

FY2022 ESG Presentation

March 8, 2023

OMRON Corporation

Today's Agenda

1. OMRON's Corporate Philosophy Management and Value Maximization

President and CEO

Yoshihito Yamada

2. Creating Social and Economic Value by Contributing to a Sustainable Society

Managing Executive Officer, Senior General Manager,
Global Investor & Brand Communications HQ
and Sustainability Executive

Tsutomu Igaki

3. Initiatives to Achieve Non-Financial Targets

Senior General Manager of
Sustainability Office

Yue Li

4. Improving Human Creativity

Senior Managing Executive Officer, CHRO

Masahiko Tomita

1. OMRON's Corporate Philosophy Management and Value Maximization

OMRON's Mission

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'**

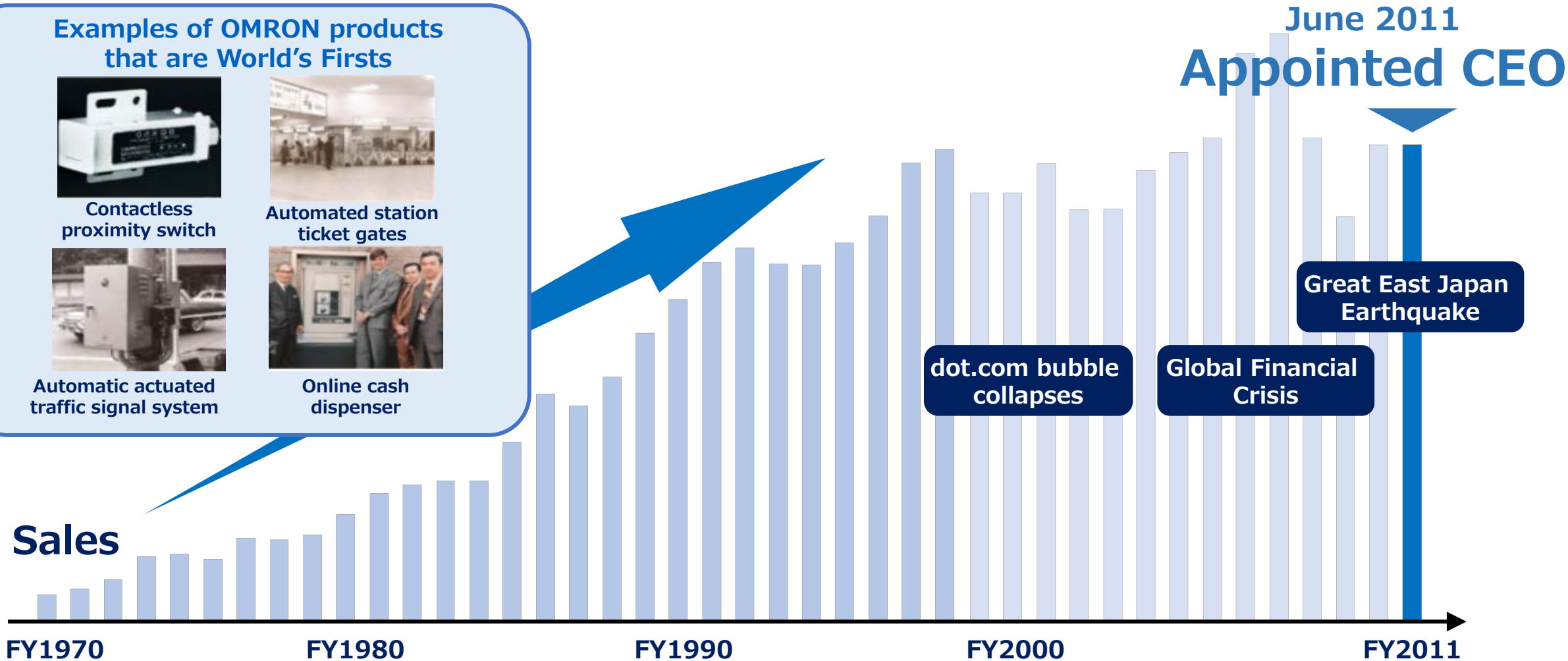
