

## CHRO Message

### Advancing to a New Stage where Human Resources Strategy Enhances Corporate Value

Director, Senior Managing Executive Officer  
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#### Masahiko Tomita

OMRON's human resources strategic vision under SF2030 is: "Inspired by the corporate philosophy of 'contributing to a better society,' the company and its employees will always choose each other and continue growing together." Pursuing this human resources strategic vision, as CHRO, I will accelerate the following to enhance corporate value.

- ▶ Cultivate corporate and organizational culture throughout OMRON, deepen understanding of the OMRON Principles and expand the circle of resonance
  - ▶ Find, develop, and promote leaders to lead a diverse workforce
  - ▶ Create an attractive environment for all employees where they can fully demonstrate their capabilities
- I believe employees are the driving force of OMRON's creation of social value under SF2030. As CHRO, I will implement a human resources strategy designed to ensure that the company and the employees choose each other based on the premise that the company and employees are on an equal footing, to achieve autonomous and sustainable growth. I will also pursue a human resources strategy that leads to business growth from a long-term perspective, worldwide.

#### Accelerating transformation of business and organizational capabilities

In the period covered by SF2030, OMRON positions the three years from fiscal 2022 to 2024 as the "transformation acceleration phase" and is implementing the medium-term management plan "SF 1st Stage." Through SF 1st Stage, we are shifting our

perspective for perceiving values and the business model. Shifting our emphasis from "product value" to "essential value (products + services)," we are promoting "business transformation" and "transformation of corporate management and organizational capabilities" to resolve social issues by capitalizing on our strength in automation. To achieve transformation to the ideal configuration depicted by SF2030, we are implementing various human resources policies on a "Try & Learn" basis. Generally, human resources strategies and policies are thought to have a delayed effect, and it is difficult to quantify the results. However, in fiscal 2022, OMRON began disclosure of "human creativity," by quantifying the linkage between human resources strategies and measures with financial performance and enhancement of corporate value. Applying a Try & Learn approach, in order to progress to a different stage, we will work on new human resources policies and gain new insights.

#### Human Capital Management in Pursuit of Sustainable Growth of both the Company and its Employees

I think what is most important in promoting human capital strategy is to link it with management and business strategy. So that each employee engages in creation of social value through business, the SF2030 human resources strategic vision envisions a new company-employee relationship in which the company and the employees choose each other based on a natural affinity. Achieving this relationship requires not only that the business strategy and the human resources strategy are linked, but also that the company's aspirations and the individual employees' aspirations are linked. It is also important to link the company's growth with employees' personal growth. We are implementing human resources policies to ensure that both the company, which increases

corporate value, and employees, who exercise their own initiative and capabilities, continue to grow.

### Creation of Social Value through new D&I

In order to communicate our vision, aspirations, and linkage to all employees and realize the ideal configuration, OMRON has adopted its own definition of “diversity & inclusion” (D&I). OMRON uses the keyword “D&I,” which reflects OMRON’s vision of the future, and has defined it. Specifically, we define diversity as the ability to “attract diverse people who will take on the challenge of the creation of a better society.” For OMRON, inclusion means to “unleash the passion and ability of each individual, create innovation by bringing our diverse personalities together and share the fruits of our labor.” These are the powerful associations of D&I at OMRON. I believe that OMRON’s unique D&I is the key to success for employees striving to fulfill OMRON’s fundamental purpose: “To create social value through businesses and continue to contribute to society.” Diverse human resources with specialties who are willing to take on challenges are essential for business transformation. It is also essential not only to hire such talented people but also to encourage them to demonstrate their abilities through various measures

and organizational management. I believe that, in addition to attracting diverse human resources, the combination of diversity and inclusion in the OMRON approach to business, which features human resources policies designed to unleash the passion and ability of individuals, will lead to the creation of new corporate value.

I will continue to pursue a human resources strategy that enhances corporate value by achieving sustainable growth of both the company and employees.

