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Hello, everyone. My name is Igaki, and I am in charge of public relations and investor relations at OMRON. Thank you very much for your continued support. Thank you very much for taking time out of your busy schedule to participate in the ESG meeting today.

As Mr. Yamada, CEO of OMRON Corporation, stated at last year's ESG meeting, OMRON's sustainability initiatives are the very essence of our corporate philosophy.

From this perspective, I would like to begin with a briefing on the outline of our corporate philosophy management. In this presentation, I will use specific examples to show how the corporate philosophy has been put into practice by employees during the COVID-19 pandemic over the last year. This will be followed by the main topic of the day, an overview of our initiatives on environment and climate change.

Now, I would like to talk about corporate philosophy management and sustainability.
OMRON's founder, Kazuma Tateishi, created our mission, which is the Company’s constitution, in 1959, 25 years after the Company's founding. Tateishi's purpose in establishing the mission at this time was to achieve further growth by aligning the vectors of management and employees' will.

Please look at the black text in the middle of the slide where it says Our Mission. “To improve lives and contribute to a better society,” is the mission.

Tateishi put two meanings into this mission. The first is the public nature of corporations, that they exist to serve society. The second is the determination of OMRON to be a pioneer in society, boldly taking on the challenge of innovation that no one else has yet achieved, and to realize a better society as a result.

The introduction of this mission created a sense of unity between management and employees, just as Tateishi had aimed to do, and led to OMRON's subsequent leap forward.
Today, OMRON carries on the spirit of the mission as its principles. Here is our current principles.

We have inherited the Company constitution established by our founder as our mission, and have established our values as the values that each and every one of our employees values in order to achieve this mission. There are three key elements: innovation driven by social needs, challenging ourselves, and respect for all. All of these are the action guidelines for employees that we at OMRON have cherished since the time of our founding.

Today, OMRON has made those principles the starting point of its centripetal force and the driving force behind its development, aiming to contribute to the development of society by solving social issues through its business.
One of the characteristics of OMRON's management is that it does not merely uphold the principles, but also defines a management stance based on them and incorporates them into its business execution systems and operations. By doing so, we have created a system that allows all employees to practice our principles in their daily work. Here is a slide showing the structure.

Please look at the middle of the slide, where it says “Management Philosophy.” OMRON's management stance is to aim for sustainable enhancement of corporate value through the implementation of its principles, based on the fundamental idea that a business should create value for society through its key practices.

The specific initiatives consist of three pillars. Let us start from the left.

The first is to practice management from a long-term perspective in line with a long-term vision that looks ten years into the future. The second is to establish globally consistent policies for organizational management and to practice fair and transparent management. And finally, the third is stakeholder engagement, which involves working together with stakeholders to promote these management initiatives and build relationships of trust.

OMRON's focus on dialogue with stakeholders, including the disclosure of ESG information, financial information, reflects the Management Philosophy which clearly states: “Cultivate strong relationships with all stakeholders through responsible engagement.” We believe that dialogue with our stakeholders will lead to the creation of a better society.
So, how do we make our principles permeate all the way to the end of the organization? This slide shows a summary of some of the activities.

OMRON is engaged in a variety of activities, from communication by top management to discussions among employees, to expand the circle of sympathy and resonance with our principles.

As a result of these efforts, the corporate philosophy is deeply rooted in each and every employee, and a corporate culture has been fostered in which employees can take autonomous action based on the principles and take on the challenge of solving social issues.

Today, I would like to introduce two examples of how this globally fostered corporate culture has been incorporated into employee behavior, and how employees have put the principles into practice during the COVID-19 pandemic.
The first is the medical nebulizer initiative in the healthcare business.

In Italy, a lockdown was implemented across the country last April in response to the expansion of COVID-19. Despite such restrictions, OMRON Italy's healthcare business, which manufactures medical equipment, received permission from the government to go to work and continued its operations. They were quick to recognize the risk of a growing shortage in the supply of medical nebulizer as the number of ventilator-dependent patients increased and decided to increase production of medical nebulizer based on their on-site judgment.

OMRON's medical nebulizers are portable and can be used in temporary medical facilities such as intensive care units located outdoors. As a result, the demand for medical nebulizers has increased dramatically, as they are very useful in situations like this where the number of patients increases rapidly in a short period of time.

