated ticket gate system that allows the use of both QR Code tickets* and IC card tickets began operation throughout Kitakyushu Monorail

2019 Japan's first Mobility as a Service (MaaS) application combining private vehicle-for-hire by residents and public transportation such as bus and taxi

meemo 舞鶴

2009 Environmental Solutions Business HQ established

2009 "ene-brain" CO_2 visualization system launched, world's first system capable of automatically analyzing areas for potential energy conservation

2011 Industry's first PV inverter for photovoltaic power generation equipped with anti-islanding control technology (AICOT®) that prevents islanding conditions in multiple photovoltaic power generation systems

2018 DriveKarte® driver management service for safe driving launched

Entered the automation business for the hotel industry. Smare® self-check-in terminals launched

CEO Interview

Automation to Empower People to Help Create the Future. Innovation Driven by Social Needs Shifting into High Gear

President and CEO **Yoshihito Yamada**

OMRON announced its new long-term vision, “Shaping the Future 2030,” in March 2022, which depicts where we aim to be in 2030, and launched the first medium-term management plan, “SF 1st Stage,” in April. Even in the face of continuing adversity, such as the protracted COVID-19 pandemic and heightened geopolitical risks, OMRON has demonstrated its ability to respond effectively to change and steadily built a strong corporate foundation. How will OMRON evolve going forward?
President and CEO Yoshihito Yamada says, “In fiscal 2022, our pursuit of innovation driven by social needs will move into high gear.” We asked him about his resolve to shift decisively to the next stage in the company’s evolution.
(Interviewer: Integrated Report Production Team)

Self-motivated Employees' Ability to Respond Effectively to Change Enabled OMRON to Get Off to a Flying Start in Fiscal 2021

—— In last year's Integrated Report, you stated, "In fiscal 2021 we will make a start dash toward our next long-term vision and draw our future with our own hands." Fiscal 2021 was marked by several challenges—the protracted COVID-19 pandemic, heightened geopolitical risks, and rising energy prices. However, OMRON wasn't thrown off course by adversity but in fact achieved a significant increase in sales and record high operating income. What are your thoughts on the past year in which OMRON got off to a flying start?

Fiscal 2021 was tough. Supply shortages of semiconductors and other parts and materials were more serious than expected. Despite robust order-taking, we couldn't manufacture as much as we wanted. Coupled with disruptions to distribution, this meant we were unable to deliver sufficient quantities of products to our customers. Furthermore, in the fourth quarter, in addition to commodity price increases triggered by the worsening Russia-Ukraine situation and a sharp rise in inflation, we faced lockdowns due to China's zero-COVID policy. In these difficult circumstances, our employees around the world worked tirelessly with utmost sincerity.

As a result, OMRON outperformed its forecasts as of the third quarter even in the face of headwinds, resulting in a 16% year-on-year increase in net sales and a 43% increase in operating income. In addition to our long-standing efforts to improve profitability, the significant increase in sales had a multiplier effect, resulting in a significant increase in profit.

The strong performance in fiscal 2021 can be attributed to our efforts so far to improve our ability to respond effectively to change, particularly by strengthening our resilience through "selection and decentralization." For example, in terms of supply chain management, we focused on selection and decentralization of both production sites and suppliers. As a result, we were able to gradually increase our supply capacity from the second half of the fiscal year onward, despite the continuing shortages of parts and materials. Regarding human resources, 80% of managerial positions overseas are now filled by locally hired personnel owing to the progress of localization. Our employees around the world can make autonomous decisions based on the OMRON Principles and act fast, rather than waiting for instructions from the head office. We have become able to respond effectively to change. Fiscal 2021 was a year in which we felt that our ability to respond to change and the depth of our human capital base, which we have cultivated over the past decade, steadily led to gratifying business results.

