

FY2019 ESG Presentation



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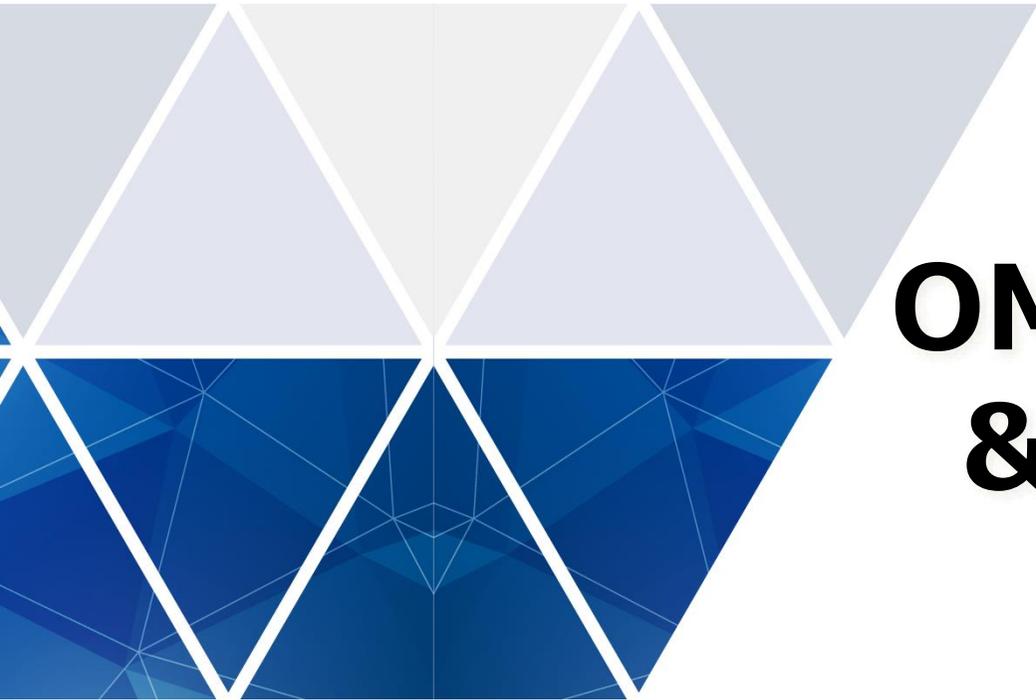
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OMRON Principles & Sustainability

OMRON Principles

In 1959, OMRON Founder Kazuma Tateisi created the motto behind our growth: Solving social issues through our business

Our Mission

**To improve lives
and contribute to a
better society**



Founder Kazuma Tateisi

OMRON Principles

Our Mission

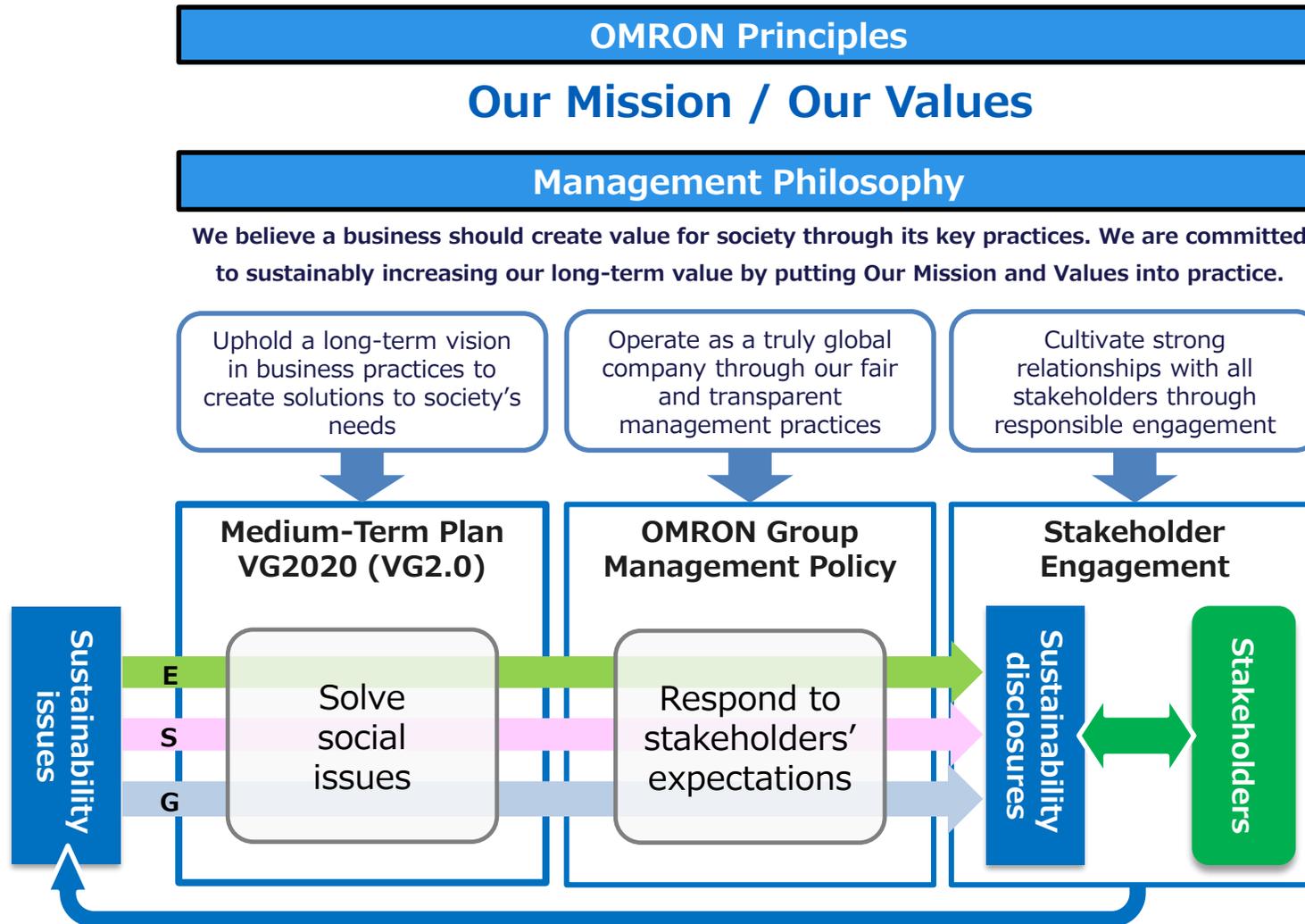
To improve lives and contribute to a better society

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 Based on OMRON Principles

Management Philosophy underpins alignment with OMRON Principles



VG2.0 and Sustainability Policy are Linked

VG2.0 earnings targets and business strategies are linked to key sustainability issues

OMRON Principles

Medium-term Management Plan: VG2.0

Business Strategies

Sustainability Issues

A value-generator for people and the Earth that is qualitatively and quantitatively superior

1. Reinforce businesses by designating focus domains
2. Business model evolution
3. Enhance core technologies

×

Collaboration with partners

+

Human capital management, manufacturing, risk management...

FA



Healthcare



Social Solutions



×

Collaboration with partners



+

Human Capital Mgmt.



Manufacturing



Risk Management



Solving Social Issues Through Our Business

Key social issues targeted in OMRON's Medium-term Plan(VG2.0)

Society (Focus Domain)	Key Social Issue to be Tackled	Business Segment
Factory Automation	Addressing labor shortages , a global issue for manufacturing	IAB
	Addressing shortage of experienced workers on shop floor, and further progress in manufacturing miniaturization	
Healthcare	Reduce incidence of debilitating cerebral/cardiovascular events toward zero (Zero strokes/myocardial infarctions)	HCB
	Achieve early detection and treatment of asthma	
Social Solutions	Contribute to reducing traffic accidents, creation of stress-free urban transportation	SSB/ Environmental Solutions HQ
	Prevent global warming, reduce CO2 emissions by expanding use of renewable energy and enhancing efficient usage	

Social Issues in the FA Space

Major changes on the shop floor on a global basis

Lack of Experienced Workers



Rising Labor Costs



High Density Mounting



Global Standards



Local Production for Local Consumption



Simultaneous Mass Product Launches



Immediate Ramp of New Facilities to Full Capacity



FA Business: X-ray Substrate Inspection Equipment (AXI)

Achieve required production efficiency, enhance product quality for high-density component mounting: contribute to safety and security in autonomous driving