OMRON's Track Record of Growth

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



Realizing a Strong OMRON

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

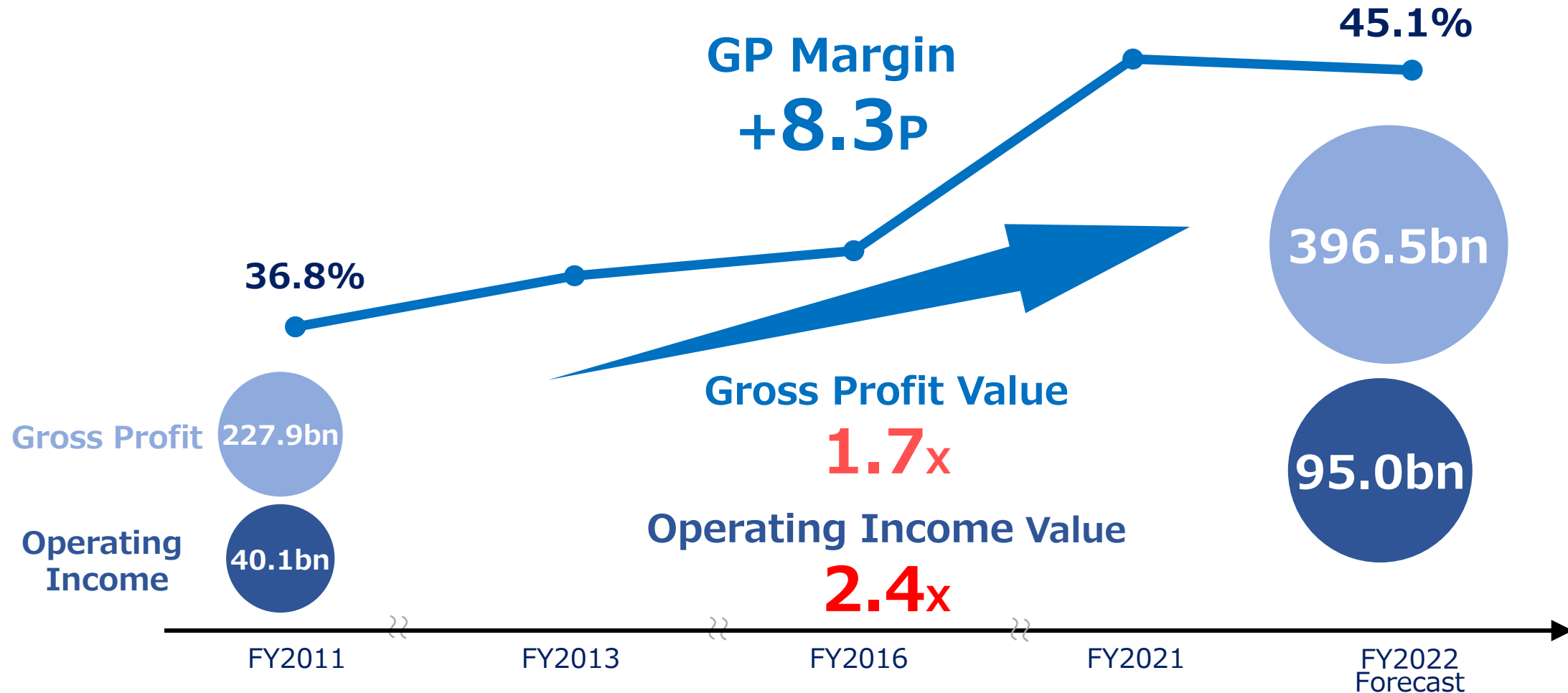
**Enhance
profit-generating
capability**

**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)



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.

**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

CEO Message



OMRON Principles Dialogue



The OMRON Global Award (TOGA)



CEO Circle



Engagement Survey



OMRON Principles Workplace Dialogue



The OMRON Global Awards (TOGA)



SF 2030

Shaping the Future 2030

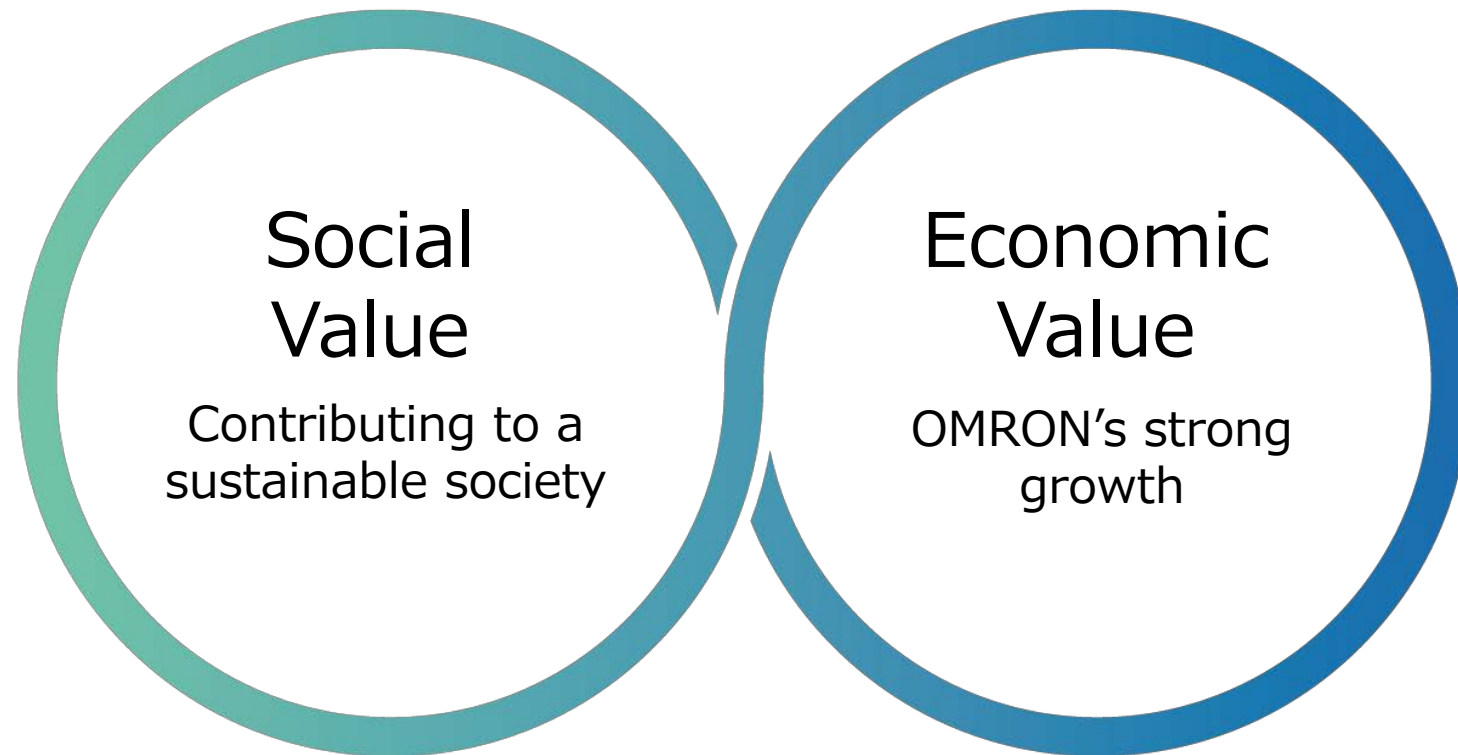
**Continue to create innovation
driven by social needs with automation
which empowers people**



