

Human Resources Management that Supports Management Based on the OMRON Principles



In order to contribute to social development through our business and to enable our Company and employees to continue growing together, it is important for each of our employees to aim higher when it comes to innovation driven by social needs and to give free rein to their can-do spirit. At OMRON, we are working to create an environment where employees with diverse personal qualities, skills, and experiences can be empowered and strive to create new value together while gaining satisfaction and a sense of fulfilment from their work.

A Human Resources Strategy Geared Toward Practice of the OMRON Principles

We believe that, in order to create innovation and solve social issues through our business, it is essential for our human resources, diverse in personal qualities, skills, and experiences, to be energized and performing to their full potential. VG2.0 has therefore included initiatives aimed at creating an environment where each employee can work toward self-development, mutually increase the value of our human resources, and fully engage in the practice of the OMRON Principles as a team.

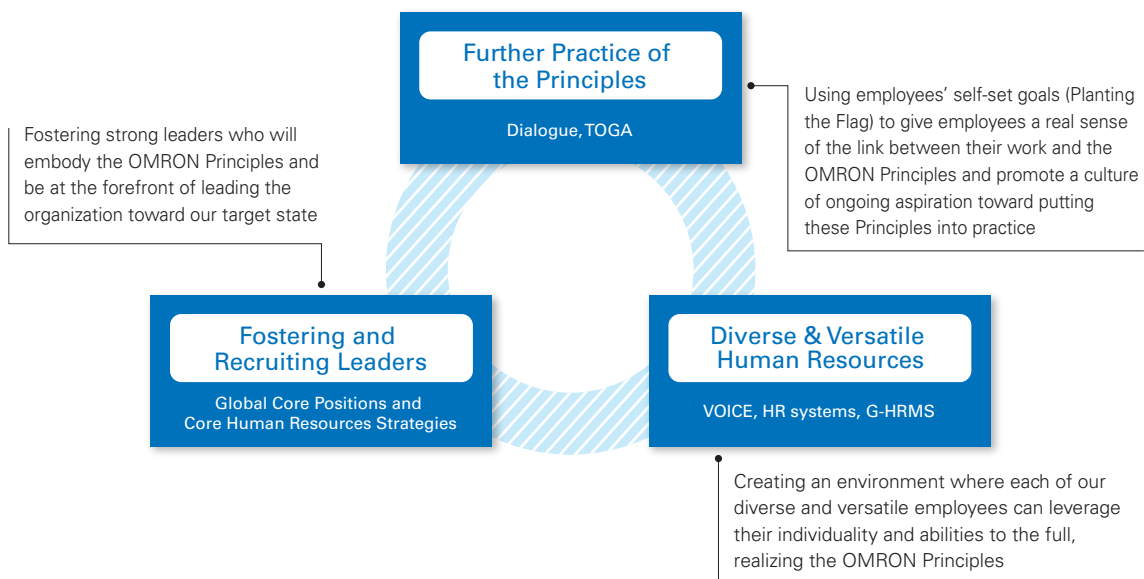
The pillars of this strategy are “Expanding the Practice of the OMRON Principles,” which will broaden the circle of empathy and resonance with the practice of the OMRON Principles and encourage new practice of these Principles; “Fostering and Recruiting Leaders,” who will embody our principles and lead our teams; and “Empowering of Diverse and Versatile Human Resources,” which will create environments where our diverse human resources worldwide can engage more enthusiastically in the practice of the OMRON Principles.

By linking a variety of measures around these three pillars, we are committed to creating an organizational culture within which employees can engage in their own work with a sense of pride and satisfaction and continue to perform to a high standard.



