

# FY2022 ESG Presentation

March 8, 2023  
OMRON Corporation

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Good morning, everyone! I am CEO Yamada.  
Thank you for taking the time out of your busy schedules to participate in OMRON's ESG Briefing.

As you know, OMRON launched a new long-term vision SF2030 in April 2022. We have already begun a new journey toward the next decade. At today's ESG briefing, we will discuss the initiatives implemented over the last year, including specific examples.

# 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**

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This is today's agenda.  
We will focus on 4 topics today.

I will start with a discussion of 'OMRON's Corporate Philosophy Management and Value Maximization.'

Second is 'Creating Social and Economic Value by Contributing to a Sustainable Society.' Mr. Igaki will cover this with a focus on specific initiatives.

Third, under the topic of 'Initiatives to Achieve Non-financial Targets', Ms. Li will talk about specific initiatives and recent progress related to the non-financial metrics that have been set as management targets for SF2030.

The final topic is 'Improving Human Creativity.' We have established a new metric for 'Human Creativity' and implementing initiatives on an ongoing basis. Mr. Tomita, who will assume the new CHRO position from April, will present on this topic.

# 1. OMRON's Corporate Philosophy Management and Value Maximization

Let's get started.  
I will begin with 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 Philosophy was established by founder Kazuma Tateishi in 1959. It is rooted in the original Mission which we consider to be OMRON's constitution.

'To improve lives and contribute to a better society.'  
Our founder aimed to convey 2 messages with these words.

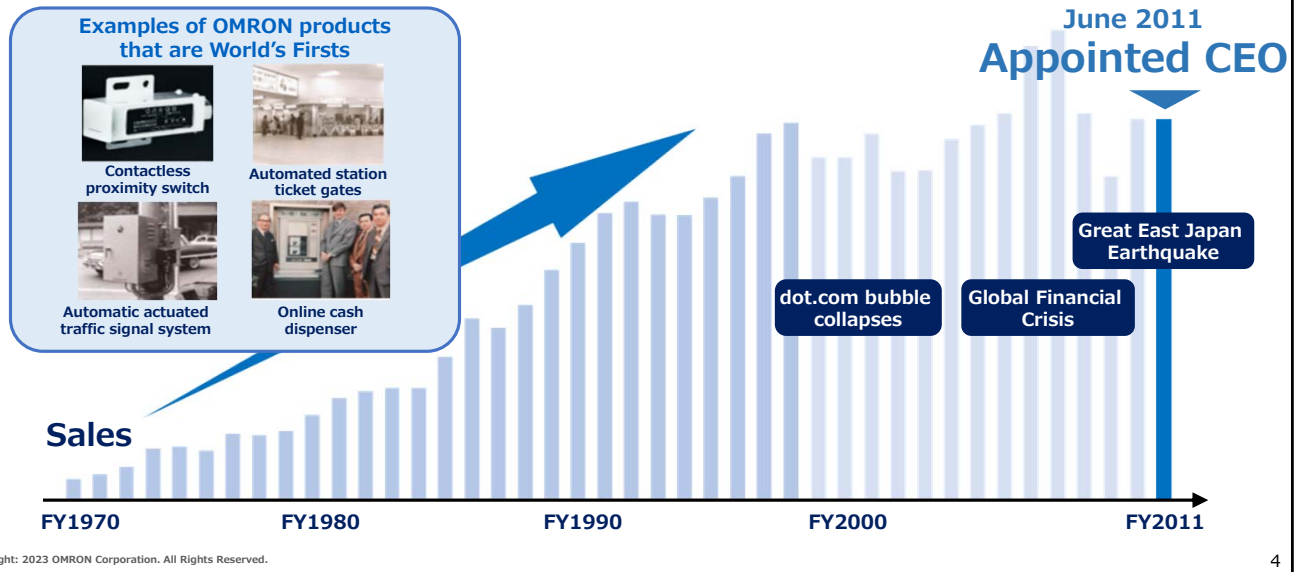
The first is the public obligation of companies to serve society, embodied by the words 'Contribute to the development of society through our business.' The value of a company's existence lies in the contribution it makes to society. This is what makes it possible to generate profits and to continue operating. This was clearly indicated by the founder when he set out Our Mission.

The second is the determination to 'Embrace the role of a pioneer to drive societal change.' A better society does not just emerge while we wait. New value creation is only possible because someone has chosen to take on a challenge. With his words, the founder set forth his determination that OMRON should be that 'someone.'

Our Mission created a unifying bond between management and employees, which led to OMRON's subsequent dramatic growth.

## 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



Since its foundation, OMRON has launched many firsts in innovation for the world and Japan, inspired by Our Mission. OMRON was able to achieve solid growth by launching products and services, such as automated station ticket gates, online cash dispensers, ATMs and others, as solutions to social issues and needs.

That said, as the scale of the company expanded, the appetite for growth and our venture and animal spirits were gradually lost. Our ability to grow started to fade.

Furthermore, in the noughties, there were a number of dramatic changes in the external environment, such as the collapse of the dot.com bubble and the global financial crisis. Many manufacturers have been confronted with an unprecedented crisis; OMRON was not an exception. This was followed by the Great East Japan Earthquake in March 2011.

It was in the midst of this very challenging operating environment that I was named CEO in 2011. At that time, I was determined to forge OMRON into a company capable of delivering strong profit growth, regardless of the headwinds we faced.

So, what did I do to build a strong OMRON?

## 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

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There were 2 key initiatives.

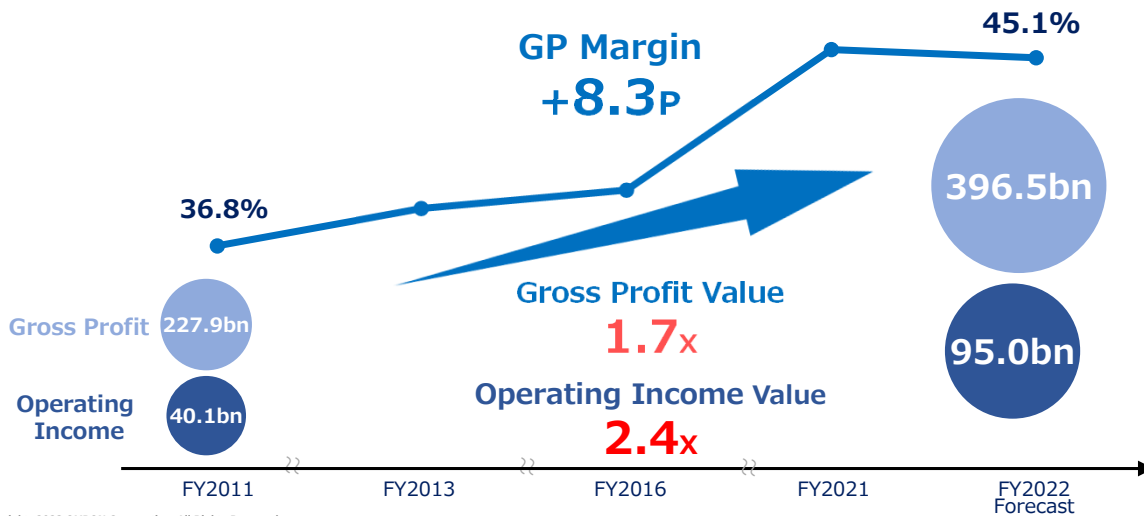
The first was to enhance our profit-generating capability. The second was to deepen the understanding of the OMRON Principles.