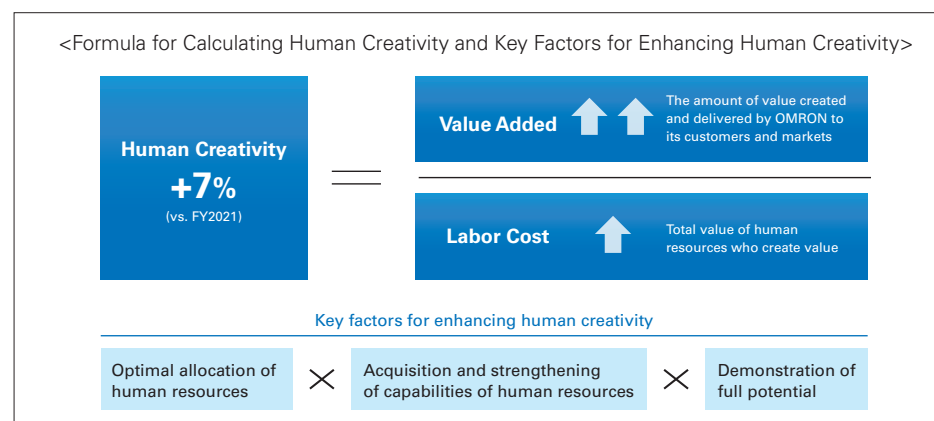
### Human Creativity: Measurement of the Amount of Value Created and Delivered by OMRON to its Customers and Markets

Under SF2030, we set “human creativity” as a quantitative indicator to measure how effectively OMRON utilizes its human capital to achieve new value creation by accelerating this unique D&I process. We aim to achieve a 7% improvement by fiscal 2024 compared to fiscal 2021. Human creativity is the amount of value added, which is net sales minus variable costs, divided by labor cost. (See the figure.) Until now, in the human resources field, the indicator calculated using the same formula has been referred to as the inverse of labor productivity or labor share. However, OMRON’s conception of this indicator is

quite different. OMRON’s objective is the creation of value. Therefore, in order to boost value added, which is the numerator, we will invest in human resources, which is the denominator. This will result in creation of more value added than ever before.

### Three Factors for Enhancing Human Creativity

In order to enhance human creativity, there are three key factors aligned with the OMRON Group’s management goals and business strategies. Firstly, optimum allocation of human resources. We aim to improve employee performance and increase value added by allocating human resources to the “right place for the right job,” with an eye to growth fields that will generate value added for each business. Secondly, acquisition and strengthening of capabilities of human resources. We will prepare human resources development programs to help our employees acquire and strengthen the capabilities necessary for executing strategies for growth fields and provide them with various opportunities to gain experience. Thirdly, demonstration of full potential. We will create an environment where all employees can fully leverage their diverse personal qualities and abilities while deepening their engagement.