OMRON's Corporate Value Maximization

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

Maximizing Corporate Value



Social Issues Targeted by OMRON Over the Next Decade

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

Achieving Carbon Neutrality



Realizing a Digital Society

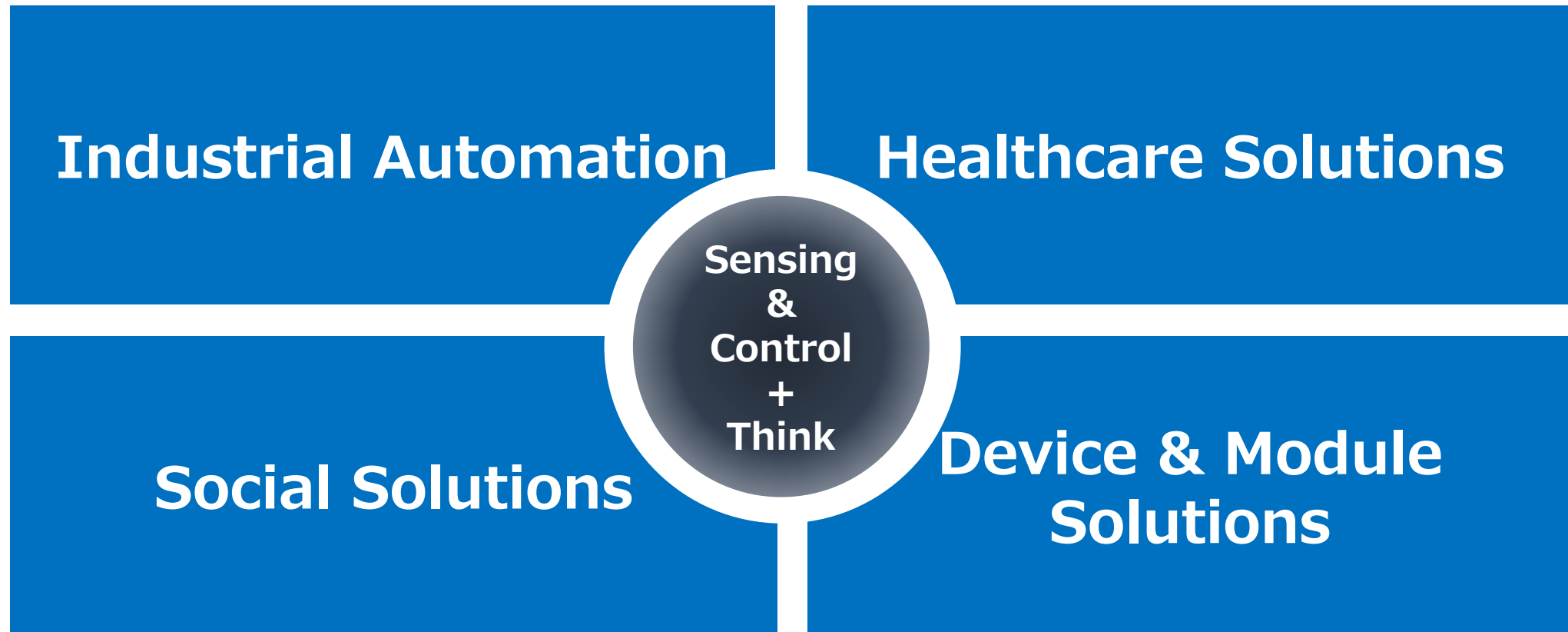


Extending Healthy Life Expectancy



Creating Social Value in 4 Domains

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



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

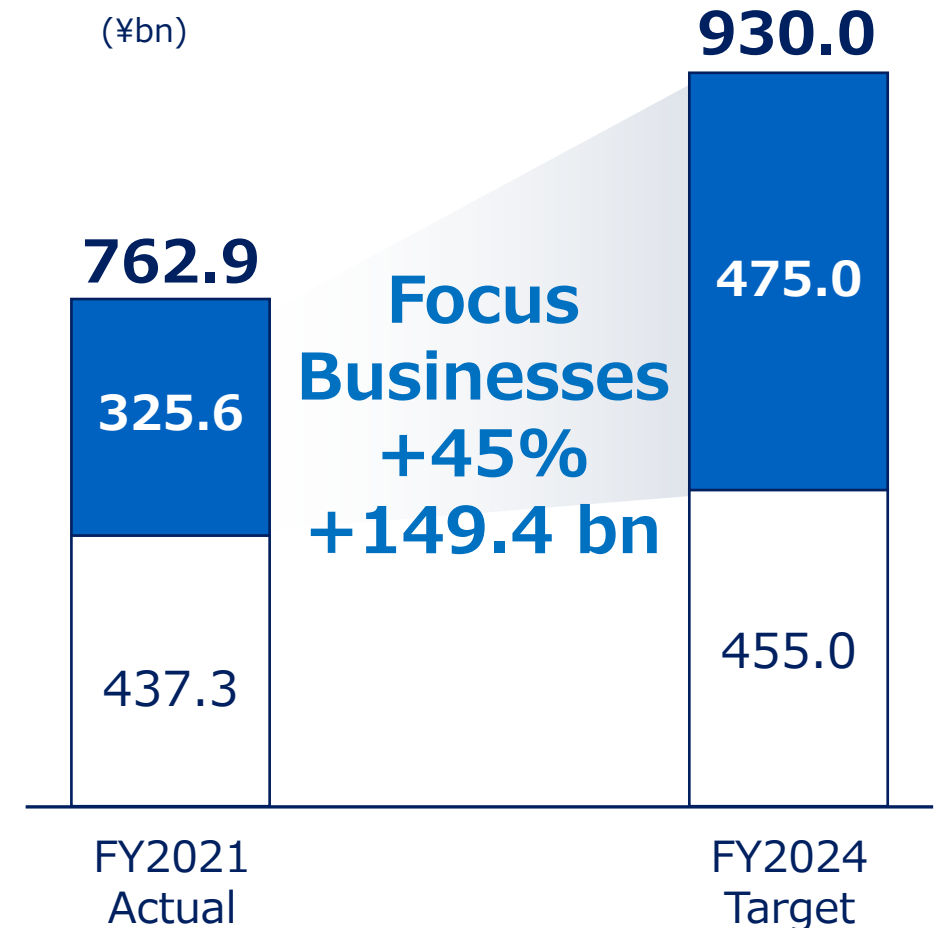
Domain [Core Business]	Social Issues	Achieving Carbon Neutrality	Realizing a Digital Society	Extending Healthy Life Expectancy
Industrial Automation [IAB]		Contributing to the advancement of manufacturing which will support a sustainable society		
Healthcare Solutions [HCB]				Contributing to "Zero Events" for cardiovascular diseases
Social Solutions [SSB]		Contributing to the adoption and efficient use of renewable energy and sustainability of infrastructure to support a digital society		
Device & Module Solutions [DMB]		Contributing to the adoption of renewable energy and high-speed communications		

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)

	Focus Businesses	Incremental Sales (vs FY21)
Industrial Automation (IAB)	Digital, NEV, Food and Household Goods, Medicine, Logistics	+ 86.0 bn
Healthcare (HCB)	Cardiovascular & Respiratory Devices, Pain Management, Remote Medical Service	+ 48.0 bn
Social Solutions (SSB)	Renewable Energy Control (Residential/Industrial), Management & Services	+ 12.0 bn
Device and Module Solutions (DMB)	DC Devices, Microwave Devices	+ 3.0 bn



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?

