FY2019 ESG Presentation
Contents

1. OMRON Principles & Sustainability  P.  2

2. Human Capital Initiatives  P.  19

3. Climate Change Initiatives  P.  27

4. Corporate Governance  P.  40

Reference  P.  46
OMRON Principles & Sustainability
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
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.
OMRON Principles

Management Philosophy underpins alignment with OMRON Principles

Our Mission / Our Values

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.

- Uphold a long-term vision in business practices to create solutions to society's needs
- Operate as a truly global company through our fair and transparent management practices
- Cultivate strong relationships with all stakeholders through responsible engagement

Medium-Term Plan VG2020 (VG2.0)

OMRON Group Management Policy

Stakeholder Engagement

Copyright: 2020 OMRON Corporation. All Rights Reserved.
### VG2.0 and Sustainability Policy are Linked

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

<table>
<thead>
<tr>
<th>OMRON Principles</th>
<th>Medium-term Management Plan: VG2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Strategies</td>
<td>Sustainability Issues</td>
</tr>
</tbody>
</table>

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 (Industry Innovation and Infrastructure)
- Healthcare (Good Health and Well-being)
- Social Solutions

- Collaboration with partners
- Human Capital Mgmt.
- Manufacturing
- Risk Management

Copyright: 2020 OMRON Corporation. All Rights Reserved.
### Key social issues targeted in OMRON’s Medium-term Plan (VG2.0)

<table>
<thead>
<tr>
<th>Society (Focus Domain)</th>
<th>Key Social Issue to be Tackled</th>
<th>Business Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factory Automation</td>
<td>Addressing <strong>labor shortages</strong>, a global issue for manufacturing</td>
<td>IAB</td>
</tr>
<tr>
<td></td>
<td>Addressing <strong>shortage of experienced workers</strong> on shop floor, and further progress in manufacturing miniaturization</td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td><strong>Reduce incidence of debilitating cerebral/cardiovascular events toward zero</strong> (Zero strokes/myocardial infarctions)</td>
<td>HCB</td>
</tr>
<tr>
<td></td>
<td>Achieve early detection and treatment of asthma</td>
<td></td>
</tr>
<tr>
<td>Social Solutions</td>
<td><strong>Contribute to reducing traffic accidents, creation of stress-free urban transportation</strong></td>
<td>SSB/Environmental Solutions HQ</td>
</tr>
<tr>
<td></td>
<td>Prevent global warming, reduce CO2 emissions by <strong>expanding use of renewable energy and enhancing efficient usage</strong></td>
<td></td>
</tr>
</tbody>
</table>
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
Achieve required production efficiency, enhance product quality for high-density component mounting: contribute to safety and security in autonomous driving.

**Conventional Technology**

Stop at each point to capture images
Sampling inspection

**Unique OMRON Technology**

Continuous image capture
In-line inspection

---

Video

Video
# Solving Social Issues Through Our Business

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

- 2000: 3.8 million
- 2005: 8 million
- 2010: 12 million
- 2015: 17 million
- 2019: 21.5 million

**Cerebral/Cardiac Event Fatalities (Global)**

- 2000: 10 million
- 2005: 10.8 million
- 2010: 11.8 million
- 2015: 12.6 million

*1: WHO Global Health Estimates 2015*
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
Launched world’s first BPM capable of simultaneous EKG and blood pressure readings

*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?
Unique activities to deepen understanding of OMRON Principles

Message from Senior Management

OMRON Principles Dialogue

The Omron Global Award (TOGA)

Initiative 1

CEO Circle

OMRON Principles Workplace Exchange

Initiative 2

Engagement Survey
Deepening Employee Engagement (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)
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
Number of participants, themes increasing every year. Participants now exceed total employee numbers.

Global TOGA Participants and Themes

- Major turning point in 3rd year

* 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

**Theme Leader**
- Goal setting capability
- Ability to articulate

**Manager**
- Have own value system

**Declaration**
- Plant the flag

**Taking Action**
- Project Management
- Leadership

**Sharing/Feedback**
- Management Perspective
- Presentation skill

- Ability to delegate
- Ability to praise

- Review, share
- Put into practice
- Declare
- Plant the flag

Copyright: 2020 OMRON Corporation. All Rights Reserved.
Initiated engagement survey VOICE to create an environment where a diverse workforce can thrive, to accelerate human resource development through TOGA initiatives.
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

**Global Employees 23,920**
*Excludes overseas production workers*

**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.

<table>
<thead>
<tr>
<th>Public Job Postings</th>
<th>Application Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>◼ System for recruiting employees for openings in other departments</td>
<td>◼ System for employees to advertise talents and challenge themselves, to win new opportunities</td>
</tr>
<tr>
<td><strong>Posting</strong></td>
<td><strong>Self-promotion</strong></td>
</tr>
<tr>
<td><strong>Apply</strong></td>
<td><strong>Showcasing motivation</strong></td>
</tr>
<tr>
<td>Openings at business companies, Headquarters divisions</td>
<td>No openings at business companies, Headquarters divisions</td>
</tr>
<tr>
<td><strong>FY2019-2020 results</strong></td>
<td><strong>FY2019-2020 results</strong></td>
</tr>
<tr>
<td>120 applicants, 41 hires</td>
<td>102 applied, 42 hires</td>
</tr>
</tbody>
</table>
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

