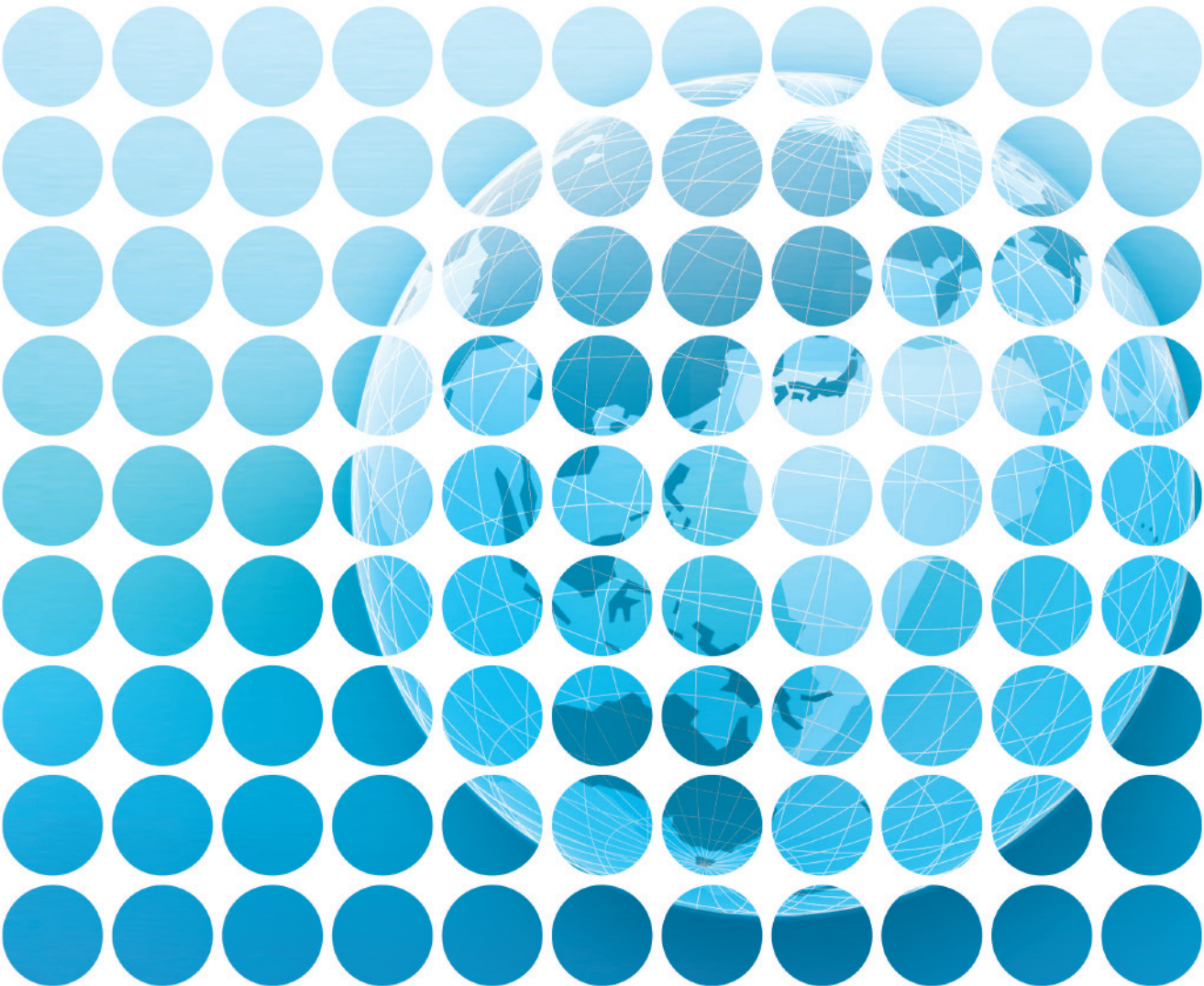


# Sustainability Report 2006

**OMRON**

*Sensing tomorrow™*



# Sustainability Report 2006

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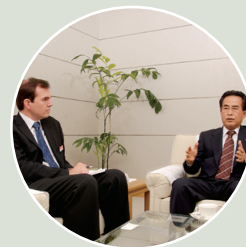
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## Editorial Policy

Since fiscal 1998, Omron has published an environmental report every year. In fiscal 2004, this report was upgraded to include more comprehensive and in-depth reporting of Omron's social performance as well as environmental performance. Since that time, our report has been published under the title "Sustainability Report."

Our editorial policy is to give preference to reporting matters and data that are recognized as especially significant for Omron, or that we feel obligated to disclose, while releasing matters not covered by this report and other detailed data through our website. Moreover, we took a PDCA cycle approach to our reporting by introducing not only our plans and targets for the reporting period (Plan) and specific programs implemented (Do), but also the evaluation of the results (Check) and measures for improvement (Action).

Aiming to help as many people as possible strengthen their understanding of Omron, this year's report includes "Feature Articles," which highlight examples of Omron's commitments related to each of the three pillars that comprise our CSR policy. These are: 1) Contributing to a better society through business; 2) Demonstrating fairness and integrity in corporate activities; and 3) Addressing societal issues. Moreover, comments and views on Omron from stakeholders are introduced, as part of our drive to promote two-way communication with them.

## Period covered by this report

Fiscal 2005 (April 1, 2005 through March 31, 2006).

Some items outside this period are also included.

## Next scheduled publication

End of June 2007 (Japanese edition)

## Guideline references

- Global Reporting Initiative (GRI) "Sustainability Reporting Guidelines 2002"
- Ministry of the Environment (MOE) "Environmental Reporting Guidelines" (2003 edition)

## Information available on the Omron website

Topics not covered by this report, detailed performance data, and other related information are available on the Omron website: <http://www.omron.com>



Detailed financial reporting is available in our Annual Report 2006.

## Organizations covered by this report

### Social performance reporting:

In basic principle, the entire Omron Group is covered.

⇒ For the corporate data of the Omron Group, see pg. 3.

As to the reporting of matters that only concern Omron Corporation, or a specific region and/or a specific affiliate, this is indicated within the report.

### Environmental performance reporting:

Sites where an environmental management system is in place are covered, as shown below:

- 15 Omron Corporation sites
- 14 major affiliates in Japan (32 sites)
- 14 major affiliates overseas (14 sites in total, including 3 in North America, 3 in Europe, 4 in China, and 4 in Asia-Pacific)

## Major affiliates

### ● 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 Manufacturing of The Netherlands B.V. (The Netherlands)  
OMRON (Shanghai) Co., Ltd. (China)

### ● ECB (Electronic Components Business)

OMRON Kurayoshi Co., Ltd. OMRON Sanyo Co., Ltd.  
OMRON Amusement Co., Ltd. OMRON Relay and Devices Corporation  
OMRON Taiyo Co., Ltd. TAMA Fine Opto Co., Ltd.  
OMRON Electronics Manufacturing of Germany G.m.b.H. (Germany)  
OMRON Electronic Components Ltd. (U.K.)  
Shanghai OMRON Control Components Co., Ltd. (China)  
OMRON Electronic Components (Shenzhen) Ltd. (China)  
OMRON Malaysia Sdn. Bhd. (Malaysia)  
P.T. OMRON Manufacturing of Indonesia (Indonesia)

### ● AEC (Automotive Electronics Business)

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

### ● SSB (Social Systems Business)

OMRON Software Corporation  
OMRON Field Engineering Co., Ltd.

### ● HCB (Healthcare Business)

OMRON Healthcare Co., Ltd. OMRON Matsuzaka Co., Ltd.  
Colin Medical Technology Corporation  
OMRON (Dalian) Co., Ltd. (China)

### ● Others

OMRON Nohgata Co., Ltd. OMRON Entertainment Co., Ltd.  
OMRON Personnel Service Co., Ltd. OMRON Logistic Create Co., Ltd.  
OMRON Marketing Co., Ltd.

⇒ For details regarding each business area, see pg. 3-4.





## IAB Industrial Automation Business

By drawing on its core Sensing & Control technology, and quickly and correctly anticipating the needs of customers, Omron's solutions support many leading manufacturers worldwide covering a wide range of industries.



## ECB Electronic Components Business

Omron's main product lines in this area include electronic control components to be embedded in consumer and commercial equipment as well as components and modules incorporated into cell phones and other mobile devices.



## AEC Automotive Electronics Business

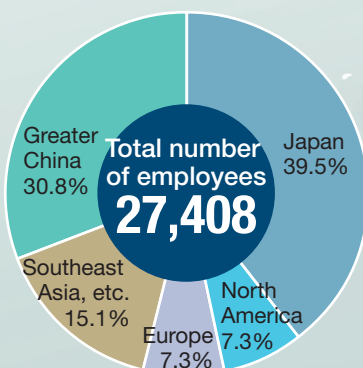
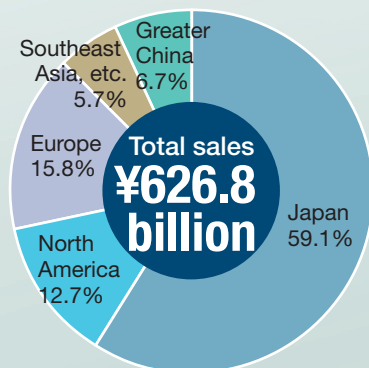
Omron develops, designs, and produces a wide array of sensors, controllers and other AEC components. These products are supplied to automakers and auto parts manufacturers throughout the world.

# 27,408 Omron employees are at work at 161 sites in 34 countries across the world.

Net Sales: ¥626,782 million (consolidated)  
Employees: 27,408 (Group total), 5,280 (Omron Corporation)  
Subsidiaries: 144 (42 in Japan, 102 overseas)  
Affiliates: 17 (13 in Japan, 4 overseas)

## Europe

Net Sales: **¥99 billion**  
Subsidiaries: **36**  
Employees: **1,992**

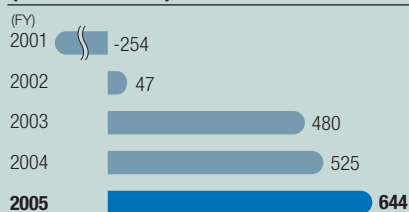


### Net Sales (consolidated)



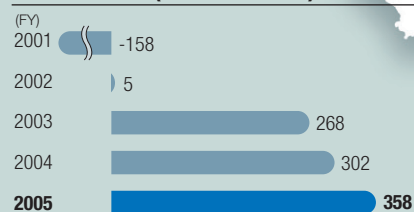
(Unit: ¥100 million)

### Income Before Income Taxes (consolidated)



(Unit: ¥100 million)

### Net Income (consolidated)



(Unit: ¥100 million)





## SSB Social Systems Business

Omron's comprehensive solutions targeting the tertiary industry and public service sector are designed to address consumer concerns for safety, security, comfort, and convenience. Also providing mechatronic systems and sensing modules, Omron contributes to building better and richer lifestyles as we head toward the Optimization Society.



