FY2022 ESG Presentation

March 8, 2023
OMRON Corporation
Today’s Agenda

1. OMRON’s Corporate Philosophy
   Management and Value Maximization
   Yoshihito Yamada
   President and CEO
   Managing Executive Officer, Senior General Manager,
   Global Investor & Brand Communications HQ
   and Sustainability Executive

2. Creating Social and Economic Value by
   Contributing to a Sustainable Society
   Tsutomu Igaki
   Senior General Manager of
   Sustainability Office

3. Initiatives to Achieve Non-Financial Targets
   Yue Li
   Senior Managing Executive Officer, CHRO

4. Improving Human Creativity
   Masahiko Tomita
1. OMRON’s Corporate Philosophy Management and Value Maximization
Our Mission
To improve lives and contribute to a better society

The spirit our founder aimed to convey through Our Mission

‘Contribute to the development of society through our business’: The belief that companies have an obligation to serve society

Our commitment to
‘embracing the role of a pioneer to drive societal change’
OMRON’s Track Record of Growth

OMRON achieved solid growth through serial innovation since its founding. However, growth gradually moderated as the scale of the company expanded.

Examples of OMRON products that are World’s Firsts

- Contactless proximity switch
- Automated station ticket gates
- Automatic actuated traffic signal system
- Online cash dispenser
- Automated station ticket gates
- Contactless proximity switch
- Automatic actuated traffic signal system
- Online cash dispenser
- Examples of OMRON products that are World’s Firsts

Sales


June 2011

Appointed CEO

Great East Japan Earthquake

Global Financial Crisis

dot.com bubble collapses

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Realizing a strong OMRON by executing initiatives to enhance profit-generating capability and deepen our understanding of the OMRON Principles

Enhance profit-generating capability

Deepen understanding of the OMRON Principles
Enhancing Profit-Generating Capability

Significantly boost profit-generating capability by setting GP margin as management target. Gross profit and operating profit also increased.

Trend in Gross Profit (Value/Margin) and Operating Income (Value)

GP Margin
- 36.8% to 45.1%
  +8.3%

Gross Profit Value
- 227.9bn to 396.5bn
  1.7x

Operating Income Value
- 40.1bn to 95.0bn
  2.4x

FY2011 FY2013 FY2016 FY2021 FY2022 Forecast
OMRON Principles: The Cornerstone of How We Manage our Business

OMRON Principles revised in 2015 and included in our Articles of Incorporation in 2022

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.
The OMRON Principles: Our Biggest Challenge

How to foster a true understanding of the OMRON Principles amongst employees on the front lines to encourage and inspire resonance?
Initiatives to Deepen Understanding of OMRON Principles

Promote activities to deepen understanding of OMRON Principles and foster resonance amongst front line employees. Actively putting the Principles into practice supports OMRON’s growth.
The OMRON Global Awards (TOGA)
SF 2030
Shaping the Future 2030

Continue to create innovation driven by social needs with automation which empowers people
OMRON’s Corporate Value Maximization

Aim to maximize corporate value through the creation of both social value and economic value

Maximizing Corporate Value

Social Value
Contributing to a sustainable society

Economic Value
OMRON’s strong growth
Social issues addressed by OMRON leverage its strengths and have a major social impact: Achieving Carbon Neutrality, Realizing a Digital Society and Extending Healthy Life Expectancy.
Creating Social Value in 4 Domains

Create social value through our business by developing solutions to social issues in 4 domains

- Industrial Automation
- Healthcare Solutions
- Social Solutions
- Device & Module Solutions

Sensing & Control
+ Think
OMRON’s Vision of Society in 2030
2. Creating Social and Economic Value by Contributing to a Sustainable Society
## SF2030: Addressing Social Issues Through our Business

Create social value through our business in 4 domains to solve social issues

<table>
<thead>
<tr>
<th>Domain [Core Business]</th>
<th>Social Issues</th>
<th>Achieving Carbon Neutrality</th>
<th>Realizing a Digital Society</th>
<th>Extending Healthy Life Expectancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Automation [IAB]</td>
<td></td>
<td>Contributing to the advancement of manufacturing which will support a sustainable society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare Solutions [HCB]</td>
<td></td>
<td></td>
<td></td>
<td>Contributing to &quot;Zero Events&quot; for cardiovascular diseases</td>
</tr>
<tr>
<td>Social Solutions [SSB]</td>
<td></td>
<td>Contributing to the adoption and efficient use of renewable energy and sustainability of infrastructure to support a digital society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Device &amp; Module Solutions [DMB]</td>
<td></td>
<td>Contributing to the adoption of renewable energy and high-speed communications</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Linking Social Value to Economic Value**