Even in the chaos of the lockdown, the Italian employees continued to fulfill their supply responsibilities in this way. We are still contributing to the early recovery of many patients by providing medical nebulizers.
Next, I would like to introduce an example from our control equipment business.

The second case is that of an employees working in the control equipment business in Europe. Please watch the video.

This is a demonstration of a UV radiation robot developed by Polish employees together with a partner for the purpose of fighting COVID-19. The COVID-19 pandemic has rapidly increased the need for sterilization and disinfection work in buildings. However, this kind of work carries the risk of secondary infection.

Focusing on this social issue, the employees took on the challenge of making this work unmanned. They took advantage of the characteristics of the OMRON mobile robots that were originally used in the factory to create this new UV irradiation robot. By using this UV irradiation robot, it is now possible to sterilize a building without exposing the workers to the risk of secondary infection.
The resonance of this initiative has spread globally, and the UV illuminator robot solution has now been installed in more than ten countries around the world, including France, Canada, Brazil, Mexico, and Korea.

Furthermore, in Australia, mobile robots have been introduced to automate the transportation of medical equipment to operating rooms and consultation rooms in hospitals, using the technology of the UV illuminator robot.

In this way, OMRON's mobile robots, which were originally intended for use in factory manufacturing, have been greatly expanding their applications to all aspects of our lives, inspired by employees' desire to create a better society.
OMRON’s Corporate Philosophy Management

- The Principles are embodied in how we conduct our business
- We have created a culture that is rooted in “Our Values”
- Our global employees are capable of taking initiative independently

In this way, the employees were able to act autonomously because, as I explained earlier, our principles have been incorporated into the systems and operations.

Specifically, based on the “Our Values” set forth in the principles, authority is transferred to the top company managers of the business and to the heads of the departments in the field around the world, thus creating a system that enables timely decision-making at the local level.

As a result, a culture based on “Our Values” was fostered in the workplace, and even during the COVID-19 crisis, employees were able to take the initiative in creating social needs to solve social issues without any angst on their own initiative.

And in order to keep those principles constantly evolving, OMRON has adopted a system to reflect the voices of employees as feedback.
This is the employee engagement survey, VOICE, which was introduced at last year's ESG briefing. VOICE is an initiative to measure the attractiveness of OMRON as a place to work, identify management issues, and take action to resolve them. This survey covers all global employees, except for factory workers on the production line.

In January of this year, the fourth VOICE was conducted after a two-year interval, and the response rate was 90%, up 6% from the previous VOICE. And the number of free comments increased fivefold, from about 8,500 last time to 40,000 this time.

According to the research company that conducts this survey, both the response rate and the number of free comments are extremely high compared to other companies. This proves that employees trust management and that they actively want to bring their voices to management. CEO Yamada looks through all the free comments and other executives also look through the free comments of their organizations. Important items are discussed at the management meeting to decide on the necessary actions.

In fact, there are many cases where the comments received have led to the reaffirmation of management issues and the review of systems or the introduction of new systems. For example, the expansion of the work-at-home system, which was essential when working remotely during the COVID-19 pandemic, and the introduction of Office 365, a communication tool that is part of the corporate system, are initiatives that were implemented based on employee feedback received from VOICE to date. We plan to make use of the results of this VOICE in our future management.

The above is an explanation of OMRON's management through our principles.
Next, I will explain OMRON's sustainability and environmental initiatives, which are the very essence of our corporate philosophy.

First, I will introduce the features of OMRON's sustainability initiatives, and then I will focus on the environment, which is a growing area of concern among ESG issues in the pursuit of a sustainable society.
One of the characteristics of OMRON's sustainability initiatives is that it links and integrates performance targets, business strategies, and key sustainability issues in its medium-term management plan, VG2.0. Here is the outline of our current medium-term management plan, VG2.0, which started in 2017.

First of all, at the root is our principles, and based on those principles, the left side of the slide is the economic value, i.e., performance goals and business strategies. Relative to that, on the right side of the slide, we have set out the key sustainability issues that are linked to the SDGs.

The key sustainability issues are organized around two axes. The first is the social issues to be solved through the Businesses of FA, or Factory Automation, Healthcare, and Social Solutions, which are the focus domains of our business strategy. The other is the challenge of meeting stakeholder expectations, consisting of human resource management, manufacturing, and risk management, which are the pillars of the operational function strategy. Each item is linked to an issue of the SDGs.