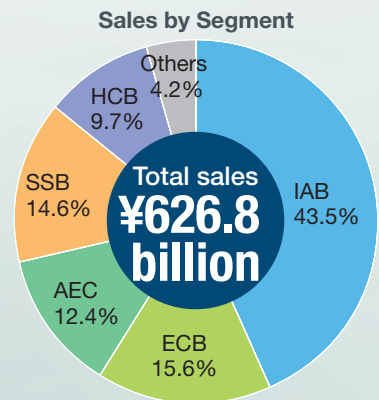
## HCB Healthcare Business

In addition to supplying a wide range of home-use healthcare products globally, Omron is also committed to the development of a Healthcare-at-Home system that connects patients' homes with hospitals through these products. The system covers four fields, namely cardiovascular organ check/measurement, biochemical examination, solutions to cope with obesity, and a lifestyle improvement program.



## Others

Omron is working hard to develop and promote new business areas toward realizing its group-wide growth strategy.



Net Sales: **¥41.7 billion**

Subsidiaries: **25**

Affiliates: **1**

Employees: **8,703**

**Greater China**

**Japan**

Net Sales: **¥370.7 billion**

Subsidiaries: **42**

Affiliates: **13**

Employees: **10,835**

**North America**

Net Sales: **¥79.7 billion**

Subsidiaries: **23**

Employees: **1,739**

**Southeast Asia, etc.**

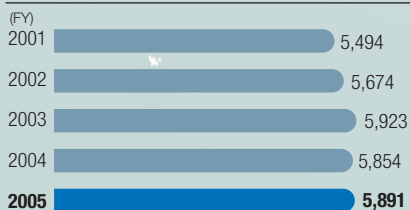
Net Sales: **¥35.7 billion**

Subsidiaries: **18**

Affiliates: **3**

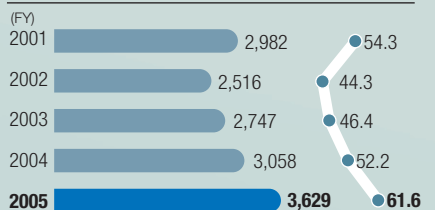
Employees: **4,139**

### Total Assets (consolidated)



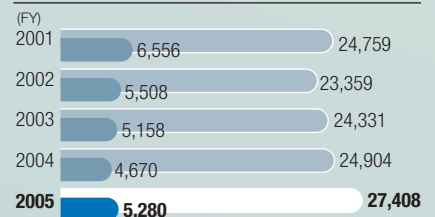
(Unit: ¥100 million)

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



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

### Employees



Note: Part-timers and temporary workers are excluded.

# Aiming to become a corporate group that is valued highly by future generations



Hisao Sakuta, President and Chief Executive Officer

Yoshio Tateisi, Chairman of the Board of Directors

## Moving forward in establishing and implementing the CSR system

Omron's long-term corporate vision, Grand Design 2010 (GD2010), specifies the establishment and implementation of its CSR system as one of the key strategies for its second phase (covering FY2004 through FY2007). Accordingly, efforts are being concentrated on building and improving the Omron Group's overall CSR management system, under the leadership of the CSR Management Headquarters.

As part of this drive, Omron specified three pillars that comprise its basic policy for CSR: (1) Contribute to a better society through business operations; (2) Always demonstrate fairness and integrity in the promotion of corporate activities; and (3) Show a commitment to addressing societal issues as a concerned party. At the same time, Omron defined four focus areas for CSR up to fiscal 2007. They are: (1) Promoting innovation driven by social needs through business operations; (2) Strengthening legal compliance and corporate ethics; (3) Addressing diversity issues by extending support to people with disabilities and encouraging women to take more active roles in the workplace; and (4) Commitment to environmental conservation. During fiscal 2005, Omron took a systematic approach to tackling these objectives and steadily produced productive results, the details of which are discussed on pages 15 and 16 of this report.

As we worked to fulfill Omron's social responsibilities in a way that effectively responds to society's changes, we realized the importance of reviewing our corporate philosophy that serves as the conceptual backbone of our corporate activities. Based on this, we again clarified our core value, and shared it with all employees of the Omron Group.

## Working for the benefit of society

In the past, the criteria for evaluating a company centered mainly on profitability and growth. In recent years, however, social values are increasingly viewed as indicators that determine to what extent a company fulfills its social responsibilities, and in what manner it contributes to the sustainable development of society. In response to these changes, Omron reviewed and reorganized the platform of its corporate philosophy, and set forth the new Omron Principles on May 10, 2006, the anniversary of Omron's founding.

The new Omron Principles were established around the core value of "working for the benefit of society." Since the adoption in 1959 of Omron's corporate motto, "At work for a better life, a better world for all," this value has consistently remained central to Omron's corporate activities over the past half-century. To unceasingly preserve this fundamental value, we have again designated it as the central idea that underlies the Omron Principles. In conformance with the new Principles, Omron has again renewed



its determination to realize its core value of “working for the benefit of society.” This drive is nothing but a commitment to CSR. And we believe that the concept that forms the very essence of CSR is “stakeholder-centered management.”

Every company operates through interaction with various stakeholders. It therefore must meet the expectations and requirements that those stakeholders have for the company. The first step in achieving this is to improve visibility through sincere dialogue with various stakeholders. When appropriate, Omron even intends to work directly with stakeholders in planning and conducting corporate activities. We believe that developing relations of mutual trust and confidence with stakeholders through such constructive engagement is what stakeholder-centered management is all about.

### **Contributing to society through business operations**

The main mission of Omron as a manufacturer is to become a forerunner in the development of products and services that are essential for building a better society. At Omron, this mission is described with the phrase “Innovation driven by social needs.” The spirit of challenging ourselves to produce such breakthroughs has been maintained and passed on since Omron’s inception, functioning as a key element in Omron’s corporate DNA.

With GD2010, Omron envisions what we call the “Optimization Society” in which a complete balance and harmonious relationship is achieved between individuals and society, between humans and the environment, and between people and machines. Omron clearly predicted that such a society would produce growing concerns related to safety, security, environmental conservation, and health. Our determination to address these emerging needs is set forth in our efforts to create the “best matching of machines to people.” Toward this end, Omron will continue demonstrating the foresight to predict the nature of tomorrow’s society, while maintaining the sensitivity to detect its potential needs. We also strive for the creativity to bring potential needs to the surface and connect them to the development of new businesses. The vital source of energy that drives these ambitions is our spirit of challenging ourselves to always do better and pursue pioneering breakthroughs.

### **Maintaining integrity and high ethics in corporate activities**

As a global company, Omron has concentrated on establishing a corporate governance system that meets international standards. In the future, Omron will work even harder to maintain and implement an effective governance system while maintaining accountability through increased transparency in its corporate management.

At Omron we also believe that, along with strictly complying with all applicable laws, regulations, and social rules, it is equally important that we respect the philosophy and values that underlie

these rules. Omron will never urge its employees to meet goals if it means violating laws, regulations, or social rules. While ensuring this compliance among all its employees, Omron will continue to maintain fairness and integrity in its corporate activities. Aiming for higher standards of corporate ethics, Omron will promote compliance and corporate ethics-related programs for its employees on a global basis.

### **Promoting the awareness and practice of being a valued corporate citizen**

At Omron we consider that being a corporate citizen means going far beyond simply allocating a portion of profits for social contributions. Rather, a corporate citizen must responsibly play its part as a member of society in the sustainable development of that society. The global community now faces various issues related to the environment, resources, human rights, labor, diversity, population, poverty, and many others. We believe that if Omron is to become a valued corporate citizen, it must fulfill its social obligations by addressing these societal challenges through business processes or by drawing on the distinctive strengths of its businesses.

We also believe that meeting these responsibilities in conformance with our core value of “working for the benefit of society” represents our investment in maintaining the affluence of the global society, which supports Omron’s corporate activities.

In this Sustainability Report, we have strived to introduce Omron’s basic policy for our CSR commitment, goals, and results, while also releasing future strategies and programs as much as possible. We would be very pleased if this information can help people understand the true nature and present status of Omron’s commitment to CSR. While asking for your continued support, Omron’s goals are to achieve a status in which Omron’s existence itself represents the fulfillment of CSR, and to eventually become a corporate group that is highly valued by future generations and society at large.

June 2006



Yoshio Tateisi, Chairman of the Board of Directors,  
OMRON Corporation



Hisao Sakuta, President and Chief Executive Officer,  
OMRON Corporation



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

## The new Omron Principles meet present-day requirements and are internationally compatible

In May 2006, Omron established its new corporate principles—the Omron Principles—by reviewing and reorganizing the platform of its corporate philosophy originally established in 1998. Omron decided to review the elements, framework and wording of its corporate philosophy to respond to significant changes in the expectations and requirements that society has for companies. Omron’s intention was to establish new corporate principles that update the philosophy and make it internationally compatible.

Tasked to review the corporate philosophy, a committee was set up in July 2005 consisting of Omron directors and senior general managers of the administrative divisions. The committee members spent eight months until March of 2006 engaged in repeated discussions and review sessions. To reflect a diversity of value perceptions, a global survey was conducted targeting Omron Group employees to gauge their consciousness regarding the Omron philosophy. Opinions and suggestions from external experts in various fields were also taken into consideration.

### Corporate Core Value: Working for the benefit of society

“Working for the benefit of society,” the credo of Omron founder Kazuma Tateisi, serves as the core value that underlies the Omron Group’s corporate activities. Our founder believed that the real purpose for a company to exist is to serve society, and that only when this is accomplished should the company earn profits and enjoy sustainable growth. He also believed that only companies that add value and meet social needs can earn trust and respect from society as good corporate citizens, and thus successfully continue to exist as businesses. At the Omron Group, this spirit has been preserved and consistently maintained over the years.

As society’s needs become more diversified and wide-ranging, and the social responsibilities that companies assume become even more multifaceted and evolving, it is crucial that companies meet society’s expectations.

Within this context, the Omron Group will strive to be a valued corporate citizen by committing itself to:

- Building trust and confidence with stakeholders through constructive engagement.
- Demonstrating integrity, fairness, and transparency in all our business activities.
- Contributing to the sustainable development of society by addressing its needs in a well-balanced manner, taking into consideration the economic, environmental, and social impact of our actions.

## Corporate Motto

**At work for a better life,  
a better world for all.**

## The Omron Principles



## Stakeholder-centered management based on the Corporate Core Value

In the new Omron Principles, “working for the benefit of society” is positioned as the Corporate Core Value that describes the real purpose of the Omron Group’s existence. In addition to incorporating the credo of serving society preserved over many long years, this core value also clearly demonstrates Omron’s commitment to stakeholder-centered management.\*

This stakeholder-centered management is intended to build relations of mutual trust through communication with various stakeholders from the perspective of CSR. Management practices that emphasize stakeholder engagement and benefits to society are ideally suited to the present Optimization Society and also precisely characterize Omron’s identity.

Another facet of the new Omron Principles is the concept of maintaining a global perspective. The Omron Group’s business now covers 33 countries throughout the world, with approximately 60% of its total workforce consisting of non-Japanese people. Accordingly, the new Omron Principles must respect differences in nationality, race, cultural backgrounds, and climates, and must be globally applicable. As such, the Omron Principles were

initially published in Japanese, English, and Chinese, with plans to translate them into approximately 20 other languages. This will help facilitate understanding of the principles and instill awareness of the underlying concepts at Omron Group bases throughout the world.