Conventional Technology

Unique OMRON Technology

**Stop at each point to capture images
Sampling inspection**

**Continuous image capture
In-line inspection**

Video

Video

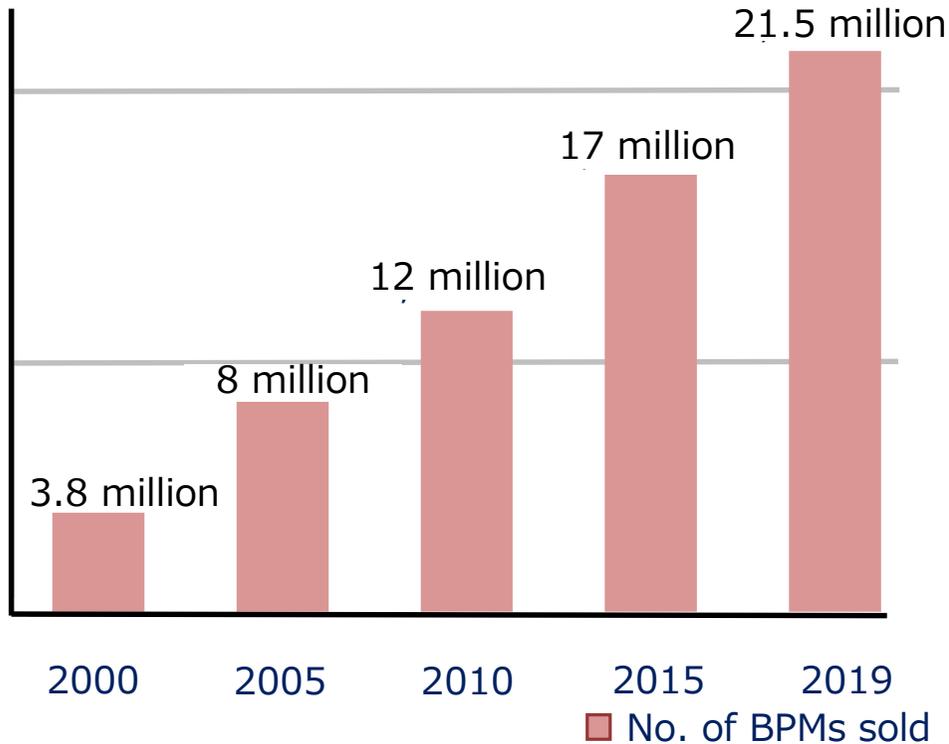
Solving Social Issues Through Our Business

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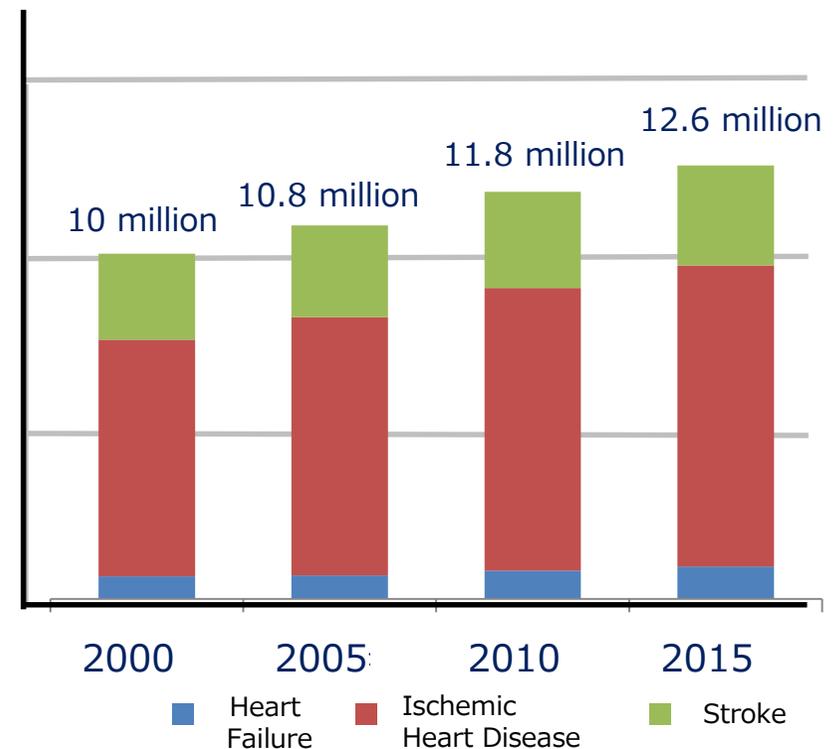
Social Issues in the Healthcare Space

OMRON drove the adoption of blood pressure management in the home, but cerebral and cardiac event fatalities are still rising

Unit Sales of Home-use BPMs
(Global Market Share 50%)



Cerebral/Cardiac Event Fatalities (Global)*1



*1:WHO Global Health Estimates2015

HCB: Progress toward Achieving Zero Events

**Progress toward achieving Zero Events with revolutionary new devices.
Wearable BPM selected by Time for The 100 Best Inventions of 2019**



**US FDA approved
Japan PMDA approved**



HCB: Progress toward Achieving Zero Events

Launched world's first BPM capable of simultaneous EKG and blood pressure readings

World
First

Combined EKG-BPM*
(Simultaneously reads EKG and BP)



*FDA approved



Our Biggest Challenge

How to foster a true understanding of the OMRON Principles amongst employees to encourage and inspire resonance?

Circle of Resonance Originating from TOGA

Unique activities to deepen understanding of OMRON Principles

Message from Senior Management



OMRON Principles Dialogue



Initiative 1

The Omron Global Award (TOGA)



CEO Circle



Initiative 2

Engagement Survey



Omron Principles Workplace Exchange



Deepening Employee Engagement (Video)

TOGA2018 Video



The OMRON Global Awards

Example of a TOGA Theme

Theme

Promoting the creation of Metabolic Management Centers (MMCs) and one-stop management of diabetes patients by leveraging medical innovation

Social Issues

More than 110 million diabetes patients in China

Issues: Shortage of specialist doctors, lack of treatment framework for patients with diabetes and related complications

Actions Taken to Address the Issue

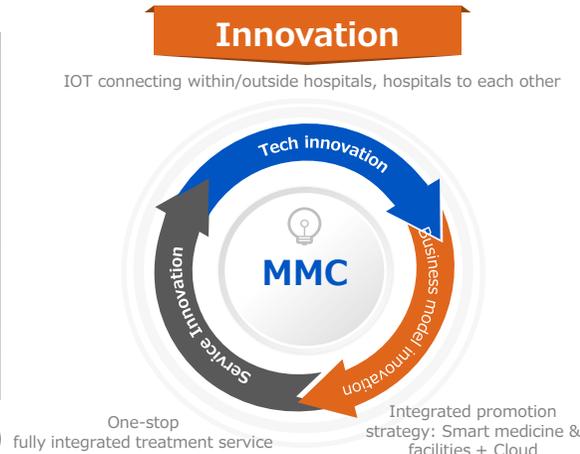
Explain importance of MMCs at 100 conferences over a 1-year period, winning support from the Chinese government, specialist doctors, pharmaceutical firms and medical IT companies. Establish MMCs with integrated one-stop patient data, able to provide optimized treatment

Results

355 MMCs set up over 3-year period in hospitals across China, with more than 700 hospitals indicating their intent to set up MMCs. MMCs equipped with OMRON products, contributing to HCB revenue growth as well



Theme Leader : Li Zhen-Jie (China)