**Group growth to be driven by focus businesses which address social issues**

**Incremental Sales Value, Growth Rate for Focus Businesses (vs. FY2021)**

<table>
<thead>
<tr>
<th>Focus Businesses</th>
<th>Incremental Sales (vs FY21)</th>
<th>(¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial Automation (IAB)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital, NEV, Food and Household Goods, Medicine, Logistics</td>
<td>+86.0 bn</td>
<td></td>
</tr>
<tr>
<td><strong>Healthcare (HCB)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cardiovascular &amp; Respiratory Devices, Pain Management, Remote Medical Service</td>
<td>+48.0 bn</td>
<td>325.6</td>
</tr>
<tr>
<td><strong>Social Solutions (SSB)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable Energy Control (Residential/Industrial), Management &amp; Services</td>
<td>+12.0 bn</td>
<td>437.3</td>
</tr>
<tr>
<td><strong>Device and Module Solutions (DMB)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC Devices, Microwave Devices</td>
<td>+3.0 bn</td>
<td>762.9</td>
</tr>
</tbody>
</table>

**FY2021 Actual**

- **Focus Businesses**: 475.0
- **Incremental Sales Value**: 762.9
- **Growth Rate**: +45% +149.4 bn

**FY2024 Target**

- **Focus Businesses**: 455.0
- **Incremental Sales Value**: 930.0

Group growth to be driven by focus businesses which address social issues.
Contribute to Realizing a Carbon Neutral Society: 2 Approaches

1. Promoting Carbon Neutrality through OMRON products and services provided to customers and society

2. Promoting Carbon Neutrality through initiatives at own sites
Situation where Manufacturing Industry is Surrounded

Rising social demands

Realizing sustainable manufacturing toward a sustainable society

New changes

Restructuring supply chains considering global decoupling and geopolitical risks
→ Returning to domestic production to maintain and improve competitiveness

Manufacturing issues that need to be resolved

Higher required quality

Decarbonization/Reducing environmental impact

Serious labor shortage

Shortage of skilled technicians

Steep facility launches
What is EP100?

EP100 stands for “100% Energy Productivity.” An international corporate initiative sponsored by The Climate Group, an international environmental non-profit organization, in which companies with the goal of doubling the "energy productivity" of their business activities participate.
Improving energy productivity will accelerate corporate decarbonization and reduction of environmental impact. Achieve both higher added value and lower energy consumption as the core of our decarbonization efforts at manufacturing sites.
Co-Creation with Murata to Improve Energy Productivity

Already quantified potential for energy reduction at multiple domestic sites. Going forward, will accelerate energy savings at manufacturing sites through the adoption of energy productivity solutions.

【Up to FY22】Assess Multiple Domestic Sites
Quantified potential clean room energy savings through onsite assessments

【FY23 onward】3 Values Provided by OMRON

Energy Productivity Solution

① Constant visualization of energy-related information
② Data analysis and consultation
③ Optimized energy control through innovative application

Achieve both energy savings and improved productivity on the shop floor
Contribute to Realizing a Carbon Neutral Society: 2 Approaches

1. Promoting Carbon Neutrality through OMRON products and services provided to customers and society

2. Promoting Carbon Neutrality through initiatives at own sites
Carbon Neutrality Initiatives At Own Sites (Scope 1/2)

Aim to reduce GHG emissions to zero by 2050. Target 53% reduction by FY24, 65% reduction by FY30 versus base year (FY16). In SF 1st Stage tackle carbon neutrality for all domestic locations.

**GHG Emissions’ Reduction Targets (kt-CO₂)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY16 (Act.)</th>
<th>FY21 (Act.)</th>
<th>FY24 (Target)</th>
<th>FY30 (Target)</th>
<th>FY50 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>-53%</td>
<td>-65%</td>
<td>-100%</td>
</tr>
<tr>
<td></td>
<td>250</td>
<td>124</td>
<td>117</td>
<td>87</td>
<td></td>
</tr>
</tbody>
</table>

**SF 1st Stage Target Locations and Goals**

**Domestic**
- Expand power generation/savings
- Leverage J credits acquired by SSB energy business

**Global**
- Upgrade power-saving facilities at production sites
- Add more in-house solar power generation facilities, etc.