I will explain each individually.

## 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)



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First, enhancing profit-generating capability.

After becoming CEO, I chose to focus on GP margin as the management metric for measuring the company's ability to generate profits. This is because the GP margin is a metric that directly reflects our customers' assessment of OMRON. Another reason is because it is a metric that cannot be enhanced in the absence of a strong collaboration between each of the key functions of manufacturing, sales, development and design. OMRON has undertaken many initiatives to boost GP margin, focusing on strengthening each of the following: growth capability, profitability and resilience.

As a result, after FY2011, OMRON's GP margin rose from 36.8% to 45.1%, an improvement of 8.3%-points. In absolute terms, gross profit increased 1.7x. Operating profit rose 2.4x. As you can see, OMRON's ability to generate profits has significantly improved over the last 12 years.

Next, I will talk about the second pillar, deepening the understanding of the OMRON Principles.

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.

These are the current OMRON Principles.

The Principles were revised in 2015 and included in OMRON's Articles of Incorporation last year. The current OMRON Principles incorporate the constitution set out by the founder, positioning it as Our Mission. The system of values which each and every one of our employees hold dear have been brought together as Our Values.

They are: 'Innovation driven by Social Needs', 'Challenging Ourselves', and 'Respect for All.'

So, why did we revise the OMRON Principles? One reason was certainly to recapture the animal spirits of that OMRON had at the time of its founding but that had gradually faded over time. Another reason was my strong feeling that OMRON should become a company where the spirit of Our Mission should be the driving force for the creation of value for the world, and not just simply a slogan for binding together the organization. Underpinning the new OMRON Principles is the conviction that OMRON exists for the purpose of creating a better society and that our mission is innovation driven by social needs.

So, what was my biggest challenge in promoting OMRON Principle management as senior management?



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

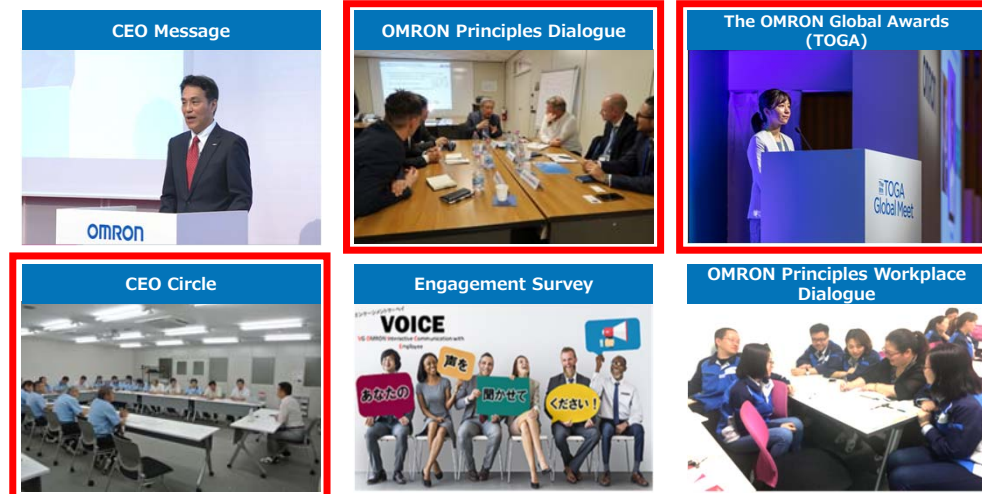
It was fostering a true understanding of the OMRON Principles amongst employees on the front lines to encourage and inspire resonance. Feeling a sense of common values and affinity with the OMRON Principles is not enough to fully embrace the Principles by putting them into practice.

What we aim for is to inspire resonance. In aiming to have the Principles resonate with everyone on a deep level, OMRON conducts many activities to further understanding of the OMRON Principles.

## 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



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All of the initiatives to deepen understanding of the OMRON Principles are serious activities that require effort. I will explain several in detail. Please look at the picture in the middle of the upper row. Through the OMRON Principles Dialogue, Chairman Tateishi engages with overseas mid-management employees on an ongoing basis.

The picture on the lower left shows the CEO Circle, where I visit various sites and engage with team members on the front lines. In the CEO Circle, I engage in dialogue with employees for 2-hour sessions aiming to fan the sparks which leads to putting the OMRON Principles into practice. After CEO Circle sessions finish, participants often e-mail me. It is my practice to respond with double the level of passion expressed in their e-mails!

I will also highlight on the upper right 'The OMRON Global Awards' (abbreviated as TOGA). TOGA is OMRON's largest event. It is a global forum where all employees can share their stories of successes resulting from putting the OMRON Principles into practice. It is program that allows employees to celebrate showcased successes and expand the ring of resonance throughout the course of the year.

The TOGA program has continued for the last 10 years. We have a 3-minute video that captures the highlights of TOGA, which I hope you will find illuminating.

【TOGA video (approx. 3 mins. 6 secs.)】



# The OMRON Global Awards

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**【TOGA video ends】**

What do you think? Were you able to get a feel for the atmosphere of the TOGA program?

As highlighted in the video, the number of TOGA participants in the last fiscal year was 51,736, well in excess of the total number of OMRON employees. Every year, the scale of activities tied to putting the OMRON Principles into practice gets larger.

There is also a hidden aim to TOGA, which is to create a culture of mutual praise and celebration. Over the last 10 years, through the TOGA program, we focused seriously on celebrating each others' achievements. As a result of this, I truly feel that we have been able to create and nurture a culture of respect for all, in which individuals feel free to embrace challenges.

In this way, putting the OMRON Principles into practice is the driving force for maximizing corporate value and the source of growth for OMRON. We will continue to focus on not only fostering a deep understanding of the OMRON principles but aim to have the Principles resonate with all.

