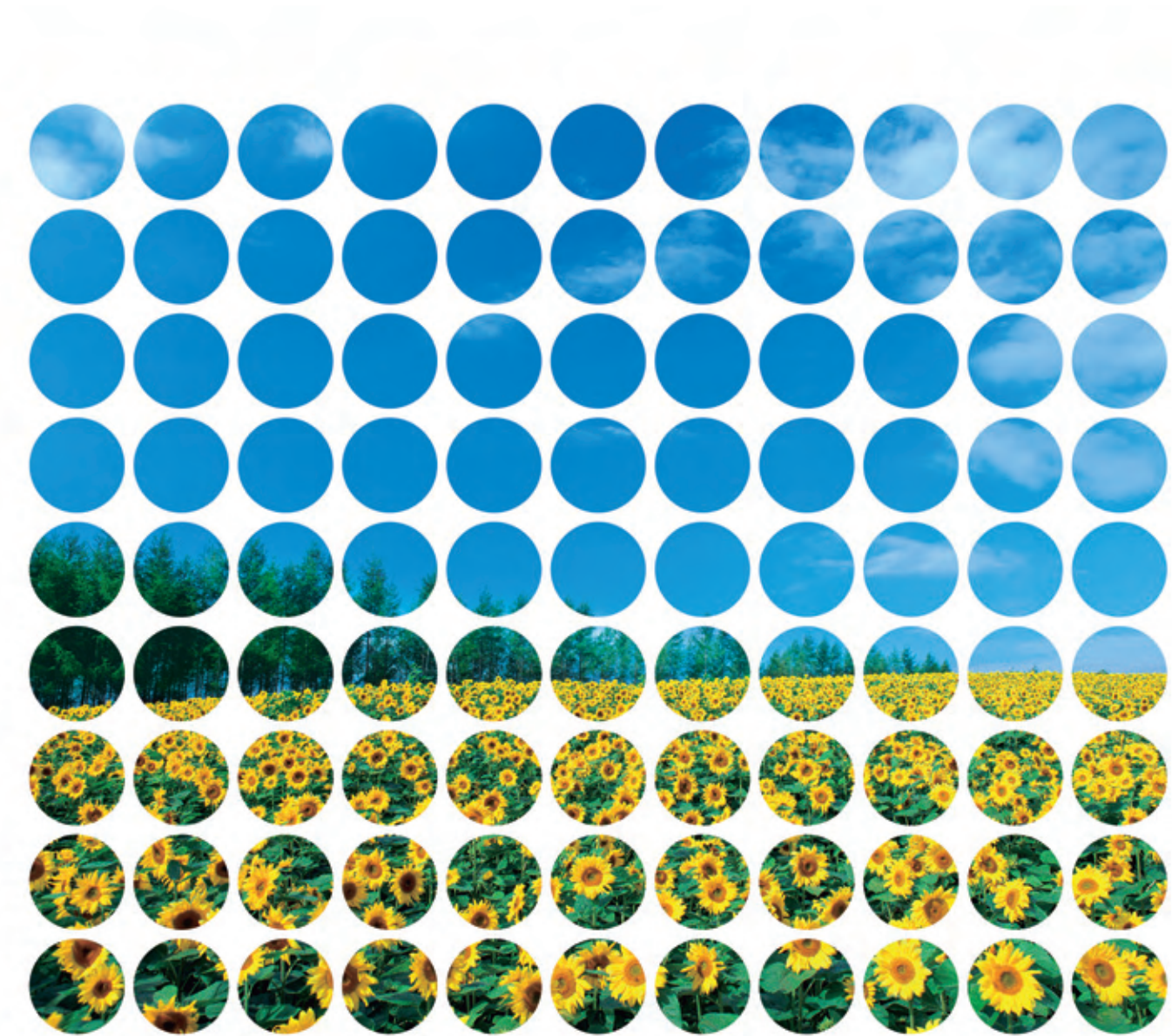


# Sustainability Report 2009

**OMRON**

*Sensing tomorrow™*



# Editorial Policy

## Combination of printed report and website

In fiscal 1998, Omron began publishing an environmental report. The report was upgraded in fiscal 2004 to include in-depth reporting of the social aspects of Omron's corporate activities. Since that time it has been published under the title "Sustainability Report," reflecting Omron's consistent commitment

to the sustainable development of society. In fiscal 2008, Omron decided to differentiate the type of information to be reported according to the role of each media type, so that the printed report focuses on important information while the website provides comprehensive coverage of information.

### Printed report oriented toward "materiality"

#### Offering information important for stakeholders and Omron

The printed report focuses on issues of high importance to both Omron's stakeholders and Omron in three areas, namely economy (business), environment and society, which are key issues that Omron should address.



### Website oriented toward "completeness"

#### Providing comprehensive coverage of information to meet requirements of diverse stakeholders

To ensure complete information coverage, the website also introduces information not available in the printed report. In the future, Omron will update information on the website in a timely manner whenever new activities and results become available.

<http://www.omron.com/corporate/csr/>



## Identification of materiality

In fiscal 2007, Omron analyzed various issues faced by the company along the two axes of materiality to stakeholders ("impact on stakeholders") and materiality to Omron ("impact on Omron"), and identified important issues, to which Omron should give priority in addressing (areas of CSR activities Omron should focus from a medium-term perspective).

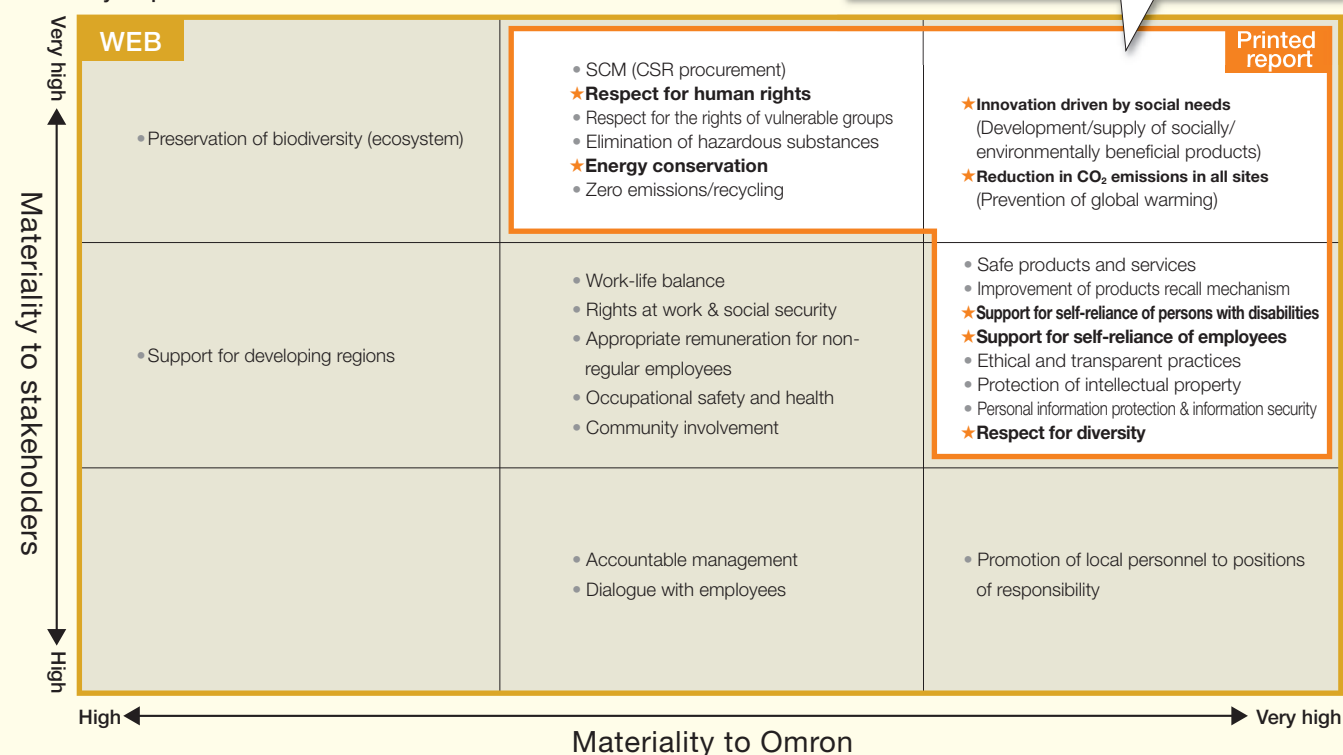
"Materiality to stakeholders" was determined by evaluating the level of their demands and expectations, and the degree of impact on their overall interests. Sources of reference for this process included input and feedback from Omron's main stakeholders, views of external CSR experts gathered through dialogues with people from the Global Leadership Network (GLN), AccountAbility and

other similar organizations. Omron also referred to international standards and guidelines, including the OECD Guidelines for Multinational Enterprises, as well as the Charter of Corporate Behavior established by Nippon Keidanren (The Japan Business Federation). "Materiality to Omron" was determined based on the degree of impact on Omron's business results, the necessity for Omron to address, as well as the gap between Omron's vision and its current standing.

In fiscal 2008, the identified important issues were further narrowed down to determine focus issues for Omron to address by taking quintessentially Omron qualities and the degree of urgency into consideration. Omron implemented various initiatives to address these focus issues based on the PDCA cycle.

## Issues That Omron Should Address

### Materiality Map ★=Focus issues



**Materiality to stakeholders** : Level of stakeholder demands/expectations, degree of impact on stakeholders' decisions from medium-term perspective

**Materiality to Omron**: Degree of impact on Omron's management/business performance from medium-term perspective, necessity for Omron to address, and the gap between Omron's vision and its current standing

## ■ Respect for portrait rights and copyrights

In fiscal 2008, Omron strengthened measures to ensure protection of portrait rights and copyrights for the placement of photographs, charts, graphs, etc. in the report.

## ■ Guideline references

Global Reporting Initiative (GRI) "Sustainability Reporting Guidelines (G3 version)"  
Ministry of the Environment "Environmental Reporting Guidelines (2007 edition)"

## ■ Next scheduled publication

June 2010 (Japanese edition)

July 2010 (English edition)

\*Detailed economic (business) performance reporting is available in our Annual Report 2009 to be published in August 2009.

## ■ Period covered by this report

Fiscal 2008 period (April 1, 2008 through March 31, 2009). Some of the activities and initiatives implemented during fiscal 2009 are also included.

## ■ Structure of this report

In preparing the report, Omron strived to follow the sequence of the PDCA cycle whenever possible, which involves Plan and Do activities during the reporting period and Check outcomes and Act to make necessary improvements.

## ■ Organizations covered by this report

**Economic (business) and social performance reporting:** The entire Omron Group (referred to as "Omron" within the report). When matters are reported that only concern Omron Corporation, or a specific region and/or specific Group company, this is indicated within the report.

**Environmental performance reporting:** Sites where an environmental management system is in place, as shown below:

- 18 Omron Corporation sites
- 46 sites of major Group companies in Japan
- 18 sites of major Group companies overseas  
(3 sites in Americas, 3 sites in Europe, 8 sites in Greater China, 4 sites in Asia Pacific)

In fiscal 2008, Omron declared its support for the Ten Principles of the United Nations Global Compact (UNGC), universally accepted ten principles in the areas of human rights, labor standards, the environment and anti-corruption. As a member of the Global Compact Japan Network, Omron will continue to abide by the ten principles in the promotion of its corporate activities.



### The Ten Principles of United Nations Global Compact

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2: make sure that they are not complicit in human rights abuses.
Labor Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4: the elimination of all forms of forced and compulsory labor;
	Principle 5: the effective abolition of child labor; and
	Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;
	Principle 8: undertake initiatives to promote greater environmental responsibility; and
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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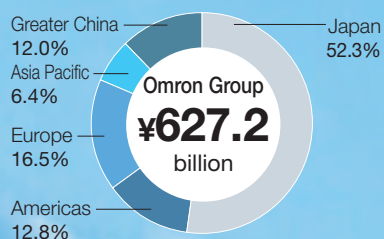
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# Striving to create a better society by drawing on Omron's core sensing and control technology, with a focus on social needs related to safety, security, health and the environment

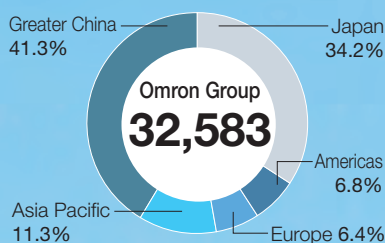
Since the company's founding, Omron has promoted a wide range of businesses that contribute to a better society. By capitalizing on its core competencies in sensing and control, Omron will continue offering new value in various sectors of society worldwide—the factory floor, the office, the streets, train stations, and the home.



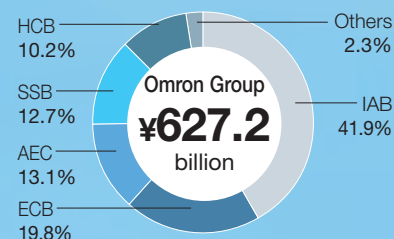
Net Sales by Region (consolidated)



Employees by Region (consolidated)



Net Sales by Segment (consolidated)



## IAB Industrial Automation Business

Production and marketing of control components and systems for factory automation and industrial equipment

Sensing devices (photoelectric sensors, proximity sensors, PC board inspection systems, etc.), control devices (programmable logic controllers, temperature controllers, relays, timers, etc.), safety components (safety sensors, safety switches, etc.)

## ECB Electronic Components Business

Production and marketing of electronic components for home appliances, telecommunications equipment, mobile phones, amusement machines and office automation equipment

Relays, switches, connectors, sensors, microlens arrays, custom ICs, IC coin systems, optical communications devices, etc.

## HCB Healthcare Business

Production and marketing of home-use and professional-use medical devices

Blood pressure monitors, digital thermometers, nebulizers, pedometers, body composition monitors with scale (body fat monitors), electric toothbrushes, vital signs monitors, blood pressure monitoring systems, portable ECG monitors, central patient monitoring systems, non-invasive vascular screening devices, etc.

## AEC Automotive Electronic Components Business

Production and marketing of electronic components for automobiles

Automotive relays, sensors, power window systems, remote keyless entry systems, electronic control units, etc.

## SSB Social Systems Business

Production and marketing of equipment, systems and modules in the areas of public transportation and traffic control as well as provision of related solutions and services

Automated passenger gates, ticket vending machines, fare adjustment machines and other railway systems; traffic signal controllers, road management systems and other traffic control systems

## Others

Development and promotion of new businesses to realize the Group's growth strategy

CO<sub>2</sub> reduction solutions (electricity usage monitoring systems, etc.), personal computer peripheral equipment (modems, broadband routers, UPS, etc.), wireless sensing devices (insulation monitoring devices, etc.), RFID systems (IC tag inlays, reader/writers, antennas, etc.)

## Major Group Companies

### IAB (Industrial Automation Business)

OMRON Izumo Co., Ltd./OMRON Takeo Co., Ltd./OMRON Aso Co., Ltd./FA Techno Corporation/OMRON Kansai-Seigyo Corporation/Gyoden Corporation/OMRON Kyoto Taiyo Co., Ltd./OMRON Manufacturing of America, Inc. (U.S.A.)/OMRON Scientific Technologies, Inc. (U.S.A.)/OMRON Electronics LLC (U.S.A.)/OMRON Canada Inc. (Canada)/OMRON Europe B.V. (The Netherlands)/OMRON Manufacturing of The Netherlands B.V. (The Netherlands)/OMRON Electronics Iberia S.A. (Spain)/OMRON Electronics S.P.A. (Italy)/OMRON Electronics Ltd. (U.K.)/OMRON (Shanghai) Co., Ltd. (China)/OMRON Industrial Automation (China) Co., Ltd. (China)/OMRON Taiwan Electronics Inc. (Taiwan)

### ECB (Electronic Components Business)

OMRON Kurayoshi Co., Ltd./OMRON Sanyo Co., Ltd./OMRON Amusement Co., Ltd./OMRON Taiyo Co., Ltd./OMRON Relay and Devices Corporation/OMRON Precision Technology Co., Ltd./OMRON Electronic Components LLC (U.S.A.)/OMRON Automotive Electronics Italy S.R.L. (Italy)/OMRON Electronic Components Ltd. (U.K.)/OMRON Electronic Components Europe B.V. (The Netherlands)/Shanghai OMRON Control Components Co., Ltd. (China)/OMRON Electronic Components (Shenzhen) Ltd. (China)/OMRON Electronic Components Pte Ltd. (Singapore)/OMRON Electronic Components (Hong Kong) Ltd. (Hong Kong)/OMRON Malaysia Sdn. Bhd. (Malaysia)/PT OMRON Manufacturing of Indonesia (Indonesia)

### AEC (Automotive Electronic Components Business)

OMRON Iida Co., Ltd./OMRON Automotive Electronics, Inc. (U.S.A.)/OMRON Dualtec Automotive Electronics, Inc. (Canada)/OMRON (Guangzhou) Automotive Electronics Co., Ltd. (China)/OMRON Automotive Electronics Korea Co., Ltd. (Korea)/OMRON Automotive Electronics Co., Ltd. (Thailand)

### SSB (Social Systems Business)

OMRON Software Co., Ltd./OMRON Field Engineering Co., Ltd.

### HCB (Healthcare Business)

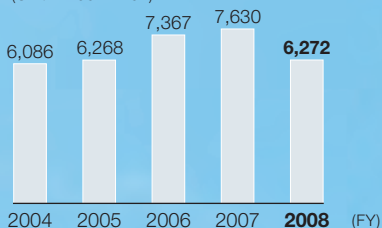
OMRON Healthcare Co., Ltd./OMRON Matsusaka Co., Ltd./OMRON Colin Co., Ltd./OMRON Healthcare, Inc. (U.S.A.)/OMRON Healthcare Europe B.V. (The Netherlands)/OMRON (Dalian) Co., Ltd. (China)/OMRON Industry & Trade (Dalian) Co., Ltd. (China)/OMRON Healthcare Singapore Pte. Ltd. (Singapore)

### Others

OMRON Nohgata Co., Ltd./OMRON Personnel Service Co., Ltd./OMRON & SUMISO Logistic Co., Ltd./OMRON Marketing Co., Ltd.