Achieve zero carbon* for all 76 domestic locations

*Target Scope 2 emissions resulting from in-house use of power at 13 production sites and 63 non-production sites (HQ, R&D, Sales)
Progress on FY22 Initiatives (Scope 1/2)

Accelerated initiatives aimed at achieving carbon zero. Progress on FY2022 GHG emission reductions (Scope1/2) well ahead of stated reduction targets

GHG Emissions’ Reductions
FY2022 Forecast

<table>
<thead>
<tr>
<th></th>
<th>FY16 (Act.)</th>
<th>FY21 (Act.)</th>
<th>FY22 (Forecast)</th>
<th>FY22 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Increase</td>
<td>250</td>
<td>124</td>
<td>105</td>
<td>122</td>
</tr>
<tr>
<td>Reduction Initiatives</td>
<td>-58%</td>
<td>-32%</td>
<td>-51%</td>
<td></td>
</tr>
<tr>
<td>kt-CO₂</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Progress on FY2022 Initiatives

# of Carbon zero* locations
FY22 target: 9 → Forecast 10
- Deploy IAB Productivity Solution within OMRON Group
- Start internal power transmission (Keihanna Innovation Center)
- Expand use of J credits acquired through business

Expand power generation/savings initiatives
- Procure renewable energy (Malaysia)
- New solar power facilities (China)
- Expand energy saving measures at production bases

*Target Scope 2 emissions resulting from in-house use of power at 13 production sites and 63 non-production sites (HQ, R&D, Sales)
Expanding Social Value KPI and Financial Value

Solid progress on social value KPIs for each business. Achieve strong growth by continuously providing customers with solutions to fundamental issues.

### Progress Update: Social Value KPIs

<table>
<thead>
<tr>
<th>KPI Description</th>
<th>FY24 Targets</th>
<th>Progress rate vs FY22 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td># of customers adopting innovative-Automation</td>
<td>5,000 Cos. (2X FY21)</td>
<td>112%</td>
</tr>
<tr>
<td>Global BPM sales volume</td>
<td>94 million (3 year cumulative)</td>
<td>87%</td>
</tr>
<tr>
<td>Remote medical service users</td>
<td>600K (Cumulative)</td>
<td>72%</td>
</tr>
<tr>
<td>Connected energy mgmt. units</td>
<td>50K (3 year cumulative)</td>
<td>150%</td>
</tr>
<tr>
<td>Sales of products contributing to rising penetration of new energy/high speed communications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Prod. for DC eq. 60m units (3 yr cumulative)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Prod. for microwave eq. 170m units (3 yr. cumulative)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Sales Trend

- FY20 Act.: 655.5
- FY21 Act.: 762.9
- FY22 Forecast: 880.0
- FY24 Target: 930.0

*Forecast as of the end of February
3. Initiatives to Achieve Non-Financial Targets
SF2030 : Non-financial Targets (FY2024 targets)

1. Grow Sustainability Sales*¹ 45% versus FY2021 (reflects contribution to solving 3 social issues)
2. Raise ratio of women in management roles above 18% on a global basis
3. Hire disabled individuals at 28 overseas bases; maintain 3% level achieved in Japan
4. Reduce Scope 1 & 2 GHG emissions by 53% versus FY2016
5. Achieve Carbon Zero *² at all 76 *³ domestic locations
6. Implement human rights due diligence in alignment with UNGP*⁴ and develop mechanism for remedying abuses in the value chain
7. Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World
8. 100% participation by global managers in management training to effectively capitalize on the capabilities of diverse human resources
9. In all regions, introduce training program covering the basic knowledge required for DX: statistics, data analytics, AI and others
10. Make full use of digital tools to reduce use of paper

+1. Top management of each region to declare and execute their commitment to contribute to local communities in alignment with OMRON’s Sustainability Policy

*¹ Focus domain sales related to ‘Achieving Carbon Neutrality’, ‘Realizing a Digital Society’, ‘Extending Healthy Life Expectancy’
*² Scope 2 GHG emissions resulting from internal use of electric power
*³ 13 production bases, 63 non-production bases (HQ/R&D/Sales)
*⁴ UN Guiding Principles on Business and Human Rights
Progress Update on Initiatives to be Achieved by FY2024