Integrated diabetes testing equipment developed for MMC

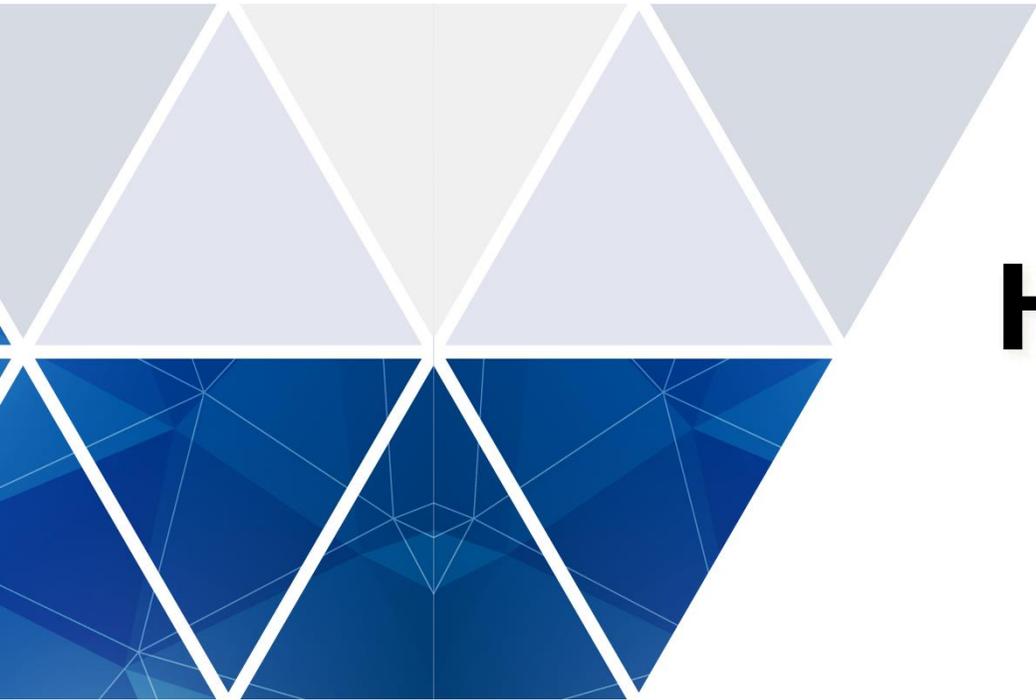
TOGA Theme (Video)

TOGA2018 MMC Video



Taking on the challenge of developing MMC (Metabolic Management Center)
One-stop management of Chinese diabetes patients





Human Capital Initiatives



TOGA Activities

Sharing and recognizing examples of putting the OMRON Principles into practice in everyday work

Three Key Characteristics

- 1 Team declaration of an initiative embodying the OMRON Principles, taking action
- 2 Teams judged on how well they have lived the Values
- 3 Share themes (= value created) with all employees

5 Processes

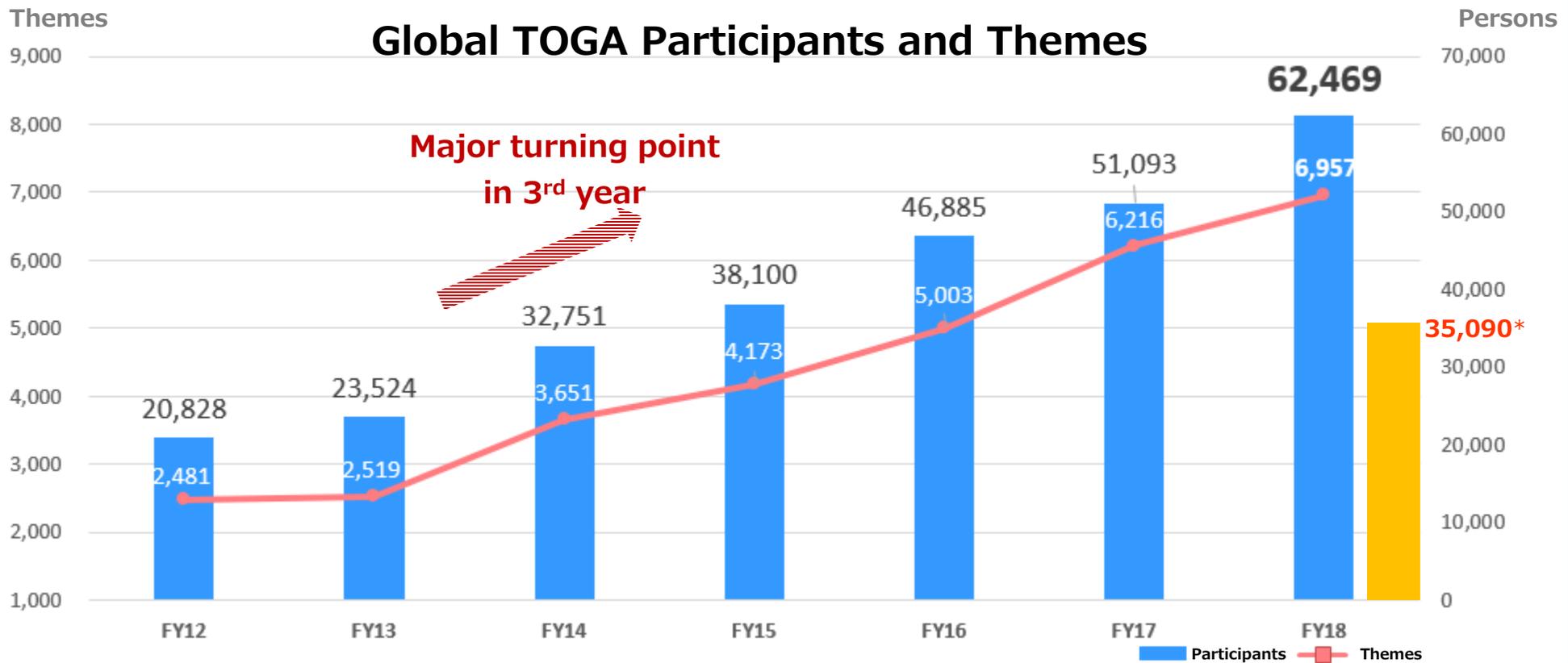


3 Rules

1. Must embody the Principles
2. Declare and register a theme
in advance
3. Must be a team effort

Evolution: Seven Years of TOGA

Number of participants, themes increasing every year. Participants now exceed total employee numbers



* OMRON Group employee numbers (as of end-March 2019)

The TOGA Process as an Opportunity for Employee Growth

Significant learnings for theme leaders and managers from the TOGA process

Examples of learnings from the TOGA process



Attracting Human Capital: A Two-pronged Effort

Initiated engagement survey VOICE to create an environment where a diverse workforce can thrive, to accelerate human resource development through TOGA initiatives



Engagement Survey VOICE

Goal

To support OMRON's continuous development, Voice allows the management team to:

1. Measure the attractiveness of the workplace
2. Understand and identify issues
3. Create a framework for actions to solve issues

FY2018
Overview

Target

Global Employees 23,920

*Excludes overseas production workers

Results

No. of respondents 20,161, response rate 84.3%
No. of additional comments 8,496

Major programs introduced or revised as a result of VOICE feedback

- Expand work from home program: FY19 (abolished limitations)
- Introduce application system: FY18
- Expand public job posting system: FY18
 (increased number of companies where program is available)
- Start global corporate system project: FY18

Examples of Initiatives in Response to Survey Feedback

Goal

In response to the expectations of highly motivated employees ready for new challenges, we created mechanisms to provide a diverse range of opportunities, to support OMRON's sustainable growth

Over-view

Public Job Postings

- System for recruiting employees for openings in other departments



FY2019-2020 results
120 applicants, 41 hires

Application Program

- System for employees to advertise talents and challenge themselves, to win new opportunities