In this way, VG2.0 has aimed to link performance targets, business strategies, and key sustainability issues, and to establish and clearly state specific sustainability issues, thereby creating a loop that involves people outside the Company in solving these issues.
Next, I will explain OMRON's environmental initiatives.

OMRON has built its environmental vision, Green OMRON 2020, based on our principles I explained earlier.

A better society, as described in Our Mission, is a sustainable society in terms of the environment itself. Specifically, a decarbonized society, a recycling-oriented society, and a society in harmony with nature.

OMRON's environmental vision is based on two pillars: to provide society with products and services that contribute to the environment through our business activities, and to operate our business in the most efficient way possible, using the materials, energy, human resources and other management resources entrusted to us by the Earth and society. And we are working on the five environmental policies and six environmental goals.

In line with this environmental vision, OMRON is continuously reviewing its efforts to deal with climate change while keeping abreast of changes in society.
Specifically, following the entry into force of the Paris Agreement in 2016, which aims to reduce the total amount of greenhouse gases, OMRON Carbon Zero was established in July 2018. At the same time, we also announced our participation in the SBTi Initiative. Our goal is to achieve zero greenhouse gas emissions by 2050.

In February 2019, we announced our endorsement of the TCFD, recognizing the impact of climate change on the sustainable growth of society and ourselves. Currently, we are working on a company-wide initiative using the TCFD framework. Ms. Liu will explain the details later.
Next, I would like to explain the features of the environmental actions that OMRON is taking. OMRON's environmental actions consist of two types of actions.

The first is to contribute to the environment through the provision of products and services that are useful to society. For example, we contribute to the environment by providing products such as the PV inverters required for solar power generation and energy-saving nebulizers.

The second is to reduce the environmental impact of our business activities. For example, we are promoting energy conservation by visualizing the consumption of facilities such as air conditioning and lighting on production floors in our own factories and optimally controlling them according to production conditions.

Today, we would like to introduce some of these specific initiatives in the following steps. First, we would like to introduce our energy solution business, which will be responsible for the future expansion of renewable energy from a business perspective.

Now, Mr. Tateishi, please.
Hello, everyone. My name is Tateishi, and I am in charge of the energy solutions business at OMRON Social Solutions. Thank you for the opportunity to be here today.

Until last year, I was involved in the energy business at the Environmental Business Division, which reports directly to the head office. Since this fiscal year, I have been working together with OMRON Social Solutions.

Today, I would like to explain about our energy solution business, which we are working on as one of the solutions to social issues through our Business.
OMRON has a long history in the energy-related business, having developed a product called a protective relay the year after its founding in 1933. This protective relay is a device that minimizes damage to equipment and facilities in the event of a disaster such as wind or flood. I heard that there was a lot of demand at that time due to major disasters such as the Muroto typhoon.

Later, in 1994, we started selling power converters used in solar power generation, called PV inverters, utilizing our protection relay technology.

Since 2009, we have been operating as the Environmental Business Promotion Division, which is directly under the control of the president and is responsible for incubation business, concentrating our resources. We have been developing a system that allows us to make decisions quickly in response to market changes.

Starting this fiscal year, we are integrating with OMRON Social Solutions in order to further strengthen our Business.
The pie chart here shows the composition of consolidated net sales by business segment for fiscal 2019.

The Environmental Business Division was positioned as a part of the Other Business Division, which is under the direct control of the Head Office, as shown in the upper left. From April 2020, the Business was integrated with the Social Systems, Solutions & Service Business, one of our business companies.

In addition to OMRON Social Solutions Co. Ltd., the Social Systems, Solutions & Business includes OMRON Field Engineering Co. Ltd., which engages in maintenance and engineering, OMRON Software Co. Ltd., which develops software and cloud computing and OMRON Aso Co. Ltd., which manufactures power electronics components, as group companies.

Synergy with these group companies will be important to further strengthen the energy solution business.
OMRON Social Solutions: Mission

Create a vibrant society where people around the world enjoy safe, secure and comfortable lives

Vision for Energy Solutions Business

Realize a circular society for the next generation through energy optimization

The corporate mission of OMRON Social Solutions is to "create a prosperous society where people around the world can continue to live in safety, security and comfort.” In this context, the vision of the Energy Solution Business is to “realize a recycling-oriented society for the next generation through energy optimization.”