CLIMATE GROUP
EP100

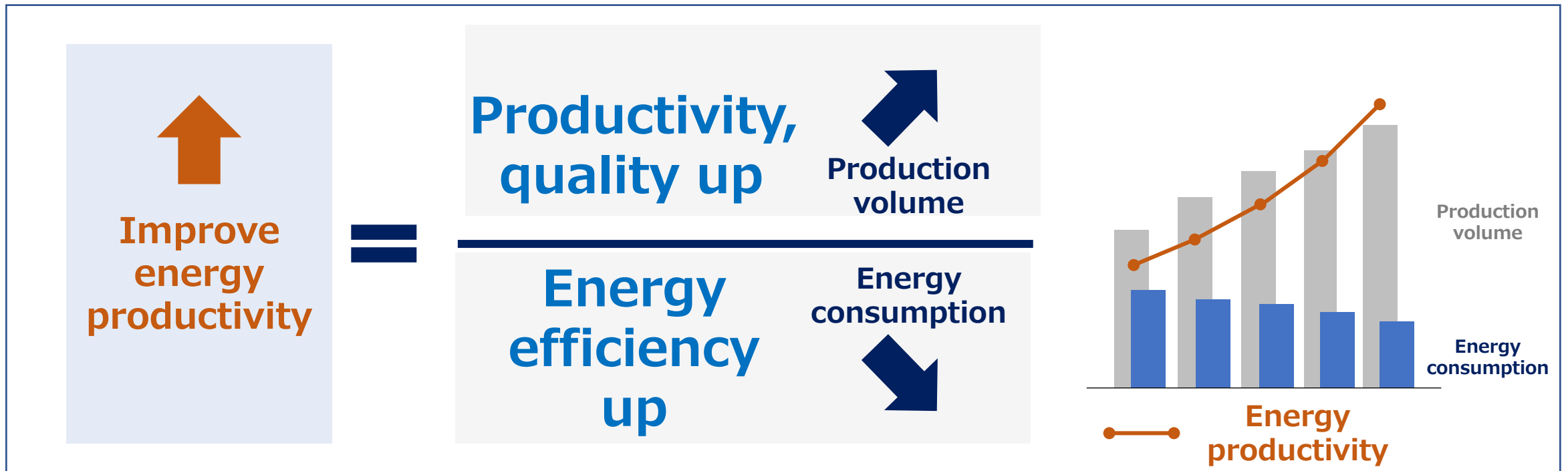
EP100 stands for “100% Energy Productivity.” An international corporate initiative sponsored by The Climate Group, an international environmental non-profit organization, in which companies with the goal of doubling the “energy productivity” of their business activities participate.



Improving energy productivity

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

muRata

**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

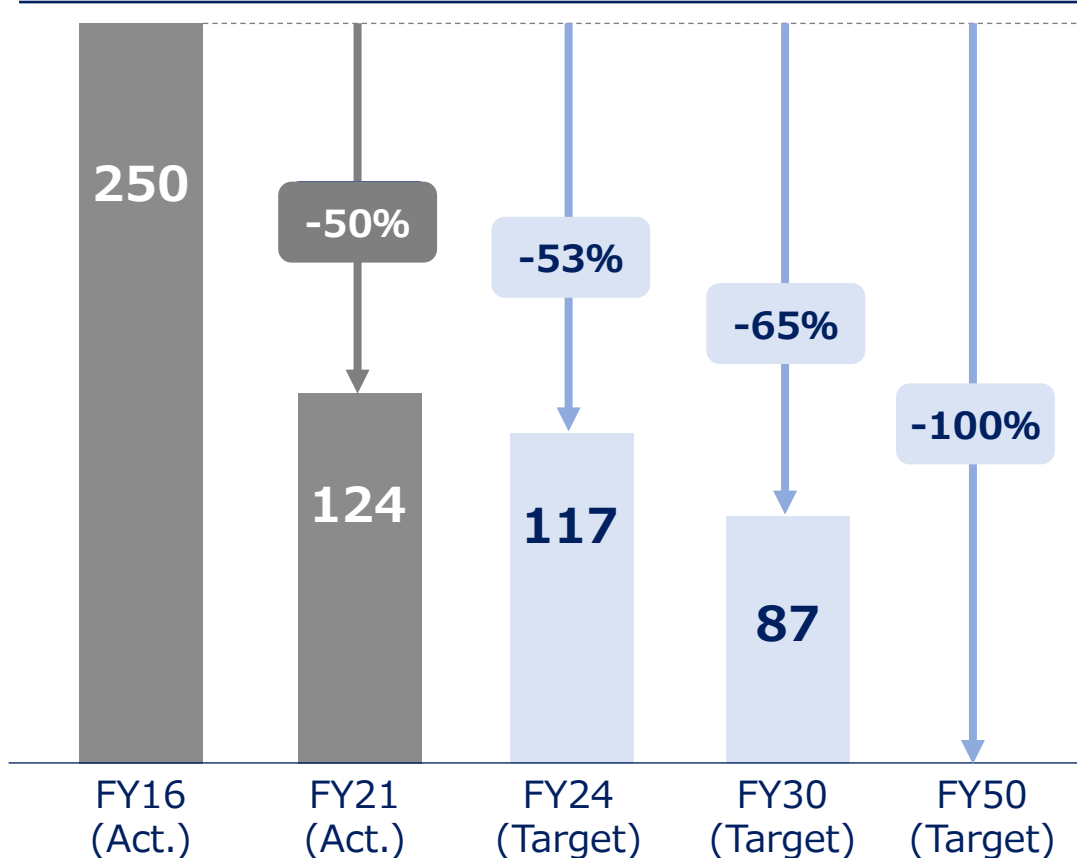
Promoting Carbon Neutrality through initiatives at own sites