Non-financial Targets

1. Grow Sustainability Sales 45% vs FY2021 (reflects contribution to solving 3 social issues)

2. Raise ratio of women in management roles above 18% on a global basis

3. Hire disabled individuals at 28 overseas bases; maintain 3% level achieved in Japan

4. Reduce Scope 1 & 2 GHG emissions by 53% versus FY2016

5. Achieve Carbon Zero at all 76 domestic locations

6. Implement human rights due diligence in alignment with UNGP and develop mechanism for remedying abuses in the value chain

7. Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World

8. 100% participation by global managers in management training to effectively capitalize on the capabilities of diverse human resources

9. In all regions, introduce training programs covering the basic knowledge required for DX: statistics, data analytics, AI and others

10. Reduce paper usage volume more than 50% versus FY2019 by proactively using digital tools

+1. Top management of each region to declare and execute their commitment to contribute to local communities in alignment with OMRON’s Sustainability Policy

Progress Update (Outlook for end-FY22)

1. Grow Sustainability Sales 45% vs FY2021 (reflects contribution to solving 3 social issues)

   - 15% growth

2. Raise ratio of women in management roles above 18% on a global basis

   - Management ratio 16.8%

3. Hire disabled individuals at 28 overseas bases; maintain 3% level achieved in Japan

   - Achieved at 28 sites
   - 3.11%

4. Reduce Scope 1 & 2 GHG emissions by 53% versus FY2016

   - 58% reduction

5. Achieve Carbon Zero at all 76 domestic locations

   - 10 sites (ahead of plan)

6. Implement human rights due diligence in alignment with UNGP and develop mechanism for remedying abuses in the value chain

   - In line with plan

7. Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World

   - Selected for FY22

8. 100% participation by global managers in management training to effectively capitalize on the capabilities of diverse human resources

   - 46% completed

9. In all regions, introduce training programs covering the basic knowledge required for DX: statistics, data analytics, AI and others

   - In line with plan

10. Reduce paper usage volume more than 50% versus FY2019 by proactively using digital tools

   - In line with plan

+1. Top management of each region to declare and execute their commitment to contribute to local communities in alignment with OMRON’s Sustainability Policy

   - FY22 Declare, execute
### Our Commitments to Local Communities

<table>
<thead>
<tr>
<th>Region</th>
<th>Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>• Engage in volunteer activities which reflect the diverse values of our employees, to address issues of local communities</td>
</tr>
<tr>
<td>Europe</td>
<td>• Support the employability of the disabled and socially vulnerable (refugees, minority groups and others)</td>
</tr>
<tr>
<td>Asia</td>
<td>• Volunteer activities for local communities in countries in the region</td>
</tr>
<tr>
<td></td>
<td>• Internship program to raise employability, allowing disabled and disadvantaged individuals to acquire technical expertise and skills</td>
</tr>
<tr>
<td>Greater China</td>
<td>• Volunteer activities to set up school libraries and donate PCs to redress educational inequality in impoverished areas</td>
</tr>
<tr>
<td>South Korea</td>
<td>• Engage in volunteer activities that relate to the promotion of wellness, address labor shortages and support the economically disadvantaged</td>
</tr>
<tr>
<td>Japan</td>
<td>• Create an environment combining physical and remote tools allowing individual employees to participate activities supporting local communities based on their personal values from anywhere</td>
</tr>
</tbody>
</table>
OMRON China: Redressing Inequality in Education Opportunities for Children

Contribute to the development of a vibrant, sustainable society by creating equal access to education through support for rural education

**Issue for Rural Communities**

Acute gap in educational levels between urban centers and rural areas

**OMRON’s Initiatives**

- Donate 45,000 children’s books to elementary schools
- Plans to donate school supplies and conduct school visits
4. Improving Human Creativity
OMRON’s Concept of Diversity and Inclusion (D&I)

Diversity and Inclusion (D&I) is the key to achieving value creation

Diversity
Attract diverse people who will take on the challenge of the creation of a better society

Inclusion
Unleash the passion and ability of each individual, create innovation by bringing our diverse personalities together and share the fruits of our labor

Image of Required HR
• Individuals passionate about solving social issues
• Individuals who continue to hone their specialties to realize their ambitions
• Individuals who care about the team as a whole and who are self-starters that demonstrate leadership
OMRON’s Concept of Human Creativity

OMRON improves human creativity by proactively investing in human resources to boost added value.