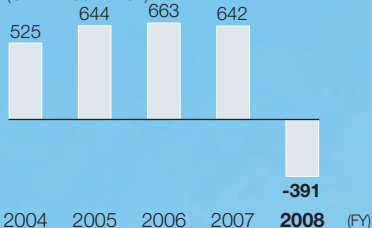
## Net Sales (consolidated)

(Unit: ¥100 million)



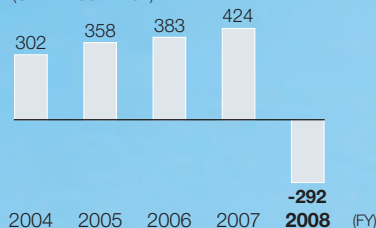
## Income Before Income Taxes (consolidated)

(Unit: ¥100 million)



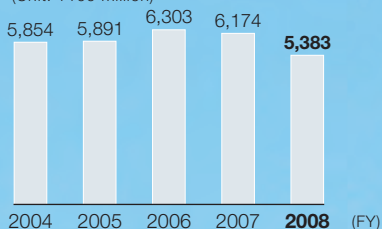
## Net Income (consolidated)

(Unit: ¥100 million)



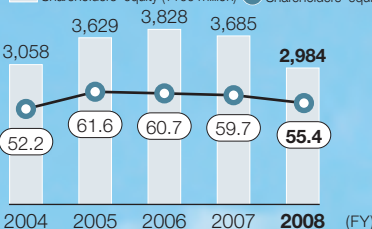
## Total Assets (consolidated)

(Unit: ¥100 million)



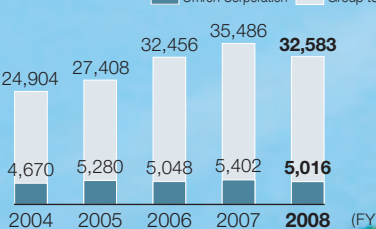
## Shareholders' Equity & Shareholders' Equity Ratio (consolidated)

■ Shareholders' equity (¥100 million) ● Shareholders' equity ratio (%)



## Employees

■ Omron Corporation ■ Group total



社憲

われわれの働き  
われわれの生活を向上し  
よりよい社会を  
つくりましよう

一九五九（昭和三四）年二月一日制定



**Yoshio Tateisi**

Chairman of the Board of Directors  
OMRON Corporation

# Aiming for sustainable development of society and the company

On behalf of all Omron Group employees, I would first like to express our heartfelt appreciation for the daily support and cooperation from all our stakeholders. At Omron, we have been conducting our corporate activities in conformance with the corporate core value of “working for the benefit of society.”

As we face the global recession stemming from the U.S. financial crisis, Omron also faces a harsh business environment. However, all Omron executives responsible for management practices and business execution, including myself, take this global recession as a great opportunity to reflect on our past conduct and further enhance our strengths, rather than simply blaming our difficulties on external factors. As such, we are aggressively promoting radical structural reform toward the revival of Omron.

In the Omron Group CSR Practice Guidelines, we have specified a basic policy and guidelines for practice regarding “Proper Discharge of Tax Responsibilities, Accounting and Investment Activities,” which prohibit improper, speculative investments. Accordingly, I’m confident that Omron has never deviated from the right path as a manufacturer even when faced with a series of economic bubbles leading to the present financial crisis. But there still may be points we need to reconsider and attitudes we need to correct as a company that consistently emphasizes the importance of serving society as stipulated in its corporate core value. We must continue to ask ourselves whether Omron has done its best to fulfill social needs, and whether we have used resources as efficiently as possible when offering products and services to society. I believe that as long as Omron is a part of society, offering maximum benefits to society should in turn bring maximum profits to us. If so, the recent sluggishness of our business must be a “warning light” that society has given to us.

In the current situation, it is probably beyond human projection when the current global recession bottoms out and the ebb tide turns into a rising tide. Even so, I believe we must prepare ourselves now for that rising tide so that we will be agile enough to respond to changes and make a more substantial contribution to society. With that in mind, we will make greater efforts to promote “innovation driven by social needs.” We consider this the very core of our CSR activities. It means to quickly anticipate and address potential needs of society by offering products and services that help tackle social challenges in the fields of the environment, resources,

energy, safety, security, health, food and others.

At Omron, we view this time as a period of significant transition as we shift from cybernetics to bionetics, and develop our industrial society into a sustainable society. Facing such major changes requires us to be prepared to quickly respond to an emerging environment-oriented economy. Our approach will emphasize resources/energy conservation and the development of alternative energy sources, as well as ecological preservation and the proper use of biological resources. One example of our focus activities is our CO<sub>2</sub> reduction solutions business, featured in Omron’s Sustainability Report 2009.

To practice CSR so as to meet requirements of this new age, we must prioritize engagement with a diverse range of stakeholders as we cannot meet all our responsibilities to society by our company alone. Our goal is to assume social responsibilities together with local communities by implementing comprehensive initiatives that involve communities in each region of the world where we conduct business.

We are now in the midst of a great transition taking place on a global scale. It is my hope and also a resolution for fiscal 2009 that all Omron Group employees, with lofty ambitions and firm confidence, will implement necessary measures hand-in-hand with people of local communities across the world to get ready for the upcoming rising tide.

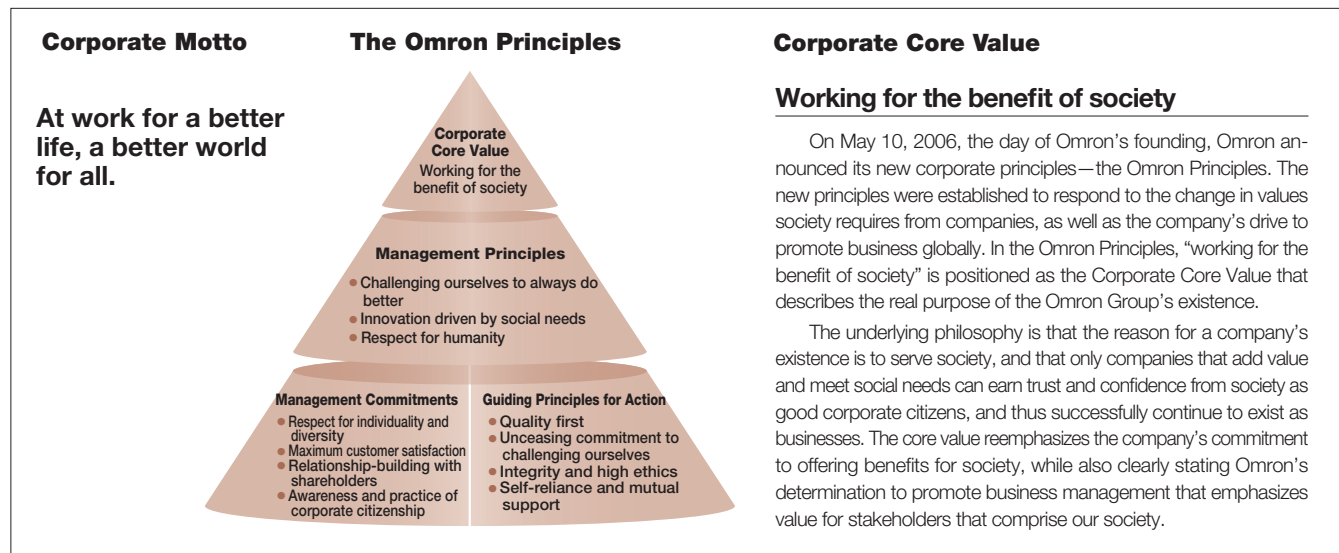
We sincerely appreciate the understanding of our stakeholders across the world regarding our commitment to do our part in achieving sustainable development of society and the company.

June 2009

Yoshio Tateisi  
Chairman of the Board of  
Directors  
OMRON Corporation



# Living up to the corporate core value of “working for the benefit of society”



## [ The Omron Principles and CSR ]

### Identifying important activities based on Omron’s distinctive qualities and sense of urgency

Within the Omron Principles, the Management Commitments serve as the core elements in Omron’s drive to meet its CSR. These commitments clearly stipulate Omron’s focus on stakeholder engagement in management based on sincere dialogue and mutual trust.

In line with these commitments, Omron formulated medium-to-long-term CSR strategies and embedded them into its management strategies to effectively promote CSR practices. During the second stage (fiscal 2005-07) of its long-term management plan Grand Design 2010 (GD2010), Omron conducted CSR activities in accordance with the basic CSR policy established in fiscal 2005 (right).

In fiscal 2007, Omron determined issues to be addressed during the years leading up to 2010. This process was based on the perception of society 10 years into the future and Omron’s CSR vision as well as the global community’s expectations in the area of CSR. Omron then identified high-priority areas selected from many extracted issues along the two axes representing “materiality to Omron” and “materiality to stakeholders.” During the course of the decision-making process, Omron engaged in dialogues with stakeholders to collect their views.

In fiscal 2008, Omron further narrowed down its focus issues by taking quintessentially Omron qualities and the degree of urgency into consideration.

### CSR framework based on triple bottom line

To implement management practices that emphasize stakeholder engagement, Omron defined three pillars of CSR activities in its basic policy. In fiscal 2008, striving to create a common CSR awareness within the Omron Group at the global level, Omron also developed a framework (chart at right) that gives an overview of issues that the company will tackle. The framework consists of activities to address

issues related to economy, environment and society, a so-called “triple bottom line,” on top of fundamentals such as corporate governance and internal controls.

#### Basic Policy for CSR Activities

- **Contribute to a better society through business operations.**  
Continuously offer advanced technologies, high-quality products and services by stimulating innovation driven by social needs.
- **Always demonstrate fairness and integrity in the promotion of corporate activities.**  
Promote more transparent corporate activities that maintain fairness and integrity not only through strict compliance with laws, regulations and social rules but also through increased accountability.
- **Show a commitment to addressing societal issues as a concerned party.**  
Address issues such as human rights, environment, diversity and community relations in a way that draws on Omron’s distinctive strengths.

#### Framework of CSR Activities



# Enhancing integrity and transparency as well as quick response to change

## [ Corporate Governance ]

### Aiming to meet stakeholder expectations and requirements

To respond to the expectations and demands of stakeholders, Omron is building an optimal management structure and promoting fair and appropriate business operations, with the management objective of long-term maximization of its corporate value. Omron also strives to reinforce its corporate governance system to ensure appropriate and efficient management practices.

### Qualifications stricter than Corporate Law requirements

Omron has established a solid governance system aimed at enhancing integrity and transparency of its management practices and to become more responsive to changes in the business environment.

To monitor and ensure that directors are properly functioning to represent Omron's shareholders and other stakeholders, two out of seven board members are outside directors. Also, three out of four corporate auditors are outside auditors.

Emphasizing the independence of these outside directors and auditors, Omron has specified strict criteria for qualification of candidates, which consist of seven requirements that are even more exacting than the regulations of Japanese Corporate Law. For example, candidates for outside directors or the organizations to which they belong must not have assumed the role of representative or employee of the independent accounting auditor for the Omron Group for five years prior to the nomination. They also may not be a principal shareholder of the Omron Group.

To facilitate business operations, Omron has adopted an executive officer system, which allows clear separation of management oversight and business execution. As such, the President is the only director who is also tasked with business execution. The internal company system empowers senior executives of each business unit with more authority for quicker decision-making and more streamlined business operations.

Three advisory committees (personnel, compensation and President & CEO

selection) have been established to enhance objectiveness and transparency for nomination, promotion and compensation of directors/executive officers as well as nomination of the President.

In June 2008, Omron established a Corporate Governance Committee which is intended to examine the ideal style of corporate governance for Omron in order to further improve integrity and transparency of its management practices.

## [ Information Disclosure ]

### To meet stakeholder requirements

Conforming to its basic policy of proactively offering information to realize transparent management practices, Omron ensures compliance with the statutory Timely Disclosure Rules. To meet increasing demands of shareholders and other stakeholders, Omron has established its own information disclosure standards notably stricter than these rules. Omron also holds explanatory meetings regarding the timely information disclosure every year to enhance employee awareness.

## [ Internal Controls ]

### Ensuring sound and efficient organizational management

To ensure sound and efficient management and operations of the organization, Omron has established a basic policy for the establishment of an internal control system. In conformance with this policy, Omron strengthens and implements an internal control system to make sure that all four objectives of internal controls are met. The objectives are: reliability of financial reporting, legal and regulatory compliance, effectiveness and efficiency of operation, and maintenance of assets.

In February 2009, Omron was awarded the Prize for Excellence at the Japan Internal Control Grand Prix 2009 organized by the Integrity Award Council. This award recognizes and commends companies which are proactively committed to raising compliance awareness and enhancing internal controls. Omron was recognized for incorporation of the CSR system development and implementation into the company's long-term management strategy.

## Corporate Governance Structure

### Board of Directors (BOD)

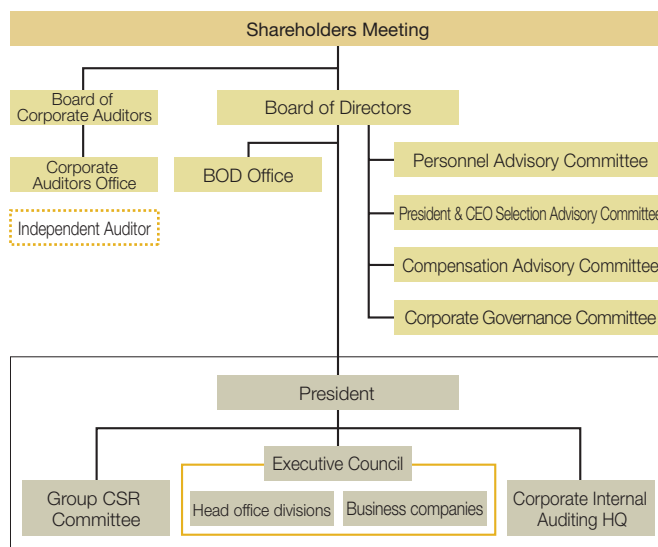
The BOD decides important business matters such as company objectives and management strategies, while overseeing the execution of business practices.

### Board of Corporate Auditors

This board verifies the effectiveness of the corporate governance system and its implementation, while also monitoring the day-to-day operations of executives including directors. The board consists of four corporate auditors, three of whom are outside auditors.

### Executive Council

This council determines and reviews important business operation matters that are within the scope of authority of the President.



### Personnel Advisory Committee

This committee, chaired by an outside director, sets election standards for directors, corporate auditors and executive officers, selects candidates, and evaluates current executives.

### President & CEO Selection Advisory Committee

Dedicated to nomination of the President and chaired by an outside director, this committee deliberates on selection of the new President for the next term and a succession plan in preparation for a contingency.

### Compensation Advisory Committee

Chaired by an outside director, this committee determines the compensation structure for directors, corporate auditors and executive officers, sets evaluation standards, and evaluates current executives.

### Corporate Governance Committee

Also chaired by an outside director, this committee discusses strategies and measures for continued enhancement of corporate governance, as well as for raising the integrity and transparency of management practices.

### Global recession—a great opportunity to reflect on our past

Today, the world is facing a serious economic recession. To me this situation is like a burst bubble, the natural result of having grown too big with unnecessary items and waste. In this sense, the present economic challenge is a good opportunity for us to review whether we have really supplied what society needs.

Omron's Management Principles, "innovation driven by social needs," involve anticipating potential needs of society and offering products and services that meet them. Omron has produced a steady stream of technologies and products that were first in Japan and the world and earned the company recognition from society. Unfortunately, in the midst of the severe global recession, Omron's performance has also weakened. We must accept this and look back to see if we have really produced

technologies and products that society requires.

As a manufacturer, it is important to concentrate on creating original and unique products and services. But it is useless to create things that are not aligned with social needs. We should not produce things that people can do without. With this in mind, we will reflect on what we have been doing, correct whatever needs to be corrected, and continue committing ourselves to promoting "innovation driven by social needs."

### Providing society with CO<sub>2</sub> reduction technology and expertise

Today, one of the most important social issues is reduction of CO<sub>2</sub> emissions. I believe that reducing CO<sub>2</sub> emissions also means avoiding waste. Our mission as a company is to use the resources we borrow from society efficiently in order to produce

## Continuing to pursue “innovation driven by social needs”



**Hisao Sakuta**

President and Chief Executive Officer  
OMRON Corporation

and offer products that are beneficial to society. I believe that wasting these important resources entrusted to us by society will eventually lead to excess emissions of CO<sub>2</sub>.

As long as we engage in business activities, it is impossible to completely eliminate CO<sub>2</sub> emissions, but we can keep emissions to a minimum. Omron has implemented various measures to reduce CO<sub>2</sub> emissions. Recently, we introduced material flow cost accounting (MFCAs) with the aim of conserving resources in our production sites. By further extending this initiative, we also enhanced resource productivity, for which we were honored with the Eco-Efficiency Award from the Japan Forum on Eco-Efficiency in 2008. We also launched a new business called “CO<sub>2</sub> reduction solutions” in March 2009. The aim of this business is to widely disseminate the technologies and expertise we have developed at our in-house facilities to help our customers reduce CO<sub>2</sub> emissions. We are confident that this new business will contribute to the preservation of the environment globally, as well as enhance our customers’ profits, thus meeting the changing social needs of today. In the future, we plan to develop even more ambitious proposals for innovation in our customers’ manufacturing operations.

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## **Toward the “Optimization Society”**

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I think our biggest corporate social responsibility (CSR) as a manufacturer is to develop and supply products that society needs. Therefore, it makes sense for us to also actively respond to needs other than reduction of CO<sub>2</sub> emissions.

In the past, when material wealth was not as readily available, our key requirements were to develop products that make lifestyles richer and more convenient and to produce and supply them as efficiently as possible. These requirements were what drove companies’ efforts to promote optimization. Companies are now pursuing such values as safety, security, health and environmental preservation, in addition to material wealth, convenience, and production efficiency. It is essential to balance these diverse values. A society that achieves the perfect balance between materialistic and psychological values is exactly the “Optimization Society” that Omron has consistently advocated.

The basis for the optimization is to make good use of resources and minimize waste. To this end, Omron has adopted the concept of “Common, Module, Option” for production, with the goal of having all of our products based on a platform of “common” products. Since it is impossible to meet the diverse needs of modern society with common products alone, we

first establish a common platform, avoiding waste as much as possible, and then combine it with modules or options to meet a wider range of requirements.

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## **Creativity begins with the self-reliance of individuals**

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As stated before, we will concentrate first on fulfilling our social responsibilities through Omron’s business. Once this is accomplished, we will implement various initiatives to earn the trust and confidence of our customers and other stakeholders.

Let’s take an example of human resource management. Obviously, people are the most important resources we borrow from society. As such, I believe that our main task as corporate executives is to establish a corporate culture in which individual employees can demonstrate their capabilities to the fullest. What is vital for human resource management is “respect for humanity.” At Omron, more than 30,000 people are working across the world. When these employees think and act on their own initiative by demonstrating self-reliance, it spurs the originality and creativity of Omron as a whole, which in turn leads to “innovation driven by social needs.”