As the Omron Group promotes both globalization and decentralization of operations, it is our hope that the new Omron Principles will serve as the main source of coherence and unity of the Omron Group, and that each and every person of the Omron Group can act in a way that conforms to the Omron Principles as a matter of course. Once these goals are realized, the Omron Group should be able to continue serving as a business entity that maintains harmonious coexistence with society.

### \* Commitment to stakeholder-centered management

“Stakeholders” refer to individuals or groups having an interest in an organization or those who are affected, or may possibly be affected, by the activities of the organization. Omron’s most typical and closely connected stakeholders include employees, business associates, customers, shareholders/investors, and society at large. Omron believes that its commitment to stakeholder-centered management involves meeting the requirements of various stakeholders, each with their own unique interests. This is done on the company’s own initiative while carrying on its corporate activities and maintaining relations of trust with a diversity of stakeholders. This is one important way for Omron to fulfill its social responsibilities, and that is why Omron puts focus on the implementation of stakeholder-centered management.

## Realizing the Optimization Society

### What is the “Optimization Society”?

The theory that has served as a compass in determining the direction of Omron’s management is called the “SINIC (Seed-Innovation to Need-Impetus Cyclic Evolution) theory.” This theory predicted that the traditional agricultural society would be followed by the industrial society, which in turn would be broken down into five phases (Handicraft Society, Industrialization Society, Mechanization Society, Automation Society, and Cybernation Society). It also predicted that a new society called the “Optimization Society” would emerge around 2005.

In the Optimization Society, we will see a gradually increasing emphasis on values such as personal fulfillment and quality of life, while the pursuit of efficiency and material affluence emphasized during the age of rapid industrialization will become relatively less important. This will in turn

society based on its SINIC theory, and has worked hard to contribute to society through business operations by drawing on its proprietary Sensing & Control technology. These efforts have produced various breakthroughs including automation control devices and social infrastructure systems.

### Creating the “best matching of machines to people”

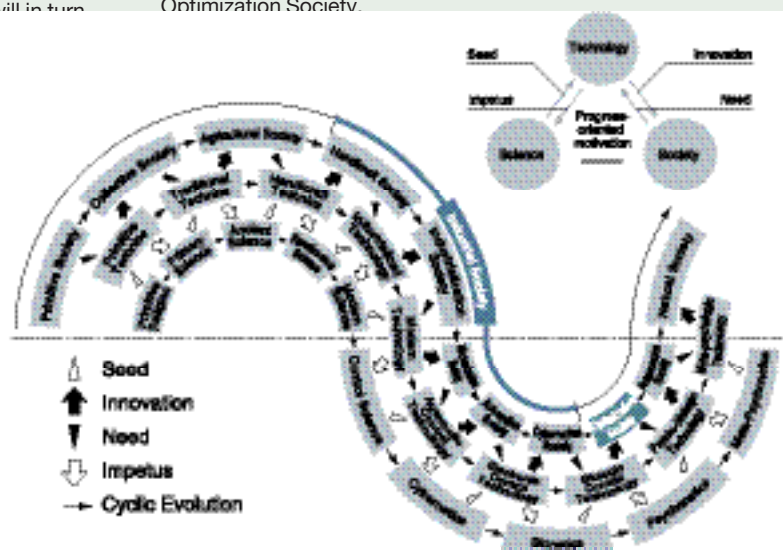
Omron’s aim is to create the “best matching of machines to people.” Once realized, it will become possible for machines to adapt to the needs of each person, instead of people trying to adapt themselves to the needs of machines as they do today. Through the embodiment of its belief: “To the machine the work of the machine, to man the thrill of further creation,” Omron strives to continue in its role as a pioneer in paving the way for the new era through the realization of the Optimization Society.

## SINIC theory for predicting future trends

### SINIC DIAGRAM

Seed-Innovation to Need-Impetus Cyclic Evolution

According to Omron’s SINIC theory, science, technology and society have a cyclical relationship, in which each area impacts and influences the others in two ways. In one direction, scientific breakthroughs yield new technologies that stimulate society to advance. In the other direction, the needs of society motivate technological developments and expectations for new scientific advancement. Both of these factors affect each other in a cyclical manner, encouraging society to evolve.





# What is CSR for a global company?



Steve Rochlin, The Global Leadership Network

Hisao Sakuta, President and CEO, Omron Corporation

## What are the core elements of world-class performance in CSR?

This question is what the Global Leadership Network\* (GLN) seeks to answer. The following is an excerpt from a dialogue between Mr. Steve Rochlin of the GLN and Mr. Hisao Sakuta, president and CEO of Omron Corporation on October 19, 2005.

⇒ The full text is available on the Omron website.

### \* The Global Leadership Network (GLN)

The GLN is a landmark team consisting of ten of the world's top-performing companies, along with the Center for Corporate Citizenship at Boston College in the U.S., and AccountAbility in the U.K. The GLN has created an internal planning and assessment framework that helps companies align their social, environmental, and economic performance with their core business strategies to ensure performance excellence in corporate citizenship. GLN steering committee members are IBM (U.S.), GE (U.S.), FedEx (U.S.), Cargill (U.S.), 3M (U.S.), Diageo (U.K.), Manpower (U.S.), General Motors (U.S.), Cemex (Mexico), and Omron (Japan).

### Steve Rochlin Biography

Mr. Steve Rochlin is the Director of Research and Development for the Center for Corporate Citizenship at Boston College. A noted authority in the area of corporate citizenship, he has published numerous articles, and is frequently invited to speak on the role of business in society. Mr. Rochlin serves as the principal investigator for numerous initiatives defining world-class global corporate citizenship. Mr. Rochlin obtained his Masters degree in Public Policy from Harvard University John F. Kennedy School of Government and holds a B.A. from Brown University.

## As a company, we must fit ourselves to the needs of society

**Mr. Rochlin:** Maybe I should start by sharing our comments about the sustainability report. I congratulate you on this report—it's very impressive, and filled with good information. I was very impressed by Omron's history of cultivating its core values of the "Kokisei" (working for the benefit of society). And, of course, I recall the motto: "at work for a better life, a better world for all," and we understand the importance of this for the organization. I'm wondering if you could describe to us the history and the commitment that the company has had to these two core values.

**Mr. Sakuta:** As to our corporate philosophy, it was established by our founder Dr. Kazuma Tateisi. Nearly 50 years ago, the founder said that corporations are basically public entities with a public existence. You have just mentioned our corporate motto, but you may also know that there are several statements that we employ in the company. But these different statements still all boil down to one basic message.

At Omron, we have the basic concept that society should not be just for the strongest, but for the fittest. But when we speak of "survival of the fittest," who are we actually talking about? Our basic understanding is that we must fit ourselves to the needs of society.

Dr. Tateisi has said that the biggest mission of Omron is to promote innovation, drawing our inspiration from the potential needs of society. Now that I am CEO of this company, I think it is



fair to say that in my management style, this concept is very deeply rooted. Shifting our attention to our actual business, I would also like to say that the philosophy I have just stated is in itself Omron's business. Our view is that, in order to create a safer, more secure society and a better environment for all people, we need to have the best matching of machines to people.

### Global philosophy, local action



**Mr. Rochlin:** If I may, another challenge for companies like Omron and others is working in an age of globalization, particularly CSR, which is a challenge all by itself. When we look at trying to manage CSR in many parts of the world with many different cultures, economies and politics, it becomes an

even greater challenge. What do you see as the priorities and strategies to address these global issues as a socially responsible company?

**Mr. Sakuta:** First of all, the level of affluence is different in each country. So, depending on the economic situation of each country or the degree of its affluence, the norms that are in place whether in the business scene or daily activities, are linked very strongly to specific country situations. Therefore, what is tolerated in one country may not be tolerated in another country.

Omron's Foundation Day is May 10th, and we are currently planning to announce a new structure of corporate principles next year on that day to Omron's 25,000 employees. The basic concept will not change. However, we need to make adjustments because what is currently in place is aimed at Japanese employees, is written in Japanese, and was mostly intended to be put in place in Japan. Also, it is somewhat outdated. So, in order to appeal more effectively to our global employees, we would like to put the principles into more easy-to-understand words and use concepts that are more readily understood by employees overseas as well so they can share the principles.

Based on the principles, I am planning to clearly outline what employees should not do. The basic philosophy and what they should not do—those are two things that will be shared globally as something common to all Omron employees. But, in addition to that foundation, I would like to ask the local operations to come up with additional measures for implementing this more effectively on the local scene.

I am hoping that, ultimately, we will be able to reach the level where we can say that the existence of Omron itself is CSR.

### Moving toward the vision of “Omron becoming CSR itself”

**Mr. Rochlin:** As you know, we are working with Omron on the Global Leadership Network, and you have been a great participant and have showed wonderful leadership along with other global companies. And our effort has been to identify good practices in CSR, and benchmark, or measure the CSR factors that excellent companies use around the world. We are in the process of building practical tools for strategy and management, and are also working to invite other companies to join this group.

**Mr. Sakuta:** Quite frankly, Japanese companies find it rather tough to participate in such a network to learn from the top-ranked multinational corporations. But I felt that we should use this opportunity to learn from the practices of the other fine companies in the network. I have a strong belief in learning from others.

**Mr. Rochlin:** The companies in our global network are all very successful in their business and their CSR efforts, and Omron gives these companies a lot to learn about. And I must compliment you on the leadership that you provide and that your founder provided years ago in creating the vision and philosophy and strategies of Omron, which I think is quite unique among the global companies.

**Mr. Sakuta:** I'm rather embarrassed; your words are very flattering. My feeling is that, Omron included, Japanese companies, generally speaking, have been working under an insular mentality. We are an island nation, so we tend to feel content with what we have been doing ourselves. And I believe that this is not the way to go in the global age. We need to get out into the world and be part of that global community in order to be truly global.

**Mr. Rochlin:** You spoke in a powerful way about one day Omron actually “becoming” CSR. So if you could look 10, 15, 20 years into the future, what is the path that you see for Omron to reach that vision of representing CSR by a company's very business?

**Mr. Sakuta:** In the case of Omron, as I mentioned before, we are aiming for a situation where we don't see survival of the strongest, but of the fittest, and there is recognition that businesses are for the benefit of society. On top of that, we place great importance on exploring the latent, hidden needs of society, and bringing them to the surface. Those are the elements that will lead us toward the path of survival, and in our case, the path to reach the vision that you mentioned.

**Mr. Rochlin:** Thank you very much.





## Enhancing employee awareness of CSR through various media

In fiscal 2005, CSR awareness and education for employees was promoted with 30 training sessions at the offices of internal business companies and affiliates throughout Japan. Easy-to-read CSR Handbooks were also distributed to all employees of internal business companies and Omron Group companies in Japan. English and Chinese editions are also planned for fiscal 2006.



CSR Handbook

## Initiating dialogue with stakeholders

Omron is aware of the importance of engaging stakeholders and incorporating their feedback in its business processes and products wherever appropriate as the company implements stakeholder-centered management practices. Our eventual goal is to plan and implement various measures and programs together with our stakeholders.