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)



SF 1st Stage Target Locations and Goals

Domestic

Achieve zero carbon* for all 76 domestic locations

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

Global

Expand power generation/savings at all locations

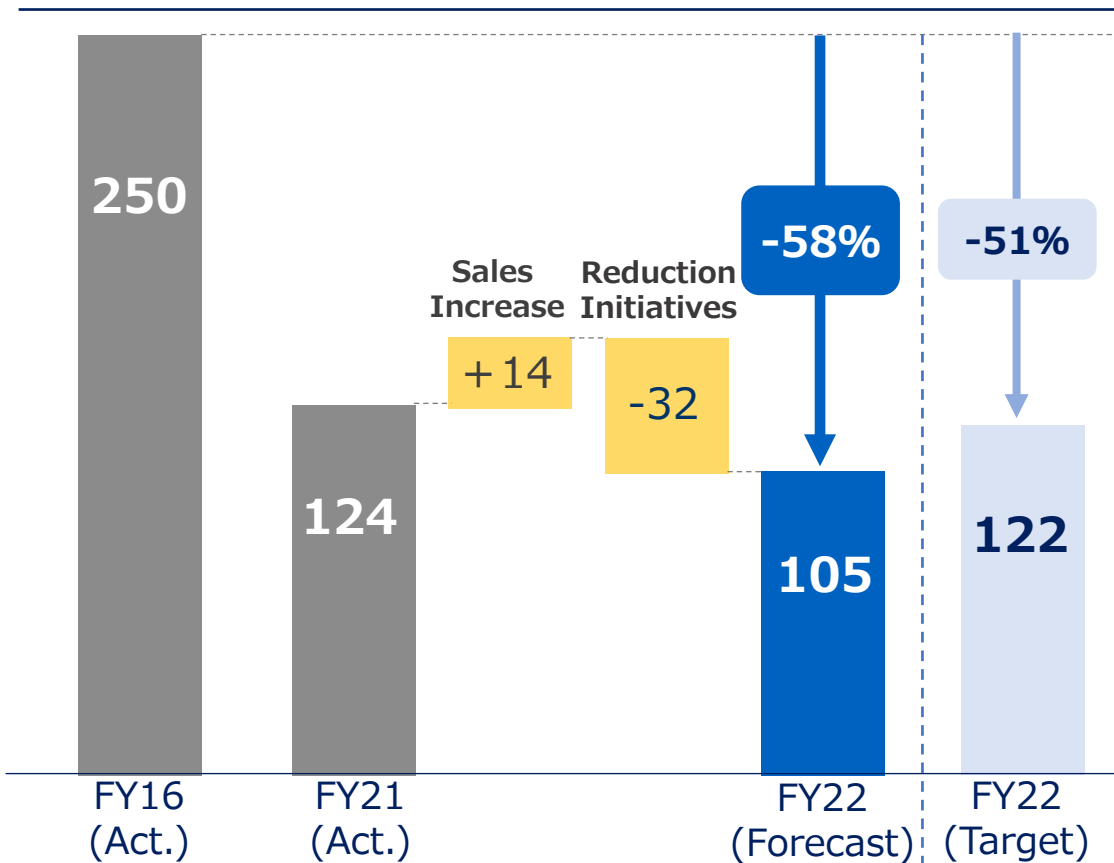
- Upgrade power-saving facilities at production sites
- Add more in-house solar power generation facilities, etc.