FY2019-2020 results
102 applied, 42 hires

In Summary

Through TOGA

Encourage creation of solutions to social issues and personal development

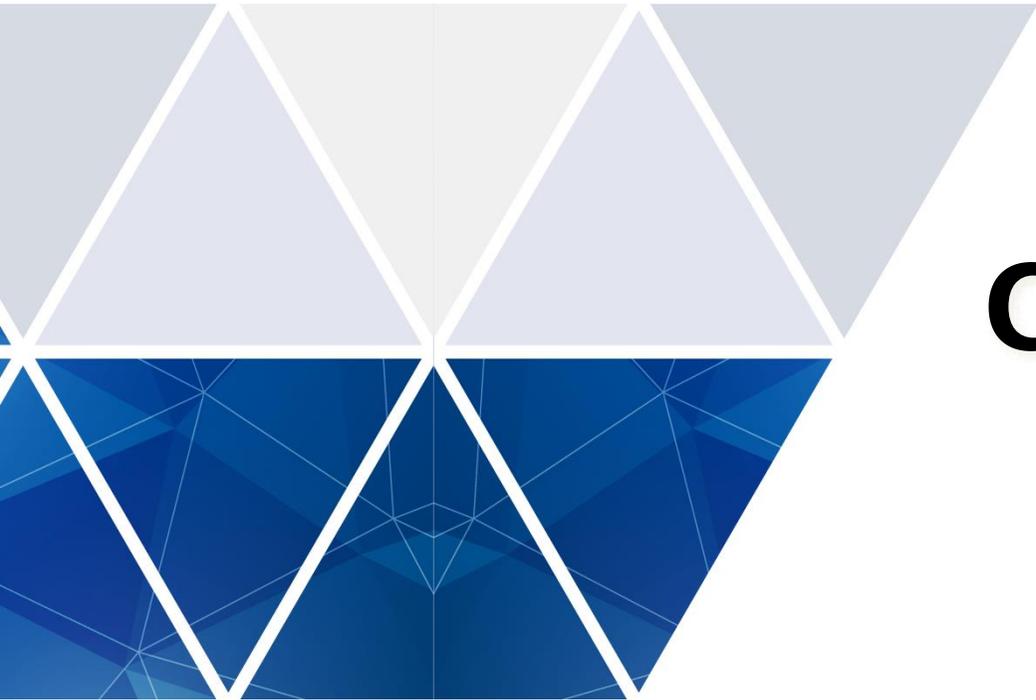
Leveraging VOICE to

create an environment where a diverse workforce can thrive

**By continuously challenging ourselves,
we create a virtuous cycle where
OMRON can grow along with its employees**



**OMRON's commitment to attracting human capital,
creating a diverse and inclusive workplace**

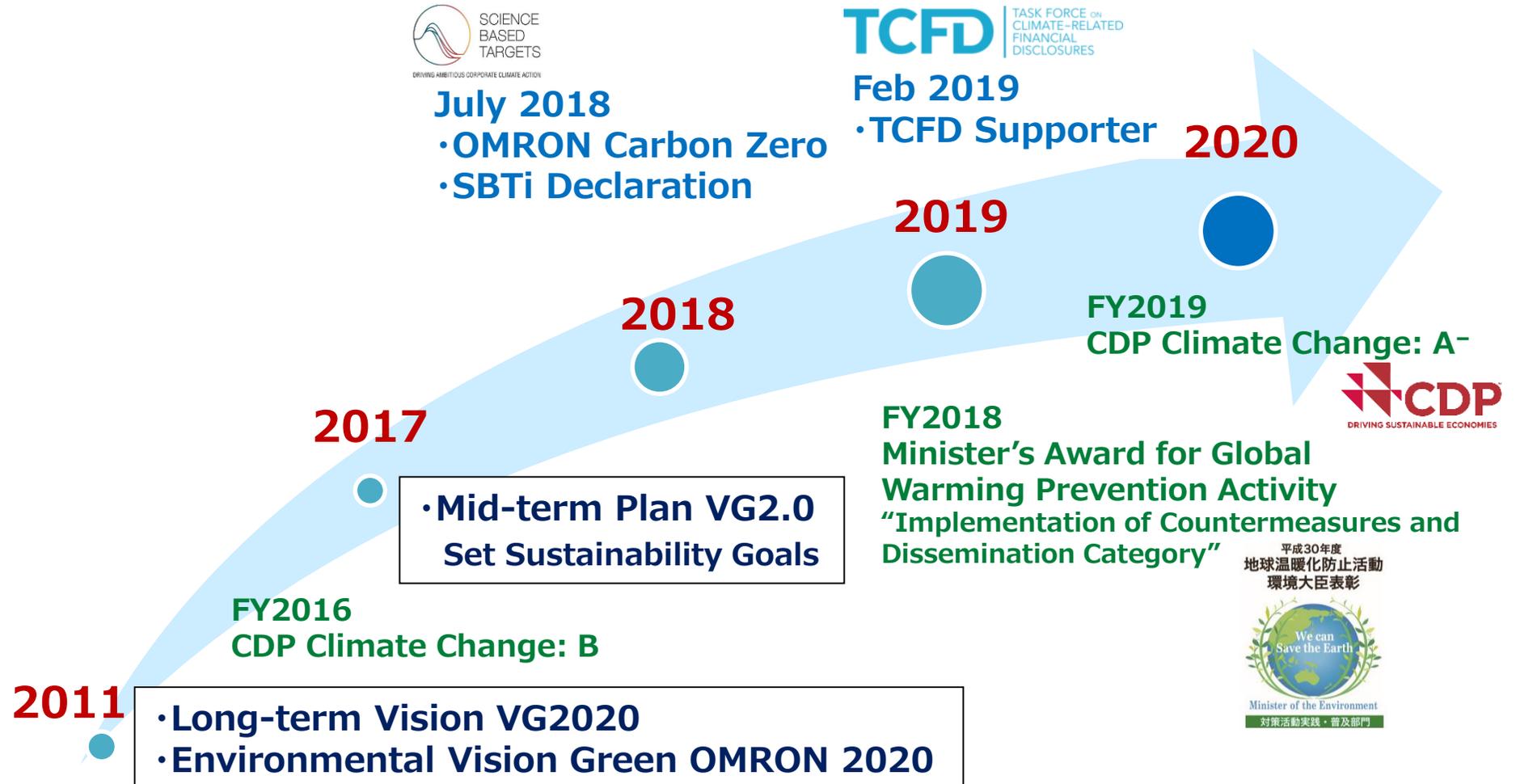


Climate Change Initiatives



Evolution of OMRON's Climate Change Initiatives

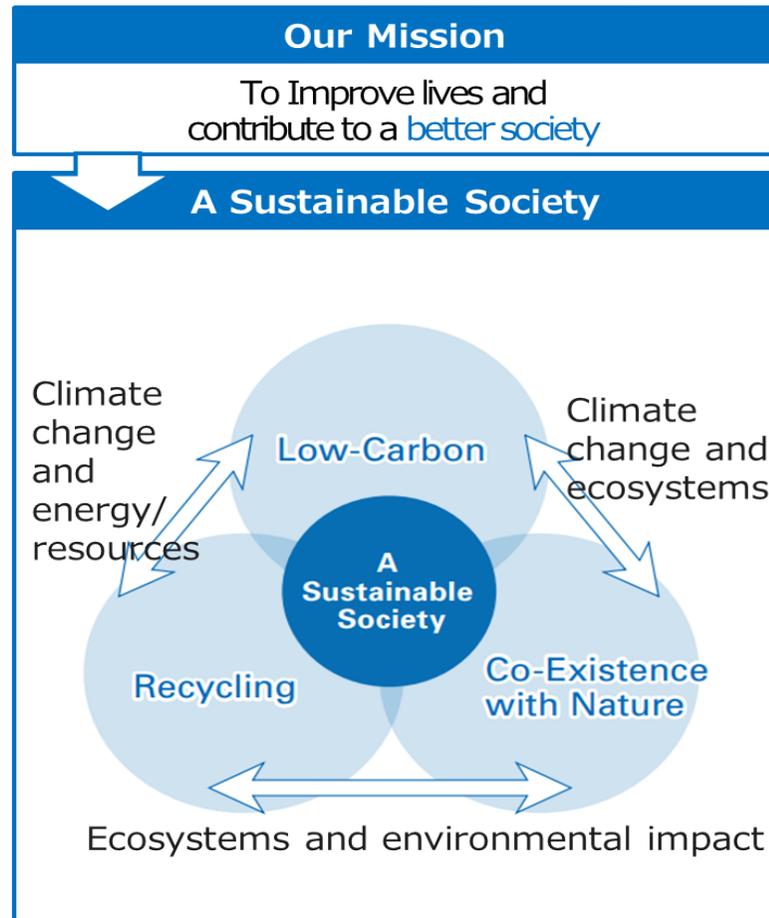
Strengthened initiatives in line with our Environmental Vision and Policy



OMRON Principles and Environmental Policy

OMRON's Environmental Policy is based on 2 pillars

- Providing eco-friendly products and services
- Leverage management resources to achieve a global, sustainable society



Vision: Green Omron 2020

Omron Group Environmental Policy

In line with OMRON Principles, we will contribute to realizing sustainable societies, globally, by providing eco-friendly products and services that can contribute to the global environment and by efficient management of resources.

1. Provide eco-friendly products and services that can contribute to the global environment
2. Prevent Global Warming
3. Use resources efficiently
4. Co-existence with nature
5. Implement environmental management

Omron Group Environmental Goals

1. Reduction of greenhouse gas emissions
2. Appropriate management and reduction of hazardous substances
3. Reduction of waste
4. Prevention of air, water, and soil contamination
5. Effective usage of water resources
6. Facilitating environmental management

VG2.0 and Sustainability Policy are Linked

Solve climate change issues through our business, while also reducing the environmental burden of our businesses

OMRON Principles

Medium-term Management Plan: VG2.0

Business Strategies

Sustainability Issues

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FA



Healthcare



Social Solutions



Solve climate change issues through our business

Collaboration with partners

Collaboration with partners



+

Human capital management, manufacturing, risk management...