FY2021 Results

	FY2021 Results	Y/Y
Net Sales	762.9 billion yen	+16.4%
Gross Profit	346.8 billion yen	+16.2%
Operating Income	89.3 billion yen	+43.0%
Net Income	61.4 billion yen	+41.8%
Gross Profit Margin	45.5%	−0.1%pt

P29 Fiscal 2021 Results

—— What specific measures did you take to achieve a flying start?

We emphasized "deepening of existing businesses" and "creation of new businesses." First, for deepening of existing businesses, for example, in the Industrial Automation Business, System Engineers (SEs) have been assigned to Automation Centers (ATCs) at 37 locations around the world to solve issues at production sites through innovative-Automation. By having SEs who are well versed in the issues that arise in the field work with customers to tackle challenges, many innovative applications have been created that were previously thought to be impossible to achieve. More than 2,500 companies have adopted these applications. In the Healthcare Business, demand for our mainstay blood pressure monitors was robust worldwide, and they were the driving force of significant business growth, especially in emerging countries.

Next, with regards to the creation of new businesses, each business company took on the challenge of advancing into new fields. In the Industrial Automation Business, we are accelerating diffusion of a data-based service called i-BELT. This is a flat-fee, subscription-based business that constantly monitors and supports production lines to ensure they are operating properly by analyzing equipment operating data. As a result of these initiatives, the service business, which includes not only product sales but also consulting and maintenance services, has grown to annual sales of 12.0 billion yen. In the Healthcare Business, full-scale telemedicine services were launched in the U.S., Europe, and Asia. This is an example of deploying our business model based on our strengths in devices to offer solutions using data collected. We expect these businesses to become major sources of OMRON's revenue in the future.

Drawing Our Future with Our Own Hands. OMRON's Aspirations in the New Long-term Vision

The long-term vision "Shaping the Future 2030 (SF2030)" has been launched. The word "shape" conveys OMRON's aspirations to help create the future. How are the previous long-term vision and SF2030 connected and what will be the next stage in OMRON's evolution?

Under the previous long-term vision "Value Generation 2020 (VG2020)," aspiring to offer value unique to OMRON and resolve social issues, we were committed to creating and communicating value. As a result, the operating income margin has reached double digits and corporate value has grown approximately fourfold.

We are targeting further evolution under the new long-term vision whose name, "Shaping the Future 2030," expresses our aspiration to help build an "autonomous society" as defined by the SINIC Theory. This will involve actively giving shape to new ideas and dreams based on our capabilities cultivated through VG2020 and endeavoring to create new value by drawing our future with our own hands. We have incorporated this concept into the new long-term vision. Among a number of social issues, OMRON will create value in four domains, namely, Industrial Automation, Healthcare Solutions, Social Solutions, and Device & Module Solutions.

P13 Long-term Vision →

Will bringing about the autonomous society lead to employee autonomy and the self-driven growth that you are aiming for?

Exactly. We live in an era of unprecedented change, with new social issues emerging. OMRON will be able to achieve self-driven growth by resolving such issues with a strong determination through its business. For employees, involvement in resolving social issues is a source of pride and motivation, especially in this era when the societal role of business matters so much. That is why individual employees are applying their own ideas and personal qualities to do something useful for society and move forward, rather than just waiting to be told what to do by superiors. This is the relationship between the autonomous society and the self-driven growth I envision.

In particular, I see the future as an era in which "individuals" will shine. This is because the autonomous society we are heading for is one in which individuals can realize their full potential. The autonomous society envisioned by the SINIC Theory is one in which the evolution of science and technology removes various impediments to individual self-realization, allowing everyone to make the most of their personal qualities. Companies will be transformed into venues where employees with diverse personal qualities can pursue their aspirations. One of the roles of the management team is to present a vision of social issues to be addressed by the company through its business, but it is the employees who will act to accomplish the vision. Individual employees take on challenges by leveraging their originality and ingenuity, and through repeated attempts, they experience a sense of fulfillment in their work and achieve personal growth. By evolving to a management style that draws out the strengths of individuals and provides them with opportunities to play an active role, we will realize OMRON's self-driven growth.

