

# Respecting Human Rights in the Value Chain

## OMRON's Approach to Human Rights

As declared in the OMRON Principles, Our Values include Respect for All. Respect for All is more than a basic respect for diversity, personality, and individuality. Respect for All is the core value underlying all our activities in pursuit of living lives and performing jobs of purpose and promise. We act with integrity, creating stronger relationships of trust with individuals and society. This goes to the core of our existence as a company.

### OMRON Human Rights Policy

The Guiding Principles on Business and Human Rights (UNGPs) adopted by the United Nations in 2011 made it clear that every business enterprise has a responsibility to respect human rights. The scope of this responsibility is not limited to our company alone, but society demands that it expand to the entire value chain. Given this, we chose "Respecting Human Rights in the Value Chain" as one of the material sustainability issues and established the OMRON Human Rights Policy on March 1, 2022 to address this material issue. In recent years, in particular, human rights initiatives in accordance with the UNGPs have mandated progressively greater regulatory obligations on companies across the globe, and we have had a growing number of inquiries from customers about the status of such initiatives. Legal compliance and fulfillment of those obligations are thus becoming increasingly important from the perspective of business continuity. OMRON is committed to ensuring that its management practices and actions align with those of the international community and strives to reduce human rights violation risks throughout its value chain.

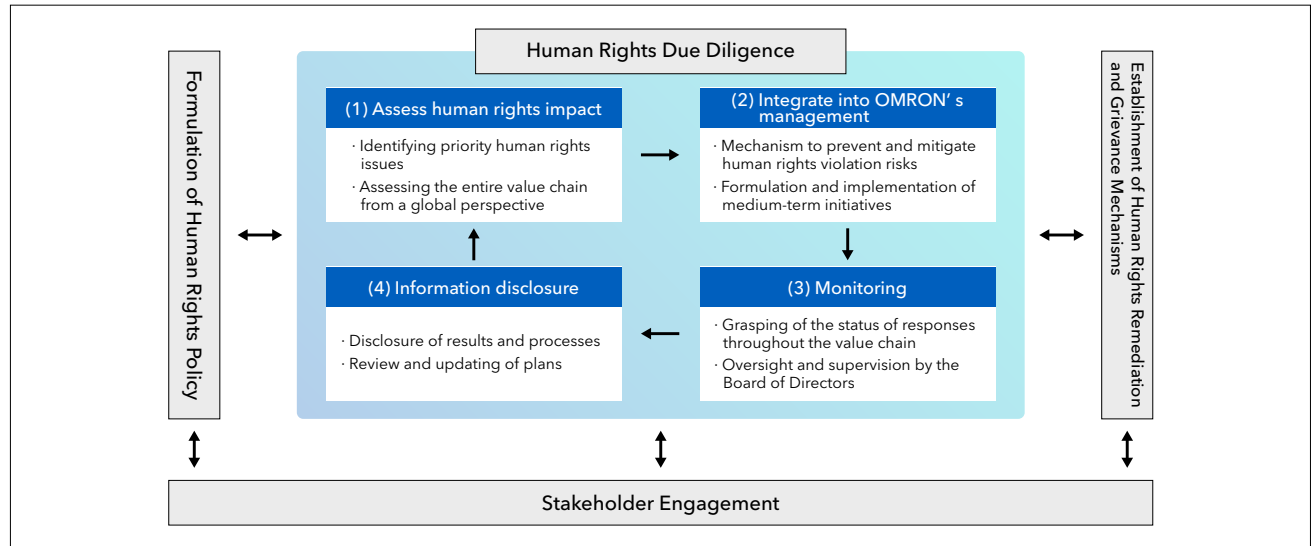


## Human Rights Promotion Structure

As illustrated in the overview of human rights initiatives [Figure 1](#) below, OMRON is working to build a system in which management and front-line employees work together to fulfill their responsibility to respect human rights globally. Under the responsibility of the Sustainability Executive, to whom the President & CEO delegates authority, the Global Corporate Communications & Engagement HQ leads the promotion of these initiatives. The Senior General Manager of the Global Human Resources and Administration HQ oversees the company's human rights efforts, while the Senior General Manager of the Global Procurement, Quality and Logistics HQ supervises supply chain responsibilities.

Each business company president directs their own business strategies, the Senior General Manager of the Technology and Intellectual Property HQ ensures the ethical use of AI and other technologies, and the Senior General Manager of the Global Risk Management and Legal HQ maintains remediation and grievance mechanisms. Matters that are important to the company's commitment to human rights are reported to the Board of Directors, who monitors and supervises these matters. As in the case of appointing a director in charge of environmental matters, a director responsible for human rights was appointed in fiscal 2023. The Sustainability Committee, chaired by the Sustainability Executive, discusses and deliberates on human rights initiatives that apply across the Group.