# SF 2030

## Shaping the Future 2030

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



As discussed to this point, through progress on strengthening our profit-generating capability and deepening understanding of the OMRON Principles, OMRON has gradually developed into a strong company.

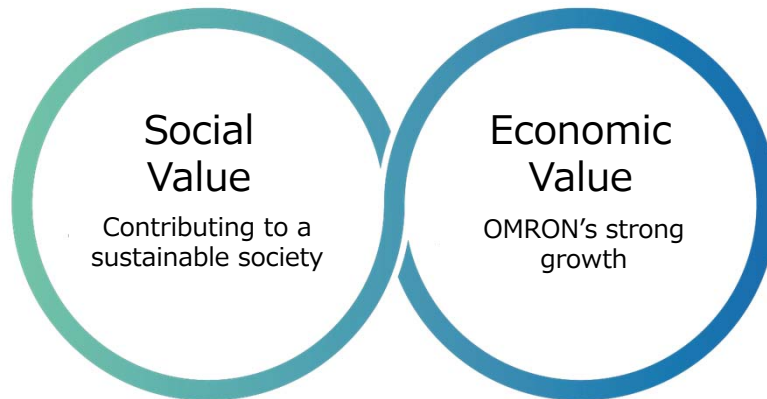
When thinking about the next 10 years, what will be the direction that OMRON chooses to go in, and what will the road to growth look like?

Shaping the Future 2030, OMRON's new Long-term Vision, is a strong statement of our intent. By continuing to create innovation driven by social needs with automation which empowers people, we will create a sustainable society.

## OMRON's Corporate Value Maximization

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

### Maximizing Corporate Value



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In SF2030, OMRON will continue to focus on addressing social issues through its business to maximize corporate value.

We will contribute to a sustainable society and create social value. Through this, we will achieve strong growth, which will also enhance OMRON's economic value. As we show here, we aim to maximize corporate value through the creation of both social value and economic 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



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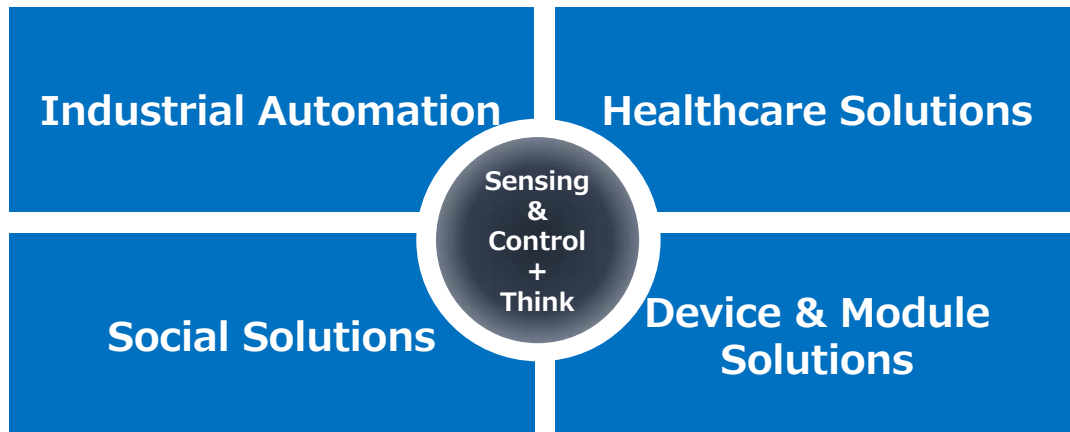
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The next 10 years leading up to 2030 will see the emergence of many social issues against a backdrop of broad changes to social structures and values.

In this environment of social change, OMRON is targeting the 3 social issues shown here: achieving carbon neutral, realizing digital society and extending healthy life expectancy. These are areas with significant social impact where OMRON can leverage its strengths.

## Creating Social Value in 4 Domains

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



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We have identified 4 domains in which we will aim to develop solutions to these 3 social issues: Industrial Automation, Healthcare Solutions, Social Solutions and Device and Module Solutions.

What does the sustainable society that OMRON is targeting look like?

What social values will OMRON create to build a sustainable society?

We have a 2-minute video which captures our world view. [SF2030 video (approx. 2 min. 4 sec.)]





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【Video ends】

What do you think? Did you get an image of the sustainable society that OMRON aims for?

From the next section, we will introduce the specific initiatives we have taken to realize OMRON's vision of society in 2030.

I will now hand over to Mr. Igaki.



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

CEO Yamada, thank you.

Hello everyone, I am Tsutomu Igaki.

I will present on Creating Social and Economic Value by Contributing to a Sustainable Society, highlighting specific initiatives and updating you on our progress.

# SF2030: Addressing Social Issues Through our Business

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

Domain [Core Business]	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		

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As explained by CEO Yamada, OMRON is addressing 3 social issues across 4 domains.

This slide is the matrix of what we propose to do. The table on the slide shows the 3 social issues that OMRON is tackling on the horizontal axis and the 4 domains that OMRON addresses, which are its core businesses on the vertical axis. The blue text in the table shows the values that we will create through our businesses. As you can see, each business is tackling the creation of social value to solve the 3 social issues.

IAB will contribute to the advancement of manufacturing which will support a sustainable society.

HCB will contribute to achieving Zero Events for patients suffering from cardiovascular conditions.

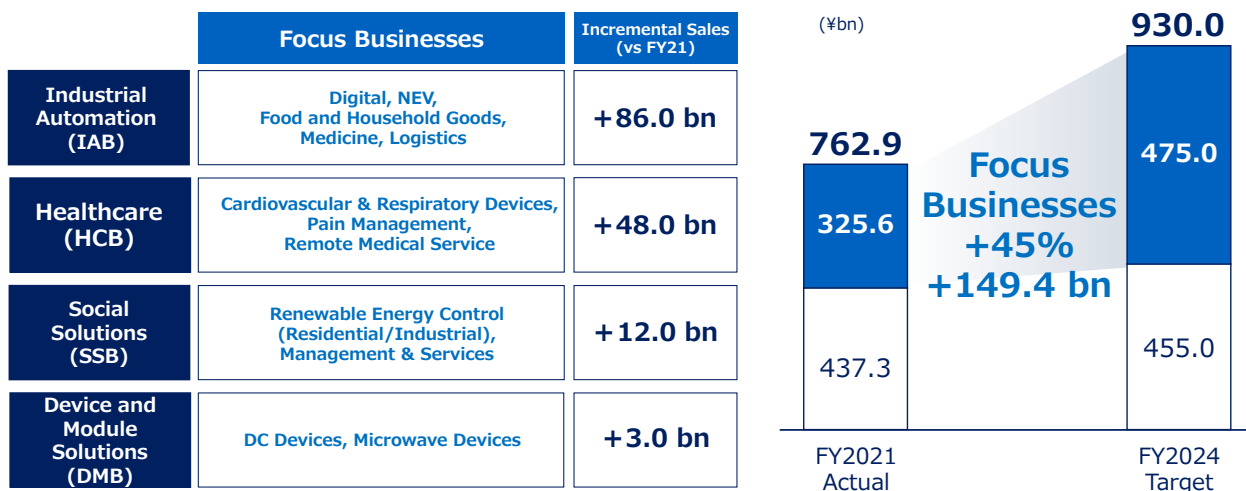
SSB will contribute to the adoption and efficient use of renewable energy and the sustainability of infrastructure to support a digital society.