P69 People →

Please elaborate on "automation to empower people" in SF2030.

In formulating the long-term vision, we reviewed our history and reexamined OMRON's purpose. Since our founding, we have grown by resolving social issues, for example, by creating the world's first non-contact switch and unmanned train station system. Based on this historical background, we recognized afresh that OMRON's purpose is to create social value through business and continue to contribute to the development of society. We then concluded that OMRON needs a vision rooted in innovation driven by social needs and respect for humanity to create a future unique to OMRON and set to work on SF2030. In the process, we envisioned a world in which people and machines complement one another and human creativity is unleashed, rather than an inorganic world of dark factories without people. To realize such a future, OMRON is pursuing automation to empower people.

Automation has three stages. The first stage is "substitution" in which machines take over tasks performed by people. The second stage is "collaboration" in which machines work together with people. What we are aiming for now is the third stage, "harmony" between people and machines in which machines assist people, motivate them, and help them realize their full potential. We will realize this and help people experience fulfillment by evolving OMRON's core technologies, "Sensing & Control + Think." We will implement automation that empowers people in society.

P57 Innovation & Technology →

For the first time in OMRON's long-term vision, key sustainability issues were set in SF2030.

Under SF2030, we will maximize corporate value by creating social value and economic value through our business. So, in formulating SF2030,

we considered the business plan and key sustainability issues in an integrated manner. Specifically, we adopted three viewpoints: "the OMRON Principles and purpose," "backcasting from a society envisioned for 2030 and beyond," and "calls on companies to contribute to environmental and social sustainability." As a result, we identified five key issues. We will work to resolve social issues through our business activities, while monitoring progress toward the targets corresponding to these key issues.

Key Sustainability Issues

1) Resolving social issues through our business
2) Maximizing capability to innovate driven by social needs
3) Generating diverse talent taking on the challenge of value creation
4) Achieving de-carbonization and reducing environmental impacts
5) Respecting human rights in the value chain

P15 Key Sustainability Initiatives →

—— A number of unexpected events, including the COVID-19 pandemic, have made it difficult to anticipate what lies ahead for the business even in the next few years. In this context, what is the point of having a long-term vision?

In order to identify social issues and create innovation driven by social needs that meet those issues, it is necessary to think about society and business and the issues that need to be addressed with a time horizon of 10 years or so. For example, a medium-term management plan usually covers a three-year period. You may be able to get by for the three years through superficial measures. However, a problem 10 years down the road cannot be solved without taking fundamental steps. Knowing that the current way of doing things won't work 10 years from now may motivate you to undertake root-and-branch reform, even if it is painful. The formulation of a long-term vision can help prevent procrastination of the fundamental issues. That is why I believe it is very meaningful for us to think carefully about our corporate purpose with a time horizon of roughly every 10 years, and announce it to our stakeholders.

P87 Governance →

Three Transformations to be Addressed under SF 1st Stage

—— SF2030 consists of three medium-term management plans. What are the positioning and specific measures of the first medium-term management plan, SF 1st Stage (FY2022-2024)?

SF2030 is a long-term vision covering nine years because the start was delayed by one year due to the COVID-19 pandemic. We will implement this long-term vision with a medium-term management plan covering every three years. SF 1st Stage is the first medium-term management plan for SF2030. We have positioned this first three-year period as the "transformation acceleration phase" where we accelerate the transformation of our capabilities to create value that addresses social issues and achieve sustainable growth. We will demonstrate the competitiveness cultivated during the term of the VG vision to capture the growth opportunities emerging from a multitude of social issues and promote the transformation of our organizational capabilities to raise the sustainability of our growth. Our strategies are threefold: "transformation of business," "transformation of corporate management and organizational capabilities," and "strengthening of sustainability initiatives." By tackling these three themes, we will transform OMRON.