Managing Executive Officer
Senior General Manager of
Global Human Resources and
Administration HQ

Masahiko Tomita



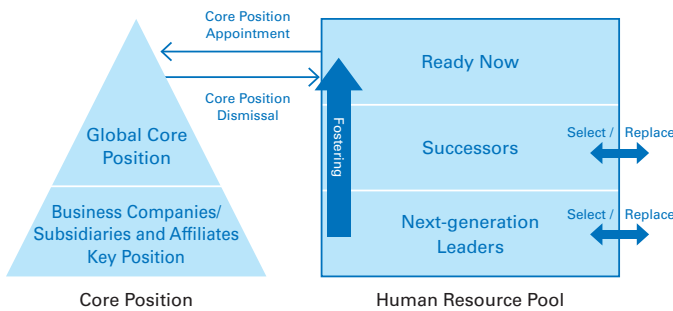
Expanding the Practice of the OMRON Principles

At OMRON, employees' self-set goals give them a real sense of the connection between their work and the OMRON Principles and prompt them to work to promote a culture of ongoing aspiration toward putting these Principles into practice. The OMRON Global Awards (TOGA) are an initiative to share stories about how our Principles are practiced with our employees throughout the world, in the hope that these stories will resonate with them and expand the practice of these Principles. First held in 2012, TOGA are used to share entrants' team efforts to solve social issues. Sharing these within the Company and beyond provides an opportunity to spread feelings of empathy and resonance and to give each and every employee a sense of pride and fulfilment in their jobs. (For details of TOGA, please refer to the section starting on page 69.)

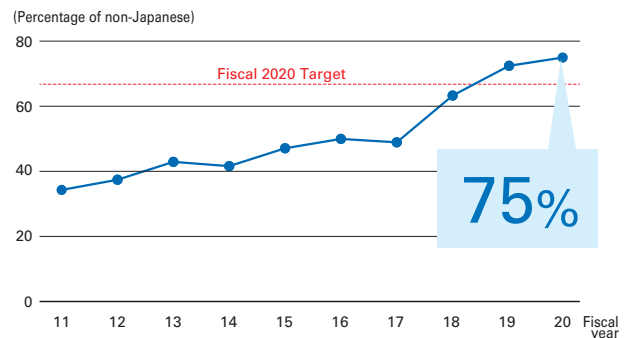
Fostering and Recruiting Leaders

At OMRON, we are working at a global level to foster strong leaders who will embody the OMRON Principles and be at the forefront of leading the organization toward our target state. Our Global Core Positions and Core Human Resources Strategies are frameworks for fostering and recruiting leaders who will embody the OMRON Principles and lead and support teams of diverse human resources in further practice of these Principles. The Global Core Positions are the most important executive positions that lead the OMRON Group's management and business. Currently, approximately 200 Core Positions have been established globally, and we are continually working to achieve timely assignment of leaders who are capable of taking on the responsibility of these positions. VG2.0 has created the necessary pipeline through the discovery of human resources suited to assume Core Positions in the future and the implementation of frameworks to foster them as successors and next-generation leaders. In addition, our commitment to increasing the percentage of non-Japanese in our overseas Core Positions brought their number to 75% in fiscal 2020, significantly exceeding our target of 66% and allowing an increasing degree of prompt decision making based on local perceptions.

Overview of System to Assign the Right People to the Right Global Core Positions on an Ongoing Basis



Changes in the ratio of non-Japanese in Core Positions overseas FY2020 Results



* "Core Positions overseas" is synonymous with the disclosed "key managerial positions overseas."

Diverse and Versatile Human Resources

At OMRON, we are striving to create the right environment for our diverse and versatile human resources to be empowered and leverage their individuality and abilities to accelerate the practice of the OMRON Principles worldwide. As part of this, we are introducing our employee engagement survey, VOICE, and a global human resources management system worldwide. We aim to create an attractive organization and environment in which each employee is highly motivated to practice the OMRON Principles and is able to exercise their abilities to the full.

VOICE : Our Employee Engagement Survey

Management has been running VOICE*, an engagement survey asking for genuine feedback from all employees worldwide, since fiscal 2016. This is an initiative for OMRON's continued sustainable development, allowing management to gauge our Company's appeal as a workplace, understand and identify management issues, and take action to solve these issues.