In recent years we have encouraged all of our employees worldwide to support the Omron Principles based on the corporate core value of “working for the benefit of society.” My hope is that all of these people have fully understood our corporate principles and will give careful thought to how they live and will also engage in discussions with their colleagues about how they should live, demonstrating their self-reliance in day-to-day activities. Our goal is for individual employees to have their own aspirations and act on their own initiative, rather than simply chanting the principles.

But self-reliance should never lead to complacency, which is why Omron joined the United Nations Global Compact (UNGC) last year. Our intention is to not become a “frog in a well” that knows nothing about the great ocean. Many leading international companies participate in the UNGC, and learning from these global leaders will allow us to develop ourselves. By so doing, we will reaffirm the core purpose of Omron’s existence and strive to further strengthen our commitment to bring benefits to society.

June 2009

Hisao Sakuta  
President and Chief  
Executive Officer  
OMRON Corporation



# Advancing establishment of a global CSR management system

## [ CSR Management System ]

### Strategic promotion of CSR activities

Omron considers it essential to embed CSR into its management strategies, and to practice CSR as part of its business operations. As such, Omron has worked to strengthen its CSR management system globally.

In the end of fiscal 2007, the Group CSR Committee was set up to help the management team assess the overall status of CSR and define the specific issues that the Omron Group faces. The committee also helps determine the future direction of CSR activities. Chaired by the President, the committee's main tasks include formulating the Omron Group's CSR policy and strategies as well as promotion and monitoring of CSR activities in key areas. Members are presidents of business companies, general managers of head office administrative divisions, and presidents of regional group head offices.

In the past, specialized groups were in place to respectively deal with corporate ethics, environmental preservation, information disclosure and other areas. The Group CSR Committee in turn will cover all of these areas and review Omron Group's business operations from an overall CSR perspective so as to promote CSR practices more strategically. Business companies and head office divisions (including the environment department and the legal affairs department) are responsible for putting into action the policies and strategies determined by the committee. In fiscal 2008, the Group CSR Committee met twice—in June 2008 and February 2009.

To objectively grasp its own CSR management status, Omron conducted diagnoses of its sustainability strategies using tools developed by an external consulting firm. As a result, several issues were discovered, including the insufficient assessment of overseas sites' work environments by the head office and business companies, lack of systematized CSR education for employees, and others. Based on these findings, Omron intends to enhance global-level CSR activities while at the same time strengthening onsite capabilities to promote CSR practices.

## [ Instillation of CSR across the Group ]

### CSR Practice Guidelines translated into additional 22 languages

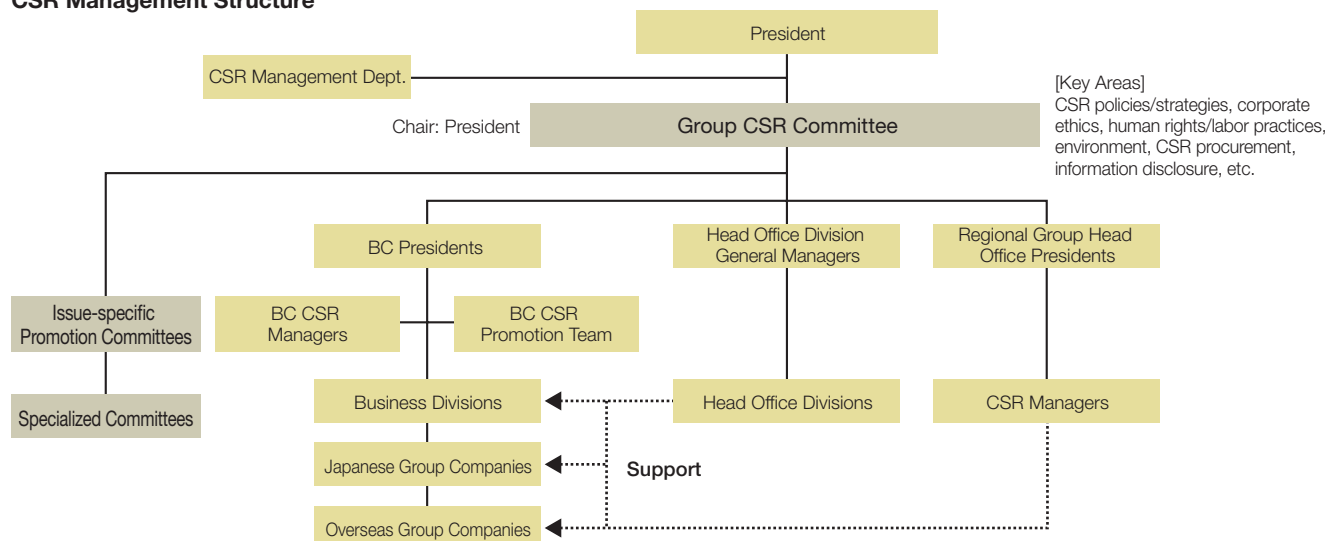
To make sure that the underlying philosophy of CSR, as stipulated in the Omron's Management Commitments, is thoroughly practiced by all employees, Omron published its "CSR Practice Guidelines" in fiscal 2006. This was followed by the establishment of "Implementing the Guiding Principles for Action" in fiscal 2007 so as to help employees practice the Guiding Principles for Action in their day-to-day work. By distributing these two guidelines to all employees in Japan, Omron has worked to instill and penetrate the concept of CSR based on its Corporate Core Value, "working for the benefit of society."

In fiscal 2007, Omron initiated activities designed to promote CSR practices globally. As part of this drive, regional editions of the CSR Practice Guidelines were prepared in English by incorporating legislation and customs specific to each region, including Europe, Americas, Asia Pacific, and Greater China. Greater China and Korea editions were also prepared in native languages. This was accompanied by explanatory meetings targeting managers held in 23 sites throughout the world. In fiscal 2008, these regional editions were further translated into 22 different local languages (including French, Portuguese, Indonesian, Thai, Malay and Vietnamese). "Implementing the Guiding Principles for Action" was also translated into 25 different languages and distributed to all overseas Group companies in fiscal 2007.

In fiscal 2008, Omron launched a new initiative called "Challenge Commendation Program" targeting all Group employees worldwide with the aim of revitalizing "unceasing commitment to challenging ourselves" specified in Omron's Guiding Principles for Action. This program awarded 1,142 employees who strived for challenging goals in business improvement or research and development.

Omron will continue promoting global instillation of CSR, while seeking discovery and solution of individual issues.

### CSR Management Structure



## **[ Promotion of Compliance ]**

### **Advancing managers' promotion of compliance at global level**

Aiming to promote legal and regulatory compliance, Omron set up a Corporate Ethics & Business Conduct Committee within the Group CSR Committee as an issue-specific promotion organization. The committee consists of corporate ethics promotion officers from each business company and the head office, who met three times during fiscal 2008 to deliberate and support activities designed to maintain compliance.

Group companies in Japan also appointed corporate ethics promotion officers in charge of offering compliance education selected from among manager- and higher-rank employees. A corporate ethics officer meeting is held once a year with all these members participating, to exchange information regarding the implementation status of a PDCA cycle in accordance with an action plan as well as for compliance training.

Overseas as well, corporate ethics officers were assigned for the Asia Pacific area in 2008 following China. With the ongoing appointment of compliance officers in the Americas, Omron is actively working to strengthen its compliance system.



Corporate ethics officer meeting in Asia Pacific

## **[ Compliance Education/Awareness Enhancement ]**

### **Compliance training targeting various positions including executives**

At Omron, compliance is included as a theme of the rank-specific training programs. In Japan, Omron offers compliance training for executives in each October (designated as "Corporate Ethics Month" at Omron). In fiscal 2008, executive training helped raise awareness regarding the importance of ethical conduct for approximately 180 participants, including directors of Group companies. At the worksite training sessions targeting all employees, power harassment training and discussions were held, also covering the aspect of human rights.

In the Americas, executive training was also conducted regarding the main points of compliance at each site individually. In Europe, education programs covered the Competition Law and other important matters.

## **[ Whistle Blower Hotline ]**

### **Upgrading hotline through use of intranets**

In Japan and North America, a whistle blower hotline is in place inside and outside of the company for Omron Group executives, full-time employees and temporary staff as well as their families. In fiscal 2008, a direct access newly became available through the electronic bulletin board on intranets in Japan, in addition to conventional telephone and email accesses.

In fiscal 2008, a total of 24 hotline contacts were made in Japan and 8 in North America. The greatest number of contacts in Japan sought advice regarding labor standards compliance and respect for individuality and diversity, which numbered 10. Omron will continue disseminating the hotline and implement various measures to improve response to whistle-blowing.

## **[ Internal Audit ]**

### **Two auditing programs to maintain management soundness and efficiency**

Omron's internal audit consists of two auditing programs designed to maintain sound and efficient management and operation of the organization. First, the general internal control audit is aimed at ensuring that its internal control system is functioning appropriately in four areas of internal controls. These four areas are: reliability of financial reporting, legal and regulatory compliance, effectiveness and efficiency of operation, and maintenance of assets. Second, the management process audit is intended to provide solutions for specific management issues and propose improvement measures.

Particularly for the general internal control audit, departments subject to auditing use check sheets for self-assessment, which help them strengthen their understanding of problems pointed out by auditors so that they can implement improvements more effectively.

To conduct general audit for internal controls at the global level, an internal auditing department was set up at each of four global regions (Americas, Europe, Asia Pacific and Greater China) as well as Japan, in which specialized auditors are stationed.

## **[ Information Security ]**

### **Fully established PDCA cycle for management**

Omron's policy in enhancing information security is to fulfill its responsibilities to stakeholders by appropriately managing confidential information supplied from business associates, personal information and its own company information to protect them from leakage.

In fiscal 2007, an Information Security Management Committee was set up for the purpose of strengthening an integral management system covering both confidential information and personal information. Since then the committee has established management rules that reflect basic policy, updated related regulations and provided employee education. In fiscal 2008, Omron continued e-learning-based education for all Group employees in Japan, while also reviewing and reinforcing individual information management rules.

This resulted in full-establishment of a PDCA cycle in Japan to support self-assessment and review of information management status under the promotion system led by the Information Security Management Committee. In the future, Omron will strive to improve and disseminate regulations and verify whether information security is also maintained properly in regions outside Japan.

### Comprehensive solutions to meet the management challenges of low carbon footprint

Companies today face strong pressure to reduce CO<sub>2</sub> emissions from factories, offices, stores and logistics centers to support efforts to stop global warming. With amendments to the Energy Conservation Law enacted in April 2009, regulations imposed on the office/factory level have changed to those on the company level. Many companies that were previously exempt from regulation are now required to take measures to save energy.

Return on carbon (ROC), a new index measuring CO<sub>2</sub> emissions against profit levels, is expected to become as important a management indicator as return on equity (ROE) and return on assets (ROA). Without question, reduction of CO<sub>2</sub> emissions has become a critical issue that will determine whether a company can sustain its business.

Most companies in Japan have already taken measures to reduce carbon emissions and are looking for additional ways to increase energy efficiency and lower carbon emissions further. To respond to

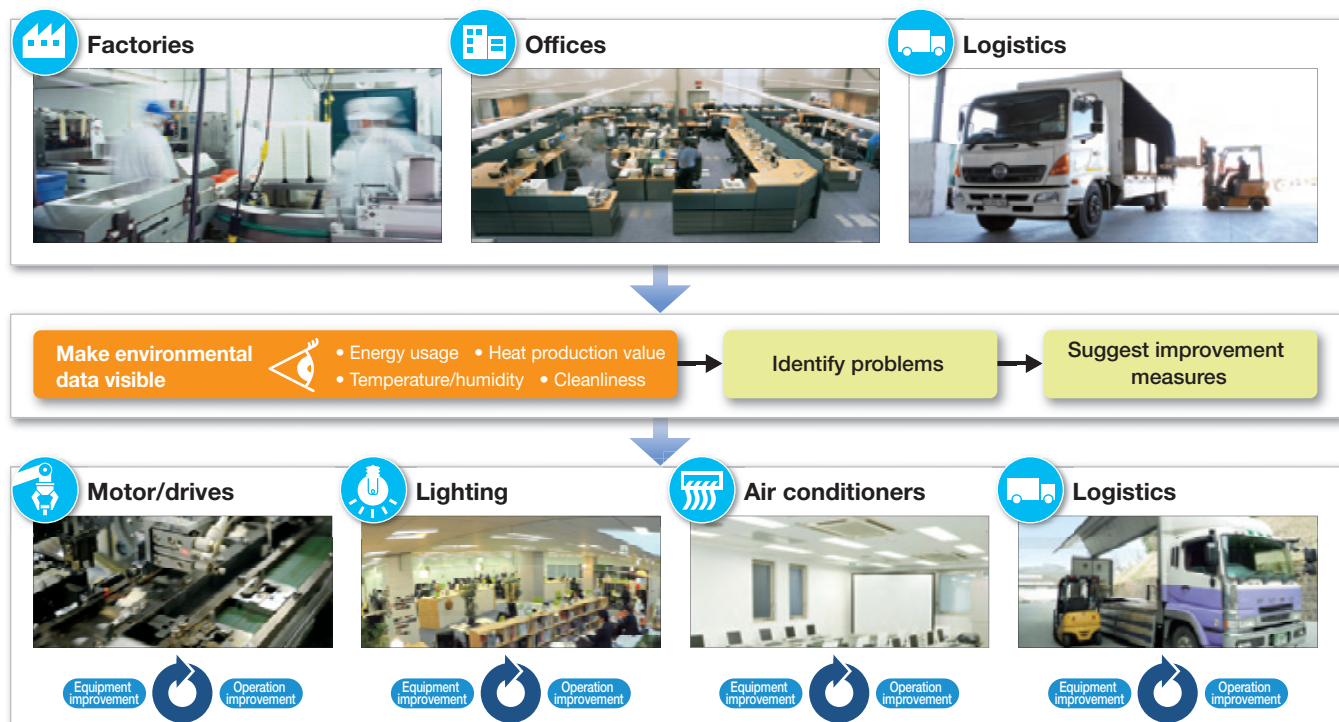
the increasing requirements of contributing to a low-carbon society, Omron launched its CO<sub>2</sub> reduction solutions business in fiscal 2009. For some time, Omron has offered an energy monitoring system that enables customers to check energy usage in real time. Use of this system in Omron facilities and at customer sites has provided valuable insights into energy efficiency improvements. Omron's new CO<sub>2</sub> reduction solutions include a wide range of services based on expertise gained from these systems, including visualization of energy usage and CO<sub>2</sub> emissions; pre-deployment discovery of points needing improvement; and suggestions and onsite implementation of improvement measures. The CO<sub>2</sub> reduction solutions business will support environmentally conscious business management by providing executives through frontline staff with unified and shared data on energy usage.

Omron set up a new organization called "Environmental Solutions Business Headquarters" to specialize in this business. This division is working to create new environmental solutions by drawing on sensing and control technologies that Omron has developed and refined in many production sites.

## Omron's CO<sub>2</sub> reduction solutions support clients' efforts to prevent global warming

As the establishment of a low-carbon footprint has become a major social challenge, reducing CO<sub>2</sub> emissions while concurrently securing profits has become one of the most important management objectives for businesses today. To help customers meet this challenge, Omron has leveraged its existing technology and expertise to launch a new business that provides CO<sub>2</sub> reduction solutions.

### CO<sub>2</sub> Reduction Solutions Applications



## Reducing CO<sub>2</sub> emissions through the CAPD (Check-Act-Plan-Do) improvement cycle

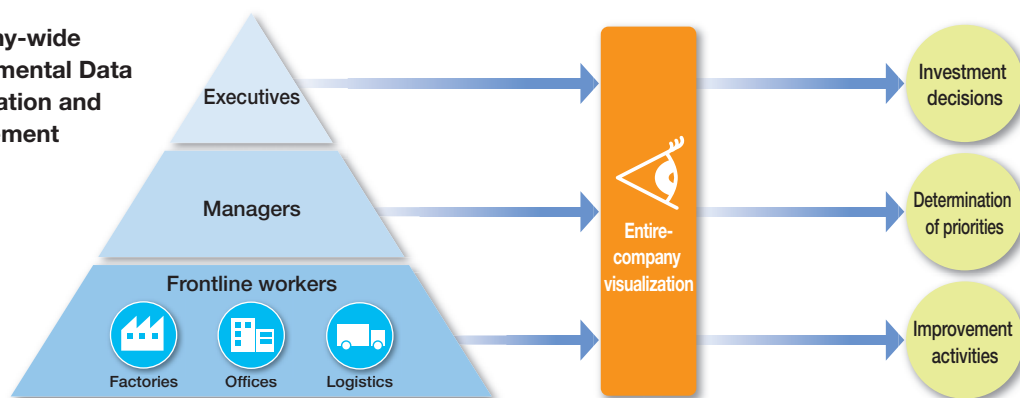
The key to Omron's CO<sub>2</sub> reduction solutions is implementation of a CAPD (Check-Act-Plan-Do) cycle to solve problems, rather than the conventional PDCA cycle. The first step is to understand the current status and identify areas for improvement. This involves examining equipment drives, motors, lights, and air conditioners in factories and offices, as well as transport usage, such as travel distance and load weights, all of which are considered major factors in CO<sub>2</sub> emissions. Based on the data obtained, points for improvement are identified by estimating how much impact can be expected by taking measures in specific places. Optimal points for measurement of data are then narrowed down and sensors are installed in the selected points, depending on the type of equipment or facility. The sensors provide various types of environmental data, including electricity and gas consumption, temperature and humidity, and cleanliness. From this data, Omron can identify unevenness and inefficiency in energy usage. Omron can then suggest effective solutions

tailored to each customer's worksite for improvements in equipment and equipment operation. The next step is to verify the effects of the suggested improvement measures and then implement the effective measures. This is followed by analysis and evaluation of measured data and incorporation of the data into operations manuals at the client site.

CO<sub>2</sub> emissions can be reduced by implementing the CAPD cycle for improvement, starting from visualization of points needing improvement, to verification of improvement measures, to onsite implementation of effective measures. By combining the collected environmental data with a customer's production data, and analyzing uneven or inefficient production process and energy usage, it is possible for businesses to increase productivity while reducing CO<sub>2</sub> emissions.

To effectively address environmental conservation, it is essential for corporate executives and staff members work together. By centrally managing environmental data gathered onsite and sharing the data across the company from top executives to frontline workers, the entire company can be involved in everything from investment decisions and determination of priorities by executives to the implementation of onsite improvements.