By promoting renewable energy to the maximum extent possible, we hope to reduce disasters and environmental destruction caused by global warming and contribute to the creation of an affluent society where people can live safely, securely, and comfortably without depending on finite fossil energy.
With regard to the progress of our sustainability target set for FY2020, we are facing a difficult situation this fiscal year due to the impact of the new coronavirus, which has restricted the sales activities of our customers. But we expect the market to be revitalized once the coronavirus is resolved.

The need for renewable energy and storage battery systems is growing every year and is expected to continue to expand.
Here, I would like to give you a bird's eye view of the macro trends in the energy field that we are facing.

In Japan, Prime Minister Suga declared in October last year that Japan will be carbon neutral by 2050, which means that overall greenhouse gas emissions will be zero by 2050. As you can see on the left, maximizing the introduction of renewable energy, in addition to increasing the efficiency of demand, will contribute greatly to achieving this.

Specifically, as shown on the right, we will make further contributions by promoting the introduction of renewable energy in power generation, and by increasing efficiency through electrification that utilizes electricity in areas such as heat and transportation.
Decarbonization: Electric Power Demand Trends

Electrification to drive a resurgence in domestic power demand in the longer term. Continued growth in renewables-based distributed power sources. Accelerating take-up of distributed power storage.

In Japan, overall domestic energy consumption itself is expected to decrease due to population decline and energy conservation. However, as electrification progresses, the demand for electric energy in Japan is expected to grow again in the medium to long term.

In addition, the power source to cover that re-expanding demand for electricity will be important to reduce CO2 emissions. It is expected that there will be a shift from centralized grid power sources such as large-scale thermal power plants to distributed power sources that utilize renewable energy sources such as solar power and wind power, and then to distributed storage batteries that combines these with storage batteries.
Here, I would like to explain some of the issues that will arise from the massive introduction of renewable energy.

Renewable energies, such as solar and wind power, are unstable sources of power generation that can increase or decrease depending on weather and other environmental factors. Therefore, in order to solve this instability, more and more systems are expected to combine the energy storage function as a regulating valve for distributed power sources.

By storing excess power that cannot be used up and using the stored power when power generation cannot keep up with demand, we can make the most of the power generated by renewable energies. This will help stabilize grid power and reduce the need to curtail the generation of renewable energy.
Here is an overview of what OMRON's Energy Solutions Business is aiming for.

The vision of the Energy Solution Business is to “realize a recycling-oriented society for the next generation through energy optimization.” In order to realize this vision, we aim to reduce CO2 emissions in the area and achieve area energy management that promotes energy self-sufficiency.

In order to realize this area energy management, we believe that we will be able to utilize both our Component Business, which is based on our strengths in energy conversion and control technology, and our Engineering Business, which is based on our strengths in system development and construction.
I will now explain in more detail about the Component and Engineering Businesses we have been working on.

First, the graph on the left shows the trend in the market size of the small-scale solar power generation market.

The market has expanded rapidly with the FIT system, a power purchase program that started in July 2012. After peaking in 2014, the market has been gradually shrinking as the price of electricity sold has fallen each year. However, the introduction of renewable energy is expected to increase in the future, and it is hoped that it will be re-expanded through self-consumption instead of selling the generated electricity.

On the other hand, contrary to the small-scale solar power market, the market for storage battery systems is expanding as a result of disaster response and the end of the FIT power sales period.
Our Component Business includes a wide range of products that contribute to energy conservation, power generation, and energy storage. Of which PV inverters, the key components for solar power generation systems, and storage battery systems account for a particularly high percentage of our Business.

PV inverters and storage battery systems require different product capacities depending on the application in which they are used. Our area of expertise has been in small volume products suitable for homes and small stores.

As the need for distributed power sources and distributed storage batteries grows, we believe that the need for small-capacity products, which is our specialty, will also increase.
Now, let me explain our market position.

To date, we have shipped a cumulative total of 1.8 million units of PV inverters for small-scale solar power generation and a cumulative total of 70,000 units of storage battery systems.

The pie chart on the left shows the share of PV inverters for small-scale solar power generation, and the one on the right shows the share of residential storage battery systems. We have captured the top share in both markets.

In the future, we will continue to capture new needs associated with market changes and reflect them in our products in order to provide products that customers will continue to choose.
The engineering business, on the other hand, utilizes both our own products and those of other companies to design and construct optimal systems that provide maximum value to our customers.

Utilizing the knowledge of equipment and facilities we have cultivated over the years, we have solved customer issues with total solutions ranging from energy assessment at customer sites to the design and installation of systems related to power generation, energy storage and energy conservation, as well as O&M.
Here are some examples of typical construction projects in the Engineering Business.