Human Capital Mgmt.



Manufacturing



Risk Management



Reduce environmental burden of our businesses

Specific Initiatives

Expand environmental contributions by providing eco-friendly products and services, and reducing the environmental burden of our businesses

Expand Contribution from Eco-friendly Products/Services

Examples of products

Factory Automation

- Safety light curtain
- Temperature controller
- Environmental Andon

Healthcare

- Solar-powered BPM
- Power-efficient nebulizer

Social Solutions

- PV inverters
- Storage battery systems
- Advanced traffic control systems

Examples of Services

Social Solutions

- Local energy self-sufficiency (Miyazu City)

Reduce Environmental Burden of our Businesses

Energy efficiency

- Systems enabling visualization of power consumed
- Proposals and action plans based on analysis of potential in Japan/China/Asia
- Elimination of CFCs/HFCs/fluorescent lights

Adoption of renewable energy

- Adoption of in-house solar power generation (Japan/China)
- Increase procurement of power from renewable sources

*Analysis of potential: On-site diagnosis to develop and prescribe measures to reduce power consumption and use renewable energy sources (Leverages OMRON Group expertise)

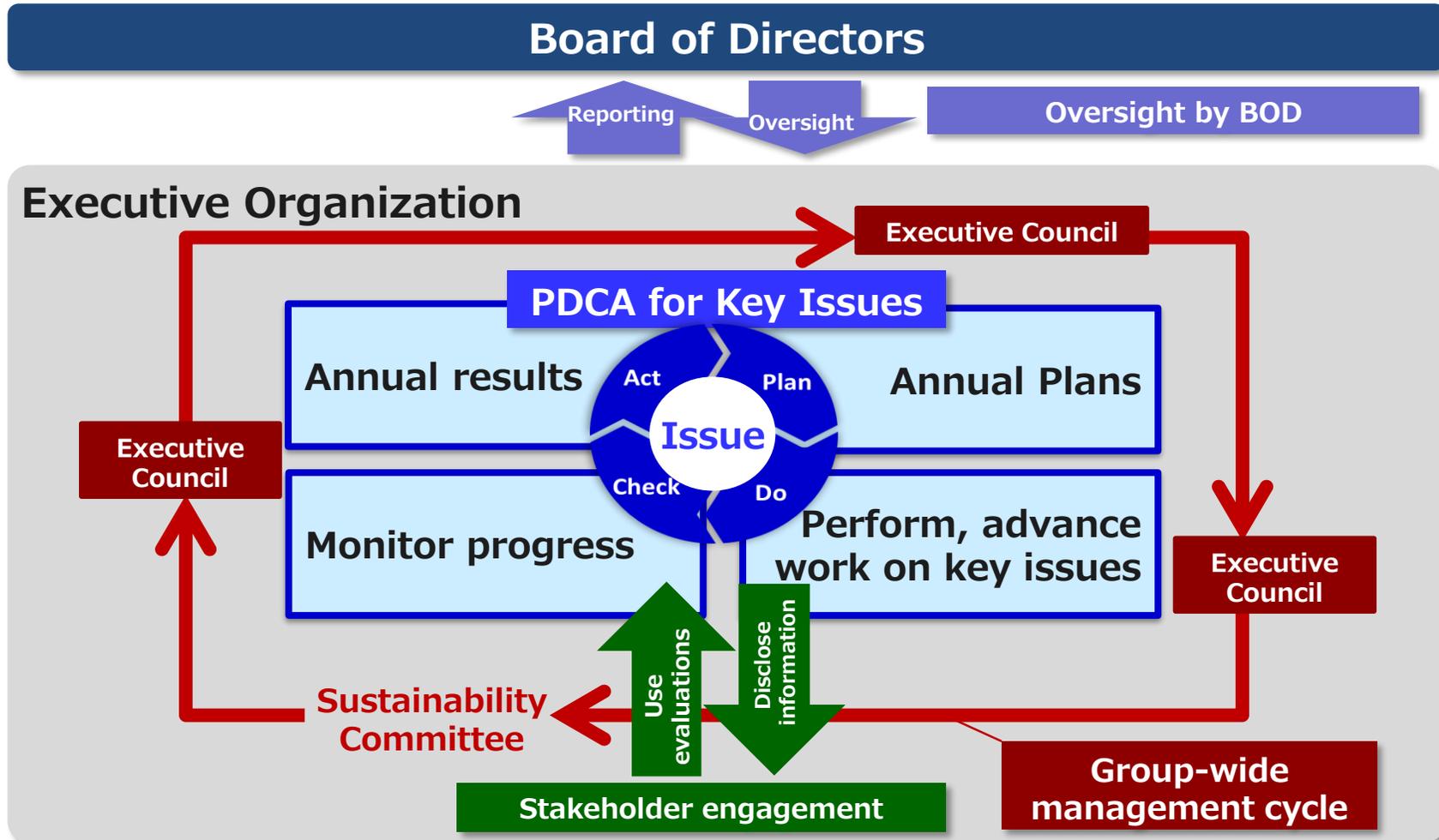
Climate Change Initiatives: Disclosure Using TCFD Framework

Present our initiatives using TCFD's recommended disclosure framework



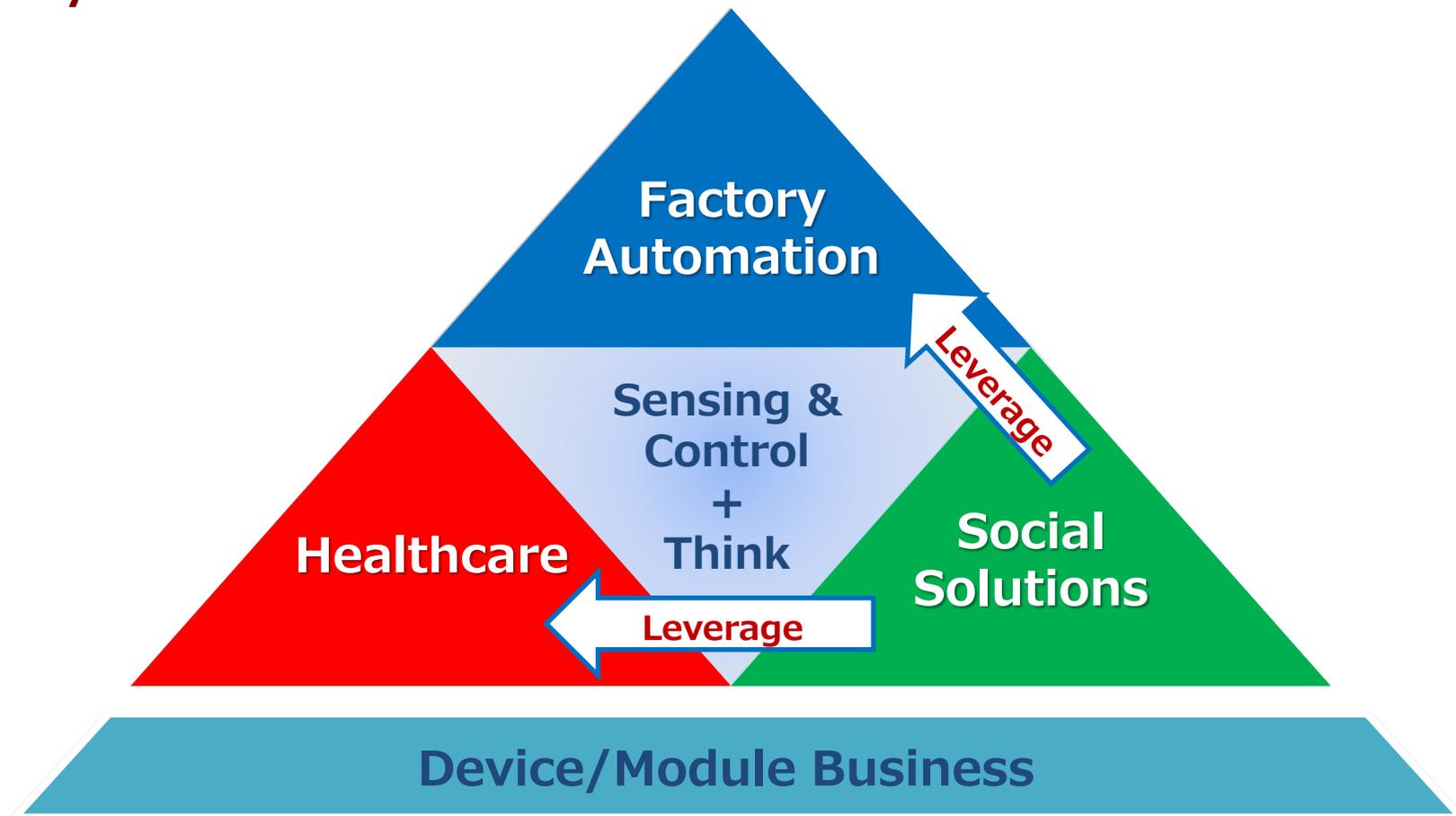
1 Governance

Climate change initiatives are designated key sustainability issues under Mid-term Plan VG 2.0, with monitoring and oversight by the board