Through these initiatives, in the years to fiscal 2024, we aim to achieve growth at a compound annual rate of 7% and more than double-digit annual growth in operating income while investing in future growth.

P22 SF 1st Stage →

SF 1st Stage Financial Targets

	FY2021 Results	FY2024 Targets	FY2021→FY2024
Net Sales	762.9 billion yen	930.0 billion yen	+ 7%/year
Operating Income	89.3 billion yen	120.0 billion yen	+ 10%/year
Operating Cash Flows (Cumulative for 3 years)	232.7 billion yen	250.0 billion yen	+ 17.3 billion yen
ROIC	9.6%	More than 10%	More than + 0.4%pt
ROE	9.7%	More than 10%	More than + 0.3%pt
EPS	306 yen	More than 400 yen	+ 9.3%/year

◉Transformation of business

As for transformation of business under SF2030, we will promote "evolution of four core businesses (Industrial Automation Business; Healthcare Business; Social Systems, Solutions and Service Business; and Device and Module Solutions Business)," "expansion of customer asset-type service businesses," and "creation of new businesses sparked by social issues."

For "the evolution of the four core businesses," we reviewed growth fields in each of the four core businesses and identified focus businesses. We will promote creation of social value through growth of these focus businesses.

Regarding the second point, "expansion of customer asset-type service businesses," we will leverage customer assets, such as knowledge gained and data accumulated so far, to identify fundamental issues of customers from an essential value perspective. Furthermore, we will continue to connect with customers by offering new value

through the combination of products and services and continue the cycle of identifying new issues and resolving them.
For the third point, "new businesses based on social issues," we will develop concepts of new businesses in each of the four core businesses and promote technological development to offer value needed by society in a timely manner to achieve commercialization.

P22 SF 1st Stage →

◉ Transformation of corporate management and organizational capabilities

For "transformation of corporate management and organizational capabilities," we will accelerate three initiatives.
The first is "promotion of diversity and inclusion" to develop human resources. OMRON will triple investment in human resources, such as DX training, to a total of 6.0 billion yen for the three years covered by SF 1st Stage.
The second is "data-driven enterprise operations through DX." First, we will renew and integrate our enterprise systems into a single global system. In doing so, we will pursue faster business operations and higher efficiency to ultimately achieve a reduction in selling, general and administrative expenses. We will also emphasize recruitment and training of DX human resources.
The third is "improvement of supply chain resilience." We will work to strengthen and diversify our supply chain in preparation for unforeseen circumstances. From the perspective of business opportunities, in addition to the COVID-19 pandemic, the emergence of geopolitical and natural disaster risks is an opportunity for our Industrial Automation Business to contribute to customers in their efforts to overcome challenges. This is because diversification of our supply chain associated with selection and decentralization will necessitate the introduction of the latest production lines incorporating AI, robots, and other cutting-edge technologies at new production sites.

◉ Strengthening of sustainability initiatives

With respect to the strengthening of sustainability initiatives, we will address "decarbonization and reduction of environmental impact" and "respect of human rights throughout the global value chain" to fulfill our corporate responsibility. At the same time, we will transform this into a competitive edge to further enhance the added value of OMRON's value chain.
Addressing sustainability is an urgent issue and also a great business opportunity for OMRON. We will support our customers' sustainability initiatives by offering solutions for energy conservation, effective use of renewable energy, and packaging technology using plastic alternatives, leveraging our Sensing & Control +Think core technologies.

P22 SF 1st Stage →

—— Among specific initiatives for "transformation of corporate management and organizational capabilities," the introduction of stock-based performance-linked compensation for employees is particularly noteworthy. OMRON intends to expand the scope of this plan to include all managers worldwide. This is an unusual approach for a Japanese company. Why are you doing this?