The first is a case of installing a solar power system in a parking lot. Recently, many companies are considering installing solar power generation systems to combat global warming. However, many companies face difficulties in actual installation, such as the need to reinforce the building for installation on the rooftop or the lack of free space for installation.

To solve these problems, Okayama Murata Manufacturing Co., Ltd. installed one of the largest carport solar power generation systems in Japan in their parking lot. It is not only the value of the solar power generation, but also the protection from rain and direct sunlight, which leads to greater satisfaction for the employees.

As EVs are expected to become widespread in the future, it will also be possible to use them for charging.
Next is an example of a BCP system that enables business continuity in the event of a disaster.

Yamaichi Electronics CO., Ltd. in Sakura City, Chiba Prefecture, experienced a prolonged power outage due to Typhoon No. 15 in 2019. Based on this experience, the Company decided to introduce a BCP system combining a solar power generation system and large storage batteries in order to strengthen its BCP system to ensure uninterrupted supply of products in the event of a disaster.

This system uses an energy management system to control charging and discharging. Optimal control of charging and discharging will make it possible to maximize self-consumption of solar power and at the same time use it to reduce power costs.
OMRON Social Solutions is also actively involved in resolving issues faced by local governments in its community solutions business. In its business, the Company is promoting services for local consumption of energy, providing solutions to the problems faced by communities such as aging and declining population.

On the left is an example from Miyazu City, Kyoto Prefecture. The city of Miyazu was facing the issue of fallow land, such as abandoned farmland. By developing fallow lands and installing solar power generation systems, we are not only taking measures against fallow land, but also helping to revitalize the economy of depopulated areas.

On the right is an example from Maizuru City, Kyoto Prefecture. We have concluded a comprehensive cooperation agreement with Maizuru City to solve social issues in the local area with an eye to the year 2030. One of the initiatives taken by Maizuru City is the installation of solar power generation and storage battery systems in the local government facility, the Social Culture Park Gymnasium. The gymnasium has been designated as an evacuation shelter, and this initiative not only achieves low carbon emissions during normal times, but also strengthens the disaster prevention system by allowing this power source to be used for lighting and communication equipment in the event of a disaster.

In this way, we are contributing to the creation of safe, secure, and comfortable communities through cooperation between the Energy Solutions Business and the Community Solutions Business, including disaster prevention and disaster mitigation in local communities.
In addition to the municipalities I have introduced, we are also working to realize area energy management in large complexes.

And in order to realize this goal, we believe it will be important to strengthen the three elements of expanding applications, evolving control technology, and maintaining long-term reliability.
I would now like to introduce some of OMRON Social Solutions’ initiatives and strengths in these three areas.

The first element is the expansion of applications.

There are many different types of facilities in local governments and complexes. The best way to use energy in each facility is different. Therefore, it is necessary to realize the use of energy that is appropriate for both normal times and times of disaster. And at the same time, to consider the optimal use of energy for the entire area.

Until last fiscal year, the Environmental Business Division has been promoting business to residences and small stores, shown in the lower left corner. On the other hand, in the social systems business, we are developing business with a variety of markets and customers, including manufacturers, transportation companies, lifestyle service companies and local governments, in addition to housing and small stores.

In this way, we will effectively leverage OMRON Group’s relationships with customers in the social systems business and achieve optimal energy utilization in each application.
And the second factor is the evolution of energy control technology.

To realize an area-independent distributed power supply, it is necessary to properly balance supply and demand in the area. It is important to control energy to achieve the optimal supply and demand conditions according to the current situation.

On the left is shown a self-consignment system whose needs are expected to grow in the future. We envision using this system when there is no or not enough space for renewable energy installation in our own premises. This is an application that allows companies to use power generated from renewable energy sources installed in remote locations, thus increasing the percentage of renewable energy used.

On the right is a BCP system that uses large storage batteries. In addition to securing power sources in times of disaster and other emergencies, the power stored in storage batteries can be recharged and discharged at appropriate times to reduce energy costs by shifting peak power demand and controlling demand.

In both cases, smarter energy management systems with smarter controls are important to increase the value for customers. We have been expanding our business in various markets by utilizing the core technologies of “Sensing & Control + Think,” which are common to the entire Group. In the Energy Solution Business as well, we will continue to refine our energy control to realize a smart EMS based on our past knowledge.
The third factor is to maintain long-term reliability. Energy is a critical infrastructure, and reliability in long-term stable operation is essential.