As part of its efforts to promote engaged learning with stakeholders, Omron participated in a dialogue with members of the Kyoto CSR Workshop, a study group consisting of representatives from academia, business, government, and NPOs. The objective of the workshop was to promote Kyoto-originated CSR programs. The dialogue began with a sharing of opinions on how Omron's reporting on corporate social responsibility could be improved in order to increase its transparency and visibility, as well as to have its sustainability report better understood by its audience. It also included an active exchange of views regarding Omron's CSR commitments, along with comments on future issues and expectations. Omron plans to continue holding these stakeholder dialogues.



Dialogue with the Kyoto CSR Workshop members

Participants in the dialogue included:

Mr. Seiichiro Shimamoto, Professor of Modern Sociology, Department of Anthropology, Kyoto Bunkyo University

Mr. Masahiro Fujino, Chief Project Coordinator, Kyoto NPO Center

Mr. Motoharu Fujikura, Executive Director, Osaka Securities Exchange

Ms. Miho Okutani, Graduate School of Cultural Policy, Kyoto Tachibana University

Mr. Norimasa Orii, Secretary General, Nippon International Cooperation for Community Development (NICCD)

⇒ Details of the dialogue are available on the Omron website.

## Assessment of Omron's CSR practices based on the GLN's analytical framework

Omron's commitment to CSR includes its participation in the Global Leadership Network (GLN; see pg. 9-10 for details). The GLN framework identifies four commitments businesses must make to achieve excellence in CSR:

- (1) Alignment of social, environmental, and economic performance to long-term business strategy and performance
- (2) Learning, development, and change through direct involvement with stakeholders
- (3) Innovative initiatives to address social, environmental, and economic challenges
- (4) Embedding strategically aligned corporate citizenship in systematic, sustainable manner

In fiscal 2005, Omron underwent a CSR assessment by the GLN research team based on these four perspectives. Omron also examined its own CSR practices to determine its strengths as well as its challenges.

Among Omron's strengths was the embeddedness of CSR in its business strategy based on its corporate DNA. This has been preserved and refined over many years in the spirit of Omron's corporate motto. Omron must take maximum advantage of this strength as a corporate asset. We should also define key performance indicators that measure Omron's CSR performance from the standpoint of stakeholders worldwide, and specify targets. Further, we can determine the direction of our CSR activities and target levels by learning from the CSR practices of other leading global companies in the GLN.

⇒ See pg. 9-10 about the GLN.





## Establishing a system to verify the long-term maximization of corporate value

Since 1999, Omron has worked to reform its corporate governance system in a way that befits a global company. This involves a clear separation between the monitoring of management and the oversight of business operations, while strengthening its management monitoring mechanism. Omron is working hard to make its governance system more responsive to changes in the business environment.

### Reinforcing a corporate governance system that supports Omron's core value of "working for the benefit of society"

For Omron, the main objectives of corporate governance are to build a system for monitoring corporate management and maintaining its operational effectiveness so as to boost and reflect its competitive strength. This is intended to promote sustainable growth of the company by earning trust and confidence from stakeholders. Omron's key management objective is the long-term maximization of its corporate value, which is fundamental to the expectations of all stakeholders. To achieve more efficient and competitive management, efforts are concentrated on building an optimal management structure and promoting appropriate corporate operations, while building a system to monitor and verify their effectiveness.

Omron has adopted an executive officer system to oversee business operations. Aiming to strengthen the operations of each business area, an internal company system was also introduced, with more authority given to the president of each internal business company for quicker decision-making and more streamlined operations. Through strict commitment-based management, all internal business companies strive to enhance their value for shareholders. Omron is also working to improve the accuracy of management decisions by building a continual management cycle. A total risk management system is also in place, allowing us to identify potential risks both internally and externally and to implement appropriate countermeasures.

To increase efficiency in the board of directors and promote more

substantive discussions, the number of board members was reduced to seven. Also, the duties of the board of directors were more clearly separated from day-to-day business tasks, and in the process, monitoring functions over business operations were strengthened. In fact, the president & CEO is the only director who is tasked with overseeing business operations. The chairman of the board and chief executive officer positions have also been separated for more objective corporate management and strengthened management oversight.

For the appointment, promotion and compensation of all directors, auditors and executive officers, a Personnel Advisory Committee and a Compensation Advisory Committee were set up within the board of directors. Both are chaired by an outside director for increased transparency and more objective evaluation. Personnel and compensation matters for all executives are discussed by both committees while the chairman of the board and president & CEO are not present.

In fiscal 2005, to meet the increasing demand for information disclosure from shareholders and other stakeholders, Omron deliberated its own policy and standards. These are even stricter than the Timely Disclosure Regulations enacted by Japan's Stock Exchange. In response to the results of deliberation, an Information Disclosure Committee chaired by the president & CEO was set up in June 2006, to monitor related activities for the entire Omron Group.

To augment and effectively practice its corporate governance system, Omron focuses on the three aspects of governance, namely accountability, transparency, and ethical standards.

### Corporate Governance Structure

#### Board of Directors

This board decides important business matters such as company objectives and management strategy while monitoring the business management practices of the president & CEO. The chairman of the board represents stakeholders, overseeing management without holding an executive position.

#### Board of Auditors

This board consists of four corporate auditors, three of whom are outside auditors. The board checks to ensure compliance with required governance and management conditions, and it monitors the daily activities of management, including the board of directors.

#### Executive Council

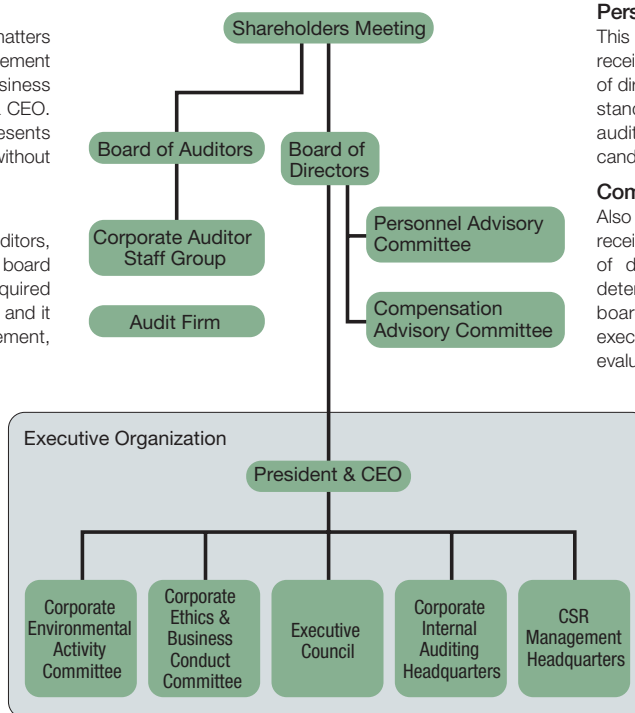
This council determines and reviews important business operation matters that are within the scope of authority of the president & CEO. Under the internal company system, decision-making is streamlined and operations are made more efficient by transferring more authority to the presidents of internal business companies.

#### Corporate Environmental Activity Committee

⇒ See page 41.

#### Corporate Ethics & Business Conduct Committee

⇒ See page 14.



#### Personnel Advisory Committee

This committee, chaired by an outside director, receives guidance from the chairman of the board of directors and the president & CEO; sets election standards for the board of directors, board of auditors, and executive officers; selects candidates; and evaluates current executives.

#### Compensation Advisory Committee

Also chaired by an outside director, this committee receives guidance from the chairman of the board of directors and from the president & CEO; determines the compensation structure for the board of directors, board of auditors, and executive officers; sets evaluation standards; and evaluates current executives.

#### Corporate Internal Auditing Headquarters

This headquarters periodically conducts internal audits of accounting, administration, business risks, and compliance for each head office administrative division and each internal business company. It also offers concrete advice for monitoring and administrative improvement.

#### CSR Management Headquarters

⇒ See page 11.

## Building and promoting a PDCA cycle at each workplace

Since 1998 when Omron formulated its Corporate Ethics Guidelines, the company has sought to maintain high standards of corporate ethics at the global level. In 2003, the Corporate Ethics & Business Committee was established. Omron also specified strengthened legal compliance and corporate ethics as key CSR issues, and is striving to implement a group-wide PDCA cycle for corporate ethics and compliance.

### Corporate Ethics & Business Conduct Committee

#### Autonomous activities in progress at each site

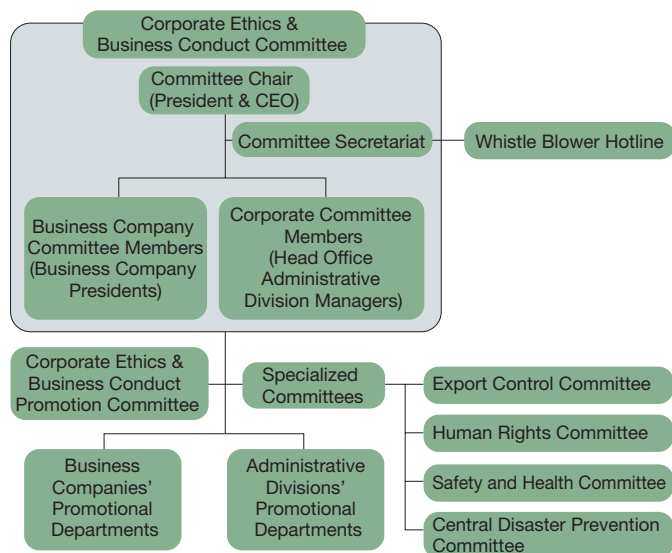
Based on the four key strategies formulated by the Corporate Ethics & Business Conduct Committee in February 2004, Omron has promoted self-reliance in enforcing compliance and risk management-related activities at various sites. The strategies are: (1) monitoring, (2) PDCA cycle implementation, (3) strengthening of compliance education, and (4) restructuring of the compliance system.

In fiscal 2005, Omron affiliated companies in Japan restructured compliance and risk management programs. To promote more systematic activities, corporate ethics promotion committee members were assigned at all affiliates in September 2005, with training programs for these members. Relatively smaller-scale affiliates, engaged in external sales with intense competition, were given preference in receiving compliance monitoring and manager training. These measures promoted awareness and practice of compliance and risk management throughout the Omron Group.

Each internal business company offers compliance training in a way that suits the nature of its business. In fiscal 2005, some business companies conducted training covering the entire range of CSR subjects, along with compliance issues. This is just one example of many autonomous activities being promoted at business companies and affiliates, and demonstrates the revitalization of Omron's group-wide corporate ethics promotion system.

⇒ For details regarding activities at global Omron Group companies, see pg. 23-24.

#### Corporate Ethics & Business Conduct Committee Structure



### Whistle Blower Hotline

**WEB** Breakdown of Hotline Contacts

#### Increasing awareness of the hotline and improving a system to handle contacts

In 2003, Omron set up an in-house whistle blower hotline for early detection of misconduct or problems related to business ethics and legal compliance. The hotline gives telephone, email and post access to Omron Group directors, employees and families in Japan. In 2005, hotline access became available at outside law firms as well.

Hotline contacts in fiscal 2005 decreased slightly from fiscal 2004, but increased compared to fiscal 2003 when the hotline was set up. This indicates that the hotline has become firmly rooted in the Omron Group. An in-house electronic bulletin board is used to further increase awareness of the hotline. Once a hotline contact is made, the staff conducts a confidential in-house investigation.