DMB will contribute 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)



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In SF 1st Stage, which is the first medium-term plan under SF2030, the businesses tackling solutions to these social issues have been designated as focus businesses.

Please look at the left side of the slide. We show the focus businesses in the 4 core businesses for SF 1st Stage and our guidance for incremental sales for each business up to FY2024.

Next, look at the right side of the slide. This shows our plan for sales growth over the next 3 years for the overall company. The blue part of the bars show the sales contribution of focus businesses within total sales. We expect the growth of the focus businesses on a standalone basis over the next 3 years to be more than 45%, for an increase of 149.4 billion yen. It will be the driver of overall sales growth.

I will now discuss how we specifically propose to create social value and how this will lead to the creation of economic value. In the interest of time, of the 3 social issues, I will spotlight our initiatives for Achieving Carbon Neutral today.

# 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



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OMRON is taking 2 different approaches to contributing to the achievement of Carbon Neutrality for society.

The first is promoting Carbon Neutrality through OMRON products and services provided to customers and society. The second is promoting Carbon Neutrality through initiatives at its own sites.

Through the combination of these 2 different approaches, we will create social value which is linked to economic value creation.

Let me explain step by step.

First, I will discuss IAB's initiatives to promote Carbon Neutrality through OMRON products and services provided to customers and society.

# 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



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Currently, manufacturers are being asked to realize sustainable manufacturing as a part of achieving a sustainable society.

There has also been a new change, in the form of a need to reorganize supply chains on a global basis as a result of divisions driven by U.S. - China tensions and geopolitical risks. Moves to repatriate production in order to maintain and improve competitiveness are accelerating.

Against this backdrop, manufacturers are also facing many issues such as decarbonization, reduction of environmental burdens and labor shortages. In particular, initiatives for decarbonization and reducing the environmental burden which are necessary to achieve sustainable manufacturing have become critical issues.

OMRON's IAB is advancing numerous initiatives to link decarbonization and the reduction of environmental burdens to improve competitiveness while also ensuring their effectiveness.

As a part of this, OMRON became the first Japanese manufacturer to join EP100 in October 2022.

**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.



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EP100 is a global corporate initiative which targets a doubling of energy productivity used in business. The membership consists of companies aiming to double the energy efficiency of their businesses through advanced technology and initiatives in energy productivity.

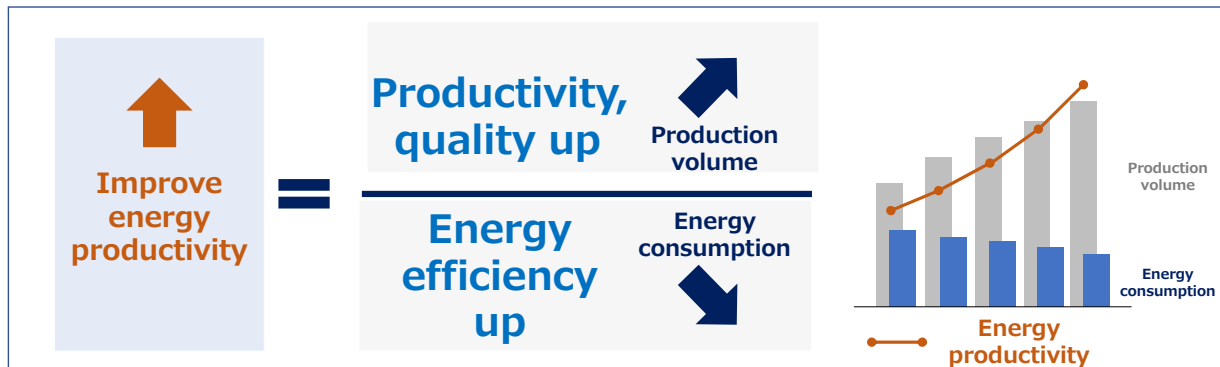
OMRON supports the principles of EP100 and has declared a target of achieving 200% energy productivity by 2040.

I will explain how we can elevate energy productivity.

## 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



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When OMRON thinks about improving energy productivity, we think not only about reducing the amount of energy consumed at the point of manufacturing but also improving production volumes by enhancing productivity and quality.

OMRON views this way of thinking as central to decarbonization initiatives on the shop floor and achieves it by providing technologies and solutions that capitalize on shop floor data. We will accelerate the deployment of this approach not just at our own sites but all along the value chain, including our customers and partners.

I would like to showcase as an example a joint project with IAB customer Murata Manufacturing.



## 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**

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Murata had been looking at the optimization of energy consumption in its clean rooms as a part of its efforts to improve energy efficiency in its plants. Within manufacturing facilities, clean rooms are large consumers of energy.

As Murata's partner, OMRON aims to contribute by providing value in 3 ways. In the middle of the slide, we show the initiatives for FY2023 and beyond.

The first is the constant visualization of energy-related information. Enabling constant visualization of not just power usage information but also production and quality information makes it possible to reduce energy consumption even in clean rooms where quality requirements are extremely demanding.

The second is data analysis and consultation. Based on the data captured through the visualization process, it is possible to identify the root cause of debris and time periods of excessive energy use. This makes it possible to propose optimal solutions.

The third is optimized energy control through an innovative application unique to OMRON. This application achieves optimal energy supply for air conditioning, maintaining the environment in the clean room by providing only the necessary energy at the necessary time through on/off controls for the air conditioning system when not operational.

With these solutions, OMRON will contribute to Murata's achievement of a reduction in energy consumption while improving productivity at its manufacturing sites. This is OMRON's approach of promoting Carbon Neutrality through OMRON products and services provided to customers and society.