* VOICE: VG OMRON Interactive Communication with Employee

From fiscal 2018, we have incorporated the Sustainable Engagement Index (SEI*), which statistically examines growth in performance and the Company’s attractiveness. Our management team uses scores based on analysis of the aggregate data as well as the free comments that communicate what our employees really think to monitor issues, understand and identify monitoring outcomes as management issues, hold thorough discussions aimed at their resolution, and continue reforms. In response to the fiscal 2018 survey results, we drafted and implemented over 300 improvement measures worldwide in order to facilitate higher employee performance, including review of decision-making authority and business processes and development of IT infrastructure and various systems. Many employees gained a real sense of being able to participate in the creation of better workplaces and organizational reform through VOICE. As a result, our response rate rose to 90% worldwide in FY2020, the number of free comments increased to 40,453, and scores improved across all 15 survey categories as compared to the previous year. The introduction of VOICE has allowed employees to participate in planning organizational reform and improvement and our management team and on-site leaders to begin establishing a Working Environment Improvement Cycle.

* SEI : Sustainable Engagement Index

Progress of VOICE Response Rate/Number of Free Comments

	FY2016	FY2017	FY2018	FY2020
No. of questions	56 of which 2 free comments	76 of which 1 free comment	76 of which 1 free comment	69 of which 3 free comments
Response rate	77% Recipients:21,911 Respondents:16,975	85% Recipients:23,617 Respondents:19,957	85% Recipients:23,707 Respondents:20,161	90% Recipients:21,287 Respondents:19,176
No. of free comments	-	7,614	8,496	40,453 Q1. The best thing about working at OMRON:13,228 Q2. Changes that should be made to improve OMRON:13,167 Q3. Suggestions relating to the COVID-19 pandemic:14,058

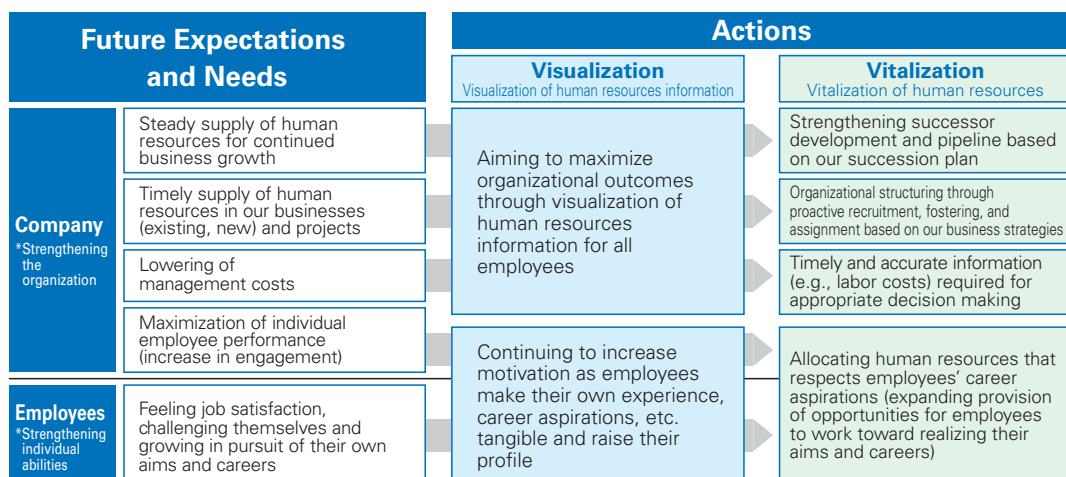
Global Human Resources Management System

Our global human resources management system (G-HRMS) is an element of our IT infrastructure that provides a visualization of the skills, experiences, and aspirations of OMRON Group human resources worldwide, facilitating the building of excellent teams optimized for engaging with the practice of the OMRON Principles. In order to adopt best practices in human resources management and visualize and vitalize our diverse human resources, we are introducing a management system* that is being taken up by many global corporations, and will begin to put it into operation on a step-by-step basis in fiscal 2021. In fiscal 2022, the starting year of our next long-term vision, we plan to use it not only to visualize our globally distributed human resources information and make it possible to compile optimal teams based on our business strategies, but also to provide opportunities for employees to work toward realizing their individual aims and envisaged careers.