The left shows the nationwide service bases owned by OMRON Field Engineering, an OMRON Social Solutions Group company. OMRON Field Engineering has been providing maintenance services for a variety of infrastructure facilities that would have a significant impact on society if they were to be shut down. With approximately 140 locations covering the entire country, the Company will also provide energy security.

On the right is a newly released flat-rate lending service called Power Continue, which was released on February 25. This service includes not only sales of PV inverters, but also installation, maintenance and insurance for PV inverters to ensure stable operation of solar power generation during the remaining FIT period.

In this way, we will continue to expand new equipment and services that will continue to provide value to both customers who have installed equipment and those who will install equipment in the future, while leveraging the capabilities and past achievements that the OMRON Group already possesses.
OMRON has been working to solve social issues by creating social needs as a value to be cherished in our principles.

One of the biggest challenges facing the global community today is global warming caused by CO2 emissions. We have been working on this issue for many years, and we believe that it is one of the most important issues that we should continue to contribute to solving.

We aim to realize area energy management by building a smart energy management system and developing it as a business, in addition to providing the component and engineering services that we have been promoting so far. In this way, we will contribute to a safe, secure, and comfortable energy society.

Please look forward to the future evolution of OMRON's Energy Solutions Business.

Next, Ms. Liu, Senior General Manager of the Sustainability Office, will explain about our efforts to address climate change.

Now, Ms. Liu, please.
Hello, everyone. This is Liu from the Sustainability Office.

I was appointed to the position in October last year. Before that, I was in charge of the China Business and corporate communications and involved for many years in enhancing OMRON's corporate presence globally, especially in emerging markets.

Today, in my part of the presentation, I will explain OMRON's approach to climate change and its progress.
As mentioned earlier by Mr. Igaki and Mr. Tateishi, OMRON has been working on environmental issues from early on. In particular, the ten years since 2011 can be said to be the decade in which OMRON made significant progress in responding to climate change.

Here, I would like to explain three important points that have led to significant progress.

The first point is that in fiscal 2011, OMRON launched a long-term vision called VG2020, and at the same time formulated a long-term environmental vision, Green OMRON 2020, to address climate change. The second point is that in the wake of the Paris Agreement, the global trend to demand more climate change measures from companies has intensified. OMRON has set OMRON Carbon Zero as a new goal based on the SBT in July 2018. The third point is that we announced our endorsement of TCFD in February 2019. The Company's enhanced efforts to address climate change, mainly by reducing its own greenhouse gas emissions, as well as its proactive information disclosure and stakeholder engagement, have improved its external reputation.

Particularly in recent years, we received an A-minus rating for CDP Climate Change for two consecutive years in 2019 and 2020 and received an A-minus rating for CDP Water Security for the first time in 2020. In addition, for the first time this year, we were awarded platinum status, the top 1%, in EcoVadis, a rating of sustainability initiatives including climate change that is used as a reference by customers.

However, we recognize that we must view environmental change issues as a business opportunity and mitigate risks, and further speed up the reduction of greenhouse gas emissions, including in the value chain.
From here on, we will follow the TCFD frame of reference.

As I mentioned earlier, OMRON endorsed TCFD two years ago in February 2019. Since then, as we explained at last year's ESG briefing, we have been promoting group-wide initiatives using the TCFD framework and disclosing our progress on our website and in integrated reports.
The following is an explanation of each of the four categories recommended by TCFD: governance, strategy, risk management and indicators and targets.

First of all, let us talk about governance.

I will explain the status of governance in the areas of climate change and the environment from the two aspects of OMRON’s overall governance system and environmental management system.

The chart here shows OMRON’s governance structure.

As explained by Mr. Igaki earlier, OMRON has established key sustainability issues based on its business strategy at the start of VG2.0, and is working to achieve sustainability goals to solve these issues.

The executive divisions responsible for achieving each target share the annual target, the implementation of specific plans, and progress at the Sustainability Committee and Executive Council, and discuss solutions to any issues that may arise. The results are then reported to the Board of Directors at least once a year to discuss the appropriateness of the target level and progress.

The Board of Directors monitors and oversees our efforts to address climate change as one of the key sustainability issues in our mid-term management plan.
Please see our specific environmental management system.