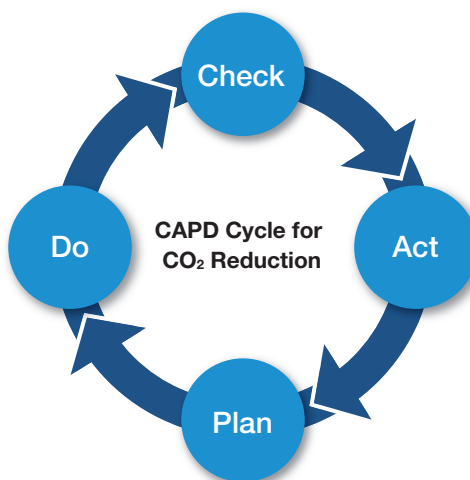
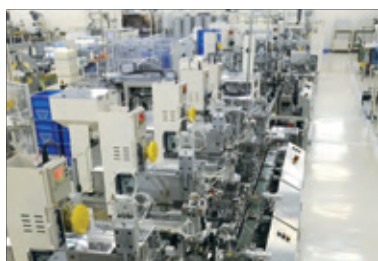
### Company-wide Environmental Data Visualization and Improvement Cycle



#### Check Assess current status Identify points needing improvements



#### Do Implement operations manual



#### Act Suggest improvement measures Correct operations



#### Plan Analyze and evaluate post-improvement data Incorporate results in operations manuals



## Customer Implementation Example

## Discovering room for a 125-ton CO<sub>2</sub> emissions reduction at Kokuyo plant and office

In August 2008, Omron's energy monitoring systems were deployed by Kokuyo Co., Ltd. and Kokuyo Furniture Co., Ltd. for the Shinagawa office in Tokyo and the Shibayama plant in Chiba prefecture, respectively.

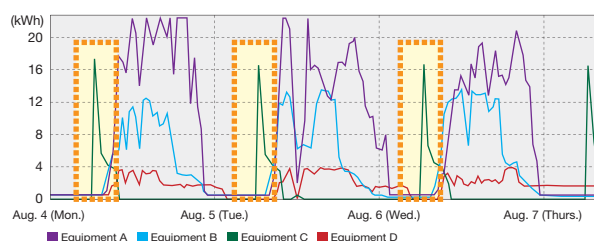
Prior to the deployment, Kokuyo had consistently implemented various energy-saving initiatives. Unfortunately, the company found it difficult to measure the effectiveness of each initiative, or to determine if further improvements could still be made. To cope with these problems,

### Room for Improvement Discovered by the Energy Monitoring System



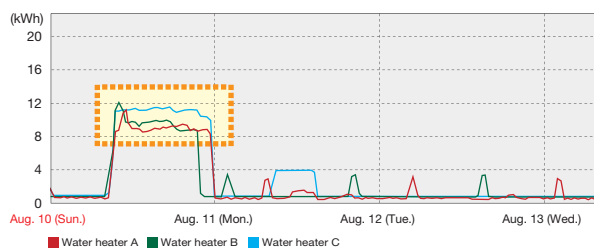
**Problem** A part of equipment is timer-started early in the morning, resulting in standby electricity before production start.

**Solution** Equipment start changed to manual method and activated right before production begins.



**Problem** Water heaters in operation on holidays and in summer.

**Solution** Water heaters switched off on holidays and in summer; normal-temperature water used in summer.



Kokuyo's Shinagawa office where the Omron energy management system was deployed.

Omron suggested visualization of energy usage at approximately 260 measurement points in the Shinagawa office and Shibayama plant combined, and installed sensors at these points. By measuring and analyzing energy usage on each floor of its office building and each facility or machine used at its plant, it became possible for the company to visualize what had previously gone unnoticed. By making energy usage visible, the company discovered that there was still plenty of room for improvement. Findings for the office included high standby electricity at night and unevenness in its levels by the floor, as well as lights and air conditioners kept on during off time. In the plant, waste standby electricity was used before the start of production, because some of the equipment was timer-activated early in the morning. Review of standby electricity for the production equipment brought a substantial energy conservation effect. This heightened employee awareness of the need to operate machinery only when necessary and to use the just necessary amount of energy at the necessary time. When all possible improvements were combined, it was estimated that a reduction of approximately 330,000kWh in usage of electricity could be realized per year at the Shingawa office and Shibayama plant together, which corresponds to a 125-ton (or 3.8%) reduction in CO<sub>2</sub> emissions.

At Kokuyo, various improvement measures are now being taken onsite based on the discovered improvement points and visualized data. The company is also committed to raising employee motivation for preservation of the environment by sharing electricity consumption data with all employees through intranets.

Kokuyo also plans to share the knowledge gained from this improvement project with other departments and affiliates throughout its Group.

### In-house Implementation Example

## 5.6% reduction in CO<sub>2</sub> emissions through improvement of operation alone

In-house deployment of Omron's CO<sub>2</sub> reduction solutions took place in July 2008 at Omron Relay and Devices Corporation, an Omron Group company in Kumamoto prefecture. The goal of the six-month project was to make energy consumption visible to identify inefficient or uneven usage and cut energy loss.

### Customer Comment

## Instantly visible effects greatly motivate employees



**Mr. Shinichi Saito**  
Environment Group  
Corporate Social  
Responsibility Department  
Kokuyo Co., Ltd.

At Kokuyo, we have promoted energy-saving measures to reduce CO<sub>2</sub> emissions at various sites for several years. However, there was a problem: namely, difficulty in determining the exact effectiveness of each measure. For instance, we could only check electricity consumption for each month and in total, so the only way we could determine the effectiveness of individual improvement measures was through calculation. This prevented frontline staff from realizing the importance of improvement measures.

With Omron's solutions, we can instantly check results of improvements onsite, which greatly raised motivation in all departments to promote energy conservation. We plan to promote improvements in various worksites more aggressively through support from Omron.

## Staff Comment

### Key is identification of points most likely to improve



**Kazunori Fukaura**

General Administration Group  
Corporate Management  
Department  
Corporate Planning Division  
Omron Relay and Devices  
Corporation

At Omron Relay and Devices Corporation, we had made substantial investments in equipment to reduce CO<sub>2</sub> emissions. These included deployment of energy-saving devices, a shift to fuels with a low CO<sub>2</sub> emission coefficient, and use of thermal insulation in buildings. Thus, it was actually very surprising to us that we could reduce emissions by as much as 5.6% just by improving equipment operation alone. I believe this success was mainly because we could identify exactly which points to improve. Through this project, we could see how important it is to select appropriate measurement points and thoroughly analyze collected data.

Moreover, because we can see the consequences of onsite improvements instantly in visual form, the mindset of employees also changed. They became much more willing to contribute an idea and try it out onsite, which was also a real plus for us.



Minimizing wasted electricity through fine adjustment of a compressor.

At the time of deploying the solutions, Omron Relay and Devices was designated a Type 1 energy management facility by the revised Energy Conservation Law. The company's energy usage is the second largest among all Omron Group companies in Japan, so implementing stronger measures to further reduce energy usage was crucial. To meet this need, Omron Relay and Devices installed sensors in 250 locations to identify when, where, and how much energy was used for each factory building, equipment piece, and floor, in order to enable real-time access to data. By analyzing the measured data from the three perspectives of off-time, uneven usage, and lack of balance with production, the staff discovered cases of inefficient or uneven operation of equipment and identified points to be improved.

In the promotion of improvement activities, a company-wide project team consisting primarily of frontline staff, was set up and met twice a month to discuss improvement measures. Measures that were tried and found effective were documented in a manual, so they can be adopted for other facilities or equipment as well. Implementing this CAPD cycle led to a gradual decrease in energy consumption for the entire factory,

eventually resulting in a 5.6% reduction in CO<sub>2</sub> emissions from the previous year through the improvement of equipment operation alone. In the future, Omron Relay and Devices will also implement equipment improvements, focusing on investments with quick return, with the aim of achieving an 11% total reduction of CO<sub>2</sub> emissions.

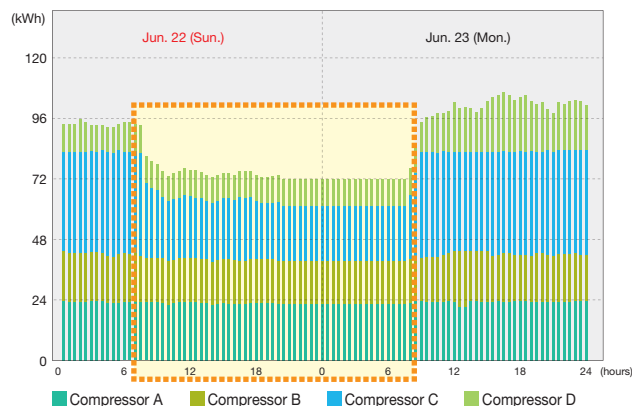
Visualization of energy usage data has also produced positive effects related to increased awareness of employees. In the past, promotion of energy conservation for buildings relied solely on the general affairs department. Now, frontline workers can check electricity usage in real time, so they are more motivated to work on onsite improvements. These improvement activities are still ongoing.

At present, Omron is expanding deployment of CO<sub>2</sub> reduction solutions throughout its Group. The improvement knowledge Omron developed within the Group will be incorporated into its CO<sub>2</sub> reduction solutions for customers. In offices, factories, stores and for transportation and logistics, Omron will strive to contribute to maximization of ROC for companies committed to reducing CO<sub>2</sub> emissions.

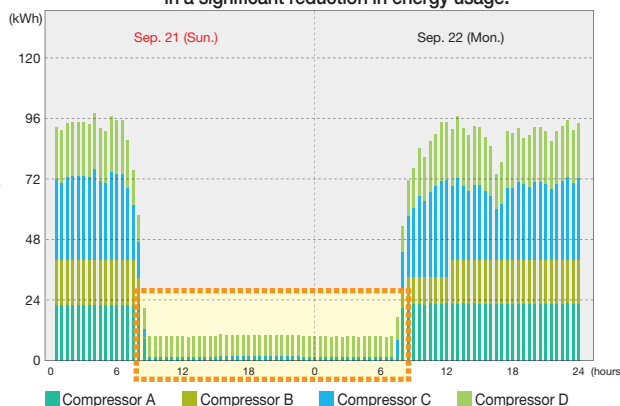
### Effects of Improvement in Compressor Operation



**Problem** Four compressors in operation on holidays as on weekdays.



**Solution** Compressor operation reviewed to operate just one compressor (required minimum) on holidays, resulting in a significant reduction in energy usage.



## Anticipating and meeting social needs related to safety, security, health and the environment

CSR issues and basic policy	GD-III (FY2008-10) focus activities/targets	FY2008 results
<b>Innovation driven by social needs</b> Offer products and services to address social needs related to safety, security, health and the environment, by capitalizing on Omron's core competencies of sensing and control technology. The key concept is creating the "best matching of machines to people."	Take on challenge of creating products/services that contribute to solving social issues with focus on 4 areas of safety, security, health and environment.	<b>Safety and Security (Products/services for various sectors of society)</b>
		<b>[Ensuring safety and security for production sites]</b> Promoted safety businesses (various safety sensors) to maintain safety at worldwide production sites.
		<b>[Toward a safer, more secure society]</b> Launched social sensor solutions business that contributes to safety and security of society in 4 domains—train stations, roads, industry and commerce. Released 4 vision sensors as core products. Participated in large-scale demonstration tests for driving safety support systems (DSSS) sponsored by Universal Traffic Management Society of Japan. (See "Topic 1" for more details.)
		<b>[Embedded personal computers that ensure equipment safety and security]</b> Promoted R&D for RAS sensing technology for enhancing reliability, availability and serviceability of industrial-use electronic devices using computer technology. Adopted RAS sensing technology for industrial products that require extremely high reliability. (See "Topic 2" for more details.)
		<b>Health (Products/services supporting lifestyle disease prevention/treatment)</b>
		Contributed to prevention, treatment and management of lifestyle diseases through blood pressure monitors, thermometers, pedometers and vascular screening devices in 100+ countries throughout the world.
		<b>Environment (Products/services supporting a small carbon footprint society)</b>
		<b>[Environmental solutions]</b> Conducted in-house verification of CO <sub>2</sub> reduction solutions business that helps companies prevent global warming. Confirmed possible reduction of 11% in electricity consumption (reduction of 90 tons CO <sub>2</sub> per month) through system deployment in a Group company. (See "Special Feature ❶" for more details.)
		<b>[Environmental components business]</b> <ul style="list-style-type: none"> <li>● Promoted solar power conditioner<sup>1</sup> business related to new energy sources.</li> <li>● Promoted environmental sensing business (ionizers<sup>2</sup>, particle sensors<sup>3</sup>, etc. which contribute to a cleaner production environment).</li> <li>● Developed battery management system for next-generation electric vehicles. (See "Topic 3" for more details.)</li> </ul> <p> <sup>1</sup> A solar power conditioner converts DC power from solar panels to home-use AC power, and connects it to a commercial power source from the power company.  <sup>2</sup> An ionizer can neutralize and eliminate static electricity generated in production processes.  <sup>3</sup> A particle sensor enables high-precision monitoring of airborne particles.         </p>

Rating: Self-assessment was conducted to comprehensively evaluate the progress of activities, including achievement of GD-III (third stage of Grand Design 2010) targets (FY2008-10), degree of global expansion of activities, external evaluation and comparison with other companies, etc.

○ : More progress than initially expected    △ : Progress    ✕ : Needs more effort

	Rating	FY2009 policy and targets
		<p><b>[Ensuring safety and security for production sites]</b> Continue promoting safety business to maintain safety at global production sites. Note: Aim to establish an indicator for objective measurement of progress by the end of FY2009.</p>
	△	<p><b>[Toward safer, more secure road transportation]</b> Continue tests with car manufacturers to verify the effectiveness of DSSS systems.</p>
		<p><b>[Embedded personal computers that ensure equipment safety and security]</b> Promote adoption of common platform, standardization and options for RAS sensing technology to expand the range of products employing the technology. Note: Aim to establish an indicator for objective measurement of progress by the end of FY2009.</p>
	△	<p>Offer home and professional use products/services that help prevent, treat and manage lifestyle diseases globally. Accelerate sales expansion by meeting needs of emerging and fast-growing countries in FY2009. Note: Aim to establish an indicator for objective measurement of progress by the end of FY2009.</p>
	△	<p><b>[Environmental solutions]</b> Promote CO<sub>2</sub> reduction solutions business designed to help companies prevent global warming.  <ul style="list-style-type: none"> <li>● Achieve CO<sub>2</sub> emissions reduction rate of approx. 10% on average among client company sites employing Omron solutions.</li> <li>● Develop a new method for further reduction in CO<sub>2</sub> emissions and conduct in-house verification.</li> </ul> </p>
		<p><b>[Environmental components business]</b>  <ul style="list-style-type: none"> <li>● Promote solar power conditioner business related to new energy sources.</li> <li>● Promote environmental sensing business.</li> <li>● Deploy battery management system on next-generation electric vehicles.</li> </ul> Note: Aim to establish an indicator for objective measurement of progress by the end of FY2009.</p>

## Topic 1

### Participating in field tests for Driving Safety Support Systems

In February of 2009, Omron took part in large-scale demonstration tests of Driving Safety Support Systems (DSSS), which were performed in the Rinkai Fukutoshin (new Tokyo waterfront subcenter) area. This field experiment was sponsored by the Universal Traffic Management Society of Japan. DSSS is a system designed to transmit information from various roadside sensors to in-vehicle units via wireless vehicle-to-infrastructure communications technology. In-vehicle units alert drivers to the potential for traffic accidents.

Conventional road traffic sensors usually target four-wheeled vehicles. However, accidents involving pedestrians or bicycles/motorcycles in fact account for a significant percentage of traffic accidents. Omron developed pedestrian and bicycle sensors employing a space-time MRF (Markov Random Field) technology developed jointly with the University of Tokyo's Institute of Industrial Science. In the experiment, these sensors were deployed in a support system that detects pedestrians crossing the road and alerts the driver, and a system which protects bicycles/motorcycles when cars are making left turns. The effectiveness of these newly developed systems was verified through recent field tests. Omron plans to continue participating in field tests so as to accelerate practical use of systems that can contribute to reduced traffic accidents.



Cars used for demonstration tests

## Topic 2

### Offering original solutions for computer problems

PCs today are indispensable in all areas of industry. But highly reliable industrial-use PCs are faced with problems. With the standardization of industrial-use PCs, the use of commercial PCs has increased. On the other hand, increasingly complex, multi-layer structures as well as the adoption of high-precision processes and parts have led to the growth of "black boxes." This has resulted in more and more cases of insufficient assessment or analysis of risk factors as well as inability to maintain stable quality.

To cope with these challenges, Omron, with long years of experience in producing control devices, industrial components and social systems, offers RAS (reliability, availability and serviceability) solutions using embedded PC modules that can handle everything from the usual monitoring of conditions to automatic restoration and failure prediction. The goal is to build PCs that do not break and do not stop.



Embedded PC module

## Topic 3

### Supporting safety in next-generation electric vehicles

The diversity of energy sources has increased with the movement to avoid petroleum dependency and promote resource conservation. In response to this trend, and to curb global warming and environmental pollution, auto makers are promoting various initiatives. For auto makers' electric vehicle projects, Omron provides sensors that detect leakage of battery packs, as well as DC power relays capable of interrupting high-current loads when a battery abnormality is detected.

Omron products are used in next-generation electric vehicles that combine a high-performance lithium-ion battery system and a compact and lightweight motor, subject to repeated tests for commercialization. The lithium-ion battery is the core technology for electric vehicles and is anticipated to be a front-runner battery system for future vehicles. Omron is committed to driving safety by monitoring the battery system at the heart of next-generation electric vehicles.



Leakage sensor

### Visualizing loss in the manufacturing process from an accounting perspective

In fiscal 2006, Omron began to adopt Material Flow Cost Accounting (MFCA) for its manufacturing process. In MFCA, a different approach to conventional cost accounting methods is used. Previously, just the cost of defective products was considered loss cost, but MFCA treats any economic loss generated from manufacturing processes as costs of loss. These now include costs for material scraps and energy costs for standby electricity. MFCA traces and measures the flow and stock of raw materials and energy in terms of quantity and monetary value, identifying where loss originates.

MFCA regards loss that becomes visible as “negative product.” Minimizing negative products will improve the manufacturing process,

leading to conservation of both resources and energy.