In fiscal 2005, the operational effectiveness of the hotline system was reviewed and improved in anticipation of Japan's Whistleblower Protection Act, which came into force in April 2006. We will continue promoting awareness of the hotline to facilitate the gathering of information related to corporate ethics and compliance, while improving the response through speedier investigation, etc.

### Corporate Ethics Education

#### Case study guidebook is in preparation

To enhance employee awareness of the Corporate Ethics Guidelines, training programs were augmented with an internal newsletter and other media. Company intranets include a Corporate Ethics Bulletin Board for directors and employees.

In fiscal 2005, preparations began on a case study guidebook (Japanese edition) to help employees understand the guidelines and make appropriate judgments. Completion and distribution is scheduled for fiscal 2006.

#### Corporate Ethics Month Activities in Japan

- (1) Distribution of posters at various sites
- (2) Distribution of Corporate Ethics Cards among all Omron Group employees in Japan
- (3) Corporate ethics training at Omron Group companies in Japan
- (4) Messages from the President & CEO of Omron Corporation, presidents of internal business companies and affiliated companies addressing employees
- (5) Corporate ethics seminars targeting directors by attorneys at law

## Focusing on four areas of activities based on the commitment to three pillars

The three pillars of Omron's CSR policy are: (1) Contribute to a better society through business operations; (2) Always demonstrate fairness and integrity in the promotion of corporate activities; and (3) Show a commitment to addressing societal issues as a concerned party. Based on this policy, four focus areas were determined to cover the period up to fiscal 2007. These are: (1) Promoting innovation driven by social needs through business operations; (2) Strengthening legal compliance and corporate ethics; (3) Addressing diversity issues; and (4) Commitment to environmental conservation. The table below shows the main CSR activities carried out during fiscal 2005 and the policies for fiscal 2006.

	Basic policy	FY2005 policy
<b>1. Contribute to a better society through business operations</b>		
<b>Innovation driven by social needs</b>	Offer products and services to address social needs related to safety, security, environmental conservation, and health, by capitalizing on Omron's core competencies of Sensing & Control technology. The key concept is creating the "best matching of machines to people."	- Develop technologies, products, and services based on the basic policy.
<b>Universal design</b>	Pursue Universal Design from the standpoint of allowing machines to adapt to the individual needs of various users.	- Develop Universal Design products based on the basic policy.
<b>2. Always demonstrate fairness and integrity in the promotion of corporate activities</b>		
<b>Corporate governance</b>	Create an optimal management system and build/implement a monitoring system that attests to the effectiveness of corporate operations to enhance competitiveness. The eventual goal is to ensure sustainable growth of the company by gaining the trust and confidence of stakeholders.	- Consider information disclosure policy and standards to respond to the increasingly demanding requirements of stakeholders. - Review and reorganize the structure of corporate philosophy in response to increasing diversity in value perceptions and accelerated globalization.
<b>Compliance &amp; corporate ethics</b>	Place the highest priority on corporate ethics as a responsible corporate citizen. Assure strict maintenance of fairness and integrity in all corporate activities and in the behavior of all employees.	- Improve compliance and corporate ethics system at affiliates in Japan while monitoring them. - Produce a case study guidebook that gives more practical guidance of Corporate Ethics Guidelines and criteria for making appropriate judgments. - Promote strict conformance with the Corporate Ethics Guidelines at the global level.
<b>3. Show a commitment to addressing societal issues as a concerned party</b>		
<b>Labor &amp; diversity</b>	<b>Employee motivation and fair remuneration</b> Motivate employees to fully demonstrate their talents and support them in achieving their individual goals. Stimulate the development of employees and the company itself through fair evaluation and remuneration based on employee performance and achievements.	- Firmly establish the Specialists System and expand it.
	<b>Respect for diversity</b> Promote talented people to vital positions in the workplace regardless of gender, race, religion, or other non-performance related attributes and encourage them to reach their full potential.	- Promote hiring of persons with disabilities (increase group-wide percentage of disabled employees in Japan to 1.8%) - Improve working conditions to encourage women to take more active roles in the workplace.
	<b>Enhance awareness of human rights in the workplace</b> Strive to raise employee consciousness of human rights and create a workplace that values individuals, while working to build a pleasant society free from discrimination.	- Increase participation rate of Omron Corp. employees in human rights seminar. - Strengthen system of enhancing human rights awareness for affiliates.
<b>Supply chain management</b>	Build a robust partnership with suppliers and partners who cooperate in creating reliable products, ensuring that purchasing is conducted in a fair and open way. Also share Omron's CSR policy and awareness with suppliers so as to involve them in promotion of CSR practices.	- Share CSR consciousness with suppliers to promote joint CSR practices.
<b>Community involvement</b>	Strive to help people with disabilities or other limitations to enhance the quality of their lives and build a society that allows them to be self-reliant while fully developing their personal strengths.	- Implement activities, co-sponsorship, and donations with the theme of improving QOL for people with limitations.
<b>Environmental conservation</b>	Omron believes that addressing environmental issues is one of its most important corporate responsibilities. Based on this, strive to reduce the environmental impact of business activities, while creating environmentally sound products and technologies.	- Eliminate the use of hazardous substances banned by RoHS and other European regulations. - Strengthen energy-saving efforts in Japan to achieve COP3 target. - Strengthen waste treatment management to achieve zero emissions.
<b>Management-related issues</b>		
<b>Dialogue with stakeholders</b>	Engage and communicate with stakeholders and listen to their views while implementing stakeholder-centered management. The eventual goal is to plan and implement corporate strategies and programs jointly with stakeholders.	- Expand dialogue opportunities with stakeholders.



	FY2005 results	FY2006 policy
	<ul style="list-style-type: none"> <li>- Strengthened safety business to address the needs of manufacturing sites.</li> <li>- Strengthened solution systems to support quality maintenance and improvement for manufacturing sites, an important aspect of passing skills and expertise to succeeding generations (also related to "Year 2007 issue").</li> <li>- Developed general-use face recognition systems that contribute to enhancement of information security.</li> </ul>	<ul style="list-style-type: none"> <li>- Develop technologies, products, and services in accordance with the basic policy.</li> </ul>
	<ul style="list-style-type: none"> <li>- Designated Universal Design principles for healthcare products, established indicators for evaluating Universal Design, and had outside monitor groups use and evaluate blood pressure monitors.</li> </ul>	<ul style="list-style-type: none"> <li>- Develop Universal Design products in accordance with the basic policy. In particular, incorporate the results of evaluation using the Universal Design indicators into new products.</li> </ul>
	<ul style="list-style-type: none"> <li>- Advanced studies for determining internal rules for information disclosure, which are stricter than the Timely Disclosure Regulations specified by Japan's Stock Exchange.</li> <li>- Reviewed corporate philosophy to communicate Omron's values internally and externally in an easy and clear way, and to increase the coherence and unity of the Omron Group. Specified the corporate core value of "working for the benefit of society" and declared Omron's commitment to CSR-oriented management.</li> </ul>	<ul style="list-style-type: none"> <li>- Set up the Information Disclosure Committee to monitor information disclosure of the Omron Group as a whole.</li> <li>- Instill the Omron Principles to assure that they are thoroughly practiced by all Omron Group organizations and employees at the global level.</li> </ul>
	<ul style="list-style-type: none"> <li>- Conducted monitoring and training on 15 occasions for Japanese affiliates engaged in sales.</li> <li>- Assigned corporate ethics promotion committee members at all affiliates in Japan to promote related activities.</li> <li>- Launched preparation of case study guidebook and clarified cases.</li> <li>- Prepared Thai, Indonesian, Vietnamese, Malay, and Tamil editions of the Corporate Ethics Guidelines and distributed to employees of related affiliates.</li> </ul>	<ul style="list-style-type: none"> <li>- Encourage affiliates in Japan to implement autonomous PDCA cycle for promotion of compliance and ethical actions.</li> <li>- Publish a case study guidebook.</li> <li>- Strengthen global promotion system to thoroughly disseminate the Corporate Ethics Guidelines.</li> </ul>
	<ul style="list-style-type: none"> <li>- Added 4 more job categories for specialist qualification. Six specialists were qualified in Omron Corp. and one in an affiliate.</li> </ul>	<ul style="list-style-type: none"> <li>- Promote implementation of Specialists System.</li> <li>- Continue to expand the scope of specialists' qualification and extend the system to cover affiliates.</li> </ul>
	<ul style="list-style-type: none"> <li>- Increased group-wide percentage of disabled employees in Japan to 1.88% (up 0.28 points compared to last year).</li> <li>- Continued female leader training and promoted two women to management team.</li> <li>- Completed studies for employee support initiatives for work/personal life balance (e.g., increasing flexibility and term of childcare leave and shorter working hours, support for returning to previous posts after taking childcare leave).</li> </ul>	<ul style="list-style-type: none"> <li>- Promote the employment of people with disabilities in a well-planned way to achieve the goal of 2.3% in group-wide employment of people with disabilities in Japan by the end of fiscal 2007.</li> <li>- Continue female leader training and improve the training program.</li> <li>- Improve working conditions, such as through the provision of daycare centers to help employees achieve work/personal life balance.</li> </ul>
	<ul style="list-style-type: none"> <li>- Increased Omron Corp.'s human rights seminar participation rate (up 8% compared to last year).</li> <li>- Monitored and provided guidance regarding a system for enhancing the human rights awareness of affiliates.</li> </ul>	<ul style="list-style-type: none"> <li>- Promote awareness of human rights among employees along with instillation of the Omron Principles.</li> <li>- Improve awareness-enhancing system of affiliates.</li> </ul>
	<ul style="list-style-type: none"> <li>- Presented Omron's CSR policy and shared its views with suppliers at purchasing policy meetings.</li> <li>- Studied revision of purchasing policies to include CSR considerations (revision scheduled for June 2006).</li> <li>- Added CSR items to basic supplier contracts as provisions requiring strict observance in China.</li> </ul>	<ul style="list-style-type: none"> <li>- Present and share purchasing policies including CSR considerations with suppliers.</li> <li>- Add CSR items to basic supplier contracts at the global level.</li> <li>- Consider monitoring suppliers to help them strengthen CSR activities.</li> </ul>
	<ul style="list-style-type: none"> <li>- Continued wheelchair events, ski training courses for people with disabilities, songwriting contests, etc.</li> <li>- Surveyed the working needs of people with disabilities.</li> <li>- Increased total number of participants in the Founder's Day activities worldwide 8% from last year. FY2004: 7,500; FY2005: 8,100.</li> </ul>	<ul style="list-style-type: none"> <li>- Develop new support programs to improve QOL of people with limitations.</li> </ul>
	<ul style="list-style-type: none"> <li>- Precisely met the RoHS Directive as of the end of March 2006.</li> <li>- Promoted in-house measures and purchased credits from external sources to achieve target of reducing CO<sub>2</sub> emissions by 8.6% from the fiscal 1990 level.</li> <li>- Introduced a centralized waste treatment management system at all sites in Japan.</li> <li>- Zero emissions achieved at 3 non-production sites in Japan.</li> </ul>	<ul style="list-style-type: none"> <li>- Continue offering environmentally warranted products free from hazardous substances.</li> <li>- Strengthen measures to reduce CO<sub>2</sub> emissions at overseas sites.</li> <li>- Achieve zero emissions at all non-production sites in Japan.</li> <li>- Conduct global environmental auditing.</li> </ul>
	<ul style="list-style-type: none"> <li>- Conducted dialogue with the Kyoto CSR Workshop. Received recommendations regarding the Sustainability Report and had active discussions and exchange of views regarding Omron's commitment to CSR.</li> </ul>	<ul style="list-style-type: none"> <li>- Reflect recommendations given by dialogue participants in future activities.</li> <li>- Expand and continue dialogues with stakeholders.</li> </ul>

