## Value Creation Model

### Business Creation Process at OMRON

1. **Identify Social Issues**
   - **Demographic Trends**
   - **Limited Resources**
   - **Technological Innovation**

2. **Near-Future Design**
   - Core Technology Evolution and Business Model Design

3. **Develop Products and Services**
   - Sensing & Control + Think
   - Open Innovation

4. **Launch and Monetize Businesses**
   - Innovation Driven by Social Needs

5. **Commercialization**

### The OMRON Principles

#### Financial Capital
- Shareholders’ equity ¥728.5 billion (As of March 31, 2023)
- Operating cash flow ¥250.0 billion (Plan under SF 1st Stage)
- Rating AA- (R&I) A (S&P)
- Growth Investment ¥200.0 billion (including M&A) (Plan under SF 1st Stage)

#### Manufactured Capital
- Number of production sites worldwide 26 sites (As of March 31, 2023)
- Capital expenditures ¥130.0 billion (Plan under SF 1st Stage)

#### Intellectual Capital
- Number of patents held 12,908 patents (As of March 31, 2023)
- R&D expenses ¥165.0 billion (Plan under SF 1st Stage)

#### Human Capital
- Number of employees 28,034 employees (As of March 31, 2023)
- Investment in human resources development ¥6.0 billion (Plan under SF 1st Stage)

#### Natural Capital
- Energy consumption: 249,189 MWh (As of March 31, 2023)
- Water resource intake: 1,047 km³ (As of March 31, 2023)
- Resources recycled in house: 591 tons of materials (As of March 31, 2023)

#### Social and Relationship Capital
- Number of Countries where OMRON products are sold: Over 130 Countries (As of March 31, 2023)
- Brand value (converted to financial value) USD1.5 billion (Plan under SF 1st Stage)
- Investment in startups: Invested in 23 startups (cumulative total) (As of March 31, 2023)
## Material Sustainability Issues

### 1) Resolving Social Issues through Our Business

<table>
<thead>
<tr>
<th><strong>Domains</strong></th>
<th><strong>Focus Businesses</strong></th>
<th><strong>Social Value</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial Automation</strong>&lt;br&gt;Industrial Automation Business (IAB)</td>
<td>Digital, environmental mobility (NEV), food and daily goods, logistics, and medical (+ robotics and service business)</td>
<td>Establishment of manufacturing sites where both harmony with the global environment and worker satisfaction are achieved and that will support a sustainable future</td>
</tr>
<tr>
<td><strong>Healthcare Solutions</strong>&lt;br&gt;Healthcare Business (HCB)</td>
<td>Cardiovascular, respiratory, pain management, remote patient monitoring services</td>
<td>Realization of healthier and more comfortable lives for people around the world, including extension of healthy life expectancy and reduction of medical expenditures</td>
</tr>
<tr>
<td><strong>Social Solutions</strong>&lt;br&gt;Social Systems, Solutions and Service Business (SSB)</td>
<td>(Residential / industry / mobility) energy management and services, network protection</td>
<td>Realization of a better society in which people around the world can continue to live in a safer, more secure and comfortable society by expanding renewable energy and providing people-friendly next-generation systems</td>
</tr>
<tr>
<td><strong>Device &amp; Module Solutions</strong>&lt;br&gt;Device &amp; Module Solutions Business (DMB)</td>
<td>Direct current (DC) drive equipment, DC infrastructure equipment, high-frequency devices, and remote/VR devices</td>
<td>Contribution to the improvement of human life on the planet and the development of society through the spread of new energy and high-speed communications</td>
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</table>

### 2) Maximizing the Capability to Innovate Driven by Social Needs

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</thead>
<tbody>
<tr>
<td><strong>Innovation Exploring Initiative HQ (IXI)</strong></td>
<td>Creating new businesses</td>
<td>Through pursuit of “automation to empower people” to resolve the three social issues, realization of the Autonomous Society that embodies our founder’s management philosophy: “People should leave what machines can do to machines and enjoy activities in more creative areas.”</td>
</tr>
<tr>
<td><strong>Technology and Intellectual Property HQ</strong></td>
<td>Development of core technologies in 4 areas of technological focus: Robotics, Sensing, Power Electronics, and AI and Data Analysis</td>
<td>Acceleration of open innovation through investment in startups and co-creation</td>
</tr>
<tr>
<td><strong>Global Corporate Venturing Office (CVC)</strong></td>
<td></td>
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</table>

### 3) Generating diverse talent taking on the challenge of value creation

- Ratio of non-Japanese in key managerial positions overseas: 80% or more
- Ratio of women in managerial roles: 17.4% or higher (OMRON Group worldwide)
- Realize employment of persons with disabilities at 26 overseas sites and maintain the ratio of employees with disabilities at 3% in Japan
- VOICE SEI: 70P or higher

### 4) Achieving de-carbonization and lower environmental impact

- Scope 1 and 2: 53% cut vs. FY2016
- Scope 2: Achieve Carbon Zero at all 76 sites in Japan
- Scope 3, Category 11: Implement energy-saving designs for new products
- Implement business model transformation, environmentally friendly design, collection and recycling, and sustainable procurement in response to transition to a circular economy

### 5) Respecting Human Rights in the Value Chain

- Conduct human rights due diligence in line with the UNGP
- Establish human rights redress mechanisms into the value chain globally
- Mitigate human rights risks throughout the value chain. Ensure that a culture and system are in place that do not permit or cause human rights violations

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**Output**

**Social Value**

**Focus Businesses**

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**Outcome**

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