An MFCA prototype was originally developed in Germany and first saw adoption by businesses in Japan in 2000 as part of the Ministry of Economy, Trade and Industry's Millennium project. At Omron, Group-wide implementation of MFCA began in fiscal 2006 by the Monozukuri Innovation Headquarters, in charge of environmental management for the entire Group. The first step was to solicit a model factory from the entire Group that would employ MFCA. At the time, Omron was seeing production for the Group as a whole increase annually but also with increasing waste generation.

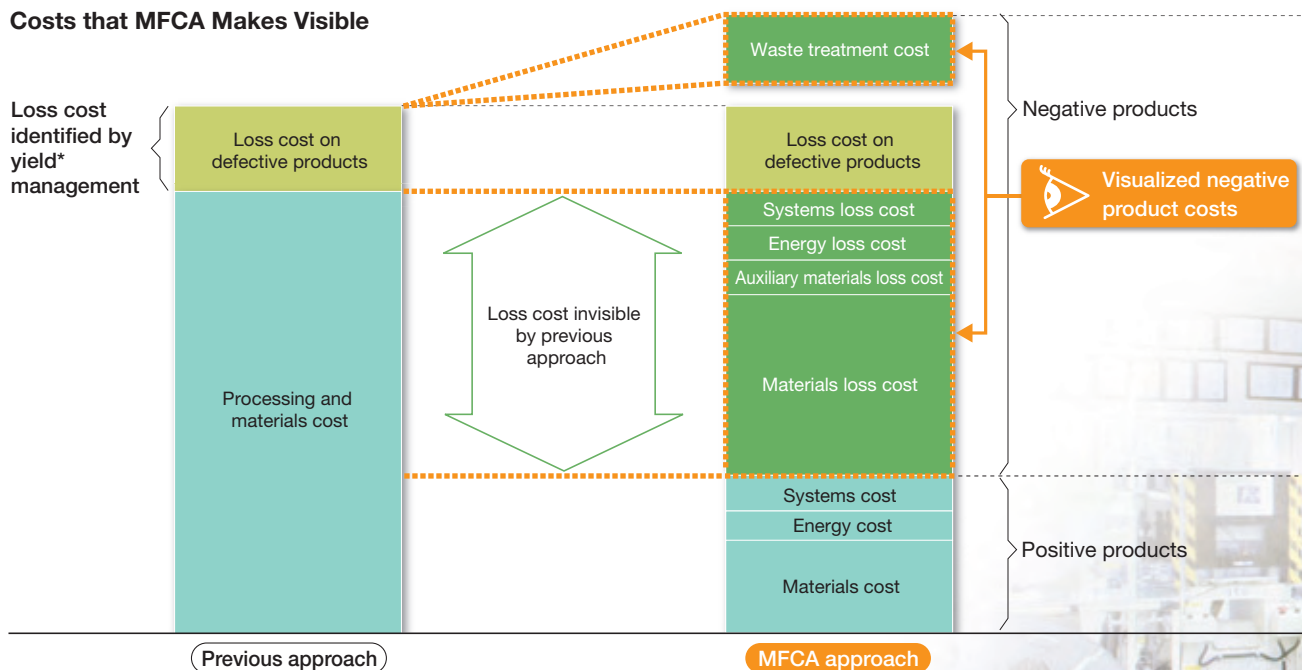
Most waste was seen to originate during production in parts processing factories so it was a logical decision to select Omron Kurayoshi (in Tottori prefecture) which handles in-house processing of electronic components such as switches and sensors to be the model site for the eventual deployment of MFCA on a group-wide basis.

## New initiative clarifies and reduces loss in the production stage

Conventional cost accounting methods are unable to make losses resulting from manufacturing processes visible. To counter this Omron adopted a new environmental management accounting method known as “Material Flow Cost Accounting” (MFCA)\*. This method led to solving problems which helped Omron significantly conserve resources and energy in combination with the newly developed innovative molding technology.

\*Material Flow Cost Accounting (MFCA) is an environmental management accounting method developed by the Institute of Management and the Environment (IMU) in Germany. This method was first introduced to Japan in 2000 through the Ministry of Economy, Trade and Industry's environmental management accounting methodology project.

### Costs that MFCA Makes Visible



\* Yield: Amount of input raw materials which finally become products

## Recognizing room for additional improvements

A project team was assembled by the Monozukuri Innovation Headquarters at Omron head office and Omron Kurayoshi's Parts Manufacturing Group. In May 2006, the team started adopting MFCA on the precision switch manufacturing process which had the largest output among all of Omron Kurayoshi's product lines.

The team first checked the entire production line and extracted points where the state of materials was altered through processing. Next it was determined what materials were input at each point, in what quantities, how much of the material was discarded as waste or transferred to the next process by measuring the weight of materials at each point. This analysis correctly identified the quantity of material

loss generated and at what point. The surprising outcome proved that of the materials input in the production line, only 28% remained as final products and as much as 70% was routinely discarded as waste.

Previously, Omron Kurayoshi viewed material loss as pertaining only to defective products, so the company had concentrated on ways to reduce defective products. However, at that time, the percentage of defective products was already a low 1–2%, so there was not much room for further improvement. But an in-depth check of the flow of materials revealed that there were other materials to be discarded than just defective products, which also lead to losses. This finding made engineers excited at the tremendous improvement potential that they now had a chance to create.

At Omron Kurayoshi, implementation of various onsite improvements ultimately led to an 11% reduction in waste compared to the previous year, which represented a reduction of 62 tons a year.

### Switch Production Process



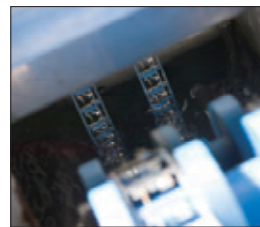
#### 1. Metals

Set a copper sheet on a press machine



#### 2. Pressing

Punch the copper sheet to process material for parts



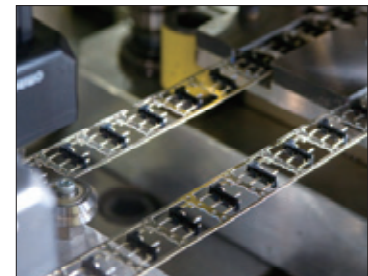
#### 3. Cleaning

Clean the processed metal parts material before molding



#### 4. Molding

Mold switch parts from the processed copper sheet and plastics



### Effects of Improvements for Omron Kurayoshi

Before improvement

Weight of materials purchased in FY06

Positive products  
357 tons (38%)

Negative products  
**576 tons** (62%)  
(Metal materials: 494 tons,  
molding materials: 82 tons)

After improvement

Weight of materials purchased in FY07

Positive products  
357 tons (41%)

Negative products  
**514 tons** (59%)  
(Metal materials: 443 tons,  
molding materials: 71 tons)

Amount of waste generated by Omron Kurayoshi

**11% (62 tons) reduction**

### Minimizing “visible” material loss to conserve resources

The negative products that MFCA revealed, totaled 576 tons in fiscal 2006. To reduce this amount, the project team first approached copper sheet scraps generated from a pressing process that punched long and thin 2cm-wide copper tapes. Less than half the material was actually used to make parts, leaving post-production material scrap. The project team worked hard to develop a new pattern for the punching process that involved punching two rows, rather than just one row, keeping unused parts to a minimum. This project also minimized loss generated at the joints of materials. Together, both steps delivered a 32% reduction in copper scraps.

Another process involved winding a thin and long copper tape onto a reel before sending it to the next process. Both ends of a wound copper tape were discarded as scraps in the next process. The solution was to first join eight tapes before winding around a big drum, which reduced scraps. At the same time, operational loss was

cut significantly by reducing the frequency of tape changes down to 1/8th, from once every 75 minutes to once every 10 hours.

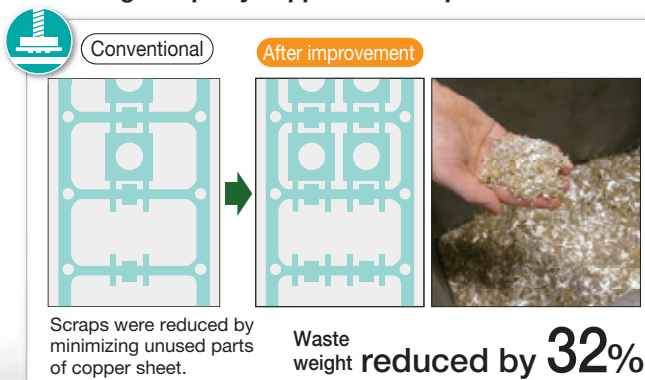
For the molding process, the team looked at plastic runners. As with the frame that joins the parts for a plastic model kit, the runner is discarded after the necessary parts are cut out. The goal was to minimize the runner as much as possible and by changing the mold's design, the runner's volume could be reduced by 17%. Although the new mold required extra investment, the amount of plastics used was less, resulting in reducing total costs.



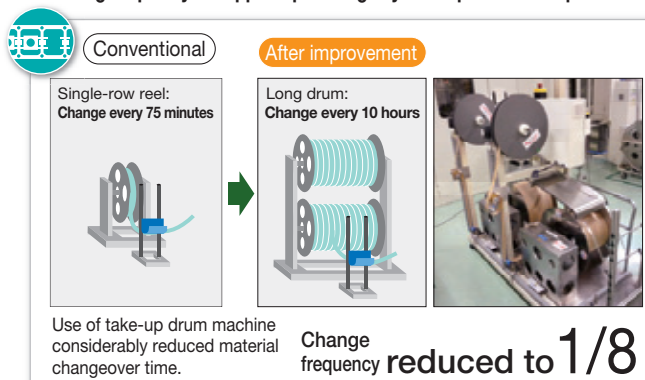
Runner of plastic parts

In addition to improvements for materials to be purchased and equipment, Omron Kurayoshi reexamined the operational process itself. Checking the amount of waste each operator generated revealed that the amount varied considerably among operators. By establishing standardized procedures down to minute details, the amount of waste was held to a minimum irrespective of the operator.

#### Reducing scraps by copper sheet improvement



#### Reducing frequency of copper tape change by take-up machine improvement



#### Production Staff Comment

##### Discovery of great loss with MFCA inspires frontline staff

**Takahiro Taniguchi**

Parts Manufacturing Group  
Parts Management Department  
Omron Kurayoshi Co., Ltd.



From some time ago, we had noticed that a large portion of materials became scraps, but we had never thought of precisely factoring in these scraps for each process in terms of quantity and cost until MFCA was introduced to our department. Once we announced that our process had generated more than 70% of material loss, all staff members were highly motivated seeing that there were so many things to actually improve. Once loss could be seen, we were quick to take action for improvement.

Because MFCA plays an important role for visualization of electricity usage as well as materials, I want to adopt the concept of MFCA more extensively for more efficient utilization of resources and the reduction of CO<sub>2</sub> emissions.

## Environment Staff Comment

### Extending MFCA to factories around the world

**Toshiaki Harada**

Quality & Environment Center  
Monozukuri Innovation HQ



Omron has always implemented various initiatives to reduce waste. The MFCA-based improvement project that Omron Kurayoshi achieved success with has gradually expanded into other production sites—four sites in Japan and one site abroad. Each site's own improvement efforts have produced good results.

At the Quality & Environment Center, our foremost mission is to share our knowhow of visualizing loss via the MFCA method and improvement expertise with other production sites worldwide. The biggest issue here is how to share MFCA implementation benefits with other products made through different manufacturing processes. Addressing this issue will help our efforts to conserve energy and resources for the entire Omron Group using the MFCA method.



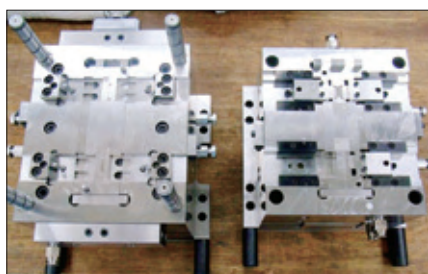
### Surpassing industry-standard with “hi-cycle molding” for significant resource/energy conservation

The Engineering Center, a production technology department in Omron head office, was also committed to developing technology for minimizing loss in the molding process for parts production. The center took on the challenge of implementing hi-cycle molding that was unheard of in the industry.

A molded plastic product is produced by pouring heated and molten plastic into a mold. The then industry standard was that it took a minimum of five seconds until it cooled and hardened. Omron engineers thought it could be possible to reduce cooling time if plastic could be fed directly into the mold without using a runner.

The Engineering Center worked with a molding machine maker to improve a prototype machine, finally achieving a molding time of one second with a standard machine applicable for mass-production. This resulted in significant reductions in materials and energy consumed, which in turn represents more than a 70% reduction in cost per component.

The hi-cycle molding technology is now being used in two production sites in Japan, with a plan of deployment overseas as well in 2010 or beyond.



Hot runner molds essential for 1-second molding, which helped cut molding time significantly






### Promoting energy usage reduction at home and abroad

Omron Kurayoshi's activity is not limited to just waste reduction. In fiscal 2008, the company concentrated on reducing energy usage through the MFCA method. In similar fashion to waste being weighted for each process, the electricity consumed and production status were monitored through checks. This led to a discovery of wasted electricity when a machine was in standby or stopped, which in turn is being reduced through the improvement of operation and equipment. In the molding process, by measuring the working time and electricity usage, loss time was cut down to a minimum, resulting in over a 30% reduction in time required for the molding process. This then resulted in less energy used as well as a reduction in molding lines from three to two.

At Omron Kurayoshi, adopting MFCA enabled numerical values to identify material or operational losses which had previously passed unnoticed. This highlighted issues or points in need of improvement while at the same time boosting employee morale. The end result accelerated improvement activities. Although Omron Kurayoshi was already experienced in improving their production sites, using MFCA allowed them to benefit from more productive results.

The resource and energy conservation expertise that Omron Kurayoshi was able to acquire has been shared with other sites around the world. Omron is planning to accelerate efforts to enhance resource and energy usage efficiency by maximizing MFCA use.