Under the overall responsibility of the President and CEO, the Global Human Resources & Administration HQ, a functional division of the head office, is in charge of setting and managing overall targets for reducing the Group's greenhouse gas emissions, while each business company implements specific measures. The progress and issues will be reported to the Executive Council on the previous page, where the issues will be discussed.
The second point, strategy.

The TCFD requires disclosure of current and potential impacts, including risks and opportunities to business associated with expected future climate change, through scenario analysis.

OMRON has three business domains: Factory Automation, Healthcare, and Social Solutions. As Mr. Tateishi explained earlier, we first conducted scenario analysis in the Energy Solutions Business, which is the Social Solutions domain.

In Step 1, we examined the transition risks, physical risks, and opportunities in all business areas of Social Solutions. Because of the wide range of businesses, we first conducted a scenario analysis focusing on the Energy Solution Business, which has products and services that directly solve climate change issues.

In Step 2, we identified the key factors in the Energy Solution Business and examined the image of future business development at 2 degrees Celsius and 4 degrees Celsius in 2030.

In Step 3, we imagined the future business development discussed in Step 2 and grasped the quantitative business impact.

In Step 4, we identified actions necessary to improve our ability to respond to the identified risks and opportunities and linked them to the next long-term vision.
Specifically, I will explain the results of scenario analysis from each aspect of risk and opportunity.

First, transition risks were identified like the increased operating costs associated with complying with climate change regulations such as carbon taxes, and regulations related to the circular economy. In the future, we will review the planning and design of our products to develop new products and services that will help reduce greenhouse gas emissions.

Regarding physical risks, we identified risks such as supply chain disruptions due to the severity of natural disasters. In the future, we will further strengthen our BCP measures and introduce private power generation using renewable energy.

As for opportunities, as Mr. Tateishi explained earlier, the renewable energy market is sure to expand further in the future. In the future, we will reflect the results of this scenario analysis to further expand sales of PV inverters and storage batteries, and also consider new business development in anticipation of the development of the circular economy.

In addition, by combining energy conversion and control technologies with system development and construction, we will further promote the reduction of CO2 emissions and energy self-sufficiency in areas for area energy management.
Now, let me introduce some examples that we provide products and services that contribute to the environment through business to society.

In the Industrial Automation Business, which is our core business, such business opportunities have already become apparent in climate change. In the decarbonizing society, the reduction in the use of petroleum-based plastic is progressing for the purpose of prevention of marine pollution, and a lot of countries are declaring the reduction in plastic waste from packaging. As a result, many of our customers in the industrial automation business are changing their packaging materials.

In the Industrial Automation Business, we have solved the problem of temperature fluctuations in packaging material adhesion, which had been a bottleneck in changing packaging materials, with our AI temperature controllers for production sites, contributing to the reduction of plastic waste on a global scale, and leading to business with major European manufacturers and other companies with which we had no previous dealings.
Next, I will explain the third item, risk management.

First, take a look at this diagram. In the overall risk map, risks with high relevance to climate change are shown in dark orange, and those that are not high but are relevant are shown in light orange.

Integrated risk management analyzes risks on a global basis and identifies key risks each year and adopts countermeasures. The management and analysis of this risk is based on the impact on management and finance.

Climate change risk is not a risk that can be managed and analyzed in isolation, but rather a risk that should be recognized in relation to a variety of other risks, including external environmental risk, natural disaster risk, and management, business strategy, and financial risk.

For example, the frequent and severe occurrence of natural disasters affects the operations of production bases, so it is necessary to deal with physical risks. At the same time, the impact on the value chain, including suppliers and customers, is significant, and this affects business and financial strategies.

In addition, due to the tightening of environmental regulations, dealing with transition risks such as business and operational changes will have a short-term impact on finances, but we believe that proactive responses can lead to business opportunities. In addition, there is the risk of reputation damage due to delays in responding to climate change.

In this way, in the area of climate change, we are broadly capturing the relevance of risks and considering responses as appropriate.
Next, let us talk about indicators and targets.

In July 2018, we set OMRON Carbon Zero as a new goal. Our goal is to achieve zero Scope 1 and Scope 2 greenhouse gas emissions by 2050, and a 32% reduction from FY2016 levels by 2030. In order to achieve the target, we are promoting thorough energy conservation, utilizing renewable energy sources, and developing cleaner power usage, and are steadily reducing emissions every year.