Figure 1 Overview of OMRON's Initiative for the Respect of Human Rights



## Key Human Rights Initiatives under SF2030

To achieve the goals laid out in SF2030, we have set goals for up to 2024 and aim to establish a global human rights governance system.

### SF2030 Goals

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.

### Goals to be Achieved by 2024

#### Execution of human rights due diligence in accordance with the UNGPs

By conducting human rights impact assessments across the entire value chain, we will identify "salient human rights issues" and create the conditions for implementing a cycle of human rights due diligence.

#### Establishment of a Human Rights Remediation and Grievance Mechanism Appropriate to Each Country and Region

We are establishing a human rights remediation and grievance mechanism appropriate to each country and region so that we can implement remedies through due process if we cause or recognize factors contributing to adverse human rights impacts.

Progress has been made toward these goals in creating a cycle of risk research, assessment, and remediation for due diligence on suppliers and OMRON. We have also built an AI ethics governance system, one of our key human rights initiatives, to mitigate the impact of our products and

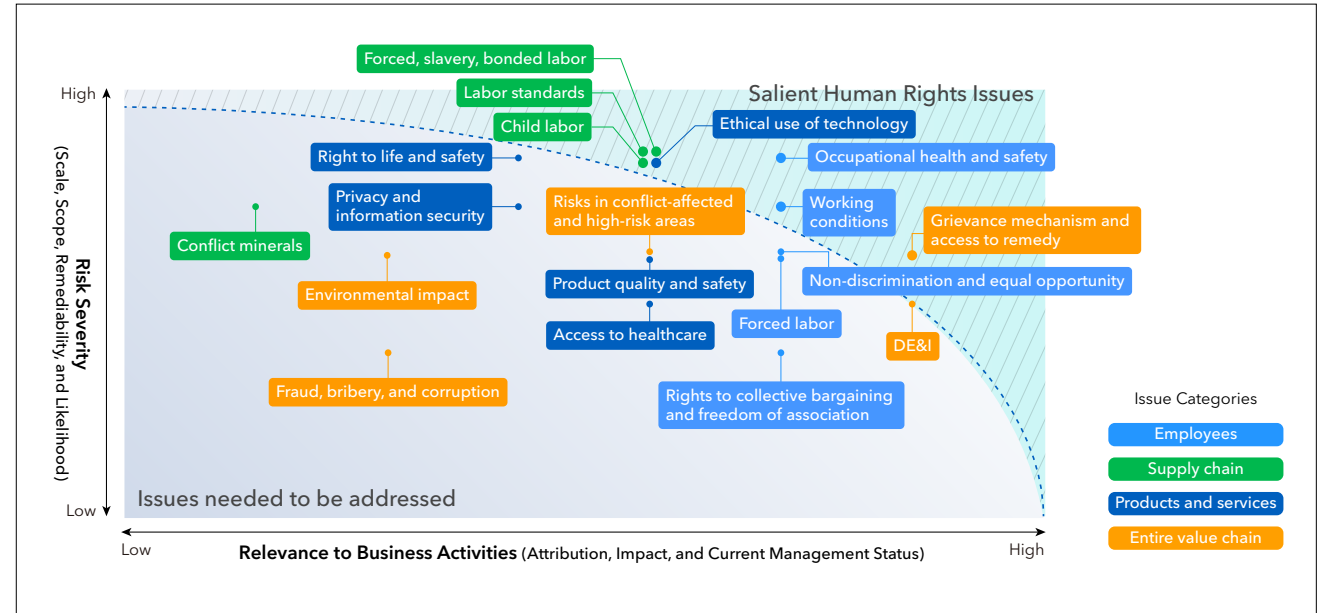
services in the downstream portion of the value chain. We have also expanded the remediation and grievance mechanism to accept consultations and grievances from a broader range of stakeholders. In January 2024, we joined the Responsible Business Alliance (RBA), an international industry coalition dedicated to realizing a responsible supply chain. OMRON has already referred to the RBA's Code of Conduct. Going forward, we will expedite the application of these principles to both OMRON's internal efforts and those of the broader supply chain. As outlined above, OMRON aims to improve the efficiency of the cycle that has already been established.