Our G-HRMS will allow employees to “visually showcase” their own abilities and experiences and their diverse aspirations regarding the practice of the OMRON Principles, allowing us in turn to increase opportunities and possibilities for employees to freely demonstrate their strengths to the full. We believe that increasing every employee’s sense of fulfillment and experience of growth in their career and successfully assigning the right people to the right positions on a global scale will be particular drivers of employee and company growth over the next 10 years.

*SAP Success Factors, developed by German corporation SAP SE

Actions for Future Expectations and Needs Using Our G-HRMS



Promotion of Diversity and Inclusion

Diversity and inclusion will drive the evolution of our human resources strategy and power the mutual growth of our Company and employees. For OMRON, the promotion of diversity and inclusion is an important initiative that seeks to give embodiment to our philosophy of “always believing in human potential.” We promote diversity in the form of “acceptance of the diverse personal qualities and values of our diverse human resources” and inclusion as “bringing out and leveraging the abilities of our diverse human resources.”

We are working to create and deliver value in order to solve social issues through our business. Our human resources are the actors in this effort, and an abundance of diversity among them will set off new “chemical reactions,” creating equally diverse value and increasing the variety and number of social issues that we can confront. As part of this, VG2.0 has included efforts to increase the ratios of women in managerial roles and of employees with disabilities, as well as to expand opportunities to empower our diverse human resources regardless of factors such as nationality, religion, marital status, gender, sexual orientation and gender identity, and disability.

In addition, we are actively promoting the hiring of mid-career employees in our Japanese businesses and have welcomed a total of 643 mid-career recruits during the four years of VG2.0. Furthermore, in order to promote wide-ranging business creation geared toward the era of the new normal and construction of the foundation to support this, we will begin new recruitment activities in fiscal 2021 aimed at offering secondary or side positions to professionals external to the company possessing diverse skills and experiences.

Strengthening Our Human Capital for Practice of the OMRON Principles over the Next Decade

Looking forward to the next 10 years, we see significant changes ahead for the relationships between companies and employees. As Millennials, Generation Z, and further generations bring new values with them as they become the core of the workforce, mobility of human resources will gather speed and we can expect the relationship between companies and their employees to shift from the existing subordinate model to one of equality. Amid this shift, companies will be required to clearly set out the opportunities for growth and empowerment that they will provide to their employees and the results they expect.

Within this context of significant change in the relationship between individual and organization, team management that brings together diverse individuals with versatile expertise and creativity and allows them to fully exercise and continually increase their abilities will be more necessary than ever for working toward innovation driven by social needs. We will therefore formulate and implement measures to build a new company–employee relationship that is fair and open, and to allow that relationship to be one of mutual choice, where the Company and our employees can continue to grow together. Specifically, in order to combine exploitation of our existing businesses and business evolution through the creation of innovation, we will take a more proactive approach going forward to new strategic requirements with regard to acquisition and fostering of human resources and optimal position assignment that allows employees to better exercise their abilities. Using the measures engaged with in VG2.0 as a basis, we will create environments worldwide in which our diverse human resources will, through their respective jobs (opportunities), experience job satisfaction and personal growth and can continue to perform to a high standard.