In FY2020, we expect to exceed our initial reduction target and achieve a 51% reduction compared to FY2016, thanks to ongoing energy conservation efforts, the introduction of renewable energy, and the full-scale operation of solar power generation implemented in 2019. The main reasons for this significant reduction are: reduction due to our own procurement of electricity from solar power generation and renewable energy sources, energy-saving initiatives such as the use of LEDs, the impact of OMRON Automotive Electronics, whose shares we transferred in 2019.

From FY2021 onward, we are working to set new targets for both Scope 1, 2, and 3 in conjunction with the next long-term vision.
Next, I would like to introduce some examples of OMRON's efforts to achieve carbon zero.

In line with its environmental vision, OMRON has been working to reduce its environmental impact, and has taken every possible measure to ensure that new buildings are as environmentally friendly as possible and has received third-party certifications and evaluations from external organizations.

The new building at Yasu Plant in Shiga Prefecture has been certified as ZEB Ready, an environmentally friendly design that reduces energy consumption by more than 50% through energy conservation.

ZEB (Net Zero Energy Building) is an international initiative recommended by the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and other organizations to move toward a zero energy era, in which primary energy consumption is reduced to zero through energy conservation and energy creation. This ZEB Ready initiative is aimed at ZEBs with the highest level of commitment.

We will continue to make such energy-saving and energy-recycling efforts in our new buildings.
Next is an example of OMRON's energy-saving activities toward carbon zero.

Since FY2019, we have been working on energy efficiency and conservation potential analysis in Asia Pacific, which has the second largest energy consumption after Japan and China. Energy efficiency and conservation potential analysis is to understand the risk of energy loss and opportunities for energy efficiency improvement at production bases, to plan specific measures, and to estimate the effects and costs.

At the Indonesian factory, where we implemented the analysis last fiscal year, we found room for energy conservation equivalent to 23% of annual energy consumption and are now formulating a mid-term energy conservation plan.

In the current fiscal year, we had planned from the beginning of the fiscal year to conduct an energy conservation potential analysis at our factory in Malaysia, which has high energy consumption among OMRON Group companies. However, due to the spread of the new coronavirus infection, overseas travel restrictions became a barrier, making it difficult for us to dispatch analysts to the factory.

Although energy efficiency and conservation potential analysis is usually based on the three principles of on-site, actual, and real, we developed an online site tour plan in advance based on information on power equipment such as compressors, air conditioning equipment and production facilities. By checking and reinforcing the network in advance to enable live broadcasting, we were able to realize an energy efficiency analysis equivalent to an on-site visit.
Lastly, I would like to report on the progress of each of the goals set by OMRON, including climate change.

First, this table shows our progress in achieving our Sustainability Key Issues and Environmental Vision Goals.

These are the sustainability goals that we set at the start of VG2.0. We expect to achieve our greenhouse gas emission reduction targets related to climate change, as I mentioned earlier. We have also completed our response to the reduction of chemical substances.

In addition, we are on track to achieve all of the targets set in our environmental vision, including waste recycling, air and water pollution prevention, effective use of water resources, and promotion of environmental management.

In addition to climate change, which we have positioned as the most important issue when considering the next long-term vision, we will promote initiatives to minimize the impact of our business activities on the environment by effectively utilizing and reusing resources.
At the beginning of today's session, Mr. Igaki introduced how our principles have been put into practice during the COVID-19 pandemic over the last year, both in the field and among our employees.

COVID-19 has brought the issues of the global environment and economic disparity into clearer relief.

And Europe called its recovery from COVID-19 Green Recovery and was quick to declare that it would achieve economic recovery based on the environment. China and Japan have declared their intention to become carbon neutral by 2060 and 2050, respectively.

We recognize that we can no longer wait to address the issue of climate change. In its long-term vision for 2030, which is currently under review, OMRON views climate change as one of the most important issues for the future, especially from the perspective of expanding business opportunities. For businesses other than Energy Solutions Business of Social Solutions, we will continue to identify the respective risks and examine the opportunities.
Looking to the Future

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

As I have mentioned, OMRON's principles have spread globally and continues to evolve.

Thanks to OMRON's unique principles, even in a crisis like COVID-19, our global employees were able to tackle head-on the mission of solving social issues through our Business.

By solving social issues through our business, OMRON will continue to create economic, environmental and social value, and achieve sustainable growth in corporate value.

This concludes today's presentation. Thank you very much for your kind attention.