## Human Rights Impact Assessments

In fiscal 2022, OMRON conducted a group-wide human rights impact assessment based on the UNGPs. In conducting this assessment, we evaluated and identified human rights violation risks that we may cause or contribute to through our business activities in our value chain. Of the 19 priority issues thus identified, seven were prioritized based on risk severity and relevance to the business. Each responsible department is now addressing these salient human rights issues, as shown in [Figure 2](#) below.

[Details of the Steps in Human Rights Impact Assessments](#)

Figure 2 Overview of OMRON's Initiative for the Respect of Human Rights



## Initiatives in the Supply Chain

In the supply chain, OMRON works with suppliers to prevent human rights issues from occurring and periodically surveys them.

In more concrete terms, we send them a self-assessment to verify the conformity to the OMRON Group Sustainable Procurement Guidelines, which include respect for human rights and labor practices, and request improvement, if needed. These guidelines were prepared in compliance with the RBA Code of Conduct. Critical suppliers, who are designated as such based on the transaction volume and importance, are assessed annually, while other suppliers (all suppliers) are assessed at least once every three years, as detailed in Figure 3 below. In fiscal 2023, 60 critical suppliers and 575 all suppliers completed self-assessments. Meeting RBA requirements is a shared goal for critical suppliers. Based on the results of human rights impact assessments conducted in fiscal 2022, we have designated suppliers with production bases in China and Malaysia for intensive improvements through fiscal 2024. In fiscal 2023, we asked

the following suppliers to conduct a detailed self-assessment on human rights.

- China: Suppliers in labor-intensive industries
- Malaysia: Suppliers who employ foreign workers from neighboring countries

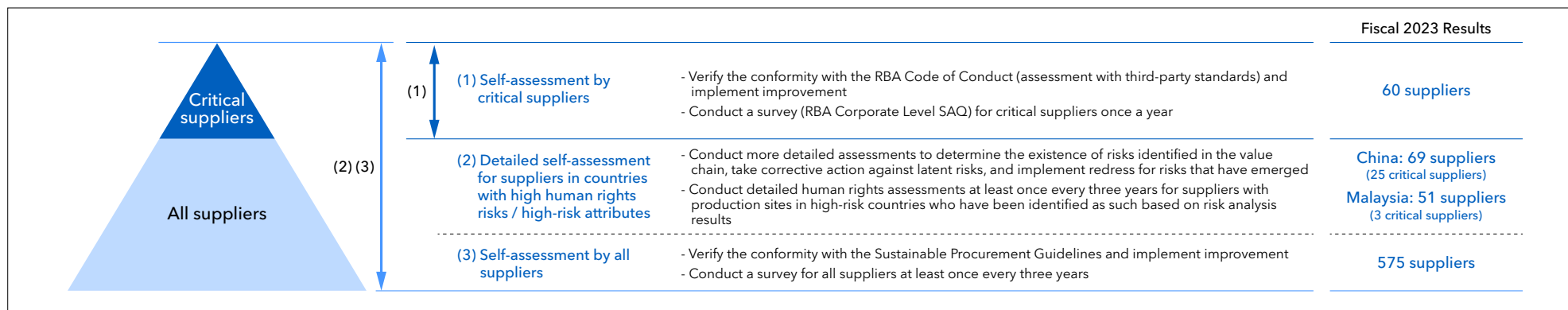
After careful examination of the responses to the self-assessment, we sent our employees to high-risk suppliers (China: 2 companies, Malaysia: 3 companies) to assess the situation. Their on-site visits revealed cases where “personnel who are trained to offer first aid to injured or sick workers are unavailable” (China) or “employment contracts for foreign workers are not translated in their mother tongue” (Malaysia). These suppliers have agreed on an improvement plan based on our feedback provided in person and are currently implementing corrective action plans. For lower-risk suppliers (China: 16 companies, Malaysia: 1 company), we briefed them on their evaluation results individually and agreed on areas of improvement. They are currently working on improvements according to agreed plans. In fiscal 2024, while monitoring the progress

in these correction plans, we are expanding the scope of the assessment by asking suppliers in China and Malaysia, to whom we have yet to send the survey, to answer a detailed survey as others have. The cycle of human rights due diligence will continue through ongoing assessments of both critical and all suppliers.