Diversity and Inclusion Promotion Showcase : OMRON Joins International Initiative Working to Promote Empowerment of People with Disabilities

In January 2021, OMRON endorsed the aims and became a member of The Valuable 500*, an international initiative working to promote empowerment of people with disabilities. OMRON has long been a pioneer in promoting the employment of people with disabilities, establishing OMRON Taiyo Co., Ltd., Japan's first welfare factory employing people with disabilities, in 1972, in collaboration with social welfare organization Japan Sun Industries. Since then, in order to create a society in which people with disabilities enjoy fulfilling lives and the rewards of work, we have worked to create job opportunities for people with disabilities and expand opportunities for their empowerment through our business. Today, the OMRON Group employs people with disabilities not only in our special subsidiary companies, OMRON Taiyo Co., Ltd. and OMRON Kyoto Taiyo Co., Ltd., but also in every department from Sales and Human Resources to General Affairs, Legal, and Development. Going forward, the OMRON Group will continue to promote the employment and empowerment of people with disabilities, allowing us both to fulfill the Group's social responsibilities and to utilize diversity to drive the Company's development.



*The Valuable 500 was launched at the World Economic Forum Annual Meeting in Davos in January 2019, and encourages business leaders to create the changes in business, society, and the economy that will empower people with disabilities and allow them to realize their potential.

The OMRON Global Awards (TOGA)

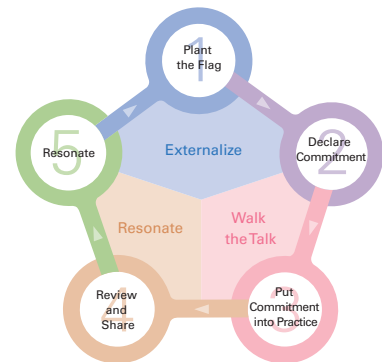
OMRON pursues the goal of improving society by solving social issues through our business based on the OMRON Principles. TOGA initiatives are intended to share the stories of how the OMRON Principles are practiced throughout the entire Group across the world to ensure that all employees are aware of, and understand, the Principles, which are the source of OMRON’s strength, and to expand the circle of empathy and resonance.

Highlights

TOGA encourages employees to set their own goals for solving social issues with the aim of fostering a culture of ongoing aspiration toward putting the OMRON Principles into practice. We share and publicly praise the OMRON Principles practiced in everyday work and workplaces, expanding the circle of empathy and resonance in practicing the OMRON Principles. TOGA program is ongoing throughout the year. The teams that pass preliminary selections from our organizations around the world are invited to come to Kyoto to present their initiatives for practicing the OMRON Principles at the OMRON Global Meet on May 10, the OMRON Group Founder’s Day. These teams bring back news of how other team initiatives were received to their local workplaces, sharing their experiences with their co-workers and expanding the circle of empathy and resonance throughout the world.

Process

TOGA is designed based on the SECI* Model of knowledge management in which the tacit knowledge of an individual is drawn out to become shared knowledge throughout an organization. OMRON engages in a cycle of setting inspirational goals, taking action, and reviewing progress to share information and encourage buy-in throughout the entire year.

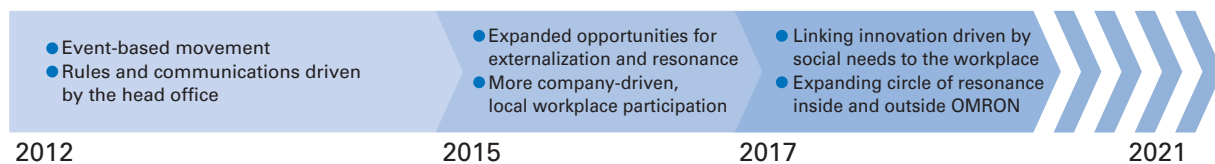


*SECI Model: A knowledge management mechanism produced by Hitotsubashi University professor Ikujiro Nonaka that focuses on knowledge creation activities. Through a conversion process of socialization, externalization, combination, and internalization, organizations can take the tacit knowledge of an individual and create shared knowledge throughout a group or organization. (Source: Globis University, Graduate School of Management MBA Glossary)