The biggest reason for introducing this plan is to achieve OMRON's goal of "trinity management," which benefits all three parties, namely, management, employees, and shareholders. During the 10 years of the previous long-term vision, the share price increased approximately fourfold and we were able to return a significant amount to shareholders in the form of capital gains. We also returned profit to employees in the form of performance-linked bonuses. But bonuses can only be increased by a modest percentage, not doubled or tripled. I have long wanted to implement measures that would both enhance corporate value and help employees build assets. So, we decided to revitalize the existing OMRON Employee Stockholding Association and create a system in which OMRON shares are distributed to employees in accordance with medium-term business performance. We expect this will help employees take ownership of the long-term vision and become conscious of their personal stake in the enhancement of corporate value.

P69 People →

Strategic Capital and Business Alliance for Establishing a Data Business

—— OMRON acquired a 33% stake in JMDC Inc. and formed a capital and business alliance in February 2022. What prompted this decision and what is your strategy?

I was interested in JMDC's business model from early on. It involves anonymizing and categorizing health insurance claims for as many as 14 million people covered by some 2,000 health insurance associations in Japan and providing analytic services to data providers. JMDC also provides the processed big data to pharmaceutical companies, insurance companies, etc. as marketing data and offers consulting services. The more data are accumulated, the greater the value that can be provided. I see great potential in this system.
For example, by matching OMRON's vital data taken at home, such as blood pressure readings, weight, and electrocardiograms, with JMDC's big data, it will be possible to understand the patient's history, such as what kind of diagnosis the patient received and which medication lowered the patient's blood pressure. It is also good not only in

measuring the effectiveness of treatment but also in terms of preventive medicine. By combining JMDC's data with OMRON's data, OMRON can make significant progress toward its goal of Zero Events to reduce the onsets of cerebrovascular and cardiovascular disease to zero. This is the main reason why we decided to conclude a capital and business alliance with JMDC. As the social issue of rising healthcare costs becomes more pressing, health big data is becoming ever more important in the context of the major trend from treatment to prevention.
This capital and business alliance has an additional purpose. It is to gain insights from JMDC on how best to operate data-based businesses. In the medium to long term, a stream of businesses that utilize data to provide solution services to individuals and companies will be launched in various fields, not only in the Healthcare Business but also the Industrial Automation Business and the Social Systems, Solutions and Service Business. By learning from JMDC how to monetize data utilization, we will also accelerate value creation from an essential value perspective. We are already pursuing seven collaborative themes with JMDC, including new service development and overseas business development.

P57 Innovation & Technology

Joint press conference with JMDC Inc. (February 22, 2022)

President and CEO of OMRON Corporation
Yoshihito Yamada

President and CEO of JMDC Inc.
Yosuke Matsushima

Advancing Hand in Hand with Employees toward a Future where Individuals Shine

What are your resolutions for fiscal 2022, the first step toward accomplishing the long-term vision?

As for the results for the first quarter of fiscal 2022, OMRON's sales and profit decreased year on year due to production constraints at the main plant in Shanghai caused by the lockdowns in that city. However, these constraints have been resolved. The performance for the single month of June decisively recovered to a level exceeding that of the same month of the previous year, and we expect to achieve the plan we set at the beginning of the fiscal year for increased sales and profit for the full year. From the second quarter onward, we expect to continue facing various challenges, including shortages of parts and materials, heightened geopolitical risks, and rising inflation. Nevertheless, OMRON now has the ability to overcome such challenges. In order to further strengthen this ability, we will continue to make the investments necessary for growth. Strong order-taking is continuing and we have received numerous inquiries from customers about needs related to their capital investment over the next several years. Fiscal 2022 will be a year in which we will accelerate the creation of innovation driven by social needs to meet short- and medium-term customer expectations and advance vigorously toward the goal of SF2030.