* 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



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

Domestic

Expand power generation/ savings initiatives

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

Global

* 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

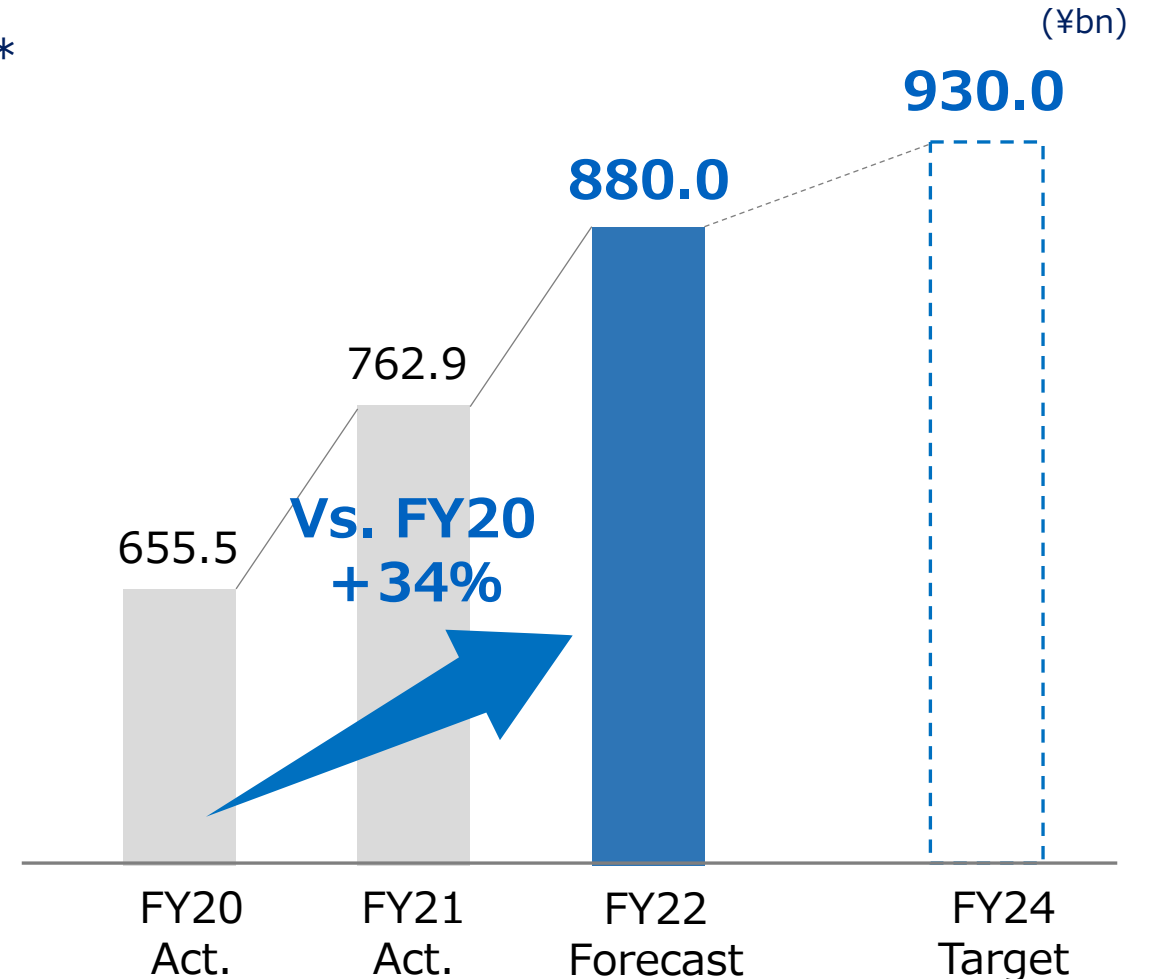
Solid progress on social value KPIs for each business. Achieve strong growth by continuously providing customers with solutions to fundamental issues

Progress Update: Social Value KPIs

	FY24 Targets	Progress rate vs FY22 Targets *
IAB	# of customers adopting innovative-Automation 5,000 Cos. (2X FY21)	112%
HCB	Global BPM sales volume 94 million (3 year cumulative)	87%
	Remote medical service users 600K (Cumulative)	72%
SSB	Connected energy mgmt. units 50K (3 year cumulative)	150%
DMB	Sales of products contributing to rising penetration of new energy/high speed communications	100%
	<ul style="list-style-type: none"> • Prod. for DC eq. 60m units (3 yr cumulative) • Prod. for microwave eq. 170m units (3 yr. cumulative) 	

*Forecast as of the end of February

Sales Trend



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

Selected by
employee
vote

*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

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

Plus 1 Non-Financial Targets: Commitments to Local Communities

Our Commitments to Local Communities

Americas

- Engage in volunteer activities which reflect the diverse values of our employees, to address issues of local communities

Europe

- Support the employability of the disabled and socially vulnerable (refugees, minority groups and others)

Asia

- Volunteer activities for local communities in countries in the region
- Internship program to raise employability, allowing disabled and disadvantaged individuals to acquire technical expertise and skills

Greater China

- Volunteer activities to set up school libraries and donate PCs to redress educational inequality in impoverished areas

South Korea

- Engage in volunteer activities that relate to the promotion of wellness, address labor shortages and support the economically disadvantaged

Japan

- Create an environment combining physical and remote tools allowing individual employees to participate activities supporting local communities based on their personal values from anywhere