# 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

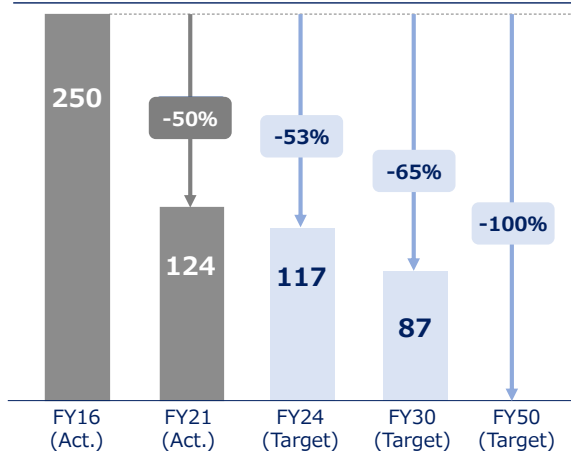


Next, I will talk about initiatives to promote Carbon Neutrality at OMRON's own sites.

## 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 1<sup>st</sup> Stage tackle carbon neutrality for all domestic locations**

**GHG Emissions' Reduction Targets (kt-CO<sub>2</sub>)**



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

- |                 |   |
|-----------------|---|
| <b>Domestic</b> | <p><b>Achieve zero carbon* for all 76 domestic locations</b></p> <ul style="list-style-type: none"> <li>- Expand power generation/savings</li> <li>- Leverage J credits acquired by SSB energy business</li> </ul>                          |
| <b>Global</b>   | <p><b>Expand power generation/savings at all locations</b></p> <ul style="list-style-type: none"> <li>- Upgrade power-saving facilities at production sites</li> <li>- Add more in-house solar power generation facilities, etc.</li> </ul> |

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

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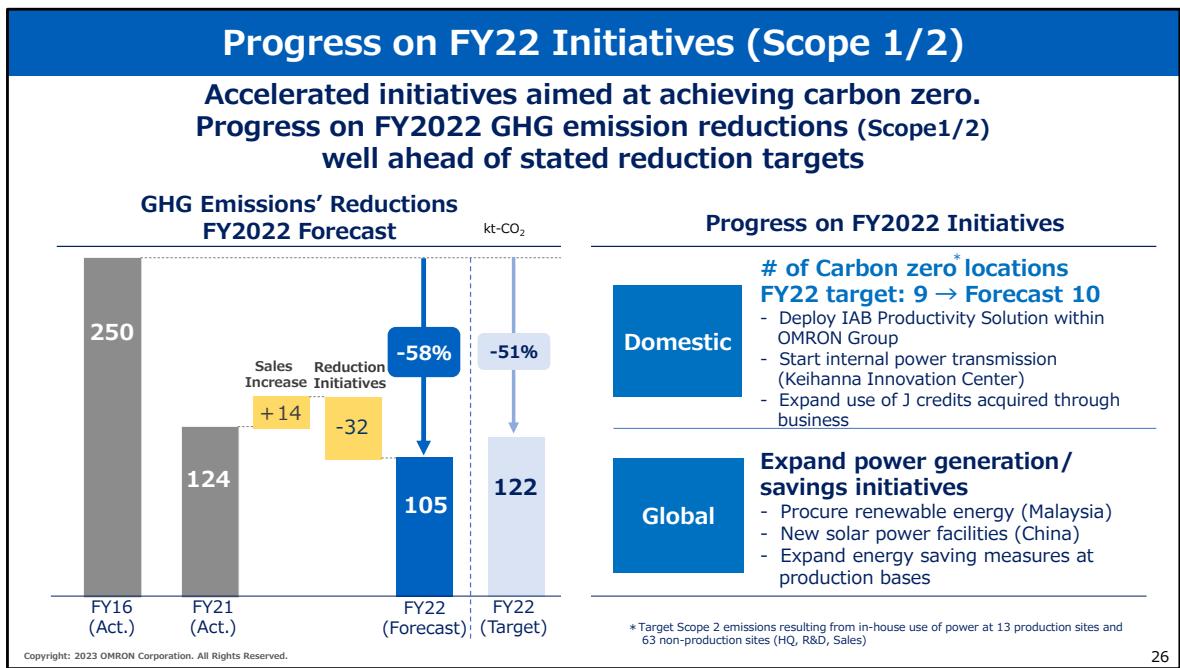
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OMRON has declared its objective of reducing GHG emissions from its own sites to zero by 2050, the OMRON Carbon Zero declaration.

Please look at the graph on the left side of the slide. As of the last fiscal year, OMRON had already reduced its GHG emissions volume by 50% versus the base year of FY2016. Based on this, we are targeting a reduction of 53% by FY2024. We aim to achieve a 65% reduction by 2030, which is the goal of SF2030.

Please now look at the right side of the slide. In SF 1st Stage, as we work toward our targets, we aim to achieve Carbon Zero for all 76 domestic sites while simultaneously expanding energy consumption cuts and renewable energy generation at all of our global sites.

Next slide please where we show forecast for progress in FY2022.



Please look at the left of the slide.

In FY2022, we now expect to achieve a reduction of 58%, well above our reduction target of 51%. As you can see, we have been able to achieve a larger reduction, despite the increase in emission volumes as a result of higher sales.

Next, please look at the right side of the page. This shows our main initiatives.

The number of domestic locations achieving carbon zero is 10, higher than our initial target of 9. This is the result of the implementation of the energy productivity solution discussed earlier within the group and the initiative to start internal power transmission of renewable energy within the group, a first for the OMRON Group.

At our global sites, we have expanded on our renewable power generation initiatives, mainly in Malaysia and China. We are making progress on reducing GHG emissions volumes in each area.

As you can see, we are making firm progress in implementing energy reduction initiatives at our own sites. We are solidly on the way to creating social value by making advances toward achieving a carbon neutral society. In addition, by making our sites carbon neutral, we are also able to generate the added value of carbon zero for OMRON products, which also leads to better differentiation versus our peers. By proactively targeting carbon neutral for our own sites, we can link social value to economic value.

This completes my explanation of our initiatives.