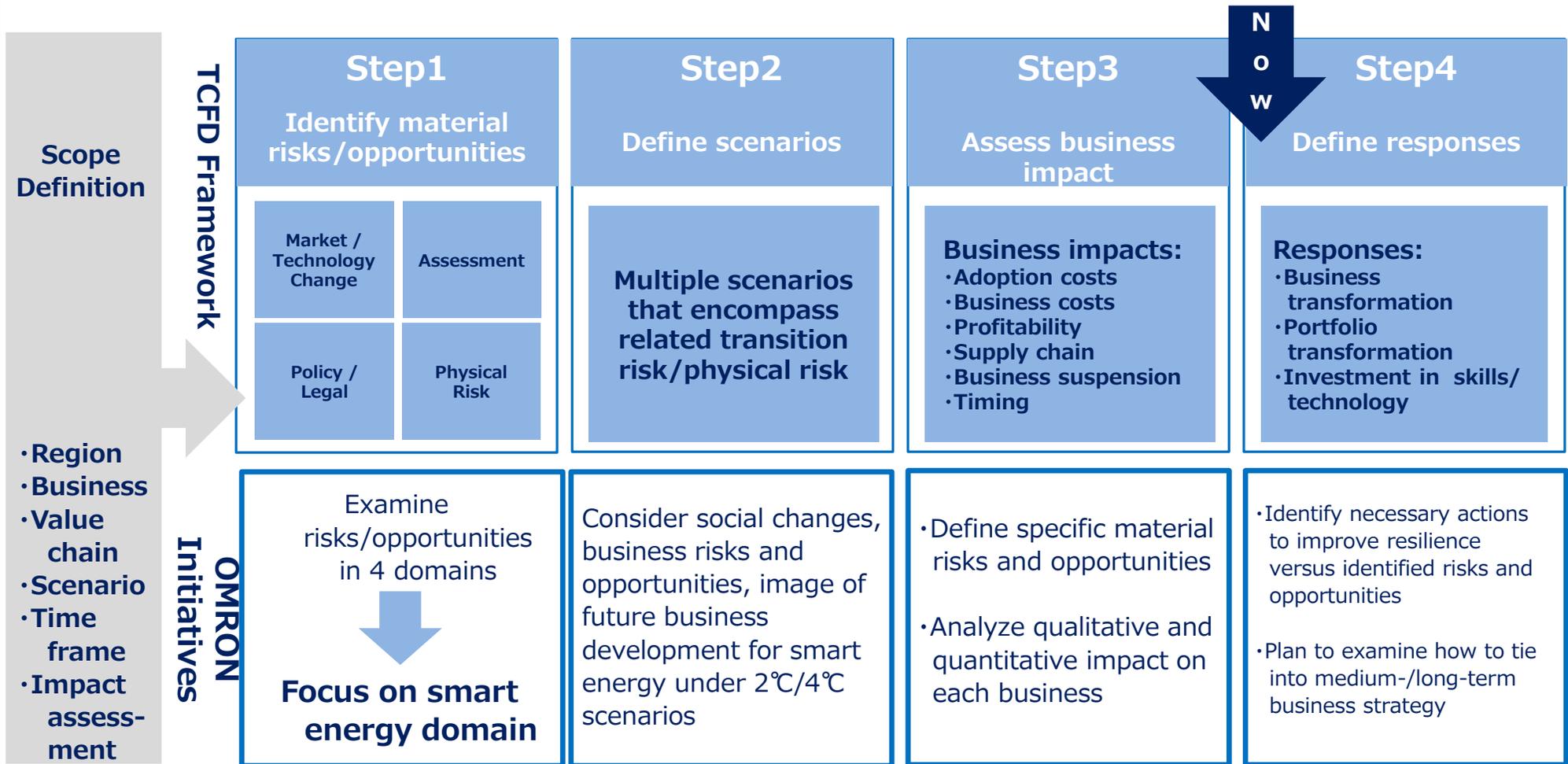
2. Strategy: Scenario Analysis

Initiating scenario analysis in Social Solutions domain, which provides products and services to generate, store and save energy to maximize customers' energy efficiency. Analysis to be subsequently leveraged in Factory Automation and Healthcare domains



2 Strategy: Scenario Analysis

Currently conducting scenario analysis for smart energy domain (energy system that reduces GHG and is resilient in face of natural disasters)



Scope Definition

- Region
- Business
- Value chain
- Scenario
- Time frame
- Impact assessment

TCFD Framework

OMRON Initiatives

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Examine risks/opportunities in 4 domains

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Focus on smart energy domain

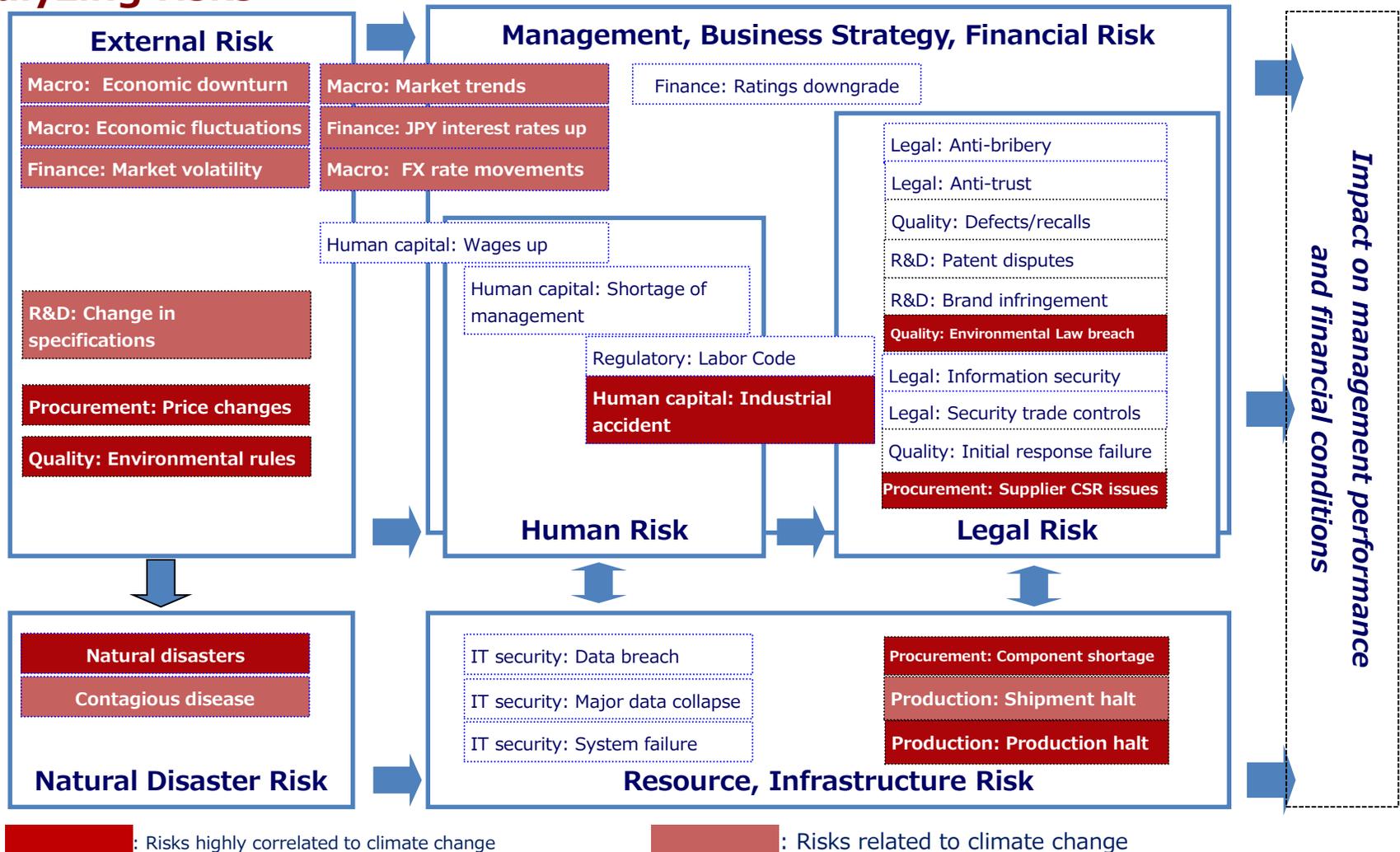
Consider social changes, business risks and opportunities, image of future business development for smart energy under 2°C/4°C scenarios