- **July 2018**
  - OMRON Carbon Zero
  - SBTi Declaration

- **Feb 2019**
  - TCFD Supporter

- **2019**
  - FY2019
    - CDP Climate Change: A-

- **2018**
  - Mid-term Plan VG2.0
    - Set Sustainability Goals

- **2017**
  - Long-term Vision VG2020
  - Environmental Vision Green OMRON 2020

- **2011**
  - FY2016
    - CDP Climate Change: B

- **2010**
  - Minister’s Award for Global Warming Prevention Activity
    - “Implementation of Countermeasures and Dissemination Category”

Copyright: 2020 OMRON Corporation. All Rights Reserved.
OMRON’s Environmental Policy is based on 2 pillars
・Providing eco-friendly products and services
・Leverage management resources to achieve a global, sustainable society

Our Mission
To improve lives and contribute to a better society

A Sustainable Society

Climate change and energy/resources
Low-Carbon
Climate change and ecosystems
Recycling
Co-Existence with Nature
Ecosystems and environmental impact

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

Copyright: 2020 OMRON Corporation. All Rights Reserved.
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

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

Collaboration with partners

Human capital management, manufacturing, risk management...

Sustainability Issues

FA
Healthcare
Social Solutions

Collaboration with partners

Human Capital Mgmt.
Manufacturing
Risk Management

Solve climate change issues through our business

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/HCFCs/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)
Present our initiatives using TCFD’s recommended disclosure framework

1 Governance
Position climate change issues as central to governance and management framework for sustainability

2 Strategy
Set out currently identified risks and opportunities for the overall group’s businesses

3 Risk Management
Set targets for achieving Carbon Zero

4 Metrics and Targets
Broadly gather information and analyze risk factors from climate-related regulations and potential impact on the business
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.
Currently conducting scenario analysis for smart energy domain (energy system that reduces GHG and is resilient in face of natural disasters)

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

**TCFD Framework**
- Definition
- Strategy
- Scenario
- Time frame
- Impact assessment

**OMRON Initiatives**
- Focus on smart energy domain

**Step 1**
Identify material risks/opportunities
- Market / Technology Change
- Assessment
- Policy / Legal
- Physical Risk

**Step 2**
Define scenarios
- Multiple scenarios that encompass related transition risk/physical risk

**Step 3**
Assess business impact
- Business impacts:
  - Adoption costs
  - Business costs
  - Profitability
  - Supply chain
  - Business suspension
  - Timing

**Step 4**
Define responses
- Responses:
  - Business transformation
  - Portfolio transformation
  - Investment in skills/technology

- Define 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

- **External Risk**
  - Macro: Economic downturn
  - Macro: Economic fluctuations
  - Finance: Market volatility
  - R&D: Change in specifications
  - Procurement: Price changes
  - Quality: Environmental rules

- **Management, Business Strategy, Financial Risk**
  - Macro: Market trends
  - Finance: JPY interest rates up
  - Macro: FX rate movements
  - Human capital: Wages up
  - Human capital: Shortage of management

- **Human Risk**
  - Regulatory: Labor Code
  - Human capital: Shortage of management
  - Human capital: Industrial accident

- **Legal Risk**
  - Legal: Anti-bribery
  - Legal: Anti-trust
  - Legal: Information security
  - Legal: Security trade controls
  - Legal: Environmental Law breach
  - Quality: Defects/recalls
  - R&D: Patent disputes
  - R&D: Brand infringement
  - Quality: Initial response failure
  - Procurement: Supplier CSR issues

- **Resource, Infrastructure Risk**
  - IT security: Data breach
  - IT security: Major data collapse
  - IT security: System failure
  - Procurement: Component shortage
  - Production: Shipment halt
  - Production: Production halt

- **Natural Disaster Risk**
  - Natural disasters
  - Contagious disease

- **Human Capital**
  - External Risk
  - Natural Disaster Risk

Risks highly correlated to climate change

Risks related to climate change

Impact on management performance and financial conditions

Copyright: 2020 OMRON Corporation. All Rights Reserved.
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.

*Currently formulating Scope3 target

<table>
<thead>
<tr>
<th>Year</th>
<th>GHG Emissions (Actual)</th>
<th>GHG Emissions (Plan/Fcst)</th>
<th>GHG Emissions (Actual/Fcst)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>24</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>2019</td>
<td>17</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>2020 Target</td>
<td>17</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>2030 Target</td>
<td></td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>2050 Target</td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

GHG emissions (Actual/Fcst) vs. 2016:
- FY2016: 4% decrease
- 2019: 4% decrease
- 2020 Target: 4% decrease
- 2030 Target: 32% decrease

GHG Zero Emissions

Copyright: 2020 OMRON Corporation. All Rights Reserved.
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

<table>
<thead>
<tr>
<th>Year</th>
<th>President</th>
<th>Chair of the Board of Directors / CEO</th>
<th>Separation of management oversight and business execution</th>
<th>Advisory Board</th>
<th>Outside Directors</th>
<th>Audit &amp; Supervisory Board Members (Independent)</th>
<th>Advisory and Other Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>2003: Hisao Sakada</td>
<td>2003: Chairman serves as chair of the Board of Directors; president serves as CEO</td>
<td>1999: Revised articles of incorporation, setting number of board members to 10 or fewer</td>
<td>1999: Two members</td>
<td>2001: One outside director</td>
<td>2000: Personnel Advisory Committee</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td>2011: Two members (four auditors)</td>
<td>2003: Three members (four auditors)</td>
<td>2006: CEO Selection Advisory Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>2015: Revised</td>
<td>2008: Corporate Governance Committee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td>2016: Three outside directors (eight directors)</td>
<td>2008: Corporate Governance Committee</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*2 Not including chairman of the Board

Copyright: 2020 OMRON Corporation. All Rights Reserved.
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
Growth Underpinned by the OMRON Principles

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.
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/