FY2022 Plan

	FY2022 Plan	Y/Y
Net Sales	850.0 billion yen	+11.4%
Gross Profit	387.5 billion yen	+11.7%
Operating Income	93.0 billion yen	+4.1%
Net Income	63.0 billion yen	+2.6%

P36 Outlook for Fiscal 2022
P82 Integrated Risk Management

Under SF2030, we are ready to operate in turbulent times. Whenever a new era begins, "change" is unavoidable. But change is a great opportunity. That is why we are keeping our finger on the pulse of the world. And we will move quickly and decisively to take on the challenge of resolving social issues that arise from change. At OMRON, we call this "innovation driven by social needs," and it is among the "Our Values" of the OMRON Principles. Putting this into practice is at the heart of OMRON's mission and purpose.
The management team's principal tasks are to implement a virtuous cycle linking employee satisfaction and corporate growth and to create a system that allows all employees to fully demonstrate their abilities. Under the banner of "automation to empower people," OMRON is shifting into high gear to become an enterprise where each and every employee shines brighter than ever before. Advancing hand in hand with our employees, we will continue to take on the challenge of creating innovation driven by social needs.

Long-term Vision "Shaping the Future 2030"

In light of OMRON's fundamental purpose and the changes in society toward the year 2030, OMRON launched a new long-term vision, "Shaping the Future 2030 (SF2030)," in fiscal 2022. SF2030 expresses OMRON's desire for all OMRON employees to put the OMRON Principles into practice as they work together with stakeholders to create a sustainable society by applying OMRON's core technologies, "Sensing & Control + Think."

SF2030 Vision Statement

We Will Continue to Create "Innovation Driven by Social Needs" through Automation to Empower People.

Design the near-future, detect and uncover social needs, and create new value through automation.
We call this process "innovation driven by social needs" and have been contributing to a better society by practicing it since our foundation.
Contributing to creation of a social and economic system capable of sustainable development is OMRON's fundamental purpose.
We will remain true to corporate philosophy management, continuing its practice without change.

Automation in industrial society was the replacement of human work by machines.
What is required in an "autonomous society" is automation that helps people realize their full potential through the optimal combination of replacement, collaboration, and harmonization.
We have defined automation from now on as "automation which empowers people," and will continue to evolve our Sensing & Control + Think technologies to realize this automation.

In the next decade, as existing social issues become more pressing and new ones emerge, we will remain true to our core values and contribute to achievement of carbon neutrality, realization of a digital society, and extension of healthy life expectancies through "automation which empowers people," with the aim of realizing an autonomous society where individual fulfillment is compatible with the society's affluence.

OMRON's fundamental purpose

OMRON's fundamental purpose is "to create social value through business and continue to contribute to society." This is OMRON Principles in action and we will remain true to those principles regardless of changes in society.

Society in 2030 Envisioned by OMRON

We have attained material wealth through an "industrial society" that values and pursues efficiency and productivity. However, people's sense of value is shifting dramatically from material wealth to spiritual wealth. For example, people's awareness of environmental issues and the values shaping their attitude to work have changed dramatically. As well as choosing sustainable products and lifestyles, people are increasingly rethinking their work-life balance as they seek work that allows them to demonstrate their abilities.
OMRON believes that the transition to a new social and economic system over the next decade will inevitably lead to clashes between old and new values, strain the current social and economic systems, and lead to the emergence of new social issues. OMRON will continue to create social value by resolving these social issues and contribute to the realization of a society where individual fulfillment is compatible with the society's affluence.

Social Value to be Created by OMRON

At OMRON, we view the coming decade, in which existing social issues will become more pressing and new ones will arise, as a great opportunity to create new markets and businesses. Under SF2030, in order to seize this opportunity certainly, we have identified three priority change factors: "the aging of population," "climate change," and "increasing economic disparities among individuals." Based on these three change factors, we have identified three social issues that OMRON should address, namely, "achievement of carbon neutrality," "realization of a digital society," and "extension of healthy life expectancies." We selected these three issues in view of their huge impact on society and from the perspective of leveraging OMRON's strengths in automation, our customer assets, and business assets.