- Define specific material risks and opportunities
- Analyze qualitative and quantitative impact on each business

- Identify necessary actions to improve resilience versus identified risks and opportunities
- Plan to examine how to tie into medium-/long-term business strategy

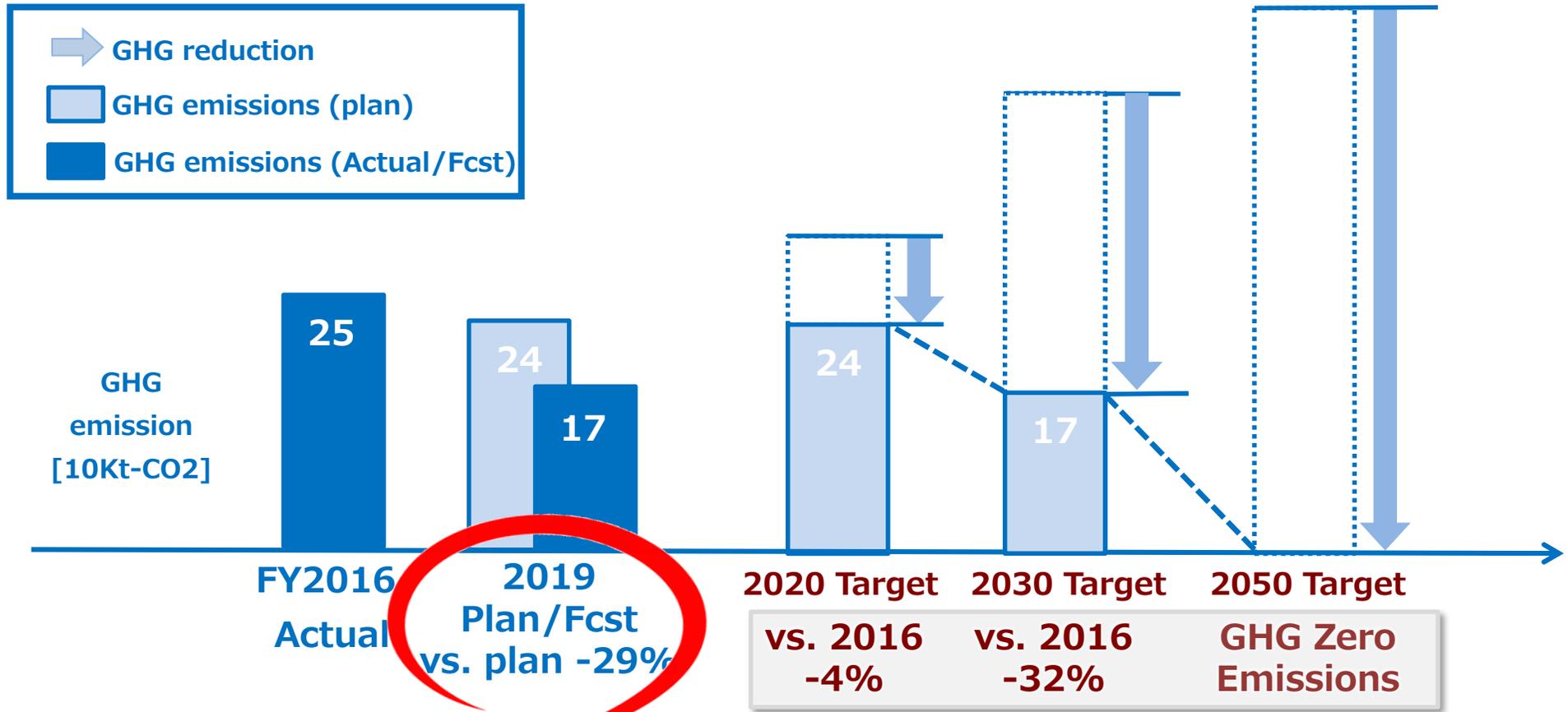
3 Risk Management

Climate change positioned at center of integrated risk management Analyzing risks



4. Metrics and Targets: OMRON Carbon Zero

Committed to reducing power consumption and migration to green energy. Expect to achieve FY2019 target for expanding area where renewable energy is procured



Carbon Zero Target

*Currently formulating Scope3 target

4 Metrics and Targets: Examples of Initiatives

Started with Japan and China, which accounts for 70% of total power consumed. Now starting analysis of potential in Asia

Japan

Initiatives in Japan

Analysis of potential completed

Installed new PV systems at 27% of major domestic locations



Increasing procurement of renewable energy

Proactively increasing procurement of energy from renewable sources through common purchasing

40% of major domestic locations using renewable energy

China

Cutting Power Consumption in China

Analysis of potential completed

Initiating actions mainly focused on reducing power usage such as optimized utilization of compressors and production line visualization



Other

Also starting in Asia

Undertaking analysis of potential in Asia, where GHG emissions volume is third behind Japan and China

Medium-term plan to be formulated based on results of analysis

Global initiatives

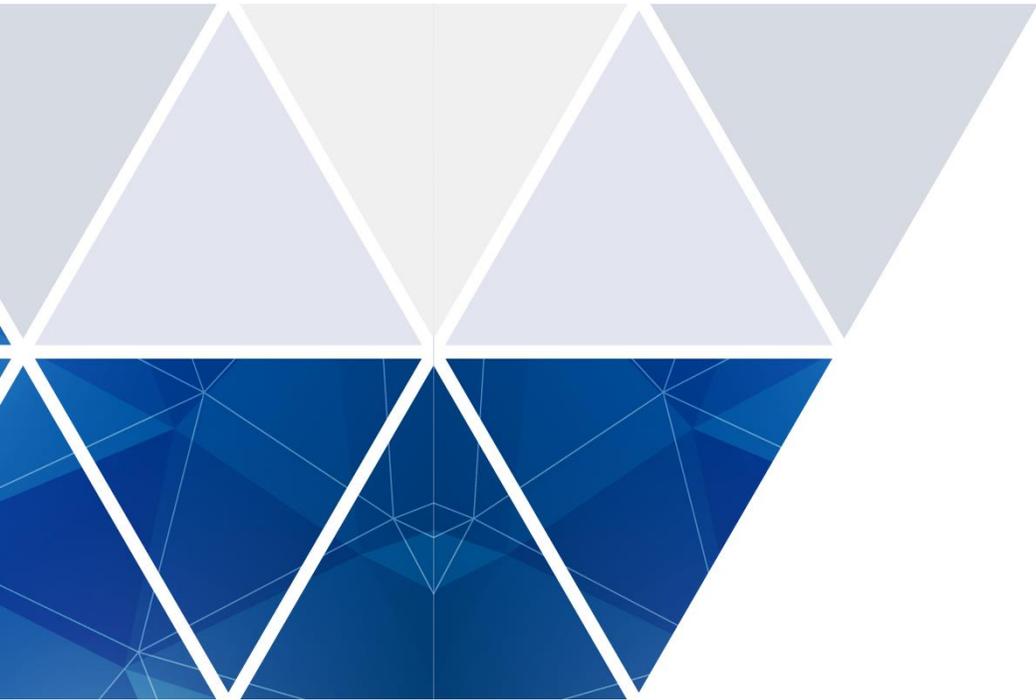
Full elimination of CFCs/HCFCs and fluorescent lighting likely to be achieved 1 year ahead of plan

*Analysis of potential: On-site diagnosis to develop and prescribe measures to reduce power consumption and use renewable energy sources (Leverages OMRON Group expertise)

In Summary

We will continue to focus on solving climate change and other social issues through our businesses while simultaneously reducing the environmental burden of our businesses