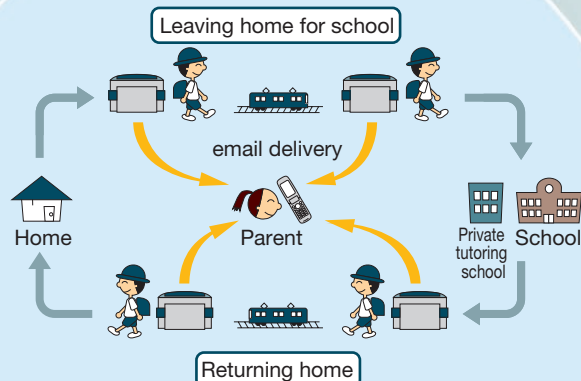
# A new mobile phone-based information delivery service that informs parents of the status of children on the way to and from school

## “Goopas Child Safeguard” service informs parents when their children pass through ticket gates

The Goopas Child Safeguard service sends an email notification to a parent's mobile phone when a child commuting to school by train passes through a ticket gate using a PiTaPa card.\* Parents can pre-register a train station near home and a destination train station. The service provides peace of mind for parents, while safeguarding their children.

\* PiTaPa: Postpay IC card service promoted by the Surutto Kansai Association, a group of approximately 50 private rail, subway and bus companies covering the Kansai region around Osaka, Kobe, and Kyoto. This card can be used not only as a train pass but also for shopping, dining, and other services at PiTaPa-affiliated stores and restaurants.

### Goopas Child Safeguard Information Distribution Service (one day)





## Developing a new service in response to requests from parents

In recent years, crimes targeting children on the way to or from school have been on the rise in Japan. In light of this situation, Surutto Kansai Co., Ltd. and PiTaPa-goopas Corporation jointly developed and launched a new service on January 10, 2006 designed to maintain the safety of commuting children and provide peace of mind for parents. Omron supported the development of this new service.

Surutto Kansai and Omron established a joint venture, PiTaPa-goopas Corporation. On August 1, 2004, this new company launched the “PiTaPa Goopas” service using the PiTaPa postpay IC card on Hankyu, Keihan and Nose railways. With PiTaPa Goopas, users specify their mobile phone addresses when registering as members. When the user passes through a ticket gate using the PiTaPa card, the user receives useful, high-value information based on the surrounding vicinity. Soon after this service was launched, many households with children and others sent inquiries to the company, asking if such a service could notify them when their children pass through ticket gates at certain train stations. In response to these needs, Surutto Kansai and PiTaPa-goopas jointly developed a new service, dubbed “Goopas Child Safeguard,” targeting elementary and junior high school students who used PiTaPa cards.

A student leaving home for school will pass through a ticket gate at the station near the home and when arriving at the destination station. On the way back home, the student again passes through two sets of ticket gates, totaling four times a day. At each station at separate times of the day, the parent receives information via email as soon as the child passes through a ticket gate at the pre-registered stations. Although there is a charge for this service, it is kept very reasonable, because the service addresses a very important societal need of protecting children's safety.

## Rapid growth in users thanks to reputation for security and convenience

When developing this new service, Surutto Kansai member rail companies, Surutto Kansai Co., Ltd., and PiTaPa-goopas together launched a trial run of the service from September 1 to December 16, 2005. The test targeted some 100 students of a local school in Takarazuka City, Hyogo Prefecture and a private tutoring school with 22 branches based in the Kansai area. The results of the experiment

## Goopas Child Safeguard service enlarges horizons for PiTaPa card

The PiTaPa card serves as an essential card for everyday life, which can be used not only for riding trains on multiple railways but also for shopping, dining and many other uses. Developed by adopting the same mechanism, Goopas Child Safeguard is a service intended to meet the strong desire of parents and others who want to protect children. Our hope is to increase the popularity of this service, eventually leading to an expansion in users. In fact, users are growing much more than we initially expected. One elementary school even started to use this new service from April 1, 2006, also using the PiTaPa card as a student ID.

In the future, we, in cooperation with Omron, will strive to expand PiTaPa and Goopas Child Safeguard services to cover other railways and bus routes, while also adding new, convenient and beneficial functions. By so doing, we are determined to make a greater contribution by offering services that are firmly rooted in local communities.

Mr. Keishi Matsuda  
Executive Officer  
PiTaPa Business Circle Core Leader  
Surutto Kansai Co., Ltd.



Development of IC card-compatible ticket gate  
(Kusatsu Factory)

revealed that the service was highly evaluated by almost all users, because it provided a sense of reassurance. To confirm that the receiver of the email is in fact the parent or guardian of a particular child, a residency card was required to ensure the safety of service. Moreover, in consideration of the user's privacy, junior high school students are asked to register their own signatures when subscribing to the service. The service earned a very favorable response from users by ensuring security and offering extra convenience. Some parents commented that it allowed them to confirm the safety of their children without requiring the children to do anything special. Others commented on the convenience of knowing when to pick up their children at the local train station. Thanks to the favorable word-of-mouth reputation of these services, the number of Goopas Child Safeguard users has grown at a much faster pace than initially expected, with subscribers of the service exceeding 1,000 pairs as of May 2006.

Traditionally, Omron has pioneered the development of social infrastructure systems, introducing the world's first unmanned rail station system and online automated teller machine. By drawing on such experience and its proprietary technology, Omron will continue addressing the growing societal needs for safety and security by offering high-value systems and services.







## Omron's safety business prevents occupational accidents, responding to growing safety concerns in the manufacturing industry

### Omron's one-stop service responds to any requirement of manufacturing lines

In manufacturing sites, it has become more important than ever to maintain and improve safety conditions for workers. In 2003, the International Safety Standards for Machinery ISO 12100 came into force, and Japan is also following the same path toward the establishment of similar JIS standards. These trends indicate a growing concern for workplace safety in manufacturing sites. Omron's safety business is well positioned to respond to these concerns.

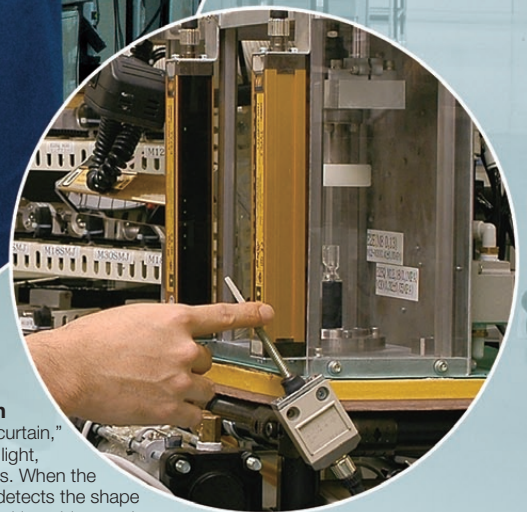
#### Safety components

These devices are used to configure safety circuits, or to detect situations such as when the mechanical guard is fully latched, or when a person enters a hazardous area.

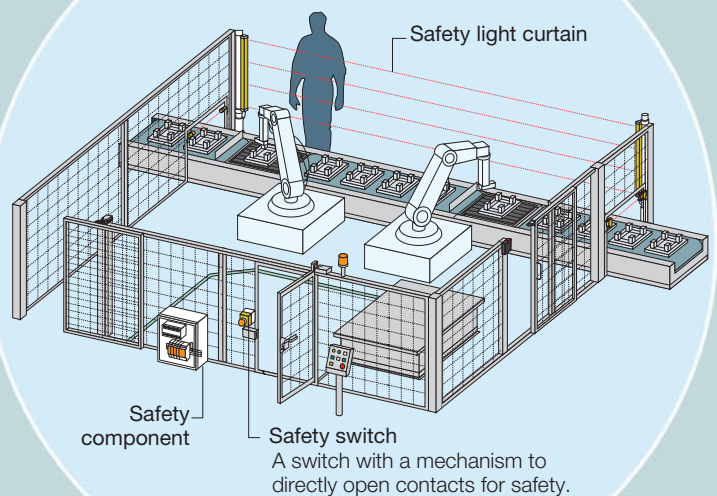


#### Safety light curtain

This device creates a "curtain," or continuous beam of light, around hazardous items. When the beam is interrupted, it detects the shape and size of the light-blocking object and identifies it, whether it be the operator's hand or other body part, or other type of object.



#### Example of safe production site





## Improvement and maintenance of worksite safety is a company's social responsibility

In Western countries where industrialization was achieved long ago, various measures have been taken over the years to safeguard workers from accidents. Recently, the need to further improve and maintain worksite safety is growing rapidly among manufacturers in Japan as well. One reason is the increased attention to CSR worldwide, which has made many companies recognize that taking measures to prevent occupational accidents is one of the most material obligations that they assume for employees. As the Japanese economy continues in a gradual recovery trend, operational speeds on production lines are increasing proportionally with the increase in production output. This in turn is causing a drop in operator consciousness regarding safety, which increases the risk of accidents at factories. Also, in anticipation of a decrease in well-experienced expert workers due to the mass retirement of Japan's baby boomers\* ("Year 2007 issue"), it is unavoidable for companies to hire unskilled part-timers to work at production sites. Further, the number of companies that shift production facilities abroad and employ a large number of non-experienced workers is increasing. These situations make conventional measures alone insufficient to maintain safety at manufacturing sites.

In view of these situations, Omron is concentrating its efforts on strengthening its safety businesses concerning the factory automation field, with the concept of offering optimal solutions and measures to customers for maintaining occupational safety worldwide.

\* Japan's baby boomers: Members of high-population generations in Japan who were born around 1947–1952 after World War II.

## Delivering maximum safety at minimum cost

One of the major strengths of Omron's safety business is its capability of serving as a "one-stop shop" with all products necessary to enhance the safety of manufacturing sites. These products range from safety switches, safety light curtains, and safety relays to safety components and systems that combine these devices—all available

from Omron alone.

The second strength of Omron's safety business is its consulting ability. This is based on its comprehensive safety-related experience, which Omron has developed through design, production, installation, and maintenance of various systems and equipment. Omron can advise its clients on ways to achieve the highest possible level of safety at the lowest possible cost, such as by suggesting ways to remedy problematic areas only, instead of stopping the entire production line. In some cases, this has helped clients to improve productivity through the avoidance of unnecessary machine downtime.

The third benefit is Omron's ability to offer products, systems, and services anywhere in the world. This is why Omron can meet the needs of companies that are expanding their operations globally.

Aiming to further bolster its safety business, Omron acquired the Safety Products Group of Scientific Technologies Inc. (STI). Based in Fremont, California, STI is the leading manufacturer of safety products in North America. This acquisition has allowed Omron to strengthen its market response in the safety business. Aiming to optimize safety systems for the entire factory, Omron will further increase the depth and breadth of research into safety and productivity enhancement without compromise.