For the achievement of carbon neutrality, we will contribute to the creation of energy systems that strike a balance between safety, security, and convenience and the natural environment. For the realization of a digital society, we will contribute to manufacturing and infrastructure that will free people from all restrictions, regardless of age or wealth, and realize an enjoyable, creative, and sustainable society. And for the extension of healthy life expectancy, we will tackle the problems of the aging society by building healthcare systems that enable people to lead healthy, prosperous, and independent lives.

	Achievement of Carbon Neutrality	Realization of a Digital Society	Extension of Healthy Life Expectancies
Social Issues Addressed by OMRON			
Social Value to be Created	Energy systems that strike a balance between safety, security, and convenience and the natural environment	Manufacturing and infrastructure that will free people from all restrictions, regardless of age or wealth, and realize an enjoyable, creative, and sustainable society	Healthcare systems that enable people to lead healthy, prosperous, and independent lives

Social Issues and Social Value to be Created

To address these three social issues, we revised the OMRON Group's business domains and set four domains, namely "Industrial Automation," "Healthcare Solutions," "Social Solutions," and "Device & Module Solutions," defining social value corresponding to these domains.
Through Industrial Automation, we aim to contribute to the advancement of manufacturing that will support a sustainable society. Through Healthcare Solutions, we aim to contribute to the achievement of "Zero Events" for cardiovascular diseases. Through Social Solutions, we aim to contribute to the spread and efficient use of renewable energy and the sustainability of the infrastructure supporting a digital society". In addition, through Device & Module Solutions, we aim to contribute to the spread of new energy and high-speed communications.

Social Issues / Domains	Achievement of carbon neutrality	Realization of a digital society	Extension of healthy life expectancies
Industrial Automation	Contribute to the "advancement of manufacturing that will support a sustainable society"		
Healthcare Solutions			Contribute to the "achievement of 'Zero Events' for cardiovascular diseases"
Social Solutions	Contribute to "the spread and efficient use of renewable energy and the sustainability of the infrastructure supporting a digital society"		
Device & Module Solutions	Contribute to the "spread of new energy and high-speed communications"		

Social Value to be Created by OMRON through Its Domains

Direction of OMRON's Evolution

OMRON is changing the way it perceives value creation, shifting its emphasis from "products" to "products and services" in order to create social value. We pursue realization of value not only through products and other goods but also through combinations of products and services that help solve the fundamental problems confronting society. When intrinsic value is reconsidered at a turning point in society and markets, implementation of value is not limited to products and can be in services, such as consulting services, operation support services, and upgrading services of i-BELT in the Industrial Automation Business. In addition, we will promote co-creation with partners, rather than relying exclusively on our own resources, to enhance the speed of execution and feasibility.
To deliver value through the combination of products and services and co-creation with partners, establishment of a data platform to serve as a base is necessary. We will develop a data platform that links data generated by OMRON devices and services with our partners' data and leverage the data in development of new solutions through the combination of products and services.
Based on this concept, the OMRON Group will transform its business structure over the medium to long term, transitioning to a revenue structure that includes a recurring service model in addition to a business model centering on products.

Material Sustainability Issues

Under SF2030, our aim is to maximize corporate value by creating social value and economic value through business. To this end, we identified material sustainability issues for the first time under the long-term vision. OMRON's purpose is "to create social value through business and continue to contribute to the development of society." It will endure, regardless of how society changes. In order to remain true to this purpose, material sustainability issues are fully reflected in SF2030 and the medium-term management plan "SF 1st Stage." For OMRON, sustainability means pursuing the sustainability of both society and the company. We will continue to strive for the sustainable development of society and the sustainable growth of OMRON.