## Initiatives at OMRON Sites

At OMRON, we are primarily working on “occupational health and safety” and “employees’ working conditions (including forced labor),” two of the salient issues identified in human rights impact assessments. To monitor the status and degree of achievement of human rights initiatives at each site, OMRON uses the RBA Self-Assessment Questionnaire (SAQ) annually. In fiscal 2023, we conducted the SAQ at 25 OMRON Group production sites in Japan, China, the Asia-Pacific, Europe, and the Americas to analyze and mitigate human rights violation risks. To address salient issues individually, we focused on analyzing and correcting occupational health and safety concerns, including work-

Figure 3 Classified Sustainability Assessment for Suppliers



related accidents at each site. We will continue monitoring and addressing work-related accidents in fiscal 2024, especially in key regions and sites. For improving working conditions, a labor management system that adheres to the RBA Code of Conduct has been introduced and implemented globally. Given that production sites in China, those in Malaysia where on-site contractors employ migrant workers, and those in Japan where trainees on the Technical Intern Training Program (TITP) are employed by on-site contractors pose a high risk for forced labor, we secured the agreement of on-site contractors to follow the OMRON Group Supplier Code of Conduct. Procedures to prevent, detect, and address forced labor and child labor were also formalized. In addition, in fiscal 2024, OMRON is reviewing five sites in Japan where TITP trainees are employed by on-site contractors to check for any forced labor cases, based on data gathered on the number and nationality of the trainees. To address the risk of long working hours, we monitored selected production sites in China, Malaysia, and Japan, where such a risk is considered high. In fiscal 2024, our principal focus will be on building a global monitoring system to track these issues. In addition to these initiatives designed to reduce human rights violation risks, production sites in China (Dalian City), Vietnam, and Malaysia underwent third-party audits based on RBA standards, specifically the RBA Validated Assessment Program (VAP). Based on the audit findings, improvements were made to the working environment, occupational health and safety, and other areas. For instance, in fiscal 2023, the Vietnamese factory that had undergone the VAP introduced adequate personal protective equipment for its workers as recommended in the audit. The Dalian factory, which achieved Platinum status in the VAP, continues monthly reviews of compliance with specific standards to maintain and enhance RBA

compliance. The Malaysia factory is correcting issues found in the audit, including management of on-site contractors, employment conditions, and evacuation equipment. For future initiatives, OMRON will continue to prioritize addressing human rights issues and sites with high-priority concerns while establishing a monitoring system and sharing knowledge across regions to reduce human rights violation risks throughout the entire Group.

### Initiatives for Products and Services

OMRON has identified “ethical use of technology” as a salient issue. Accordingly, in our human rights policy, we have made the following statement: **“OMRON will take account of potential impact for human rights caused by technologies such as AI, robotics and IoT, and will take advantage of them appropriately to avoid problems, including but not limited to cause of accident, discrimination and invasion of privacy.”**

Of all these technologies, AI is evolving rapidly, leading to the emergence of associated risks worldwide. Animated discussions are underway to seek an optimal balance between its utilization and regulation, as the G7, OECD, and the UN are calling on countries to devise safe and appropriate frameworks for its use. OMRON provides AI-powered products and services, with their number expected to grow. In response, we formulated the OMRON AI Policy in June 2024 to establish an AI governance system. Under this policy (see [Figure 4](#), Page 78), we aim to promote the safe and secure use of AI while minimizing the risk of accidents and human rights violations. Meanwhile, the AI Governance Committee (see [Figure 5](#), Page 78) began operations in March 2024 with the aim of supporting the appropriate use of AI and reducing associated risks pursuant to the OMRON AI Policy. We are

also working on building a governance system and process in compliance with government guidelines for AI operators to collect information and provide guidance. Going forward, this committee will focus on legal compliance, formulating and revising guidelines, and addressing specific inquiries from various departments from within the Group regarding AI usage. Through these initiatives, we will reinforce our AI governance, preventing human rights violations from occurring through the products and services we deliver.

### Establishment of a human rights remediation and grievance mechanism appropriate to each country and region

For OMRON Group employees (including temporary workers), a whistleblower system is in place in each region for them to use. The system, open to all employees within the OMRON Group, enables them to report human rights concerns such as discrimination, harassment, legal violations, breaches of laws/regulations and internal rules, or unethical behavior, and to seek advice on their concerns. Such reports may be made anonymously unless prohibited by the laws and regulations of the respective countries. In fiscal 2023, a total of 106 reports were received globally via the whistleblower system. OMRON considers this a sign of organizational health. In fiscal 2023, we made the system open to suppliers in our supply chains across all regions, enabling them to report questionable behavior or seek advice via the system. Confidentiality is strictly maintained, and whistleblowers are protected from any retaliation. OMRON verifies reports impartially and takes appropriate measures. Please visit our corporate website for more information on the operating status of the whistleblower system. In addition, the OMRON Group became a full member of

the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in fiscal 2022. JaCER offers the Engagement and Remedy Platform, a non-judicial grievance platform in compliance with the UNGPs, which OMRON began operating in fiscal 2023. Through this platform, we receive grievances from all stakeholders, including local communities, customers, and secondary and subsequent suppliers with whom we have no direct business relationship.