Corporate Governance



History of Corporate Governance at OMRON

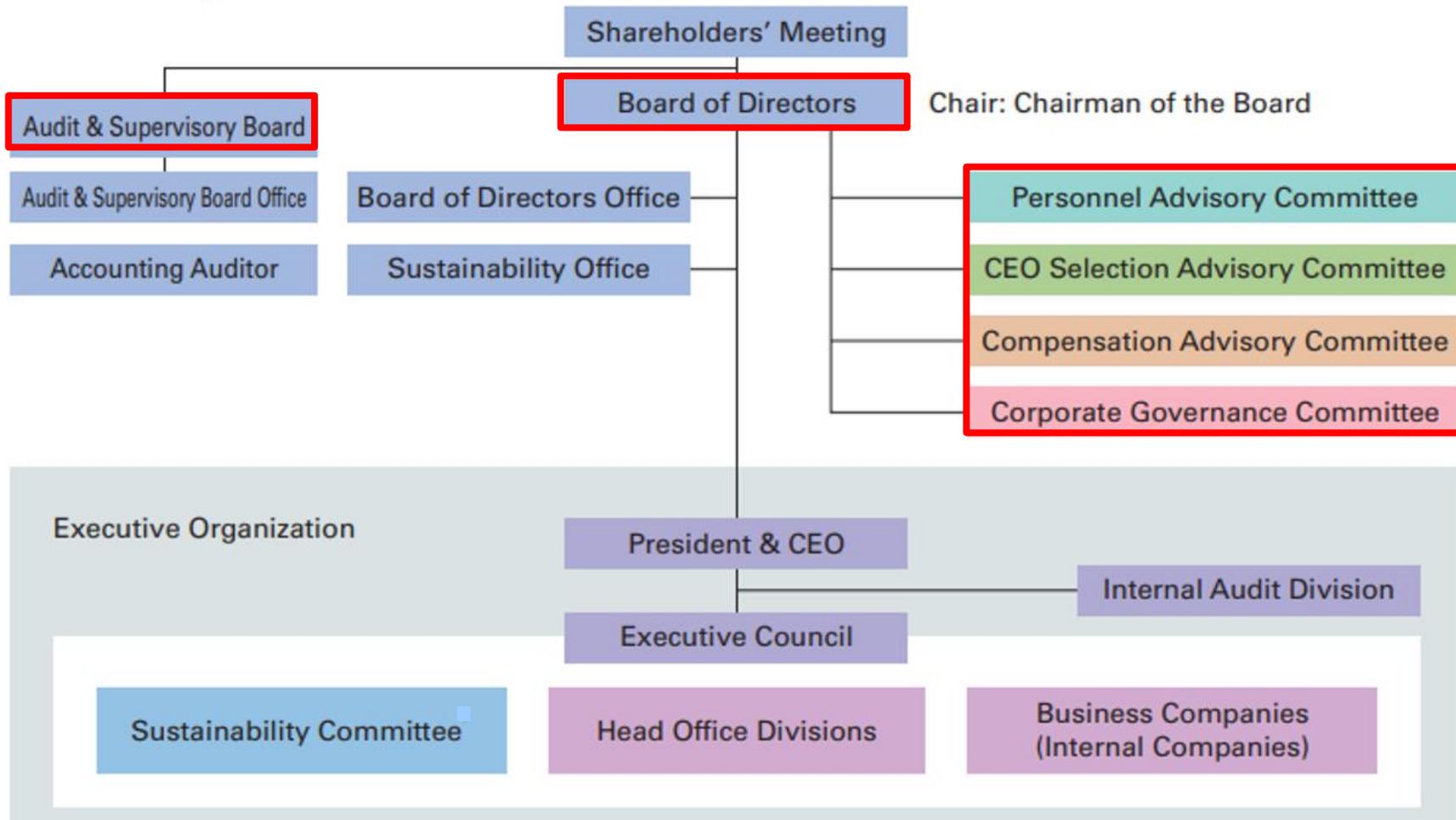
Corporate governance evolving in line with the OMRON Principles

	1999	2003	2011
President	1987: Yoshio Tateishi	2003: Hisao Sakuta	2011: Yoshihito Yamada
Chair of the Board of Directors / CEO	President served as both		2003: Chairman serves as chair of the Board of Directors; president serves as CEO
Separation of management oversight and business execution	30 directors	1999: Revised articles of incorporation, setting number of board members to 10 or fewer	2017: Eliminated board titles*2
		1999: Adopted executive officer system	
Advisory Board	1999: Advisory Board		
Outside Directors		2001: One outside director	2003: Two outside directors (seven directors) 2015: Three outside directors (eight directors)
Audit & Supervisory Board Members (Independent)	1998: One member	1999: Two members	2003: Three members (four auditors) 2011: Two members (four auditors)
Advisory and Other Committees	1996: Management Personnel Advisory Committee		2000: Personnel Advisory Committee
			2003: Compensation Advisory Committee
			2006: CEO Selection Advisory Committee
			2008: Corporate Governance Committee
Corporate Philosophy	1959: Corporate Motto	1990: OMRON Principles	1998: Revised 2006: Revised 2015: Revised
OMRON Corporate Governance Policies			2015: Established

*2 Not including chairman of the Board

Corporate Governance Structure

A hybrid structure incorporating the outstanding features of a nominating committee to strengthen the board's oversight function

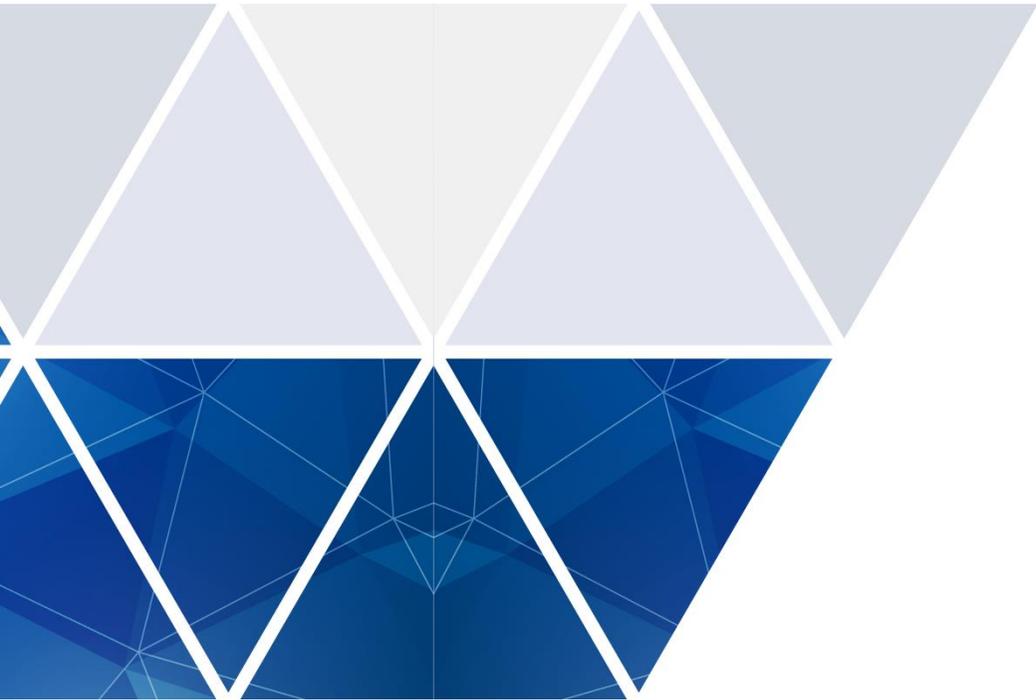


Key Characteristics of Corporate Governance

- ✓ **Separation of oversight and execution**
- ✓ **Strengthening oversight function**
- ✓ **Continued evolution of corporate governance**

We will achieve sustainable corporate value growth by continuing to generate both economic value and social value, underpinned by our focus on solving social issues through our business

OMRON



Reference

Basic Stance for Corporate Governance

At the OMRON Group, corporate governance is defined as the system of processes and practices based on the OMRON Principles and the OMRON Management Philosophy. The system is intended to ensure transparency and fairness in business and speed up management decisions and practices. This is done by connecting the entire process from oversight and supervision all the way to business execution in order to boost the OMRON Group's competitive edge. OMRON's corporate governance also involves building such a system and maintaining its proper function.

In accordance with this basic stance, the OMRON Group has set forth its Corporate Governance Policy as the foundation for the Group's pursuit of continuous improvement of its corporate governance.

Source: Corporate Governance page, OMRON Web site
<https://www.omron.com/about/corporate/governance/policy/>