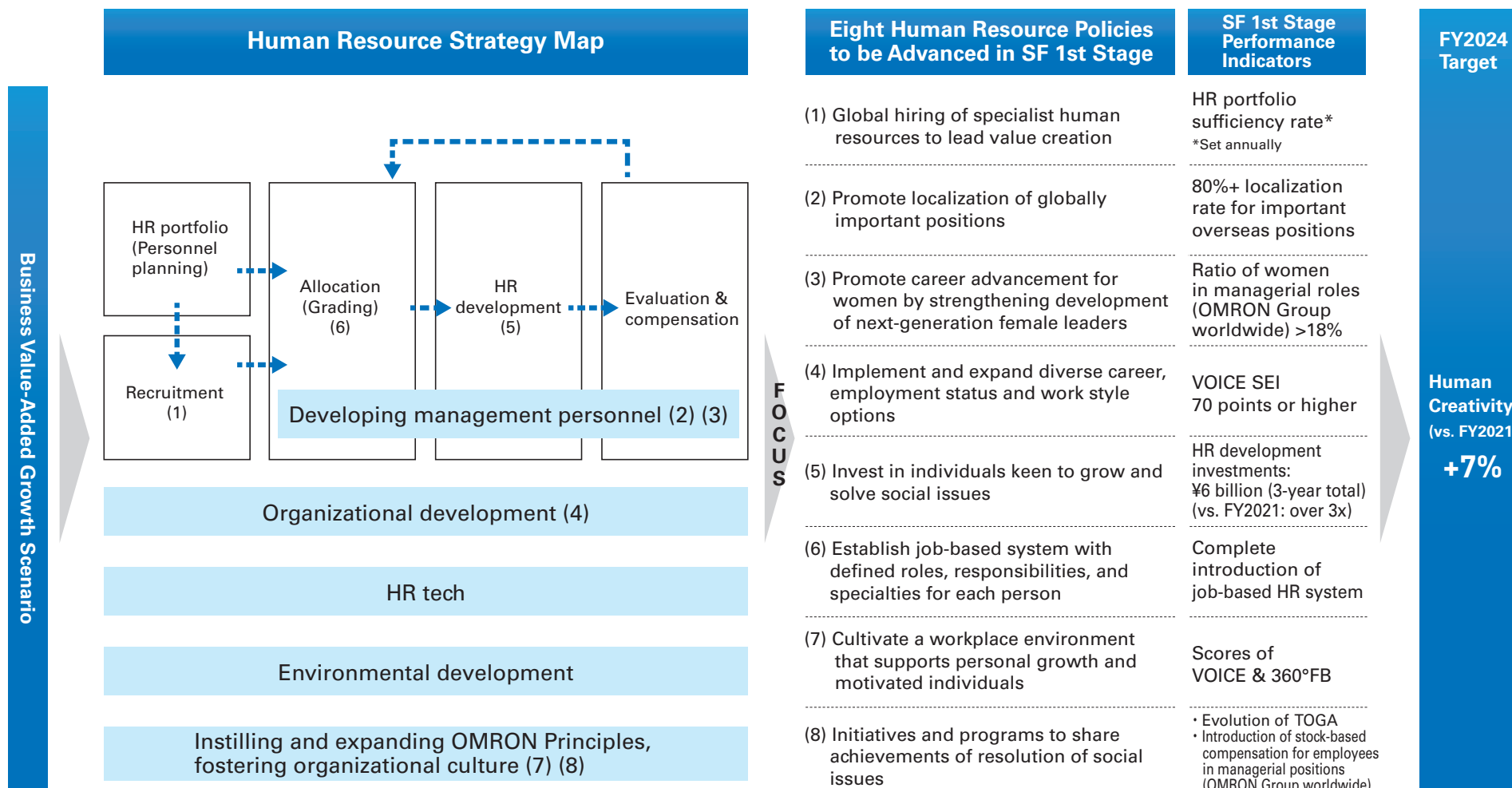


## Eight Policies to Increase Human Creativity

In the SF 1st Stage, we are focusing on eight human resource policies that we believe will be the most effective for increasing human creativity. By achieving the performance indicators set for each of the eight policies, we aim to improve human creativity.

Below we introduce a few of the notable policies, including fulfilling the HR portfolio.

<Scenario for Improving Human Creativity in SF 1st Stage>



### Fulfilling the HR Portfolio and Investing in Human Resources Development

At OMRON, we define our HR portfolio as continually putting the right people with the right capabilities in the right positions at the right time and in the right numbers to achieve our business strategies. First, we make our business growth scenarios concrete from a human capital and organizational perspective. Next, we define our ideal lineup and identify gaps versus the current state. Finally, we implement HR policies to fulfill the HR portfolio and optimize resources.

#### ▶ Global Hiring of Specialist Human Resources to Lead Value Creation

In fiscal 2022, following the growth scenarios for each business, we were able to hire on a global basis the specialist human resources necessary to lead value creation in SF 1st Stage. We onboarded many human resources with diverse capabilities and experience, including those with expertise in advanced

technologies essential for creating new businesses and solutions, such as AI, robotics and DX; engineers who can implement and accelerate automation at customer sites; and human resources with supply chain management and production skills to support existing businesses. This has enabled major progress toward fulfilling our HR portfolio.