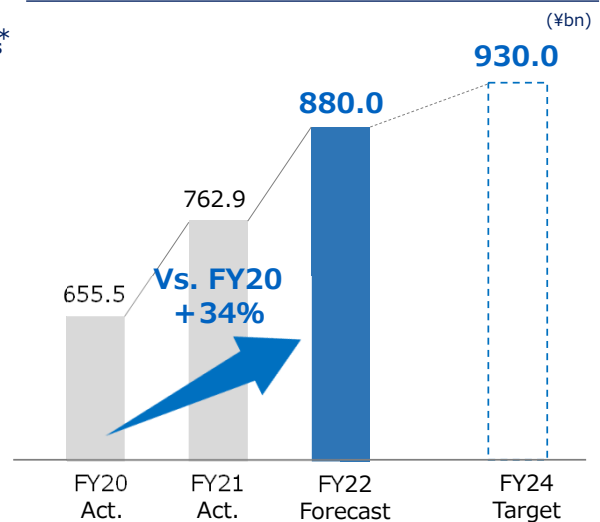
## Expanding Social Value KPI and Financial Value

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*
<b>IAB</b>	# of customers adopting innovative-Automation 5,000 Cos. (2X FY21)	112%
<b>HCB</b>	Global BPM sales volume 94 million (3 year cumulative)	87%
<b>SSB</b>	Remote medical service users 600K (Cumulative)	72%
<b>SSB</b>	Connected energy mgmt. units 50K (3 year cumulative)	150%
<b>DMB</b>	Sales of products contributing to rising penetration of new energy/high speed communications · Prod. for DC eq. 60m units (3 yr cumulative) · Prod. for microwave eq. 170m units (3 yr. cumulative)	100%

### Sales Trend



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Despite being a challenging operating environment, OMRON has been able to solidly create social value in FY2022 and has advanced its initiatives to link social value to economic value.

Please look at the left side of the slide. We show the progress rates for our quantitative social value creation KPIs. As you can see, each business is making steady advances, reflecting the fact that the products, services and solutions provided by OMRON are linked to social outcomes.

In particular, IAB, which we discussed today, is making progress on achieving carbon neutral. You can see we have made significant advances toward the social value KPIs.

Please look at the right side of the slide. By linking the outcome of social values to economic value, OMRON is expected to achieve 34% sales growth in FY2022 compared to FY2020.

By contributing to the achievement of a sustainable society as a result of addressing social issues through our business, we expect to be able to continue to grow.

This completes my portion of the presentation.

I will now hand over to Ms. Yue Li, for a discussion of our initiatives to achieve our non-financial metrics.

### 3. Initiatives to Achieve Non-Financial Targets

Mr. Igaki, thank you.

Good morning everyone! I am Yue Li, Senior General Manager of the Sustainability Office.

I will talk about the non-financial targets included in the management targets of SF2030, touching upon current progress and specific initiatives toward achieving our targets.

## SF2030 : Non-financial Targets (FY2024 targets)

1. Grow Sustainability Sales\*<sup>1</sup> 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 \*<sup>2</sup> at all 76 \*<sup>3</sup> domestic locations
6. Implement human rights due diligence in alignment with UNGP\*<sup>4</sup> 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

These are the 11 non-financial targets set out in SF2030.

Items 1 through 7 are targets set by the group. We show the social value to be created by OMRON and the capability we will secure to create this value.

Items 8 through 10 are targets that were determined through a global vote by employees.

Why did we choose overall targets based on an employee vote? We did this because having employees participate in the process of selecting a target which they want to achieve of their own free will raises their motivation in contributing to the initiative, which links to the employees' ability to act and the competitiveness of OMRON as a company.

The final plus-one target is a target in which we asked top managements of each region to declare and act on their stated commitments to the local communities in which they operate, in alignment with OMRON's sustainability policy.

## 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 <b>contribute to local communities in alignment with OMRON's Sustainability Policy</b>	FY22 Declare, execute

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This slide shows the progress rates versus the FY2024 targets as of the end of the current fiscal year.

As the FY2022 milestones are different for each item, the overall progress rates are mixed. That said, we are making good progress toward the FY2024 targets, with steady advances on the necessary action plans for each item.

Going forward, OMRON's employees around the world will continue to focus strongly on initiatives to achieve the targets, which are considered important metrics to drive OMRON's growth.

Today, I will showcase one example from the plus-one item, the commitment of each region to local communities, outlined in blue.

## Plus 1 Non-Financial Targets: Commitments to Local Communities

### Our Commitments to Local Communities

Americas	<ul style="list-style-type: none"><li>Engage in volunteer activities which reflect the diverse values of our employees, to address issues of local communities</li></ul>
Europe	<ul style="list-style-type: none"><li>Support the employability of the disabled and socially vulnerable (refugees, minority groups and others)</li></ul>
Asia	<ul style="list-style-type: none"><li>Volunteer activities for local communities in countries in the region</li><li>Internship program to raise employability, allowing disabled and disadvantaged individuals to acquire technical expertise and skills</li></ul>
Greater China	<ul style="list-style-type: none"><li>Volunteer activities to set up school libraries and donate PCs to redress educational inequality in impoverished areas</li></ul>
South Korea	<ul style="list-style-type: none"><li>Engage in volunteer activities that relate to the promotion of wellness, address labor shortages and support the economically disadvantaged</li></ul>
Japan	<ul style="list-style-type: none"><li>Create an environment combining physical and remote tools allowing individual employees to participate activities supporting local communities based on their personal values from anywhere</li></ul>

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This slide shows the commitments to local communities local senior management has made in each of the regions. The objectives set out by each area reflect the strong commitment to contributing to solutions to social issues in regions or local communities. Today, I will explain OMRON China's initiative to redress educational inequality in impoverished areas.



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



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In China, the gap in educational levels for children between urban and rural areas is increasingly acute.

As an example, if we look at the number of books in schools, there is a shortage of books relative to the number of pupils in many rural elementary schools. In response, OMRON China set up a public interest project with a local foundation, donating around 45,000 children's books to elementary schools located in impoverished areas.

Going forward, OMRON China plans to continue to make donations of school items and visits to schools, providing support on an ongoing basis. The gratitude of the local children has elevated the motivation of employees involved in this activity.

These initiatives are not just targeted at redressing the inequality of education in rural China. They also allow OMRON to develop a positive partnership with solid roots in the local community.

As noted earlier, we are making good progress on initiatives aimed at the achievement of non-financial targets. Going forward, we will accelerate our initiatives to maximize corporate value.

This completes this section of the presentation.

Next is the section on Human Creativity.

I will now hand over to Mr. Tomita.

## 4. Improving Human Creativity

Ms. Li, thank you.

I am Masahiko Tomita. I will explain the next section, Improving Human Creativity.

# OMRON's Concept of Diversity and Inclusion (D&I)

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



## 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

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As has been discussed to this point, OMRON is making advances in creating value through its businesses toward the realization of the society we envision in SF2030. OMRON believes the key to value creation is Diversity and Inclusion.

What does Diversity and Inclusion mean for OMRON?

Internally, this has been a topic of intense discussion.