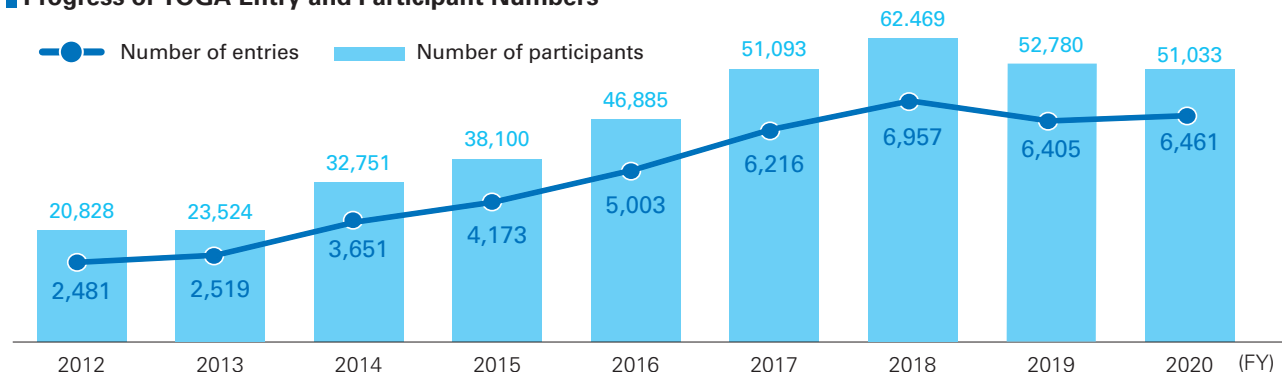
Evolution

The number of entries per employee is rising year by year, our approximately 28,000 employees surpassing themselves in fiscal 2020 with participant lists (counting multiple entries per person separately) totaling 51,033 for 6,461 entries. TOGA has taken root as a process to share and recognize voluntary employee initiatives in practicing the OMRON Principles and is run by employees in each region worldwide. Recent years have seen an increase in initiatives aimed at practicing the OMRON Principles through cooperation across departments and with external partners in the aim of further innovation driven by social needs. The circle of empathy and resonance with the passionate desire to fight to solve social issues is also expanding beyond the Company. Approximately 200 people external to the company—including partner companies, investors, media personnel, and students—participated in our 8th (2019) TOGA Global Meet, which brought attendees together from all over the world in a live online format due to the COVID-19 pandemic.

TOGA Evolution



Progress of TOGA Entry and Participant Numbers



Examples of Initiatives to Practice the OMRON Principles

In the eighth year of TOGA (FY2019), 16 entries that put various OMRON Principles into practice were selected from around the world and presented online to all employees worldwide.



Watch videos of the stories shared at the Global Meet showing the OMRON Principles in practice.

Example 1

Bionic Leg to Empower and Support Society (B.L.E.S.S.)

(8th [FY2019] TOGA Gold Award Winner)

PT OMRON Manufacturing of INDONESIA (OMI)
Fathian Hafiz Aulia



There are over 35 million people worldwide who have lost legs to unforeseen accidents, illnesses, and other causes, with as many as 3 million in Indonesia alone. Many prosthetic legs prioritize appearance and lack flexibility, and in many cases are painful and uncomfortable to use. Meanwhile, prosthetic legs that can move flexibly are expensive and difficult to obtain. Aulia, who works as an engineer at OMRON's Indonesian production plant OMI, has taken a stand against this issue. Of the 2,541 employees working at OMI, 35 have disabilities. Aulia wanted to help his colleagues who had lost lower limbs. With this in mind, he assembled a team to develop the kind of accessible, flexible prosthetic leg that was then unavailable. However, the team encountered obstacles in their lack of expertise on the human gait cycle and the impossibility of procuring all of the necessary components in-house. They therefore appealed to OMI's management team, and it was with this latter's ready consent that the idea became a company-recognized project. Now able to receive additional support from local component manufacturers and foundations, their project was successfully developed. The prosthetic leg, combining increased functionality with a lowered price, was named the Bionic Leg to Empower and Support Society (B.L.E.S.S.), a title that encapsulates the hopes of its developers. The team received delighted feedback from a colleague who tested B.L.E.S.S.: "It fits more comfortably than the prosthetic legs I've used before; I'm really happy with it." The circle of empathy and resonance toward the team has expanded both within and beyond the Company, including to Indonesian universities and insurance companies, and development to further increase B.L.E.S.S.'s durability and comfort continue.