#### ▶ Investment in Individuals Keen to Grow

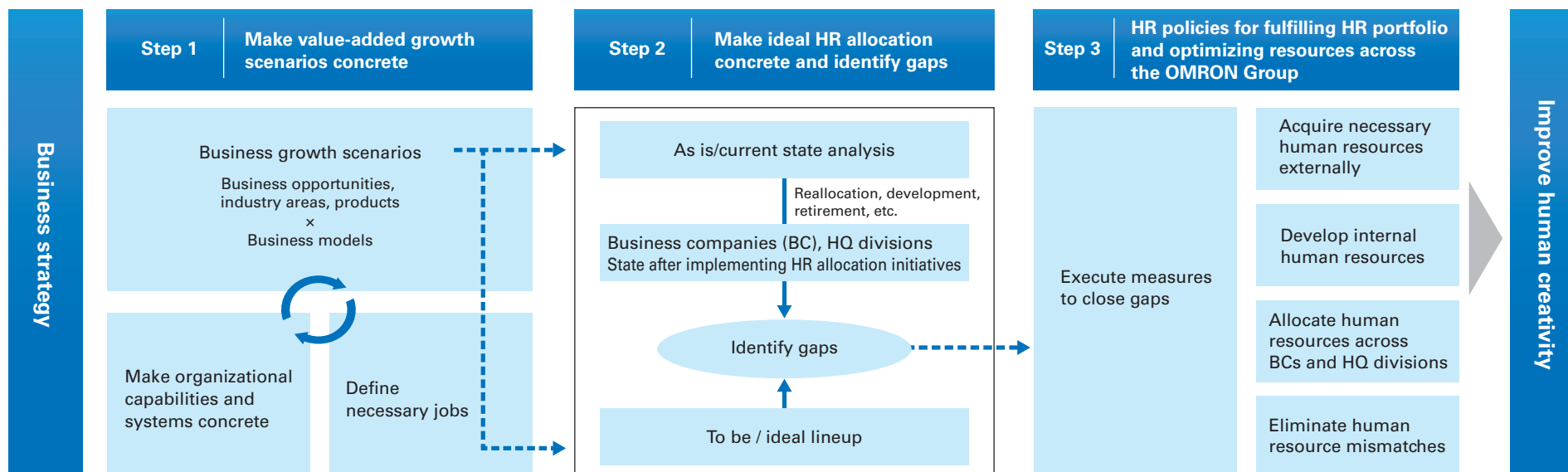
Under SF 1st Stage, OMRON will invest ¥6 billion (3-year total) in human resources in order to help those who are motivated to enhance their abilities and to help those who have been promoted acquire the abilities needed to achieve higher performance. This figure is three times the amount during the previous medium-term VG2.0 period. Starting in fiscal 2022, our human resource development has been focused on three areas: 1) leader development and promotion, 2) enabling diverse and versatile talent to play active roles, and 3)

acquiring skills to apply the essential value perspective. Specifically, we are expanding programs for developing leaders through experience overseas and outside the company; encouraging feedback and interactive initiatives, such as coaching and mentoring; and hands-on training to promote new business models. We are advancing these initiatives across the OMRON Group.

### Sustained Development of Leaders to Spearhead OMRON Principles

At OMRON, we emphasize the Global Core Position Strategy for early identification and development of global leaders. We have been working on this strategy since 2011 when we launched our previous long-term vision VG2020. OMRON believes that developing global leaders is essential for sustaining business growth, and we are continuing and evolving the Global Core Position Strategy under SF2030.

<OMRON's Concept of the HR Portfolio>





▶ **OMRON's Global Core Position Strategy**

At OMRON, we have established approximately 200 key positions globally (Global Core Positions). The CEO selects appropriate personnel for these positions, and management works together to evaluate and develop those in the roles. To achieve both quality and quantity in the Global Core Positions, we regularly review the promotion, replacement, and development opportunities for human resources.

At the same time, with the goal of selecting two or more successors for each position, we conduct evaluations and development to fill the global talent pipeline on an ongoing basis. Furthermore, we select promising young talent as Future Gems who we hope will take on Core Positions in the future, and provide development for them. For the approximately 200 key positions globally, over 400 successors and over 600 Future Gems—over 1,000 personnel in total—have been selected from among OMRON Group employees worldwide.