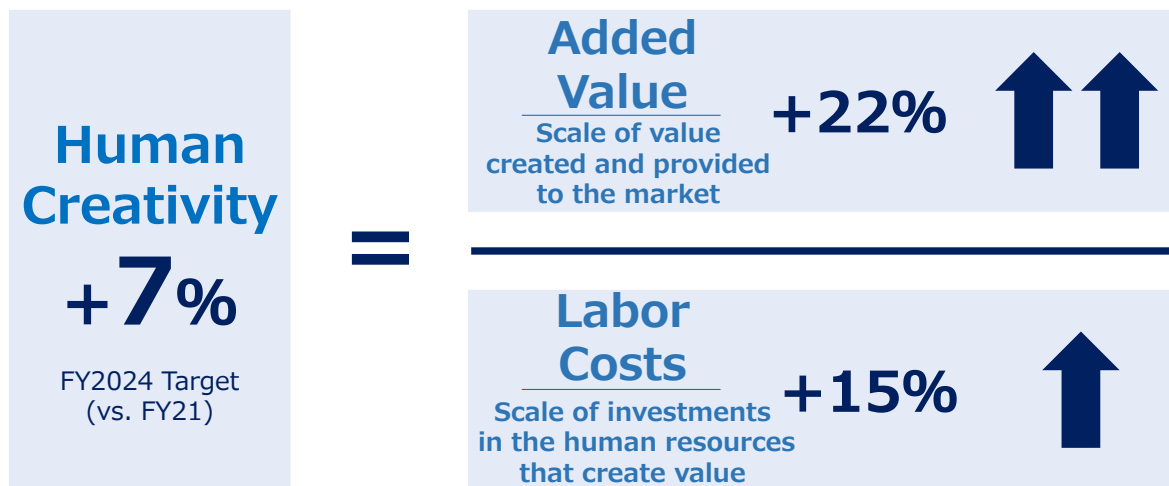
OMRON defines diversity as the ability to attract diverse people who will take on the challenge of the creation of a better society. We define inclusion as allowing individuals to unleash their passion and ability, and to create innovation by bringing our diverse personalities together to share the fruits of our labor.

By accelerating diversity and inclusion, we can strongly promote value creation. The question is how to measure the impact. The metric of Human Creativity allows us to measure this.

I will explain in more detail from the next page.

## OMRON's Concept of Human Creativity

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



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OMRON positions Human Creativity as an important strategic target. We aim to achieve a 7% improvement by FY2024 compared to FY2021,

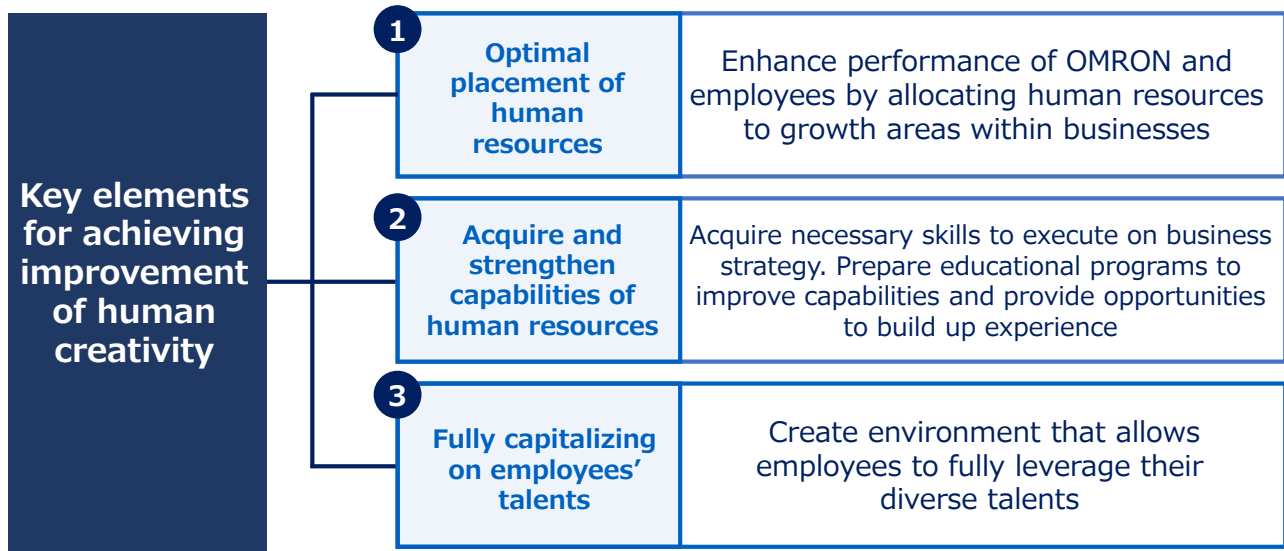
This slide shows the formula for calculating Human Creativity. The numerator is added value, which represents the value that OMRON has created and provided to the market. The denominator is total labor costs, effectively the scale of investments in the human resources which create value.

Our objective is the creation of value.

With this formula, it is important to grow both the denominator and numerator. By solidly investing in human resources, which is the denominator, we create even more added value, boosting the numerator. Specifically, by increasing investments in human resources by 15%, we aim to grow added value by 22%. The resulting improvement to Human Creativity is 7%.

From the next page, I will explain the key specific factors for raising Human Creativity.

## 3 Key Elements for Elevating Human Creativity



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At a high level, there are 3 key elements for elevating Human Creativity.

The first is the optimal placement of human resources. Assigning the right individuals to the right businesses within growth areas will raise employee performance, leading to greater added value.

The second is acquiring and strengthening the capabilities of our human resources, to drive business growth. In line with the value creation plan, effectively our business strategy, there are necessary capabilities that must be acquired. To achieve this, OMRON will prepare training programs and provide forums to allow employees to build up the requisite experience.

The third is to fully capitalize on the talents of our employees. We believe it is important to create an environment where employees can fully leverage their diverse capabilities.

So, how will OMRON tie these actions into the creation of value?

I will share examples of acquiring and strengthening capabilities of human resources and fully capitalizing on employees' 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 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

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#### 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

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First, I would like to showcase OMRON Sinic X as an example of acquiring human resource capabilities.

OMRON SINIC X was established in 2018 to address social issues through the creation of innovative technologies. SINIC X has been able to bring together top researchers in the leading-edge areas of AI and robotics technologies

Why have we been able to bring so many talented researchers together? There are 3 reasons.

The first is OMRON SINIC X's stated mission. OSX's mission to 'Develop innovative technologies needed for society of the near future and create the concrete architecture required for its realization.' is one that resonates strongly with many researchers. Many talented researchers have a strong sense of purpose. They consider the opportunity to not just develop technology but apply the technology they create to change the world to be very compelling.