These initiatives taken up to fiscal 2023 have allowed us to steadily expand systems for receiving consultations and grievances from a broader range of stakeholders. Going forward, we will focus on strengthening the application of the systems thus expanded, monitoring the status of consultations and grievances and improving the effectiveness of the redress mechanisms.

[▶ The Operating Status of the Whistleblower System](#)

### Education on Human Rights

In order to promote honest and fair business activities, OMRON designates October of each year as Corporate Ethics Month. We distribute top management messages to directors and employees including subsidiaries in Japan and outside Japan (in 14 languages) and organize workplace training sessions. Under the theme of "Business and Human Rights," the fiscal 2023 human rights training session featured self-paced e-learning designed to raise awareness of the OMRON Human Rights Policy and human rights issues in line with relevant international standards. Mutual discussion sessions were also held to emphasize the "importance of protecting human rights as a key element of business." As many as 98.9% of OMRON employees and on-site contractors workers took the session globally, which helped them better understand the necessity of respecting human rights. Additionally, for managers and those who raise awareness and lead efforts to encourage respect for human rights, specialized training sessions were provided to deepen

their understanding of international guidelines like the UNGPs and the RBA Code of Conduct. Furthermore, we held study sessions under the themes of "Increasing Responsibility to Respect Human Rights and the Expected Role of the Board of Directors" for Directors and Audit & Supervisory Board Members and "Growing Human Rights Concerns and Their Impact on Business" for Executive Officers. Regarding procurement, the OMRON Group Management Policy includes a commitment to "integrated, sustainable procurement" that ensures legal compliance and environmental considerations, which also involves efforts to prevent forced labor. To ensure the successful implementation of this policy, we have set up the OMRON Group Rules for Procurement, disseminated through individual informational meetings for purchasing managers and staff at business divisions and other occasions. For suppliers, we prepared training materials to facilitate their understanding of sustainable procurement, encouraging them to take e-learning opportunities. In fiscal 2023, a total of 481 suppliers around the world took the sessions.

Figure 4 OMRON AI Policy

OMRON AI Policy (Preamble)
<p>OMRON will take advantage of AI in a proper way to contribute to a better society. AI is a technology for implementing intelligent features including but not limited to reasoning and estimation. OMRON has established this OMRON AI Policy to ensure that the company takes advantage of AI with proper risk management and avoids serious problems, such as accidents or violations of human rights. The scope of this policy includes AI systems developed by OMRON, as well as those that OMRON may use. OMRON will continually review and update this policy.</p> <p>As respect for humanity is one of OMRON's most important guiding principles, OMRON will continue its challenge to solve social issues by taking advantage of AI with proper care, in alignment with the international standards of human rights and the rules of human society. This policy has two parts. The first part outlines OMRON's commitment to the responsible use of AI, and the second part describes OMRON's approach to AI governance.</p> <p style="text-align: right;">*The full text is on the OMRON website. <a href="#">▶ OMRON AI Policy</a></p>

Figure 5 Overview of the AI Governance

Main Roles	Participating Divisions/Companies
<ol style="list-style-type: none"> <li>1. Gather and analyze risk factors</li> <li>2. Formulate, revise, and spread guidelines</li> <li>3. Develop and raise awareness of educational content</li> <li>4. Respond to consultation on risks associated with AI-enabled operations and product development</li> <li>5. Cooperate with the Corporate Ethics and Risk Management Committee</li> <li>6. Establish the global governance system</li> <li>7. Determine guidelines on legal compliance in each country and prepare necessary action</li> </ol>	<ul style="list-style-type: none"> <li>- Technology and Intellectual Property HQ (Secretariat, Technology, Intellectual Property)</li> <li>- Global Business Process and IT Innovation HQ (IT Security)</li> <li>- Global Risk Management and Legal HQ (Laws/Regulations, Protection of Confidential Information, Protection of Personal Information)</li> <li>- Global Corporate Communications &amp; Engagement HQ (Social Receptivity, Human Rights)</li> <li>- Each business company (Technology, Intellectual Property, Protection of Personal Information)</li> </ul> <p style="text-align: right;">*In parentheses: Areas of responsibility</p>