This fiscal year, OMRON experienced a complete changeover in top management, including the CEO,

CFO, and heads of all business companies. This smooth transition to the new management structure represents the fruits of the Global Core Position Strategy and succession plan, which we have continued to refine over the past decade. Going forward, we will continue to develop global leaders on an ongoing basis in order to sustain business growth.

▶ **Promoting Localization of Globally Important Positions**

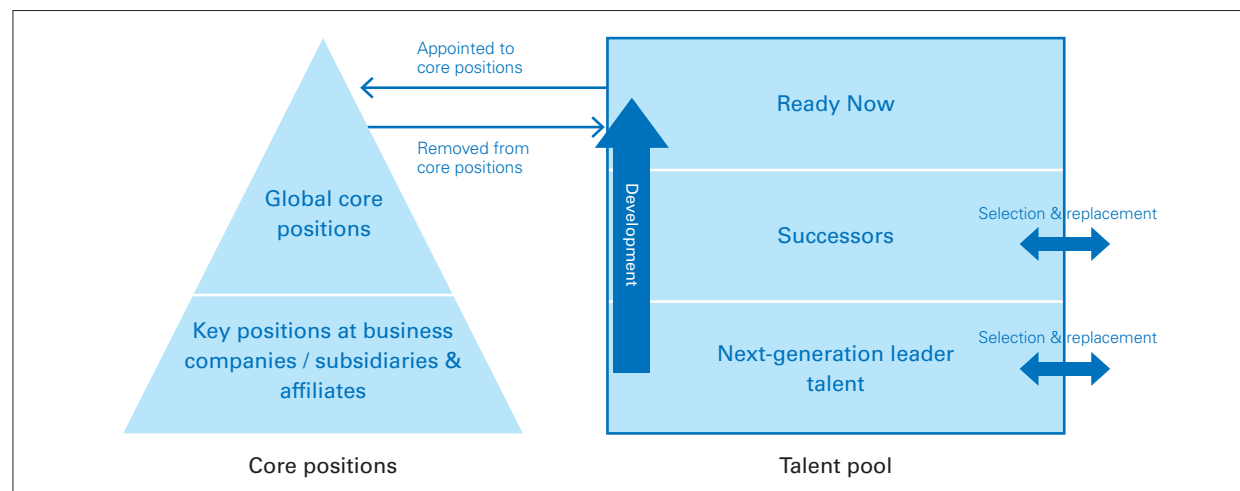
With the aim of enabling swift decision-making in line with local business practices, we are focused on increasing the localization rate for important overseas positions. In fiscal 2022, with implementation of appropriate personnel promotions, timely replacements, and optimal training for individuals, we achieved our target localization rate of 80%. In regions around the world, OMRON leaders in important positions, along with their successors and next-generation leaders, are spearheading efforts to resolve social issues through business.

▶ **Promote Career Advancement for Women by Strengthening Development of Next-generation Female Leaders**

At OMRON, we regard women's career advancement as a key management strategy. We engage in various initiatives to increase the percentage of women in management roles, including considering gender balance in the selection and development of global management candidates; providing leadership training and mentoring programs for women; and conducting unconscious bias and psychological safety training across the Group. In Japan, we are creating an environment where women can excel through career support, guidelines and consultation services for work-life balance, revisions to HR and compensation systems, and more. As a result of these initiatives, as of April 2023 there are 137 female managers in the OMRON Group in Japan (85 in fiscal 2018), including seven female officers\*. To further increase the percentage of women in management going forward, we believe it is necessary to build up the talent pool by identifying and developing female management candidates early on. In addition to group-wide initiatives, each workplace is providing growth opportunities and OJT to enhance development.