Material Sustainability Issues under SF2030	SF2030 Goals
1 Resolving Social Issues through Our Business Creating social value and driving OMRON's sustainable growth by resolving social issues through our business	The state of contributing to the sustainable development of society by resolving the social issues tackled Group-wide, namely, achievement of carbon neutrality, realization of a digital society, and extension of healthy life expectancy from the social change factors focused on in SF2030: an aging population, climate change, and economic disparity among individuals
2 Maximizing the Capability to Innovate Driven by Social Needs Evolving business models, endowing OMRON with the competitiveness required for achieving sustainable growth, and expanding new business generation efforts	The state of continuously generating new businesses by demonstrating our capability to innovate driven by social needs in both existing and new business domains, through actions such as evolving essential core technology development and incorporating it into business models
3 Generating Diverse Talent Taking on the Challenge of Value Creation Evolving human resources management to bring out the capabilities and skills of OMRON's diverse talent, who will be the source of OMRON's sustainable growth	The state of bringing diverse talent together where everyone can succeed, regardless of nationality, gender, or work style, where OMRON provides opportunities for its diverse talent to grow and evolves its human resources management to maximize their capabilities and skills
4 Achieving Decarbonization and Lower Environmental Impact By viewing climate change from the two aspects of opportunities and risks, practicing corporate social responsibility and building further competitive advantage	The state of building further competitive advantage while solving social issues through reducing greenhouse gas (GHG) emissions in the value chain and establishing a resource recycling model • Scope 1 and 2*1: 65% cut vs. FY2016 • Scope 3, Category 11*2: 18% cut vs. FY2016
5 Respecting Human Rights in the Value Chain As part of our corporate social responsibility, exerting our influence for the respect of human rights for workers in the value chain and at OMRON	In line with the UN Guiding Principles on Business and Human Rights, the state of exerting our influence for the respect of human rights for workers not only at OMRON, but also in the value chain, and establishing a culture and system that does not permit or cause human rights violations

*1 Scope 1 and 2: Direct and indirect GHG emissions from the company

*2 Scope 3, Category 11: Scope 3 corresponds to GHG emissions from the company's value chain. Category 11 of Scope 3 corresponds to emissions from use of manufactured/sold products, services, etc.

In identifying material sustainability issues, we adopted three viewpoints: "the OMRON Principles and fundamental purpose," "backcasting from a society envisioned for 2030 and beyond," and "calls on companies to contribute to environmental and social sustainability." Five material issues were identified as a result of a series of management discussions, in view of suggestions gained through internal discussion and dialogues with external experts.

Steps for Identification of Material Sustainability Issues

Identification Steps

STEP 1

Exploring the Long-term Vision
Identified factors of social change that affect the sustainable development of society and OMRON and explored the direction of OMRON's long-term vision and the ideal configuration of society, taking into consideration the OMRON Principles, the SINIC theory that is the compass for OMRON's management, and a society envisioned for 2030

STEP 2

Organizing three viewpoints to be focused in identifying material sustainability issues
- Management Philosophy and reason for being
- Backcasting from a society envisioned for 2030 and beyond
- Calls on companies to contribute to environmental and social sustainability

STEP 3

Hypothesizing Material Sustainability Issues
Hypothesized material sustainability issues along the following two axes:
- Degree of importance in practicing the long-term vision
- Stakeholder expectations and demands

STEP 4

Discussion at Management Level
Frequent discussions at the Executive Council, chaired by the CEO and attended by Executive Officers (April, June 2021)

STEP 5

Dialogues with Stakeholders
Based on hypotheses, held dialogues with institutional investors, experts, NPOs, etc. to confirm their expectations and demands on the Group and identified material sustainability issues

STEP 6

Setting Long-term and Medium-term Goals
Formulated long-term and medium-term business and operational strategies and set long-term and medium-term targets based on the identified material sustainability issues

STEP 7

Discussion and Approval at Management Level
Deliberation and approval by the Board of Directors after discussions at the Executive Council, chaired by the CEO and attended by Executive Officers (February 2022)

Addressing Material Sustainability Issues and Maximizing Corporate Value

We will continue to maximize corporate value by integrating business and sustainability to create both social value and economic value.