Example 2

TOGA feature numerous entries striving to solve social issues, even if they are not all selected for the Global Meet. The following example is an entry that won a Silver Award at the Japan Meet.

Initiative to Achieve Smart Agriculture Through Automation of Irrigation Processes

(8th [FY2019] TOGA Japan Meet Silver Award Winner)

OMRON Industrial Automation Business Company (IAB)
Satoru Tanaka



The population of agricultural workers in Japan has decreased by approximately 35% over the past ten years. Aging among these workers is also becoming a social issue. The majority of Japanese agricultural crops are grown outdoors, a cultivation method which relies on the surrounding natural environment, and on-farm tasks are now falling to the elderly. Irrigation has a significant impact on crop quality and is becoming a particular burden, being highly weather-dependent and requiring adjustments in water amounts to be made while checking the state of crops on-site. This issue was taken on by Tanaka and other members of the team responsible for Sales in our Industrial Automation Business. They began development of a system to automate irrigation in collaboration with Betsukawa Corporation, a manufacturer of electrical solutions in Ishikawa Prefecture whose existing business relationship with OMRON included provision of electrical monitoring devices. Development was fraught with difficulties, with Tanaka and his team lacking the expertise necessary to judge optimal moisture content, which differs from crop to crop. However, the team members made frequent visits to farms and gained insight from watching producers checking leaf temperature and moisture content by touch, discovering the correlation between these two factors. They went on to produce an automated system that judges crop state in real time by quantifying moisture content while monitoring leaf temperature. Alongside evaluation of the system in multiple farms across the country, they are currently collaborating with new partners, including startups, and proceeding with testing geared toward the system's practical application.