\* One outside director, one managing executive officer, two executive officers, two presidents of affiliated companies, and one director of an affiliated company

<System to Continually Place the Right People in the Right Global Core Positions>



While the number of female managers is increasing in each country and region, there is a shortage of female successor candidates for key positions across the Group. To address this issue, we launched the Women Leaders Circle initiative starting in fiscal 2023 as part of our Global Core Position Strategy. The Women Leaders Circle is a program to develop global leaders (future executive candidates) among current female managers. Twenty female leaders from eight countries are participating this fiscal year. By transforming mindsets to facilitate career advancement for female leaders, we will accelerate the success and

development of women managers, and fill the talent pipeline with female leaders and their successors for key positions in each area and business sector globally. OMRON will continue to position women's career advancement as a key management strategy and push ahead with related initiatives going forward.

### Creating an Environment and Organizational Culture for Making Progress in Practicing the OMRON Principles

At OMRON, we are working to create an environment where each employee can make progress in practicing the OMRON Principles. Gaining empathy for and resonance with the OMRON Principles, and putting them into practice, are the most important factors enabling employees to maximize performance and directly translate their passion, capabilities, and value to added value. Therefore, through 360-degree feedback, one-on-one meetings between superiors and subordinates, and other opportunities for dialogue, OMRON is working to develop an environment where each individual's unique qualities and abilities can shine.

Especially in Japan, in addition to developing an environment where women can take on more active roles, we are also working on creating an environment where men can proactively participate in child-rearing. In addition to using our employee engagement survey "VOICE" to gauge employee satisfaction, we identify issues to enable all employees to maximize their capabilities based on everyone's feedback, and use this to inform initiatives to improve work systems and environments.

#### ► Implementation and Expansion of Diverse Career, Employment Status, and Work Style Options

OMRON has conducted VOICE globally for all employees in 22 languages every two years since 2016 to encourage the practice of the OMRON Principles. The purpose of VOICE is not only visualizing

the state of organizations and issues. To motivate employees to proactively work to resolve social issues, executives review the survey scores and around 40,000 free-form comments, championing the formulation and implementation of initiatives aimed at creating better environments, such as systems to make it easier for male employees to take childcare leave. At the same time, each workplace formulates and implements improvement initiatives based on the issues identified through VOICE. By capturing employee needs, discussing them among the management team, identifying issues, taking concrete action for improvement, and responding to employees, we aim to make OMRON into a more attractive workplace.

#### ► VOICE 2022: From Continuation to Self-Propulsion

For VOICE 2022, the 5th implementation, 90.5% of all global employees participated and provided 38,503 free-form comments (employee feedback). In the fiscal 2022 results, 12 out of the 15 categories exceeded 70 points, the score indicating a favorable organizational state. At the same time, the Sustainable Engagement Index (SEI), an overall indicator introduced in the 2018 survey to measure organizational health, also achieved the target score of 70 points or above. Also, the number of improvement initiatives proposed by each workplace greatly increased, from 230 last time to 570. We are now steadily implementing the 570 improvement initiatives formulated to create even better work environments. Judging by the high survey response rate and number of improvement proposals gathered, VOICE, which began in 2016, has firmly taken root in OMRON and become a self-propelling initiative.

#### ► Initiatives to Share and Resonate with Achievements in Resolving Social Issues

The OMRON Global Awards (TOGA) is a system for self-driven practice of the OMRON Principles. TOGA

initiatives are intended to share the stories of how the OMRON Principles are practiced throughout the OMRON Group across the world to ensure that all employees understand the OMRON Principles, which are the source of OMRON's strength, and to expand the circle of empathy and resonance. Under SF2030, we will continue to evolve TOGA and share collaborative creation and achievements globally to resolve social issues through business. TOGA is a cycle of setting inspirational goals, taking action, and reviewing progress to share information and encourage buy-in throughout the entire year. OMRON Group employees engage in TOGA in teams. Themes selected from individual organizations and regional qualifying rounds are presented at the annual Global Meet held in Kyoto and shared with all OMRON Group employees worldwide. The initiatives of other teams and their evaluation by judges become topics of conversation at workplaces. Sharing TOGA experiences with coworkers is leading to expansion of the circle of empathy and resonance throughout the OMRON Group worldwide. At the 10th TOGA Global Meet held in Kyoto on September 21, 2022, a total of 17 themes (15 Gold Awards and 2 Special Awards) were selected from 6,944 entries involving 51,736 participants in fiscal 2021 and shared with audiences both within and beyond OMRON. The 10th TOGA Global Meet was held in a hybrid format combining on-site and online viewing, with over 12,000 OMRON Group employees worldwide participating. Over 700 people also participated from outside OMRON, including partners, investors, media representatives. TOGA has led to increasing collaborations with partner companies globally who want to work together to take on the challenge of resolving social issues.