The second is the working environment. In order to allow researchers to freely engage in research, OSX has a different employment style and rules to OMRON.

Finally, co-creation with external parties. OSX is based in the Hongo neighborhood of Tokyo, which is home to many AI companies and research institutes. It engages in open innovation with other companies, research institutes and academic institutions.

Numerous research and development theme which will have a significant impact on society have been created in Hongo. More than 40 papers, which have been very well received, have been accepted at major international conferences.

The diverse and multitalented researchers at OMRON SINIC X are driving significant value creation which will contribute to OMRON's future.

## Leveraging Existing Talent: Engagement Survey (VOICE)

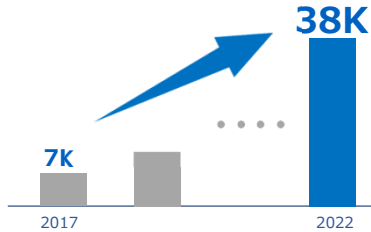
Engaging with individual employees since 2016 through VOICE.  
Management continues to implement initiatives  
to create a work environment in which employees can thrive

### Employees' Response to VOICE

[FY22 Actual]

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

[Trend in # of open comments]



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### 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

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Next, as an example of fully capitalizing on employees' talents, I will showcase our employee engagement survey VOICE. VOICE is an initiative where the management team hears input from each and every employee, identifies issues and takes actions to resolve such issues.

The response rate for FY2022 VOICE was 91%. Employees also responded with 38,000 open comments. The market research company which conducts the survey was very surprised by the high number of open comments relative to the roughly 20,000 individuals that are targeted by VOICE. This is a significantly higher level than at other companies. This result is proof that our employees expect that the sharing of their views, will result in senior management responding to make the company better.

I am increasingly convinced that the relationship of trust between management and employees has gotten stronger. CEO Yamada and I read all of the open comments from our employees. It is a big task but I look forward to it very much as it provides fresh insights and helps us identify issues. I believe that VOICE allows OMRON to constantly upgrade itself.

Please see the right side of the slide. We highlight major initiatives that were undertaken as a result of employee comments. Some examples of the diverse array of kaizen themes that we are currently undertaking include the revamping of the corporate systems, which was a global initiative across all of the businesses, and measures to enhance the efficiency of HCB's business process.

There are many instances of groupwide improvements that were made as a result of VOICE. At the same time, there are many requests for improvements or recommendations related to the delegation of authority or the simplification of operating processes. None of these are easy themes but management is taking the initiative on actions which will lead to improvements or reforms.

Going forward, we will continue to leverage VOICE as a tool that connects management with front line employees in order to create a workplace where employees can fully tap into their capabilities.



## 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
<b>Attract diverse human resources</b>  <b>Create innovation by unleashing passion and ability</b>	<b>Global hiring of specialist human resources to lead value creation</b>	HR portfolio sufficiency rate*	<b>Achieved in line with FY22 plan</b>
	<b>Promote localization of globally important positions</b>	>80%	<b>&gt; 80%</b>
	<b>Promote career advancement for women by developing next-generation leaders</b>	Global ratio of women in management roles >18%	<b>16.8%</b>
	<b>Implement and expand diverse career, employment status and working styles choices</b>	VOICE SEI >70 points	<b>76 pts.</b>
	<b>Invest in individuals keen to grow</b>	HR development investments ¥6 bn 3-year total	<b>Vs. FY22 plan: 98%</b>
	<b>Establish Jobs program with defined roles, responsibilities and specialties</b>	Complete introduction of defined Jobs program	<b>In line with plan</b>
	<b>Cultivate a workplace environment that supports personal growth and motivated individuals</b>	VOICE & bottom-up FB Scores	<b>Relevant scores exceed plan</b>
	<b>Initiatives and programs to share achievements which solve social issues</b>	<ul style="list-style-type: none"> <li>Evolution of TOGA</li> <li>Adoption of MT equity linked compensation for global management positions</li> </ul>	<ul style="list-style-type: none"> <li>TOGA participants 133%</li> <li>Rollout of equity linked compensation plan</li> </ul>

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\*Set for each individual year<sup>39</sup>

Today, I have shared some specific examples of initiatives aimed at improving Human Creativity.

The path to implementing diversity and inclusion and elevating Human Creativity is not easy. However, we believe advances can be made in the majority of cases where combinations of many of the initiatives we show on this slide will bear fruit.

I believe it will take time to see results in the form of improved added value from investing in human resources and other human capital measures. It is precisely because this is the case that it is important that we both implement each of these measures and take a medium-term perspective in making assessments.

Going forward, OMRON will steadily advance its action plan to become a company that attracts diverse human resources with specialist skills and will continue to be an organization where each individual has agency in fully capitalizing on their potential.

I will now hand over to CEO Yamada in closing.



# CEO Message



Mr. Tomita, thank you.

At the end of our presentation, I wanted to take this opportunity to address all of you. As you know, I will be stepping down as CEO at the end of March.

I am grateful to everyone for the support you have shown over the last 12 years. When I look back, I have consistently focused on managing the business to achieve my aim of building a strong OMRON since becoming CEO in 2011.

For OMRON, a strong company is a company that combines growth, profit-generating capability and resilience. However, the true objective is not simply to become a strong company. OMRON's purpose is to continue to contribute to society through the creation of social value. In other words, what I aimed to achieve is a strong company with a strong sense of mission.

OMRON is making advances every year, but there is still more to do. I consider OMRON to be a work in progress.

The narrative of OMRON's development going forward in its mission 'Contribute to a better society through our business' is laid out in the new Long-term Vision SF2030.

We have only just begun but FY2022 has been a good start. I will leave the story from here in the hands of a new executive team.



Under new CEO Tsujinaga from April, all of the heads of the 4 companies are new appointees. Major changes have been made to executive team for the group as a whole.

However, I have no concerns about OMRON. I believe that I am leaving OMRON's future in the hands of many excellent managers that have come into their own. In conjunction with the new management team, more than 20 individuals have been promoted to senior management positions.

I believe that their passion, appetite to grow and new ideas will be a fresh and powerful driving force for OMRON. I ask you to hold high expectations for the new and passionate management team: the next-generation Team OMRON.

Going forward, I will contribute to improving OMRON's corporate value as Chairman of the Board both through my oversight of the new executive team and a focus on strengthening corporate governance.

Finally, I would like to express my deep gratitude to all the investors who joined us today as well as all market participants. Through engagement with all of you, this last 12 years has been a period of great learning and personal growth for me.

Thank you so much.

I humbly ask that you continue to support Team OMRON.

This completes today's presentations.

Thank you for your participation.

**OMRON**