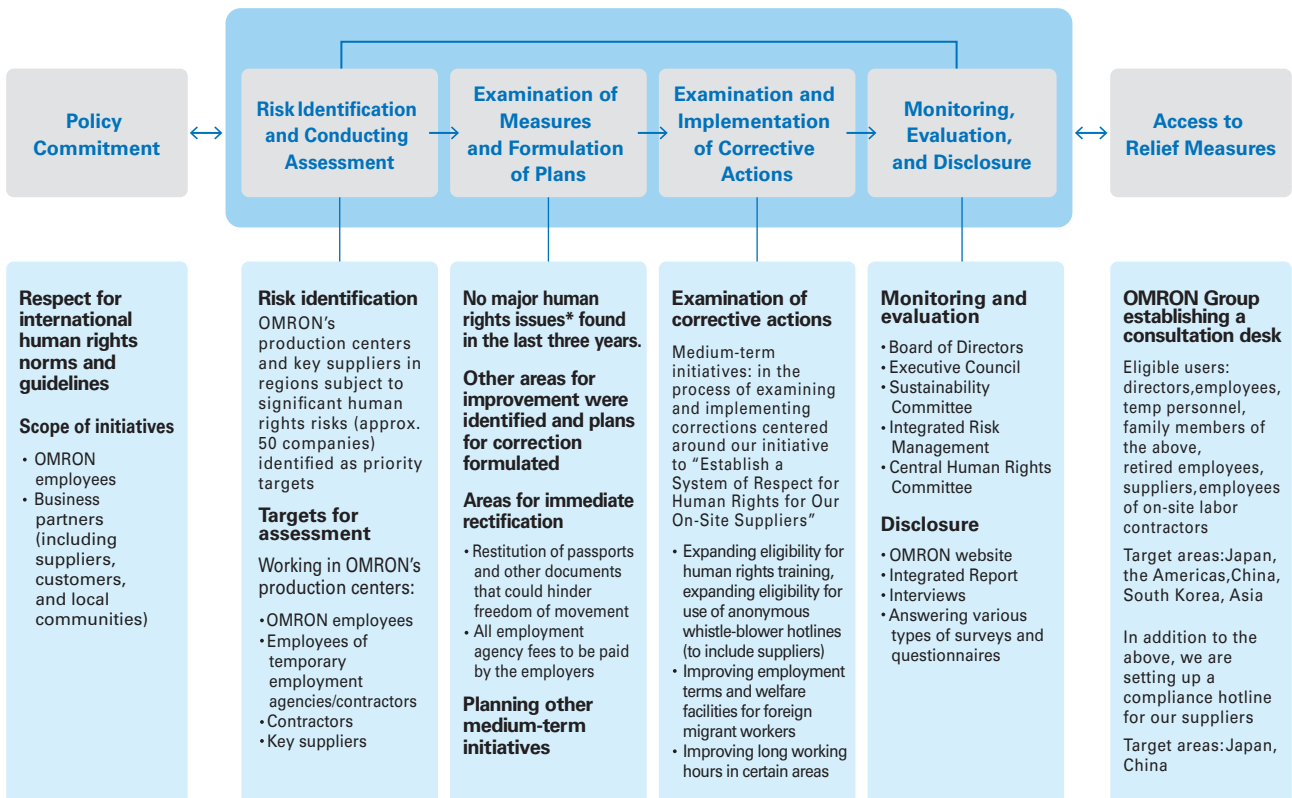
Respect for Human Rights

As declared in the OMRON Principles, Our Values include Respect for All. In our view, Respect for All is the value that underlies all of our activities, including respect for human diversity, personality, and individuality, as well as the pursuit of a decent life and work. We believe that acting with integrity in our dealings with people at all times will lead to increased trust from society and the Company's continued existence.

OMRON has formulated the Sustainable Conduct Policies which sets forth environmental and social issues to be addressed by the OMRON Group and policies for dealing with the issues, with reference to international norms and guidelines such as the International Bill of Human Rights. The Sustainable Conduct Policies declares that we will respect the fundamental human rights of individuals and will not engage in discrimination or human rights violations for any reason. To this end, we will also respect the United Nations Guiding Principles on Business and Human Rights and are working to fulfill our corporate responsibility to respect human rights through establishing procedures (human rights due diligence) for identifying, preventing, mitigating, and rectifying negative impacts on human rights.

OMRON set respect for human rights and labor practices as one of our sustainability initiatives in fiscal 2017. Since then, we have been working to establish human rights due diligence processes and pursuing human rights risk analysis and rectification in all of our production locations. In fiscal 2020, we completed our goal of investigating and analyzing human rights and labor practices at all our production locations. In locations with issues, we have investigated measures to be taken and are implementing corrective actions. These initiatives are not limited to OMRON employees but are also being extended to employees of temporary employment agencies and contractors. We are also commencing their worldwide roll-out. Our initiatives to date will be carried forward as key issues from fiscal 2021 onward, and we will continue our efforts to strengthen them.

Due Diligence for Human Rights



*Major human rights issues: forced labor, child labor, long working hours, harassment, other discrimination, etc.

OMRON Group Sustainable Conduct Policies and OMRON Group Rules for Ethical Conduct

https://www.omron.com/global/en/assets/img/sustainability/pdf_inquiry/omron_group_sustainable_conduct_policies_rules_for_ethical_conduct_fy21.pdf