TOGA website



▶ **Health Management to Improve Human Creativity**

At OMRON, health management is part of our human capital strategy aligned with our management strategy. Maintaining and improving the health of each employee is an important foundation for enhancing human creativity. For employees to continually demonstrate their abilities, it is essential that they maintain mental and physical health. While we previously regarded health management as an aspect of occupational health and safety focused on “supporting improvement in employees’ health literacy and behavior change for healthier lifestyles,” from fiscal 2023 we have redefined it as “building a foundation for exercising abilities, to improve human creativity” and are promoting it as an initiative in human capital management. Specifically, we are working on “health initiatives and operation building,” “infrastructure and systems to promote work style reforms,” and “workplaces where employees can work safely and with peace of mind,” and are engaged in HR and organizational management to enable sustained high performance. Ahead of these initiatives, in fiscal 2022, the OMRON Health Insurance Society introduced JMDC’s healthcare platform PepUp, which visualizes employees’ health age. By enabling employees to personally manage their regular checkup results and vital data, obtain information tailored to their own health status, and participate in various health events, PepUp is promoting data-driven health enhancement. Furthermore, OMRON became a leading member company in the Health & Productivity Management Alliance launched in June 2023. This cross-industry alliance aims to create corporate value through human capital. Through the alliance, we will co-create and share expertise with various companies to contribute to developing human resources who will help increase productivity and enhance competitiveness across Japanese industry together with other member companies.

**Case 1**  
**Boosting Engineering Talent Essential for Expanding Solution Business in Industrial Automation Business**

In our core Industrial Automation Business (IAB), we are continuing to hire engineers with specialized skills in areas such as production technology and data analysis, which are essential for expanding the solution business. We assign these new hires to support customers and industries where IAB is focusing such as “digital” and “environmental mobility” to grow value added. With the addition of 100 new hires in fiscal 2022, over 1,700 Field Application Engineers (FAEs) are active at 36 Automation Centers (ATCs) globally. We have placed ATC FAEs and application engineers in our sales departments of worldwide. Working together with external system integrators, they provide solutions at customer production sites to address labor shortages with AI and robotics, and to improve energy efficiency, productivity, and sophistication through use of site data. Our solution business utilizing site data, i-BELT, has been implemented mainly at customer sites in Japan, Europe, and China, with increasing inquiries recently in China. Moreover, we have built a system where manufacturing experts and data scientists from Japan provide backup in collecting and conducting simple analysis of site data for proposing solutions and demonstrating results at the proof-of-concept stage. The plan is to eventually station these experts locally as well.

**Case 2**  
**Promoting Work Style and Operational Improvements through Ongoing Dialogue between Management and Employees: Big Improvement in VOICE Scores**

OMRON Healthcare Korea (OHH), which handles sales and marketing of healthcare products in South Korea, identified issues including improving operational efficiency, employee health and benefits systems, and opportunities to relate day-to-day work to the organizational vision, in the 2020 VOICE survey results amid ongoing business growth. In response, OHH worked together with the HR & GA department of the South Korea regional headquarters company to undertake initiatives for “promoting penetration of OMRON Principles through enhanced internal communication,” “improving operational efficiency,” and “establishing and improving welfare systems.” Specifically, they created opportunities to communicate management’s aspirations and share goals and action plans by distributing messages from top management each quarter and through dialogue between OHH’ president and employees. They also worked to improve operational efficiency by digitalizing shipping instructions, reducing lead time from product import to shipment by approximately 60%, and helping resolve resource shortages. Additionally, they listed 19 improvement cases based on benchmarks at other companies and employee requests. Considering feasibility, impact after introduction, fairness, and other factors, they introduced and improved 12 new systems. As a result, scores improved in all categories of VOICE 2022. In particular, the scores in the categories of “Securing operational resources,” “Consideration for employee health/wellbeing,” and “Embodiment of OMRON Principles” increased substantially by an average of 36 points. This demonstrates that sincerely addressing employee feedback leads to significant results. Through dialogue between management and employees, OHH continues to create environments where all employees can maximize their potential.