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

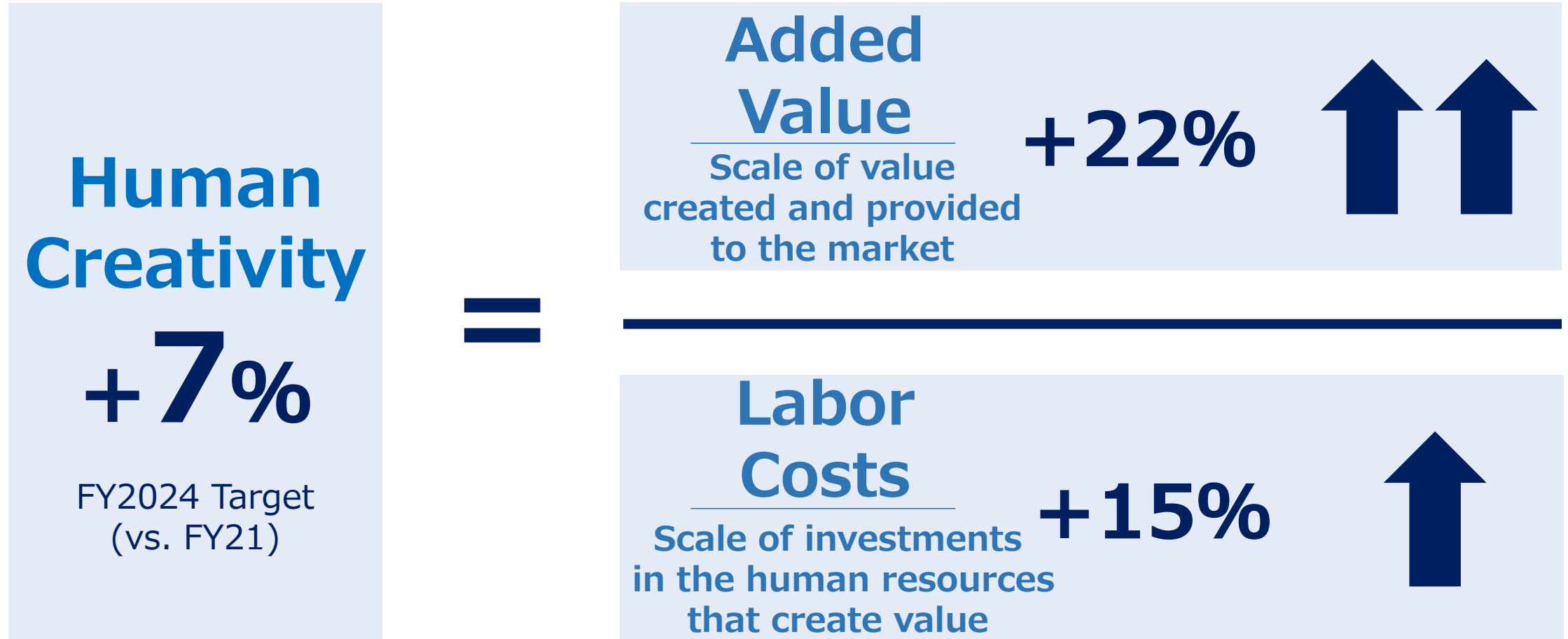
Unleash the passion and ability
of each individual,
create innovation by bringing our
diverse personalities together
and share the fruits
of our labor

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



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)



Team of leading researchers from diverse fields

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

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

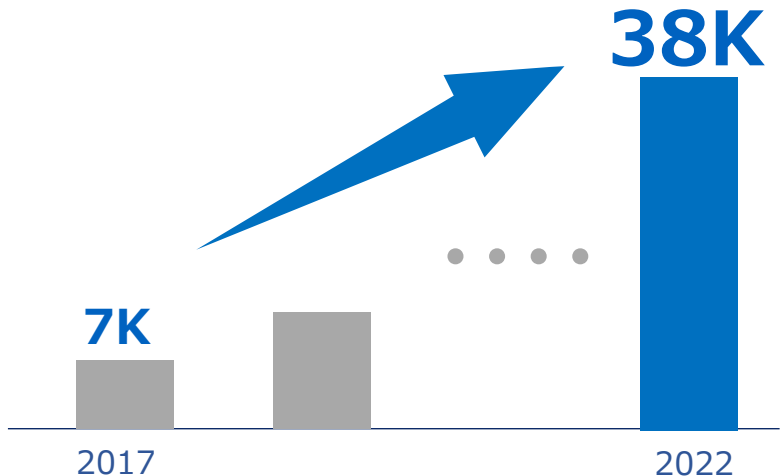
Employees' Response to VOICE

[FY22 Actual]

Response rate: 91%

Open comments: 38K

[Trend in # of open comments]



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

Evolution of Human Resource Policies

1st Stage Targets

Progress Update vs. FY22 Targets

Global hiring of specialist human resources to lead value creation

HR portfolio sufficiency rate*

Achieved in line with FY22 plan

Promote localization of globally important positions

>80%

> 80%

Promote career advancement for women by developing next-generation leaders

Global ratio of women in management roles >18%

16.8%

Implement and expand diverse career, employment status and working styles choices

VOICE SEI >70 points

76 pts.

Invest in individuals keen to grow

HR development investments ¥6 bn 3-year total

Vs. FY22 plan: 98%

Establish Jobs program with defined roles, responsibilities and specialties

Complete introduction of defined Jobs program

In line with plan

Cultivate a workplace environment that supports personal growth and motivated individuals

VOICE & bottom-up FB Scores

Relevant scores exceed plan

Initiatives and programs to share achievements which solve social issues

- Evolution of TOGA
- Adoption of MT equity linked compensation for global management positions

- TOGA participants 133%
- Rollout of equity linked compensation plan

Attract diverse human resources

Create innovation by unleashing passion and ability

Framework for sharing co-creation and achievements

*Set for each individual year 39

OMRON