Development of safety light curtain  
(Kusatsu Factory)



## Aiming to set global standards for safety

Although safety-consciousness is increasing in Japan, it is still not sufficiently high compared to the U.S. and Europe. Along with the accelerated movement toward establishing global standards in the industrial sector, safety is an issue that cannot be ignored. Omron is striving to develop safety components that combine safety and productivity at high levels. These components must conform to worldwide trends and must also be favorably accepted by Japanese companies as well. We believe these components will become next-generation global standards. For the future, our goal is to develop a system capable of achieving total optimization for the entire factory by assessing the attributes of each person working at

a manufacturing site.

The concept that underlies our developments is that people naturally make mistakes and machines naturally break down. This is why our product design must meet safety standards, and why we value the principles stipulated by international safety standards for machines, centering around the manufacturer's responsibilities and the user's obligations. We will remain committed to offering safety-enhancing products and services to customers across the world at reasonable costs.

Shigeki Fujimoto  
General Manager  
Safety Devices Division



# Creating innovative technologies and services to respond to growing needs for lifestyle disease prevention

**A unique manufacturer capable of developing bio-information monitoring devices for both home and medical institutions**

With a mission of contributing to a healthier life for each and every person on the globe, Omron has developed and globally marketed home-use healthcare products such as blood pressure monitors and body composition monitors. To meet the rapidly growing need for preventing lifestyle diseases worldwide, Omron now is committed to developing bio-information monitoring devices for medical institutions.



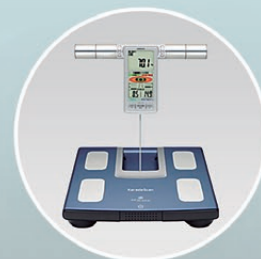
**Portable electrocardiograph (ECG)**  
Immediate onsite waveform recording at the first onset of symptoms provides useful data for diagnosis



**Wrist blood pressure monitor**  
A built-in automatic positioning sensor (APS) improves accuracy of blood pressure readings



**"Spot Arm" digital blood pressure monitor**  
Ergonomic universal design ensures correct arm positioning necessary to take accurate readings



**Body composition monitor**  
Displays visceral fat level





## Increasing concerns over lifestyle-related diseases worldwide

Lifestyle habits such as a poor or unbalanced diet, lack of exercise, or excessive tobacco smoking can cause health problems such as obesity, hypertension, hyperlipemia, and diabetes. These lifestyle diseases in turn can lead to hardened arteries, greatly increasing the risk of developing cerebral infarction and cardiac infarction, which are the most common causes of death among Japanese people. Because these lifestyle diseases often worsen without being noticed, prevention and early detection have become one of the most critical issues of modern society. This is true not only in Japan but also in many other advanced nations such as the U.S. and European countries. The World Health Organization (WHO) has issued a warning that 1 billion people worldwide are now obese or overweight and that should this situation continue without corrective measures, this number will increase even further to 1.5 billion in 2015. In 2005, deaths from lifestyle-related diseases reached 35 million throughout the world, representing approximately 60% of all causes of death.

In light of the recent increase in people with lifestyle diseases, Omron Healthcare Co., Ltd. is actively involved in the development of products and services designed to support preventive medicine. These endeavors are based on the company's unique business concept of "Healthcare at Home," which aims to connect hospitals with patients' homes and help doctors make more efficient use of self-measured bio-information and behavioral data for patient diagnosis and treatment.

## Connecting hospitals with patients' homes to support preventive medicine

To prevent lifestyle diseases, it is essential to promote daily health and disease management at home. As such, Omron has pioneered the development of home-use healthcare products such as blood pressure monitors and body composition monitors drawing on its proprietary sensing technology. These products are designed to allow anyone to measure bio-information easily and accurately at home. Recently, Omron has also been concentrating on the development

## In pursuit of the highest possible "practical accuracy" to enable efficient use of self-measured patient data at hospitals

To allow doctors to make the best use of self-measured patient data for diagnoses, the ability to take accurate readings at home is absolutely essential. With awareness of this, Omron home-use wrist blood pressure monitors come with a built-in automatic positioning sensor (APS) that prevents a wrist monitor from taking a blood pressure reading until the monitor is at heart height. This feature has helped eliminate measurement errors. With a portable ECG, even slight body movements during measurement or fluctuations in the degree of applied force can affect waveforms. To cope with this, the positioning and shape of electrodes were carefully designed to make the unit easier to hold without applying excessive force. These design considerations have given rise to ECG waveforms that are useful for diagnoses by doctors. With

these products and others, Omron is committed to increasing "practical accuracy," so as to enable easy and accurate measurement for anyone.

It is with pride and a feeling of responsibility that I serve as a member of Omron Healthcare, a company that is genuinely concerned with the health of people. I will work even harder to develop products that can contribute to solving the major global issue of lifestyle-related diseases, and realizing people's wish for leading long, healthy lives.

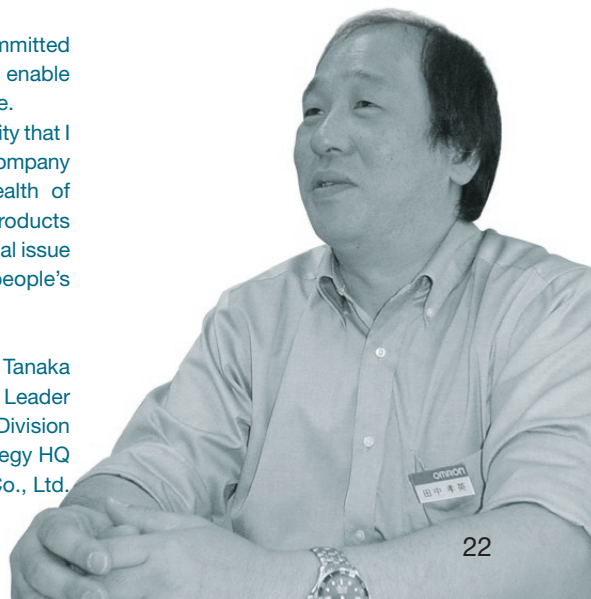
Takahide Tanaka  
Blood Pressure Monitor Group Leader  
Bio-information System Division  
Product Strategy HQ  
Omron Healthcare Co., Ltd.



Developing new products (Shijo Lab)

of Healthcare-at-Home medical equipment that supports doctors in more efficient diagnosis and treatment of lifestyle diseases. To accelerate the realization of its "Healthcare at Home" concept, Omron Healthcare acquired Colin Medical Technology, a company with core strengths in bio-information monitors and vascular screening devices (used for detecting hardened arteries). This has allowed Omron Healthcare to offer bio-information monitoring devices for a full range of preventive medicine from home to professional-use markets.

Omron Healthcare has also established a joint venture with an insurance company to facilitate health promotion and disease prevention. Presently, the new company offers services for health insurance societies and other public insurers.



# Promoting corporate ethics and compliance on a global basis

At the Omron Group, as many as 27,408 people are working at 144 companies in Japan and four regions around the world. In accordance with the local versions of the Corporate Ethics Guidelines published in each respective region, and through monitoring of compliance status, we are working to demonstrate fairness and integrity in all business activities. This applies to each person's behavior as well as to the Omron Group as a whole.

## China

**Strengthening training programs and initiating monitoring in response to rapid economic growth and globalization**

As China enjoys rapid economic growth along with accelerated globalization, one of the biggest issues for Omron in China is to instill corporate ethics and legal compliance in a manner suitable for the region. Accordingly, in fiscal 2005, Omron's Chinese Group welcomed legal affairs specialists from the Omron Head Office in Japan. The specialists provided compliance training for employees and helped launch a monitoring system. The plan is to expand and strengthen training and education programs in response to Omron's steadily growing business in China.



Fumihito Matsuzaki



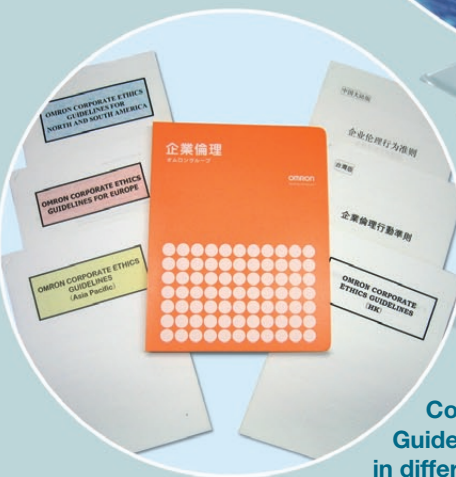
Dai Ogihara

## Asia-Pacific

**Distributing guidelines published in five local languages, taking into consideration the diversity of nationalities, cultural backgrounds and languages**

In the Asia-Pacific region, the Corporate Ethics Guidelines in English were conventionally used to promote legal compliance and ethical activities. In fiscal 2005, however, taking into consideration those employees who are not completely fluent in English, and responding to the language and cultural diversity in the region, the guidelines were translated into five different languages\* and distributed to the employees. The goal in this region is to establish a system that ensures strict conformance with the guidelines for all employees by the end of fiscal 2007. To this end, efforts will be focused on promoting education, training, and monitoring.

\* Five languages: Thai, Indonesian, Vietnamese, Malay, and Tamil



**Corporate Ethics Guidelines available in different languages**

## Concentrating on the improvement of compliance education and organizational structure outside Japan

In 1998, the Omron Group published its Corporate Ethics Guidelines in Japanese. Since then, region-specific versions tailored to the laws and regulations of each region were issued successively for North America, Europe, Asia-Pacific, and China, all of which were completed by the end of fiscal 2004. In fiscal 2005, the Asia-Pacific version of the guidelines was translated into different languages. In fiscal 2004, the Corporate Ethics Card containing the Omron Corporate Ethics Declaration was also created and distributed to all

Omron Group employees throughout the world.

Monitoring of compliance status, which had been underway in North America before other regions, began in China and Asia-Pacific in fiscal 2005. In these two areas, compliance training was also initiated targeting the relevant managers.

Issues common to all regions include the establishment of a solid compliance system, cultivation of leaders, creation of educational tools, and identification of risk factors. In fiscal 2006, an education/training program for compliance managers will be launched to reinforce the organizational system, while also advancing monitoring in each region.





## North America

### Setting up compliance officers and continuing monitoring

In North America, three in-house attorneys, together with the compliance officers assigned at each Group company, lead the drive to strengthen compliance. In fiscal 2005, compliance training and monitoring continued, while sincerely responding to those seeking advice through the whistle blower hotline and working to remedy problems. During fiscal 2006, continued promotion of compliance training and monitoring is planned as well.



Blake Thatcher



Bill Abbott



Patrick Duregger

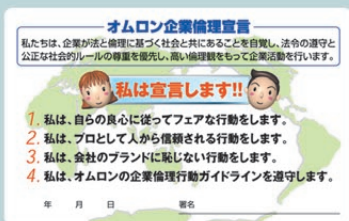
## Europe

### Strengthening the promotion system

In Europe, compliance monitoring and manager training have been conducted on a regular basis by the risk management committee. In fiscal 2006, we will increase the number of compliance promotion specialists and, while cooperating with personnel in charge of legal affairs at the Omron Head Office in Japan and other regions, promote strict compliance for all European Group employees.