**Case  
3**

**10th TOGA Global Meet Gold Award Theme  
Creating a Safe and Secure Japan:  
Generating New Value from Traffic  
Signals**

Power outages at traffic signals due to natural disasters increase accidents and impede safe evacuation, posing a challenge. There are 210,000 traffic signals operating in Japan, but only 70,000 can be monitored remotely. The torrential rains in 2020 that caused massive damage, mainly in Kumamoto Prefecture, also damaged many traffic signals, leaving their operational status unclear for a prolonged period. Witnessing this crisis firsthand, Keiko Tarui took on the challenge of visualizing traffic signal operation status, driven by the desire to “help create a safe and secure Japan by enabling early recovery during disasters.” However, from the conventional product value perspective, replacing operating signals with monitored signals presented challenges in terms of cost and maintenance. Therefore, Tarui’s team considered services from the essential value perspective of customers who want affordable solutions with easy operation and maintenance. Breaking with industry conventions, they developed a subscription-based monitoring device that can be retrofitted on signals from different makers. This service has received high acclaim for enabling centralized monitoring of multiple signals from traffic control centers. Currently, the service is evolving beyond monitoring signals to encompass intersection safety and community watch over entire towns.

OMRON Social Solutions Co., Ltd.  
FY2021 TOGA Global Meet Gold  
Award Winner, Japan  
Representative  
**Keiko Tarui**



**Case  
4**

**Diversity of Human Resources in Japan**

**Percentage of Women in Management Positions**

At OMRON, we have positioned furthering women’s careers as a key management strategy. We are implementing various initiatives to increase the percentage of women in management, including considering gender balance in selecting and developing candidates for global executive positions; leadership training and mentoring programs for women; and Group-wide unconscious bias and psychological safety training. In Japan, in addition to career support, we are creating an environment where women can excel through guidelines and consultation services for work-life balance, revisions to HR and compensation systems, and more. As a result of these initiatives, the number of female managers is increasing in Japan. As of April 2023, there are 137 female managers in the OMRON Group in Japan (compared to 85 in fiscal 2018 five years ago), including seven female officers\*. However, we believe that identifying and developing female manager candidates from an early stage to build up the talent pool is essential to further increase the percentage of women in management going forward. In addition to Group-wide initiatives, we also want to accelerate efforts led by individual workplaces to provide growth opportunities and OJT. OMRON will continue to position advancing women’s careers as a key management strategy and move related initiatives forward.

\* One outside director, one managing executive officer, two executive officers, two presidents of affiliated companies, and one director of an affiliated company

**Percentage of Men Taking Childcare Leave**

To increase the percentage of male employees taking childcare leave at OMRON, we are making efforts to eliminate the obstacles: understanding and cooperation from superiors and successfully handing over work when taking leave. Following revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members in April 2022, managers are explaining the systems and confirming intention to utilize them with all male employees submitting pregnancy reports or birth notifications, to actively encourage them to take advantage of childcare support systems. We have also established consultation desks so that managers and male employees can easily seek advice at any time. At the same time, workplaces with employees taking childcare leave are making work adjustments and establishing handover systems in line with early leave plans. As a result, in fiscal 2022, 41% of male employees submitting birth notifications took childcare leave, averaging approximately 70 days (compared to 18% and approximately 50 days on average the previous year), because all male employees hoping to take such leave were able to utilize childcare support systems. On the other hand, over half of male employees submitting birth notifications did not use childcare support systems for various reasons. OMRON believes the purpose of these systems is not childcare leave itself, but to enable men to participate in child-rearing. Going forward, we intend to focus more on transforming the mindsets and actions of male employees.