<table>
<thead>
<tr>
<th>Human Creativity</th>
<th>Added Value</th>
<th>Labor Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>+7%</td>
<td>+22%</td>
<td>+15%</td>
</tr>
</tbody>
</table>

FY2024 Target (vs. FY21)
3 Key Elements for Elevating Human Creativity

Key elements for achieving improvement of human creativity

1. Optimal placement of human resources
   Enhance performance of OMRON and employees by allocating human resources to growth areas within businesses

2. Acquire and strengthen capabilities of human resources
   Acquire necessary skills to execute on business strategy. Prepare educational programs to improve capabilities and provide opportunities to build up experience

3. Fully capitalizing on employees’ talents
   Create environment that allows employees to fully leverage their diverse talents
Acquire/Strengthen HR Talent: OMRON SINIC X (OSX)

OSX focuses on not only creating innovative technology but thinking about how it should be deployed in society. The desire to build a better society is bringing together leading-edge researchers.

OMRON SINIC X

Mission
Develop innovative technologies needed for society of the near future and create the concrete architecture for required for its realization

Intelligent Information Processing
Dr. Yoshitaka Ushiku

Image Recognition
Dr. Atsushi Hashimoto

Learning Theory
Dr. Tadashi Kozuno

Director
Prof. Satoshi Kurihara (Keio University)

What Attracts Talent to OSX

OSX’s Mission resonates with researchers

A working environment that draws out researchers’ potential

Co-creation with external parties which accelerates innovation

Team of leading researchers from diverse fields

Director
Prof. Satoshi Kurihara (Keio University)

OSX’s Mission resonates with researchers

A working environment that draws out researchers’ potential

Co-creation with external parties which accelerates innovation

Team of leading researchers from diverse fields
Leveraging Existing Talent: Engagement Survey (VOICE)

Engaging with individual employees since 2016 through VOICE. Management continues to implement initiatives to create a work environment in which employees can thrive.

Employees’ Response to VOICE

- **Response rate:** 91%
- **Open comments:** 38K

【Trend in # of open comments】

<table>
<thead>
<tr>
<th>Year</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7K</td>
</tr>
<tr>
<td>2022</td>
<td>38K</td>
</tr>
</tbody>
</table>

Major Initiatives Launched as a Result of Feedback from VOICE

- Revamp of corporate systems
- Digitalization of HCB design process
- Review of HR assessment system, based on defined job-type approach
- Identifying management level issues through 360° feedback, providing management training
# SF1st Stage Human Resource Policies

Elevate OMRON’s performance by taking a comprehensive approach to advancing human resource policies

<table>
<thead>
<tr>
<th>Evolution of Human Resource Policies</th>
<th>1st Stage Targets</th>
<th>Progress Update vs. FY22 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attract diverse human resources</td>
<td>HR portfolio sufficiency rate*</td>
<td>Achieved in line with FY22 plan</td>
</tr>
<tr>
<td>Create innovation by unleashing passion and ability</td>
<td>&gt;80%</td>
<td>&gt; 80%</td>
</tr>
<tr>
<td>Invest in individuals keen to grow</td>
<td>Global ratio of women in management roles</td>
<td>16.8%</td>
</tr>
<tr>
<td>Establish Jobs program with defined roles, responsibilities and specialties</td>
<td>VOICE SEI &gt;70 points</td>
<td>76 pts.</td>
</tr>
<tr>
<td>Cultivate a workplace environment that supports personal growth and motivated individuals</td>
<td>HR development investments ¥6 bn 3-year total</td>
<td>Vs. FY22 plan: 98%</td>
</tr>
<tr>
<td>Initiatives and programs to share achievements which solve social issues</td>
<td>Complete introduction of defined Jobs program</td>
<td>In line with plan</td>
</tr>
<tr>
<td></td>
<td>VOICE &amp; bottom-up FB Scores</td>
<td>Relevant scores exceed plan</td>
</tr>
<tr>
<td></td>
<td>• Evolution of TOGA</td>
<td>• TOGA participants 133%</td>
</tr>
<tr>
<td></td>
<td>• Adoption of MT equity linked compensation for global management positions</td>
<td>• Rollout of equity linked compensation plan</td>
</tr>
</tbody>
</table>

*Set for each individual year