## Ongoing activities focused on six areas

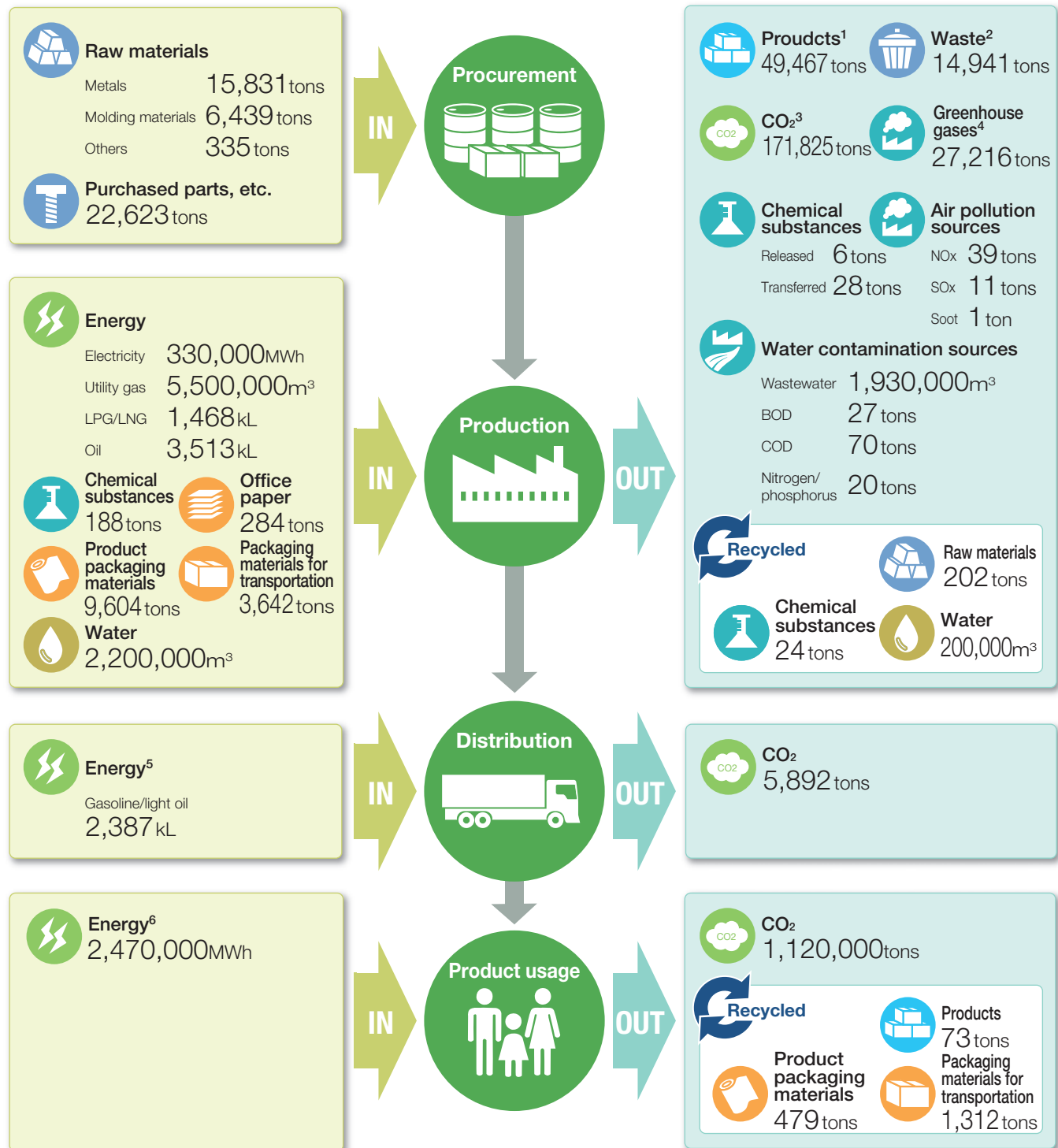
	Theme	FY2008 Targets	FY2008 Results
 <b>Eco-Mind</b>	Environmental education	<ul style="list-style-type: none"> <li>Continue implementation of environmental education programs</li> </ul>	<ul style="list-style-type: none"> <li>Continued implementation of environmental education programs</li> </ul>
	Promotion of environmental awareness	<ul style="list-style-type: none"> <li>Continue hosting Environmental Month seminars</li> <li>Continue soliciting ideas for environmental proposals and slogans</li> </ul>	<ul style="list-style-type: none"> <li>Conducted Environmental Month seminars (June)</li> <li>Environmental proposal submission: 1,409 entries</li> <li>Environmental slogan submission: 9,029 entries</li> </ul>
 <b>Eco-Management</b>	Environmental accounting	<ul style="list-style-type: none"> <li>Implement environmental accounting</li> <li>Implement MFCA</li> </ul>	<ul style="list-style-type: none"> <li>Environmental accounting implemented at 4 sites in Japan</li> <li>MFCA implemented at 2 sites in Japan and 1 site overseas</li> </ul>
	Pollution control/ environmental risk management	<ul style="list-style-type: none"> <li>Maintain record of no legal infringement, environmental accidents, claims or complaints</li> <li>Implement cleanup measures at Kusatsu and Okayama Factories</li> </ul>	<ul style="list-style-type: none"> <li>No cases of law infringement, environmental accidents, claims or complaints</li> <li>Kusatsu Factory: Monitored well water</li> <li>Okayama Factory: Continued implementation of cleanup measures</li> </ul>
	ISO 14001 certification	<ul style="list-style-type: none"> <li>Maintain and expand acquisition of ISO 14001 certification</li> </ul>	<ul style="list-style-type: none"> <li>Certification acquired by 1 additional overseas site</li> </ul>
 <b>Eco-Products</b>	Development/supply of Eco-products	<ul style="list-style-type: none"> <li>Percentage of new Eco-label products relative to new products: 10%</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of Eco-label products relevant to new products: 17%</li> </ul>
	Total elimination of hazardous chemical substances	<ul style="list-style-type: none"> <li>Maintain total elimination of hazardous chemical substances</li> <li>Build structure for compliance with REACH</li> </ul>	<ul style="list-style-type: none"> <li>Maintained total elimination of hazardous chemical substances</li> <li>Built structure for compliance with REACH</li> </ul>
	Promotion of green procurement	<ul style="list-style-type: none"> <li>Continue procurement from green suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Continued procurement from green suppliers</li> </ul>
	Product recycling/ reuse	<ul style="list-style-type: none"> <li>Initiate recycling/reuse for additionally selected products</li> </ul>	<ul style="list-style-type: none"> <li>Initiated reuse of CATs (credit authorization terminals)</li> <li>Continued recycling of recovered materials from automated ticket gates and vendors</li> </ul>
 <b>Eco-Factories/ Offices/ Laboratories</b>	Promotion of CO <sub>2</sub> emissions reduction	<p>Japan</p> <ul style="list-style-type: none"> <li>Production sites: Reduce CO<sub>2</sub> emissions per unit of production by 5% from FY2003 level</li> <li>Non-production sites: Reduce total CO<sub>2</sub> emissions by 2.5% from FY2003 level</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>Production sites: Reduce CO<sub>2</sub> emissions per unit of production by 6% from FY2002 level</li> </ul>	<p>Japan</p> <ul style="list-style-type: none"> <li>Production sites: 80% increase from FY2003 level</li> <li>Non-production sites: 20% increase from FY2003 level</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>Production sites: 18% increase from FY2002 level</li> </ul>
	Waste reduction/recycling	<p>Japan</p> <ul style="list-style-type: none"> <li>Production sites: Reduce volume of waste per unit of production by 19% from FY1998 level</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>Production sites: Achieve zero emissions/ Reduce volume of waste per unit of production by 12% from FY2002 level</li> </ul>	<p>Japan</p> <ul style="list-style-type: none"> <li>16% decrease from FY1998 level</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>Zero emissions achieved at 3 sites</li> <li>48% increase from FY2002 level</li> </ul>
	Detoxification of PCB-containing waste	<ul style="list-style-type: none"> <li>Conduct detoxification process according to the processing facility's schedule</li> </ul>	<ul style="list-style-type: none"> <li>No relevant sites according to the processing facility's detoxification schedule</li> </ul>
	Reduction of PRTR Law-controlled substances	<ul style="list-style-type: none"> <li>Maintain FY2005 levels per unit of production</li> </ul>	<ul style="list-style-type: none"> <li>Released amount: 22% decrease from FY2005 level</li> <li>Transferred amount: 173% increase from FY2005 level</li> </ul>
	Resource conservation (water and office paper)	<ul style="list-style-type: none"> <li>Maintain FY2005 total volume levels</li> </ul>	<ul style="list-style-type: none"> <li>Office paper used: 22% decrease from FY2005 level</li> <li>Water used: 16% decrease from FY2005 level</li> </ul>
	Air pollution prevention	<ul style="list-style-type: none"> <li>Maintain FY2005 levels per unit of production</li> </ul>	<ul style="list-style-type: none"> <li>NOx: 75% decrease from FY2005 level</li> <li>SOx: 78% decrease from FY2005 level</li> </ul>
	Water contamination prevention	<ul style="list-style-type: none"> <li>Maintain FY2005 total volume levels</li> </ul>	<ul style="list-style-type: none"> <li>BOD: 30% decrease from FY2005 level</li> <li>COD: 13% decrease from FY2005 level</li> </ul>
	Promotion of CO <sub>2</sub> emissions reduction at logistics stage	<ul style="list-style-type: none"> <li>Set emissions reduction targets</li> </ul>	<ul style="list-style-type: none"> <li>No reduction targets set</li> <li>Emissions in Japan: 5,524 tons (based on ton-kilo method)</li> <li>Emissions overseas: 32,803 tons (based on ton-kilo method)</li> </ul>
	Promotion of resource conservation at logistics stage	<ul style="list-style-type: none"> <li>Reduce packaging materials for transportation</li> </ul>	<ul style="list-style-type: none"> <li>Completed returnable container system implementation</li> <li>Completed shift to green band</li> </ul>
 <b>Eco-Communication</b>	Environmental reporting/ site reporting	<ul style="list-style-type: none"> <li>Continue publishing report</li> <li>Expand sites covered by the report</li> </ul>	<ul style="list-style-type: none"> <li>Published Omron Sustainability Report (June)</li> <li>Released environmental information for additional sites: 4 in Japan and 4 overseas</li> </ul>
	Environmental advertising/ exhibitions	<ul style="list-style-type: none"> <li>Continue release of environmental information through website</li> <li>Continue participating in environmental exhibitions</li> <li>Continue release of environmental information using media</li> </ul>	<ul style="list-style-type: none"> <li>Updated CSR website (August)</li> <li>Participated in Enviro-Shiga (Nov.) and Eco-Products (Dec.)</li> <li>Placed environment advertisement in "Nikkei Ecology" magazine (Feb. and Mar. 2009)</li> </ul>
	Environmental/social contribution activities	<ul style="list-style-type: none"> <li>Continue community contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>11 Japanese sites participated in forest preservation activities</li> <li>Gave environmental lectures at 3 elementary schools targeting 180 students</li> </ul>

Self-assessment rating ○ : Targets achieved △ : Targets partially achieved ✕ : Targets not achieved

	Rating	FY2009 Targets	FY2010 Targets
	○	<ul style="list-style-type: none"> <li>Continue implementation of environmental education programs</li> </ul>	<ul style="list-style-type: none"> <li>Continue implementation of environmental education programs</li> </ul>
	○	<ul style="list-style-type: none"> <li>Conduct awareness-raising activities using in-house media</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen measures to raise environmental awareness among employees</li> </ul>
	○	<ul style="list-style-type: none"> <li>Continue implementation</li> <li>Implement MFCA at 1 overseas site</li> </ul>	<ul style="list-style-type: none"> <li>Continue implementation</li> </ul>
	○	<ul style="list-style-type: none"> <li>Continue no cases</li> <li>Kusatsu Factory: Complete cleanup</li> <li>Okayama Factory: Reduce cleanup area</li> </ul>	<ul style="list-style-type: none"> <li>Continue no cases</li> <li>Okayama Factory: Shift to well water monitoring</li> </ul>
	○	<ul style="list-style-type: none"> <li>Maintain and expand acquisition of ISO 14001 certification</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and expand acquisition of ISO 14001 certification</li> </ul>
	○	<ul style="list-style-type: none"> <li>Percentage of Eco-label products relative to new products: 10%</li> </ul>	<ul style="list-style-type: none"> <li>Meet target for percentage of Eco-label products relative to new products</li> </ul>
	○	<ul style="list-style-type: none"> <li>Maintain total elimination of hazardous chemical substances</li> <li>Launch information system for compliance with REACH</li> </ul>	<ul style="list-style-type: none"> <li>Maintain total elimination of hazardous chemical substances</li> <li>Finish establishing information system for compliance with REACH</li> </ul>
	○	<ul style="list-style-type: none"> <li>Continue procurement from green suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Continue procurement from green suppliers</li> </ul>
	○	<ul style="list-style-type: none"> <li>Continue product recycling/reuse</li> </ul>	<ul style="list-style-type: none"> <li>Continue product recycling/reuse</li> </ul>
	✕	<p>Japan</p> <ul style="list-style-type: none"> <li>Review and change to target on total emissions basis (Reduce total CO<sub>2</sub> emissions by 2% from FY2008 level)</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions per unit of production by 7% from FY2002 level</li> </ul>	<p>Japan</p> <ul style="list-style-type: none"> <li>Reduce total CO<sub>2</sub> emissions by 8.6% from FY1990 level</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions per unit of production by 8% from FY2002 level</li> </ul>
	✕	<p>Japan</p> <ul style="list-style-type: none"> <li>Reduce volume of waste per unit of production by 21% from FY1998 level</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>Promote zero emissions at all production sites</li> <li>Reduce volume of waste per unit of production by 14% from FY2002 level</li> </ul>	<p>Japan</p> <ul style="list-style-type: none"> <li>Reduce volume of waste per unit of production by 22% from FY1998 level</li> <li>Achieve zero emissions at all sites</li> </ul> <p>Overseas</p> <ul style="list-style-type: none"> <li>Promote zero emissions at all production sites</li> <li>Reduce volume of waste per unit of production by 16% from FY2002 level</li> </ul>
	○	<ul style="list-style-type: none"> <li>Conduct detoxification at 2 sites</li> </ul>	<ul style="list-style-type: none"> <li>Continue detoxification process</li> </ul>
	△	<ul style="list-style-type: none"> <li>Maintain levels per unit of production</li> </ul>	<ul style="list-style-type: none"> <li>Maintain levels per unit of production</li> </ul>
	○	<ul style="list-style-type: none"> <li>Maintain total volume levels</li> </ul>	<ul style="list-style-type: none"> <li>Maintain total volume levels</li> </ul>
	○	<ul style="list-style-type: none"> <li>Maintain levels per unit of production</li> </ul>	<ul style="list-style-type: none"> <li>Maintain levels per unit of production</li> </ul>
	○	<ul style="list-style-type: none"> <li>Maintain total volume levels</li> </ul>	<ul style="list-style-type: none"> <li>Maintain total volume levels</li> </ul>
	✕	<ul style="list-style-type: none"> <li>Set reduction targets</li> </ul>	<ul style="list-style-type: none"> <li>Meet reduction targets</li> </ul>
	○	<ul style="list-style-type: none"> <li>Expand use of returnable container systems to include distributors</li> <li>Study use of foldable container stacking through standardized outer cases</li> </ul>	<ul style="list-style-type: none"> <li>Continue use</li> </ul>
	○	<ul style="list-style-type: none"> <li>Continue publishing report</li> <li>Expand sites covered by the report</li> </ul>	<ul style="list-style-type: none"> <li>Continue publishing report</li> <li>Expand sites covered by the report</li> </ul>
	○	<ul style="list-style-type: none"> <li>Continue release of environmental information through website</li> <li>Continue release of environmental information using media</li> </ul>	<ul style="list-style-type: none"> <li>Hold environmental forum</li> </ul>
	○	<ul style="list-style-type: none"> <li>Continue community contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>Continue community contribution activities</li> </ul>

## Assessing the use of resources (input) and emissions (output) at the global level

Sites covered: 64 sites in Japan, 18 sites overseas



1 Estimated based on shipment quantity of main products in each business segment during FY2008.

2 Industrial waste from business activities, business-related general waste, and waste materials converted into usable resources.

3 The latest national average power-receiving end coefficient (0.453kg/kWh) reported by the Federation of Electric Power Companies of Japan is used for CO<sub>2</sub> emissions for purchased electricity. For other fuels, coefficients specified by the revised Law Concerning the Promotion of Measures to Cope with Global Warming are used.

4 Global warming potentials specified by the revised Law Concerning the Promotion of Measures to Cope with Global Warming are used for five greenhouse gas emissions (CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC and SF<sub>6</sub>), which were then converted into tons of CO<sub>2</sub>.

5 Gasoline and light oil used for trucks and commercial vehicles in Japan.

6 Estimated with an equation: (Sales quantity for main products in FY2008) x (Electricity consumption per hour) x (Average use hours per year).

# Preserving and drawing on biodiversity toward the Optimization Society

## Omron's approach to biodiversity

The sixth Conference of the Parties to the Convention on Biological Diversity (CBD COP6) held in 2002 adopted a 2010 target, which requires contracting parties to "achieve by 2010 a significant reduction in the current rate of biodiversity loss." This in turn accelerated global-level efforts to meet the target and raised awareness of biodiversity. In addition to giving full consideration to biodiversity, Omron has explored the possibility of creating breakthroughs in science and technology through the merger of electronic control and biological control, having worked to develop technologies utilizing ecological resources. Particularly in the field related to sensing and control, a source of Omron's core competencies, Omron is actively involved in an industry-university collaborative project to learn from and make use of life forms.

At Omron, the development of technologies, products and services that make good use of biodiversity is considered to be aligned to the commitment to meet social requirements. Omron also believes that this drive is significant in terms of supporting sustainable development of its business, as well as preservation of the ecological system of the Earth. With the increasing importance of this area in mind, Omron aims to study how it should address biodiversity issue in relation to its business, environmental and social activities throughout fiscal 2009.

## Participation in "Yuragi" project

Unpredictable space-time fluctuations or movements that occur in nature, called "yuragi," play vital roles in all biological activities. Omron has participated in the Yuragi project, the world's first industry-university joint project to seek innovations in everything from basic science to commercialization-level technology by focusing on the utilization of these biological fluctuations.

In September 2008, the fourth Yuragi symposium was held, with Omron participating in a panel discussion entitled "Aiming for Developments for the Future that Businesses Expect." During the discussion, an Omron panelist shared his views on an ideal form of collaboration between universities and businesses, and also spoke on technological innovations that yuragi fluctuations will bring about.

Omron expects that the unprecedentedly sophisticated functions and energy conservation capabilities that yuragi technology-based devices and systems will realize in the future will be able to solve environmental issues we currently face and lead to positive changes in our world.



Omron participates in Yuragi project symposium in Tokyo

## Automation technology learned from all life on Earth

**Shinichi Nakama**  
Human Renaissance  
Institute Co., Ltd.



Omron's unique scenario of predicting future trends based on the mutual relationship between science, technology and society is still in place today as the foundation of Omron's corporate activities. Since its establishment in 1933, Omron has consistently focused on cybernetics, a feedback control theory derived from the behavior of animals. We have developed automation technologies as a result of this, while learning many things from biological mechanisms that function as a "system."

We are now heading toward the development of next-generation technologies in the field of so-called "bionetics," which learns from the structure, sensing ability and autonomous mechanism of insects, plants and other forms of life on Earth. Preservation of biodiversity is essential for the conservation of the Earth's ecosystems as well as for our unending quest to learn from living creatures

## Potential of new "Yuragi" control technology

**Toshio Yanagida.**  
Professor, Osaka University  
Yuragi Project Research Division Leader



In a human brain there is an extremely complicated system with 50 trillion connections running at only 1 watt. In the system, it is said that there is a unique mechanism in life forms which utilizes fluctuation, so-called the "yuragi," which had been considered to be noise.

The purpose of our Yuragi project is to understand the yuragi mechanism, and to apply it to traditionally difficult problems, such as control of dynamic complex systems.

Technologies that utilize the yuragi mechanism will realize complicated artificial systems that are robust against failures and environmental variations, and also a remarkable reduction of energy consumption and system integration cost. We hope Omron, as a member of the project, supports the project technically and discovers social needs toward practical applications of yuragi technology.

### Adopting the spirit of corporate citizenship in everyday life

In 1991, Omron established its Corporate Citizenship Charter, in which May 10 of each year was designated “Founder’s Day” (“Omron Day” in Japan). Every year on this day, which marks the anniversary of Omron’s founding, Omron volunteers at worldwide sites provide service in their local communities. Established as a corporate event to mark Omron’s 75th anniversary, the Eco-Volun initiative is designed to involve all 35,000 Omron Group employees around the world in a range of environmental initiatives and volunteer work, and make donations in amounts according to employee efforts.

The origin of Eco-Volun was a site-wide project started at Omron’s Tokyo head office in 2006 to encourage employee participation in

environmental and social activities. With this program, employees at the Tokyo head office were awarded points for their contributions to their local communities and the environment. Converting the total points accumulated each year into monetary value, the company donated wheelchairs, seedlings or other forms of donations to local charities and NPOs.

With the launch of Eco-Volun, Omron expanded this initiative to all sites around the world. The goal was to link individual employees’ volunteer activities with the Omron Group’s corporate citizenship, while also boosting the pride and motivation of all Group employees. Through volunteer and environmental conservation efforts, all employees aimed to live up to Omron’s corporate core value, “working for the benefit of society,” not only at work, but also in their private lives.

## Promoting global community contributions based on Omron’s core value of “working for the benefit of society”

“Working for the benefit of society” is the underlying spirit behind Omron’s commitment to addressing issues in various regions of the world and promoting community contributions through various initiatives. In 2008, to mark the 75th anniversary of Omron’s foundation, Omron established the global initiative “Eco-Volun.” The initiative encourages Omron Group employees throughout the world to engage in environmental conservation and volunteer activities.

#### The Eco-Volun Initiative

Employees participate in day-to-day volunteer/environmental activities

Day-to-day volunteer/environmental efforts are converted into points

The company makes donations to charities, based on the total number of points earned



#### Environmental activities

Examples:

Used own bag for shopping (3 pts.)  
Participated in forest preservation activities (10 pts.)

Cleanup of Lake Kojima by  
Okayama Office employees



Examples:

In Japan/Korea, a donation was made to OISCA, which is dedicated to promoting forest preservation

#### Volunteer activities

Examples:

Participated in Founder’s Day activities (30 pts.)  
Provided assistance to elderly/people with disabilities (20 pts.)



Disaster relief  
bazaar in Malaysia

## Making donations in each area according to employees' volunteer efforts

The Eco-Volun initiative continued from Founder's Day 2008 until September 30 of the same year. To promote this 5-month campaign globally, all Group sites were divided into five areas—Japan/Korea, the Americas, Europe, Asia Pacific and Greater China. Area-specific activity lists were prepared to introduce environmental/volunteer activities in which employees in each area could engage on a daily basis. Moreover, point values were determined by the scope of each activity, such as 3 points for recycled milk cartons, 20 points for blood donation, etc.

Omron also developed a point entry system by which employees can enter points through the Internet and keep track of their own

progress. Points were tallied for each area and converted into a monetary sum, which was then donated to charitable organizations selected respectively by each area, with the maximum amount set at 10 million yen.

To enhance employee awareness of the initiative and encourage their active participation, explanatory sessions were held in various places around the world. Campaign guidebooks and posters as well as point entry system operation manuals were created in 24 different languages and distributed to all sites. Participation did not grow very quickly right after the launch of the initiative. But in response to the event committee's call and active solicitation efforts at all sites worldwide, the number of participants increased steadily over time, with 30,280 employees in total participating in Eco-Volun activities in their respective sites and workplaces.



Campaign guidebook and poster to encourage employee participation throughout the world

### Eco-Volun Promoter Comment

#### Environmental/volunteer activities as a matter of course



**Akinori Kobayashi**  
Omron Business  
Associates Co., Ltd.

In Japan, Omron and its labor union promoted the Eco-Volun initiative, which demonstrated to employees Omron's serious commitment to the program. We at corporate communications also tried to relay information in a friendly manner, for instance, showing photos of smiling employees doing volunteer work, and posting point rankings by handle name on the website.

Through their Eco-Volun experience, I think that employees will no longer feel awkward carrying their own bottles to work, their own bags to shopping and their own chopsticks to restaurants. It will feel like an ordinary and cool thing to do.

### Eco-Volun Point Totals by Area

#### Europe

Point total:  
**904,952** points  
Donation total: **8 million yen**  
(US\$ 77,000)  
Organization to receive donation: International Committee of the Red Cross (ICRC)

#### Greater China

Point total:  
**9,027,614** points  
Donation total: **10 million yen**  
(US\$ 96,000)  
Organization to receive donation: Shanghai Jiuduansha Wetland Nature Reserve

#### Americas

Point total:  
**555,745** points  
Donation total: **5 million yen**  
(US\$ 48,000)  
Organization to receive donation: Plan International

#### Asia Pacific

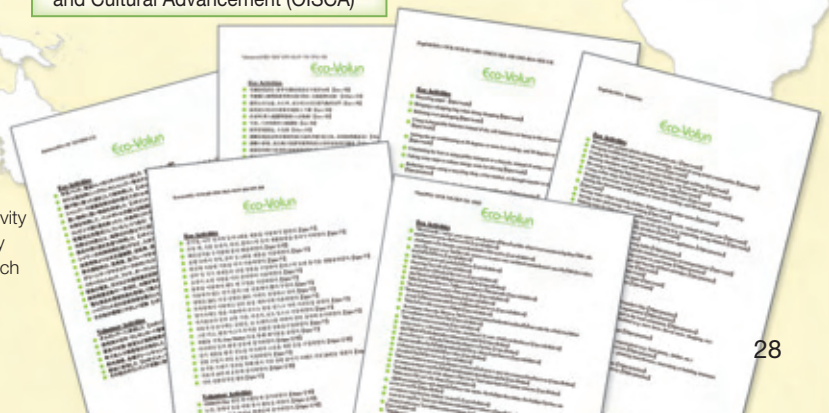
Point total:  
**1,636,464** points  
Donation total: **9 million yen**  
(US\$ 86,000)  
Organization to receive donation: International Committee of the Red Cross (ICRC)

#### Japan/Korea

Point total:  
**6,541,259** points  
Donation total: **10 million yen**  
(US\$ 96,000)  
Organization to receive donation: Organization for Industrial, Spiritual and Cultural Advancement (OISCA)

US\$ conversion rate as of Sept. 30, 2008

Eco-Volun activity lists individually prepared in each region



### An array of activities implemented in each area to support the initiative

Many employees participated in the Eco-Volun initiative around the world. Globally, Eco-Volun participants totaled about 30,000, which represented 86% of the Omron Group total. As many as 18.67 million points were earned, resulting in Omron's donation of 42 million yen in total.

In Japan/Korea, various activities were conducted on Founder's Day, the first day of the Eco-Volun initiative, by Omron offices and Group companies. Activities included cleanups of neighboring areas around office/factories, participation in sign language and guide dog seminars, and blood donations. Afterwards, environmental and volunteer activities continued throughout the campaign period on the initiative of individual sites or employees, with the range of activities steadily expanding to include recycling, tree-planting and others.

A unified program involving all sites in Japan, called the "MY<sup>3</sup> campaign," was also launched to encourage employees to carry and use their own shopping bags, bottles and chopsticks instead of plastic bags, plastic bottles and disposables. Moreover, unique

## Japan/Korea

The MY<sup>3</sup> campaign, collection of used stamps and plastic bottle caps, and other original activities were promoted at all sites in the area.



Japan

#### Eco-Volun Promoter Comment

#### Donation to reduce infant death rate in impoverished Malawi

**Steve Green**

Safety Manager  
Omron Electronics (Pty) Ltd.



Omron Electronics (Pty) Ltd. in South Africa has been engaged in various community contribution activities. By combining points we earned through the Eco-Volun activities with those achieved throughout Europe, we made donations to the healthcare education project organized by the Red Cross in Malawi.

In densely populated, impoverished Malawi, the number of sufferers of AIDS, malaria, respiratory disease and malnutrition are increasing. The Red Cross in cooperation with the government of Malawi provides pregnant women with education to lower the infant death rate, and we will continue to support this project.

site/department-specific activities were planned, including the setup of collection boxes for used stamps, recycling boxes for plastic bottle caps, etc. Employees were also actively engaged in forestation, home gardening, recycling and volunteer services for local communities.

As a result of these efforts, as many as 6.54 million points were achieved in total in the Japan/Korea area with 14,000 people participating. Based on this total, in December 2008 Omron donated 10 million yen to the Organization for Industrial, Spiritual and Cultural Advancement (OISCA), which is dedicated to the development of agricultural areas and forest preservation in the world.

In the Americas, some 1,200 employees participated in activities such as cleanup/beautification of local parks throughout the area. In Canada, employees collected used books and clothes and donated them to charities. As a result of these efforts, Omron donated 5 million yen to Plan International, an international development agency that supports children and communities in need.

In Europe, where Omron business sites are scattered throughout the continent, 1,400 employees took part in volunteer services at charitable organizations or other activities. With the intention of sharing the sense of accomplishment among all employees

## Americas

In a nature center, employees were engaged in removal of non-native plants and transplantation of native plants. Omron volunteers also engaged with local communities by making crafts for children participating in summer camps.



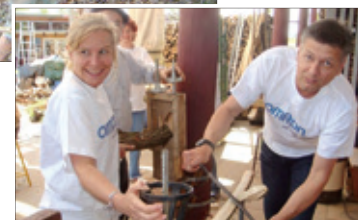
U.S.A.

## Europe

Activities in this area included forest preservation in the Netherlands, and volunteer work at a home for people with disabilities in Germany.



The Netherlands



Germany

throughout the area, a decision was made to donate 8 million yen to the Red Cross, which is involved in disaster relief and social care internationally, rather than a locally active organization. The donation was used for a healthcare education project in Malawi.

In Asia Pacific, employees made steady efforts to promote grass-roots volunteer activities at various sites. Although the number of employees in this area is less than in Japan/Korea, more than 80% of the employees in the area participated. This led to the achievement of as many as 1,636,464 points, resulting in Omron's donation of 9 million yen. As in Europe, the Red Cross was chosen as an organization to receive a donation because of its coverage over a wide area.

In Greater China, which has the largest number of employees within the Omron Group, a campaign to carry and use their own bags for shopping was conducted. Unique to this area, employees created bags themselves and distributed them to passersby free of charge. They were also actively involved with social services other than those provided in the activity list, resulting in 115% of the point target achieved. A 10 million yen donation was therefore made to the Shanghai Jiuduansha Wetland Nature Reserve, an NGO committed to environmental preservation.

## Asia Pacific

Staff in Indonesia donated repair materials to a school and books to a library, and strengthened friendship with children. In India, employees visited a facility for people with disabilities.



Indonesia



India

## Greater China

Various environmental activities were carried out, including tree-planting and shrub pruning to help preserve forests, and giving away bags created by employees to passersby.



Dalian



Shenzhen

## Expanding the circle of Eco-Volun activities across the globe

After the campaign was completed, Omron Group employees around the world expressed a variety of positive thoughts: "I'm glad I participated in the event," "I feel that social contributions are closer to me," "I want to continue volunteer activities," etc. Although the initial campaign period ended, Omron encourages employees to continue taking part in environmental and volunteer activities on their own initiative.

In this spirit, rather than treating the initiative as a one-time event, a decision was made to continue the Eco-Volun initiative in a manner tailored to each area's situation during fiscal 2009 and beyond. For the future, Omron will encourage employees to expand the circle of Eco-Volun activities to involve their families and communities rather than limiting their efforts to the site or workplace level.

## Examples of Other Community Contributions

### Assisting hurricane-affected communities in Texas

In 1989, Omron Foundation Inc. (OFI) was established in the U.S. to promote community contributions. Through OFI, Omron Group companies in the U.S. and Canada contribute 0.1% of sales revenues to support education, the elderly and people with disabilities, and to assist disaster victims.

In fiscal 2008, Omron donated US\$50,000 to the Gulf Coast Ike Relief Fund through OFI to assist with relief efforts following Hurricane Ike, which struck Houston, Texas and surrounding areas.



### Supporting victims of the Sichuan earthquake

In May 2008, a great earthquake devastated China's Sichuan Province, killing some 12,000 people. Soon after, to provide support for those affected, Omron donated 30 million yen to the Red Cross Society of China, which is dedicated to emergency medical care, along with a donation of RMB 250,000 in medical equipment such as blood pressure monitors and thermometers from Omron Healthcare to the Chinese Government's Ministry of Health.

In Greater China, employees were asked to make donations, which resulted in a total of RMB 650,000 collected. In the U.S., Omron Foundation, Inc. also pledged US\$50,000 for Sichuan earthquake relief in June.



## Numerical targets specified mainly for key CSR issues

CSR issues and basic policy	GD-III (FY2008-10) focus activities/targets	FY2008 results
<b>Respect for human rights</b>  Strive to raise employee awareness of human rights in the workplace and create a workplace atmosphere that values the personality and talents of individuals, thereby helping to build a pleasant society free from discrimination.	<ul style="list-style-type: none"> <li>Regularly conduct human rights education at all global sites.</li> <li>Build a system to assess internal human rights-related issues and connect assessment with improvement.</li> </ul>	<p>① Extended human rights awareness activities, formerly limited to Japan and part of the Americas, to include Europe and Greater China.</p> <p>[Japan] ● Offered training on sexual harassment to all employees.</p> <p>● Offered extensive compliance guidance regarding outsourcing of factory-floor work and management of temporary workers during first half of FY2008, reflecting the results of internal audit conducted in FY2007.</p> <p>● Conducted EICC*-compliant CSR monitoring at Omron Takeo Co., Ltd. and Omron Relay and Devices Corporation to observe conformance with CSR procurement requirements, such as human rights considerations. Monitored main suppliers of the two companies for their CSR status.</p> <p>[Europe] ● Conducted EICC-compliant CSR monitoring at Omron Automotive Electronics Italy S.R.L. to observe conformance with CSR procurement requirements, such as human rights considerations.</p> <p>[Greater China] ● Omron (Shanghai) Co., Ltd. acquired CSR certification from Shanghai's Pudong government through assessment of appropriate work conditions.</p> <p>● CSR monitoring and human rights education were planned for Omron (Dalian) Co., Ltd. and Omron Electronic Components (Shenzhen) Ltd., but postponed to FY2009.</p> <p>● Onsite investigation for main suppliers based on results of questionnaire survey conducted in FY2007 was planned, but postponed to FY2009.</p> <p>[Asia Pacific] ● CSR monitoring and human rights education were planned for P.T. Omron Manufacturing of Indonesia, but postponed to FY2009.</p> <p>*EICC (Electronic Industry Citizenship Coalition) is an organization intended to promote CSR management effectively and efficiently throughout the electronics supply chain. The EICC promotes a code of conduct for electronics supply chains and supports joint development of supply chain management tools among participating companies and NGOs.</p> <p><b>Percentage of employees taking human rights training courses</b>  [Japan] Omron Group: 89% (Omron Corporation: 88%, Group companies: 89%)  [Americas] Omron Management Center of America, Inc.: 90%, Omron Scientific Technologies, Inc.: 50%</p> <p>② Completed drafts of Japanese and English versions of global human rights educational materials used across the Omron Group.</p> <p>③ Engaged in interaction with 2 international human rights organizations in Japan to study ongoing activities to address global human rights issues.</p> <p>④ In Europe, information was sought and voluntary ban on sales was considered for nations where human rights violations were suspected at the outbreak of conflicts, but ban was not executed because of insufficient neutral and objective information.</p>
<b>Respect for diversity</b>  Promote a diversity of talented people to vital positions in the workplace depending on their performance and achievements, without regard to nationality, gender or other non-performance-related attributes.	<ul style="list-style-type: none"> <li>Strive to empower women in the workplace and provide them with more opportunities to assume vital positions by offering career development support initiatives and creating a motivating workplace environment.</li> <li>Promote normalization in Japan and further improve employment rate for disabled persons.</li> </ul>	<p>① Increased opportunities for a diversity of talented people to assume vital positions in Japan, without regard to nationality, gender or other non-performance-related attributes.</p> <p>● <b>Number of women employed for main career track (Omron Corporation):</b> 38 (22%) (met FY2008 goal of 20%).  ● <b>Number of foreigners employed for main career track (Omron Corporation):</b> 11 (6.4%) (met FY2008 goal of 10 persons).  ● <b>Number of women in management positions:</b> 19 (1.2%)—Omron Corporation: 7 (0.8%), Group companies: 12 (1.7%)  ● <b>Employees who took maternity leave (Omron Corporation):</b> Women: 53, Men: 0  ● <b>Employees who used short working hours for childcare (Omron Corporation):</b> Women: 28, Men: 0</p> <p>② Established empowerment project for women particularly in Japan, identifying specific issues and confirming direction of action (see "Topic 1" for more details).</p> <p>③ Offered greater job opportunities for persons with physical disabilities through "normalization."</p> <p><b>Employment rate for physically disabled persons</b>  [Japan] 2.8% for Omron Corporation (including special subsidiaries).  [China] 3 sites among 6 production sites met municipal/provincial legal requirements for employment of persons with disabilities.</p> <p>④ Began assessing diversity issues outside Japan.</p>
<b>Support for people with disabilities or other limitations</b>  Strive to proactively contribute to community development as a responsible corporate citizen mainly through supporting people with limitations to enhance the quality of their lives (QOL <sup>1</sup> ). 1 QOL (Quality of Life) is a scale for measuring the degree to which a person enjoys a rewarding life as desired.	<ul style="list-style-type: none"> <li>Enhance support initiatives and programs in conformance with Omron's policy of improving QOL of persons with limitations.</li> <li>Continue implementing activities of Recruitment Agent Network for Disabled Persons to help promote teleworking for physically challenged people.</li> </ul>	<p>① Offered donations to volunteer/environmental protection organizations through Eco-Volun activities conducted by Omron Group employees worldwide. (See "Special Feature ③" for more details.)</p> <p>② Gathered information from all sites worldwide to assess support for people with limitations. (The following includes major donations only.)</p> <p><b>Donations/support for organizations for persons with disabilities</b>  [Japan] ● Donated "Smile Scan" system to Wakayama Prefectural School for the Blind to assist in smile training for visually impaired students. (See "Topic 2" for more details.)  [Europe] ● Donated US\$ 579 to the Committee of Sports for the Disabled in Denmark.  [Greater China] ● Donated 50 wheelchairs and 10 blood pressure monitors to Dalian Disabled Persons' Federation. Cosponsored Dalian International Marathon/Wheelchair Marathon Races for 12 consecutive years. Donated US\$ 6,369 to vocational training facility for people with disabilities in Guangzhou City.</p> <p>[Americas] ● Donated US\$62,500 to the Little City Foundation, which supports independence of people with intellectual/developmental disabilities.  [Japan] ● Donated US\$289,659 to Red Cross Society of China, along with 300 blood pressure monitors, 200 digital thermometers and 100 blood glucose monitors to support victims of Sichuan earthquake.  ● Donated US\$2,897 to Nippon International Cooperation for Community Development to support Myanmar's cyclone victims.  ● Donated US\$1,619 to Red Cross Society for relief of Australia's mountain fire-affected communities.  ● Organized charity walk and donated US\$1,397 to Red Cross Society for victims of Myanmar's cyclone.  ● Donated US\$1,062 to support Indonesia flood victims.</p> <p><b>Donations for poverty/famine relief</b>  [Americas] ● Donated US\$25,000 to Gleaners Food Bank in Michigan, which distributes food to families in need due to recession-caused unemployment, etc.  [Asia Pacific] ● Employees organized charity walk and donated US\$947 for supporting poor families in Cambodia.</p> <p><b>Educational support for improving literacy rate</b>  [Europe] ● Donated US\$6,188 for construction of schools in a poverty-stricken community in Ecuador.  [Americas] ● Donated school supplies and cold protection outfits to elementary school in a poverty-stricken community in Illinois.  [Asia Pacific] ● Granted scholarships to 328 elementary school pupils in underprivileged part of Indonesia and provided financial support for 20 teachers. Provided meals for pupils and health guidance for 2 elementary schools in same region, and donated computers to an elementary school and a junior high school.</p>

Rating: Self-assessment was conducted to comprehensively evaluate the progress of activities, including achievement of GD-III (third stage of Grand Design 2010) targets (FY2008-10), degree of global expansion of activities, external evaluation and comparison with other companies, etc.

○ : More progress than initially expected    △ : Progress    ✕ : Needs more effort

Rating	FY2009 policy and targets
△	<p>① Formulate area-specific policies and action plans for putting 10 principles of United Nations Global Compact into practice, and implement actions that abide by the principles.</p> <ul style="list-style-type: none"> <li>● Identify human rights-related issues specific to each nation among Japan, Korea, the Americas and Europe, and select activities to be implemented. Formulate/implement educational curriculum.</li> <li>● Gather information concerning human rights-related ordinances promoted by Chinese government, such as National Human Rights Action Plan (2009-2010) issued by Information Office of the State Council, and quickly disseminate information to all related sites.</li> <li>● Omron Industrial Automation (China) Co., Ltd.; Omron Electronic Components Trading (Shanghai) Ltd.; and Shanghai Omron Control Components Co., Ltd. will seek CSR certification in China.</li> <li>● Assess human rights protection status at each site in Asia Pacific in cooperation with external organizations.</li> <li>● Conduct CSR monitoring for main production companies in each area for onsite observation of conformance with CSR procurement requirements such as human rights protection, while also providing human rights education.</li> </ul> <p>[China] Omron (Dalian) Co., Ltd.; Omron Electronic Components (Shenzhen) Ltd. and their main suppliers [Asia Pacific] P.T. Omron Manufacturing of Indonesia</p> <p><b>Targets for participants in human rights training courses</b></p> <p>[Japan] 90% or higher of all employees [Korea] 85% or higher of managers [Americas] U.S. and Canada: 85% or higher of managers Other regions: 100% of Group company presidents [Europe] Central, North &amp; South Europe: 85% or higher of managers Other regions: 100% of Group company presidents [Greater China] Mainland China: 85% or higher of managers Hong Kong &amp; Taiwan: 85% or higher of all employees [Asia Pacific] Singapore, Thailand &amp; Oceania: 85% or higher of managers; Indonesia, Malaysia, Vietnam &amp; India: 100% of Group company presidents</p> <p>② Study ISO 26000 Committee Draft and identify policies, regulations and educational materials necessary for promotion of CSR practices. Complete Japanese, Korean and English versions of global human rights educational materials used throughout Omron Group. Aim to complete drafts of Chinese and Portuguese versions.</p> <p>③ Study human rights issues that companies need to address which are stipulated in ISO 26000 Committee Draft, as well as required measures through communication with international human rights organizations.</p> <p>④ Establish a system to assess neutral and objective information regarding human rights violations at the global level through communication with international human rights organizations.</p>
△	<p>① Continue increasing opportunities for diversity of talent to assume vital positions in the workplace in Japan, without regard to nationality, gender and other non-performance related attributes.</p> <ul style="list-style-type: none"> <li>● <b>Target number of women employed for main career track (Omron Corporation):</b> 16 or higher (20%)</li> <li>● <b>Target number of foreigners employed for main career track (Omron Corporation):</b> 5 (6.3%)</li> </ul> <p>Note: Omron uses the number (ratio) of women and foreigners employed for main career track as indicators to measure the progress of diversity enhancement in Japan, and implements activities based on the PDCA cycle. Only results (not targets) are reported for the number (ratio) of women in management positions, the number of employees who took maternity leave, and the number of employees who used short working hours for childcare.</p> <p>② Formulate/implement specific programs to be proposed by empowerment project for women in Japan.</p> <p>③ Continue offering job opportunities for persons with physical disabilities in Japan and China. Study possibilities of hiring people with non-physical disabilities.</p> <p><b>Target employment rate for physically disabled persons</b></p> <p>[Japan] Omron Corporation including special subsidiaries: 2.9% [China] Meet and maintain municipal/provincial legal requirements for employment of persons with disabilities at 4 main production sites.</p> <p>④ In Europe, identify/sort diversity issues and determine action. In Greater China, the Americas and Asia Pacific, continue assessing diversity issues.</p>
○	<p>① Continue Eco-Volun activities in manners tailored to each area.</p> <p>② Clarify people with limitations in each area depending on area characteristics and determine measures to enhance QOL.</p> <p>Note: For support measures, Omron considers numerical targets to be unsuitable, thus only global data will be reported.</p> <div data-bbox="267 1864 399 2015"> </div> <p>Omron Corporation has been certified as a company that has met certain requirements for supporting childcare based on the Law for Measures to Support the Development of the Next Generation.</p>

## Topic 1

### Establishing an empowerment project for women

Omron's goal is to achieve both individual development and development of the company by motivating all employees to fully demonstrate their capabilities without regard to gender, nationalities or other non-performance related attributes. To further promote gender equality, Omron Corporation set up an empowerment project for women in October 2008.

The project team consists of nine women selected from the head office and business companies. As a first step, the project team conducted an internal questionnaire survey to assess the present status in fiscal 2008, and analyzed the results of the survey. Based on this analysis, the team identified factors that prevent women from demonstrating their capabilities to the fullest, and sought solutions.

The survey was conducted in December 2008 targeting 5,400 employees at Omron Corporation in Japan. It was designed to seek their opinions and assess the workplace conditions in seven areas, including workplace culture, career development support, employee awareness, and availability and implementation of employee support initiatives. Issues extracted from the results of the survey were then classified according to the concerned party's perspective—female employees, the company, and workplace/management, and the direction of measures to solve them was determined for each category. Focus was placed on balancing environmental factors including the company's stance, various support initiatives and workplace culture; and the employees' own motivation and capabilities to achieve rewarding work at high levels. This in fact is the key concept for Omron in empowering women in the workplace.

From fiscal 2009 and beyond, Omron will draft an action plan and promote its implementation.



Meeting of empowerment project for women

## Topic 2

### Omron donates "Smile Scan" to Wakayama Prefectural School for the Blind

Maintaining a smile is one of the main challenges for students at a school for the blind who wish to become acupuncturists. Although warm smiles are essential for any business involving communication with customers, many students who were born blind find it difficult to smile. In February 2009, Omron donated a "Smile Scan" system to the Wakayama Prefectural School for the Blind for use in emotional education such as smile training.

Designed for objective and quantitative evaluation of smiles, "Smile Scan" utilizes Omron's "OKAO Vision" face sensing technology. The technology relies on facial data gathered from over 1 million people, accumulated through over 10 years of study of the human face. The system measures the degree of a person's smile from a camera-recorded facial image based on its original criteria using facial key point movements. The resulting data is displayed onscreen with a percentage reading from 0% to 100%.

The Wakayama School for the Blind plans to use "Smile Scan" not only for emotional training for students but also for helping faculty members maintain their smiles on a daily basis, aiming to create a more pleasant educational environment.



Students practicing smiling in front of computer screens

# What does sustainable development in a global recession really mean?

What kind of business transformation is necessary in the face of this global-level transition?



### Participating stakeholders:

**Ms. One Akiyama**  
President, IntegreX Inc.

**Mr. Naoki Adachi**  
President, Response Ability, Inc.

**Ms. Yoko Ishikura**  
Professor of Graduate School of International  
Corporate Strategy, Hitotsubashi University

**Mr. Takashi Kiuchi**  
Chairman, E-Square Inc.

### Facilitator:

**Mr. Peter D. Pedersen**  
Chief Executive, E-Square Inc.



To reaffirm the direction of Omron's CSR strategy and its future vision, and to incorporate new ideas into its future activities, Omron engaged in a dialogue with external experts under the theme of "sustainable development in a global recession." The following summarizes the views of the participating experts regarding three subjects. A keynote speech by Mr. Takashi Kiuchi, chairman of E-Square Inc., is also included, along with remarks by Omron participants.

### Participants from Omron Corporation:

<b>Fumio Tateisi</b>	Director and Executive Vice Chairman
<b>Hideo Higuchi</b>	Managing Officer
<b>Takuji Yamamoto</b>	Managing Officer
<b>Kazunobu Amemiya</b>	Managing Officer
<b>Kojiro Tobita</b>	Managing Officer
<b>Masaki Teshigahara</b>	Executive Officer
<b>Takeshi Miyamoto</b>	General Manager of Corporate Social Responsibility Management Department, Corporate Strategic Planning HQ

### Excerpts of Mr. Kiuchi's keynote speech

#### Toward a new "life-sized world"

In the past, we put the highest priority on economic development due to self-centered value perceptions. Today, we are seeing a growing interest in sustainable development that emphasizes development of our society, or development of local communities. I'd like to use the phrase "size of life" as the keyword for this move. I feel that the key requirement today is to create a "life-sized world" in which the power of nature, people and communities are in complete harmony, and people will again be able to restore the brilliant energy of life.

I think it is very meaningful to engage in a discussion regarding the theme of today's dialogue, "sustainable development in a global recession," and draw conclusions from the discussion. In the future, we will need as many opportunities as possible to think and exchange views, so that we can awaken ourselves to new discoveries.

### 1 What is CSR that goes beyond corporate ethics and compliance?

#### "Specify a mission and make good use of resources to address social issues."

##### — Ms. Akiyama

The days are gone when CSR meant that companies needed only to maintain compliant and ethical behavior. I believe that CSR today requires demonstrating leadership to actively address social challenges. Companies are now expected to utilize various resources proactively and effectively to solve social issues, rather than simply meeting the requirements of society in a passive manner. Only companies that can fulfill this expectation and address social challenges through their business will be able to build a sustainable competitive edge.

It is important for each company to identify its own mission from among the many issues and requirements of society, and take action to realize this mission. You should first declare

your goal and put yourself in a situation that gives you no choice but to commit to addressing social issues. You should then consistently report the progress of your efforts. In this way, you'll be able to clarify the significance of your activities and address stakeholders in a more convincing way. In that sense, continuous communication of your commitment both internally and externally will be very important for the fulfillment of CSR.

## **“Companies are now asked ‘what can you do?’ in response to various situations.”**

— Mr. Adachi

CSR stands for Corporate Social Responsibility, and the inclusion of “responsibility” may give you an image of “something that you must do.” But “responsibility” is a combination of “response” and “ability,” so to me CSR is something that tests companies’ ability: how they can respond to various situations in society, and what they can do.

For example, welfare services provided by the government will always be subject to cost constraints once a certain limit is exceeded. However, companies can secure a financial source for people in need of assistance, or offer job opportunities to help them achieve self-dependence by creating a new business platform. I believe that activities of this sort are possible only by companies, and thus can be called CSR in its true sense.

CSR should not be an add-on activity such as simply giving profits earned through business back to society. Rather, it should be a contribution to society using business resources themselves.

## **“I expect unique CSR practices that only Omron can perform.” — Ms. Ishikura**

I basically think that CSR must be a part of corporate strategies. In that sense, CSR activities should be active, not passive, and they should be distinctive or unique, not general.

With that in mind, the key is to embed CSR into each company’s value chain, that is, the process of creating added value and delivering it to customers. In other words, you should make CSR one of the factors for creating value. Moreover, instead of limiting value creation processes to in-house activities, it is important to develop a value chain through collaboration with external partners. There, a “win-win” relationship should be established in which all participating parties can enjoy benefits. I hope Omron will aim to develop quintessentially Omron solutions to address social issues by taking advantage of its core competencies and assets, which I believe is exactly what is meant by Omron’s principle, “innovation driven by social needs.”

**2**

**What are the key points for transformation in order to achieve sustainable development? Which fields should you select and concentrate resources on?**

## **“CSR is the key to realizing company optimization or social optimization.” — Ms. Akiyama**

If all employees dealing with a diversity of tasks have a common mission and philosophy of “fulfilling CSR,” it would not only unite everyone’s thoughts and intentions, but also serve as the key to optimization of the entire company, transcending the partial optimization of each department. It is important to advance a step further on this approach to lead to social optimization. But as long as your company’s philosophy is aligned to the mission of the entire globe, which is to achieve continuation of the earth and sustainable development of society, company optimization should naturally lead to social optimization. In that sense, it is important to see whether your company’s philosophy is in fact aligned with the global-scale mission to begin with.

## **“Utilization of solar energy is the most important point for business transformation.”**

— Mr. Adachi

The only resources that can be sustained several hundred years into the future are biological resources. One hundred years or so from now, the economy will have been transformed from a system based on minerals such as oil and coal to bio-based alternatives. And solar energy is the key factor supporting these biological resources.

Humans use a vast amount of energy, yet the solar energy used by plants on Earth is ten times that of our consumption. Moreover, the sun casts as much as 1,000 times this energy down to the Earth. The question of how to use this inexhaustible energy source will be the most important point for future business transformation.

## **“Initiatives from a long-term perspective such as infrastructure development will be essential.” — Ms. Ishikura**

In today’s world, industrial, national and organizational boundaries have been weakened. At the same time, “flat” power relationships have emerged between advanced nations and developing nations, and between suppliers and consumers. In this situation, it is important to seek originality at the local level along with global movements.

For example, suppose you not only sell products and technologies to a certain country but also provide educational assistance for using them. That kind of activity will help boost that country’s power while also promoting your company’s business. Activities from a long-term perspective such as this will be essential.

### 3 What are the risks and opportunities in this time of global transition?

#### **“Define your goal first, then seek measures needed to achieve it.” — Ms. Akiyama**

In times like today, it is important to break away from the traditional idea of “building up what you already have” and adopt the concept of “backcasting.” This begins by defining a desirable near-future, then working backwards to identify measures needed to achieve it. The foundation for this approach is corporate philosophy. In the future, businesses will be required to have an unshakable philosophy, and to demonstrate the commitment of executives to fulfill global-scale missions such as environmental preservation and energy conservation. Doing so may be a risk, but it also offers great opportunity.

#### **“The biggest risk is a delay in response to changes in the business environment.”**

— Mr. Adachi

As situations around us change, we must also change the rules of our society and our companies. The biggest risk we face may be in delaying our response to these changes. What are common rules that can be shared in the new world? I believe it is vital to find

the answer to this question. With respect to corporate activities, a global perspective will be more important than ever. Above all, Asia, which is closest to us in regard to people, resources and geopolitics, will hold an increasingly important position.

#### **“Companies will play a leading role in addressing social challenges.” — Ms. Ishikura**

A single situation can be interpreted as a risk or an opportunity depending on your point of view. In the future, it will be important to maintain a balance between these two opposing factors and embrace both, rather than relying on the “either-or” structure. Instead of choosing between the masses or the individual, competition or collaboration, open or closed, etc., changing “or” to “and” will open up new possibilities.

In addressing social challenges as well, it is important to combine profit and non-profit rather than making a choice between the two. In that sense, companies will play leading roles in addressing social challenges. Resources for creating value, technological resources in particular, are in the possession of companies. Companies also have valuable experience in competing and developing with each other in a highly competitive global marketplace. I hope that Omron will take the lead in efforts to address social challenges by leveraging its resources and experience.

#### **In response to the above comments, participants from Omron Corporation made the following remarks:**

- Beginning some 20 years ago, CSR has consistently served as the backbone of Omron’s corporate activities, based on the awareness that fulfillment of our responsibility of offering benefits to society is the very purpose of a company’s existence. We will continue to keep asking ourselves what we can do for the benefit of society in our day-to-day work.
- We have been engaged in a wide range of businesses in order to meet society’s needs, but I sometimes feel that these diverse businesses may have become unconnected from one another. We should again return to the starting point—who we are—in order to define clear-cut criteria upon which these diverse businesses should be integrated.
- In the past, we have pursued scale and quality, but from now on it will become more and more important to contribute to the sustainability of our company, and ultimately to the sustainability of society. The criteria for evaluating companies will also shift from such profitability indicators as profit-and-loss statements, to indicators showing the level of investment oriented toward sustainability of society. We will also have to respond to that change.
- I think the most important aspect of corporate social responsibility is creating employment opportunities. We should thus continue promoting this endeavor. There are various benchmarking models for employment. We will actively learn from these models and adopt what we learn for our internal operations.
- I’m currently dealing with the environmental business. Recently, I have been thinking about the importance of carefully promoting business so as not to make the environment a temporary fashion or a “bubble.” As such, Mr. Kiuchi’s talk of “returning to the size of life” was very thought-provoking for me.
- When we aim to approach CSR by leveraging Omron’s distinctive characteristics, I believe it is important to incorporate CSR into the axes of business, product and technology strategies which are shared in common by all business companies.

### Statement from Steve Rochlin, Senior Partner, AccountAbility, and Executive Director of the Global Leadership Network – for Omron's Sustainability Report.

The following comments represent our assessment of Omron's sustainability performance and build on the analyses we have conducted for Omron over the past few years as part of its participation in the Global Leadership Network (GLN). We have also included some suggestions pertaining to report (organization, information, focus etc.) below:

#### Strategic design.

Omron has evolved its approach to defining material environmental/social issues and should be commended for further refining its methodology in this regard. Omron's CSR team has continued to engage with external stakeholders to discuss the substantive issues of the day and the role of CSR in addressing them. We look forward to observing how Omron continues to progress its engagement strategy with external stakeholders, and how it uses such engagement to shape the company's approach to managing specific issues while also adding value to the business.

**Suggestions (in relation to the report):** Consider organizing the report by material social/environmental issue to help the reader better assess the importance of specific information and treat it as relevant for assessment.

#### Commitment.

Omron's commitment to realizing the Optimization Society is clearly important in today's business context and builds on a strong set of core values governing the company's role in society. It will be particularly useful to see specific discussion in future reports on how the commitment to the Optimization Society relates to commitments on individual environmental and social issues. For example, Omron's discussion on CO<sub>2</sub> emissions is very useful. It will be helpful to understand its general position on climate change.

**Suggestions (in relation to the report):** Consider including a clear articulation of the company's commitment to addressing specific environmental/social issues. We see that companies that define climate change as a material issue use reports to specify clear carbon reduction targets, and are now discussing their opinion and involvement in climate change policy. Given Omron's endorsement of the UN Global Compact principles, Omron may consider situating its performance (and impacts) within the Global Compact framework.

#### Partnerships/supply chain.

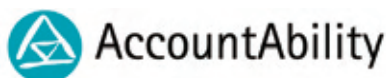
Omron has powerful systems in place for managing the performance of its suppliers, particularly in regards to compliance issues and environmental performance. The company also has partnerships in place to help address social/environmental issues (e.g. the Yuragi Initiative). As Omron continues to partner with civil society groups and external stakeholders, we will look forward to seeing more information on the results such partnerships bring to society and the business.

**Suggestions (in relation to the report):** Consider including anecdotes from Omron's partners to highlight the positive impacts their relationship has had on the business and its material issues.

There have clearly been some notable successes in terms of Omron's sustainability efforts over the past year. Going forward, Omron should continue to outline challenges it has faced in addressing sustainability issues and the approach it has taken to overcome these challenges. Indeed, such candor will only help create ever greater trust with stakeholders.

Once again, I congratulate Omron on its commitment to continuously improve its sustainability performance. I look forward to reviewing the progress it makes over the next 12 months.

Sincerely,



**Steven A. Rochlin**

Head of AccountAbility North America

A handwritten signature in black ink, reading "Steven A. Rochlin".





**Cover page photo**

Sunflowers in the blooming stage apply the function of the growth hormone auxin, which is included in the stem, to turn their faces to follow the sun from east in the morning to west in the evening.

Omron produces control components for photovoltaic tracker systems. The PV panels used in these systems turn to follow the sun just like sunflowers.

The structure, sensing ability and autonomous mechanism of living creatures provide many insights to Omron for further development of its core technology—sensing and control. Omron will continue to pursue the development of technologies by drawing on ecological resources.

**OMRON**

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