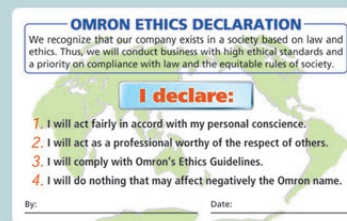
## Corporate Ethics Cards for various regions



Japanese edition



Traditional Chinese



American/European edition



Simplified Chinese



Asian edition

## Focusing on construction of an autonomous PDCA cycle at each organization in Japan

To allow all Omron Group employees in Japan to become fully informed of the Corporate Ethics Guidelines and thoroughly practice them, Omron began to prepare a case study guidebook that introduces various situations and criteria for judgment to handle different situations during fiscal 2005. In addition, selected several site were monitored to assess compliance. In the Corporate Ethics Month of October, various activities were carried out, including the distribution of posters and cards, workplace meetings, addresses

from top executives to employees, and seminars for directors and officers.

Ongoing programs include corporate-wide educational opportunities as well as training programs that match the business lines of each internal business company. Through these measures, the Omron Group in Japan will strive to build a PDCA cycle that allows all directors, officers and employees to autonomously promote ethical actions and compliance.



# Working for the benefit of society in China

## Building a harmonious relationship with Chinese society

Since 1979 when the company initiated technological exchange with China, Omron has built strong associations with the nation, steadily making a contribution to the development of Chinese society. At present, over 8,000 Chinese employees are at work in Omron's Chinese Group Head Office and 20 other group companies. Faithful to its core value of "working for the benefit of society," Omron proactively strives to coexist in harmony with Chinese society, while it encourages development of local personnel and localized management to strengthen business in China.



Cleanup activities on Founder's Day



Supporting a sign language class



Free blood pressure measurement





## Fulfilling social responsibilities as a China-based company through business operations

Omron has specified five key areas of CSR activities in China: (1) maintaining compliance and ethical standards; (2) expanding CSR procurement\*; (3) preserving the environment; (4) supporting the employment of persons with disabilities; and (5) contributing to local communities by taking advantage of Omron's distinctive strengths. Above all, we believe that support for the employment of disabled persons is an especially important theme for Omron. In fact, Omron has pioneered and is working aggressively to expand work opportunities for disabled persons with various programs and through Omron Taiyo Co., Ltd. and Omron Kyoto Taiyo Co., Ltd., two factories staffed and operated by people with disabilities in Japan. As part of this drive, Omron is aiming to achieve legally mandated levels for hiring disabled persons specified for various parts of China (1.6% in Shanghai, 1.7% in Beijing and Dalian, 1.5% in Guangzhou, and 0.5% in Shenzhen) at all sites by the end of fiscal 2008. Our two production sites, Omron (Dalian) Co., Ltd. and Shanghai Omron Control Components Co., Ltd., have already met the legal requirements specified by their respective cities.

\* Regarding CSR procurement see pg. 33.

## Contributions to support vocational training for people with disabilities

In China, Omron's social contributions have focused on four areas—educational support, health promotion, environmental protection, and support for those with disabilities. In the area of supporting people with disabilities, Omron has decided to give yearly pledges worth RMB 1 million (approximately US\$125,000), over three years beginning in fiscal 2005. In the initial year of this 3-year project, we selected Shanghai, the city that hosts our two production facilities, and made a contribution to the Shanghai Association for the Disabled for the purchase of equipment used in vocational training. Omron is determined to help people with disabilities live independent, self-sufficient lives and fully participate in society through these contributions.

Other ongoing community involvement programs include organizing the Shanghai Walk Rally, which mainly involves elderly people, co-sponsorship of the Dalian International Marathon, and

donation of experimental factory automation equipment to educational institutions. May 10th (the anniversary of Omron's founding) has been designated "Founder's Day" ("Omron Day" in Japan). On this day, Omron Group employees around the world have been performing volunteer work during paid working hours in their local communities. In China as well, Omron Group employees participate in tree-planting projects, neighborhood cleanups, visits to welfare organizations, and other community services.

As we face the amazingly fast growth of the Chinese economy, Omron is now heading toward building a "Second Omron" in China. As such, we are determined to continue working for the benefit of local society.

Donation ceremony of experimental factory automation equipment to a Chinese university



Donation ceremony for the Shanghai Association for the Disabled

## Aggressively seeking expanded work opportunities for disabled people

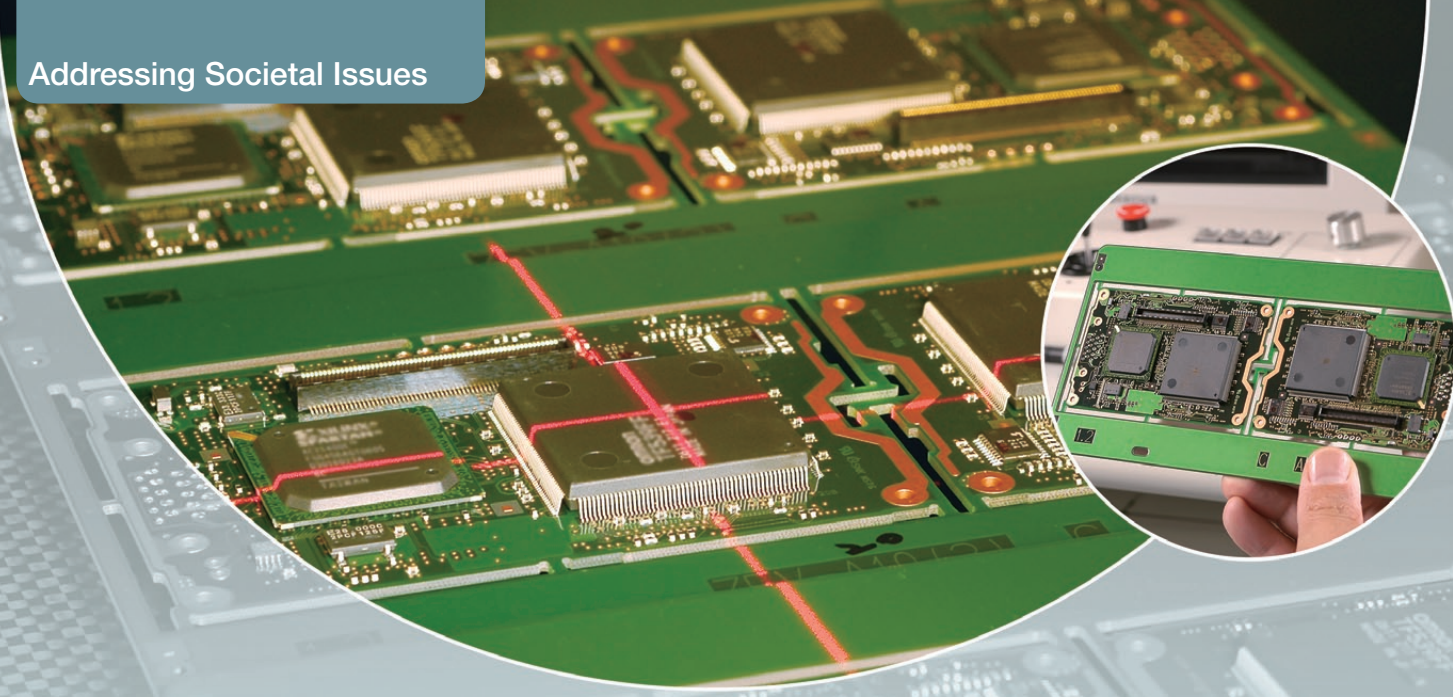
Today, approximately 540,000 people with disabilities live in Shanghai. Although many of these people are eager to receive vocational training to obtain a job, the reality is that it is very hard for them to realize their wish. The reason is that work opportunities for disabled persons are not expanding as expected. At Shanghai's Pudong New Area, in which many foreign companies are based, approximately 13,000 companies are in operation. However, of these, only 1,183 companies, representing less than 10% of the total, actually hire people with disabilities. It is an important task for us to provide disabled persons with more vocational training or job opportunities and places to work.

Omron's pledge of RMB 1 million was used for purchasing equipment for Shanghai's vocational training facility, which opened in April 2006. We would again like to express our heartfelt appreciation to Omron, and our wish is that more and more companies like Omron will actively support the expansion of work opportunities for people with disabilities.

Mr. Tian-ren Gu  
Chief  
Labor Service Center,  
Shanghai Pudong New Area Association  
for the Disabled







**Our goal is not only to meet the RoHS Directive but also to offer environmentally warranted products anywhere in the world**

**Total elimination of six hazardous substances from products in 2.5 years by surveying parts and materials comprising some 20,000 product types**

The EU's RoHS Directive\* bans the use of six substances from electrical and electronic products to be sold beginning July 1, 2006. This makes conformance with RoHS absolutely necessary for manufacturers that conduct significant business in the European market. Omron supplies approximately 20,000 types of devices, components, and modules to many electrical and electronic equipment manufacturers. Nevertheless, Omron had already achieved the total elimination of RoHS-banned substances as of March 31, 2006, three months before the directive came into force.

\* RoHS Directive: EU Directive on the Restriction of certain Hazardous Substances in electrical and electronic equipment.



The environmental project team at work for the total elimination of banned substances (Ayabe Factory)



## RoHS dedicated team set up at Ayabe Factory

It was February 2003 when the RoHS Directive was enacted, specifying six substances to be banned. These are: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBBs), and polybrominated diphenyl ethers (PBDEs). Soon after the adoption of RoHS, Omron embarked on corporate-wide efforts toward eliminating these substances.

The Ayabe Factory in Kyoto was among the first Omron production sites to respond to the directive. Because the factory engages in the production of as many as 10,000 product types, a large number of parts are required in their production. With just 3 years until the directive was scheduled to come into force, an immense amount of worker hours and new equipment were needed to respond to the directive. This included surveys of substances present in all products, evaluation and selection of alternative parts/materials, and the final transition to the new production line—all in a very short period of time.

To handle this challenge, an environmental project team was set up at the Ayabe Factory. At the peak of the project, as many as 100 persons were dedicated to the task of responding to the RoHS Directive, and the latest analyzers were employed to facilitate processes leading to the elimination of all six substances.

## Extending efforts to cover non-targeted products and substances in addition to those specified in RoHS

To totally eliminate hazardous chemical substances from Omron products, the cooperation of parts and materials suppliers is essential. Omron therefore developed a survey support system to help suppliers smoothly examine and report the data to Omron. These systems were offered to hundreds of suppliers. Also developed was a support system for designing environmentally warranted products free from hazardous substances using supplied data. These systems were put into use throughout the entire Omron Group. Even with the support of these systems, an attempt to shift to RoHS-compatible products all at once could cause several problems related to the adjustment of suppliers' delivery schedules for newly selected parts, production



Analysis of substances present in parts/materials using various analyzers (Ayabe Factory)

control for new products, and other complications. Even worse, if non-conforming parts or materials were mixed into products, it could cause significant troubles for clients. In light of this, countless staff meetings were held to exchange information while observing the conditions of customers and suppliers. The switchover to RoHS-compatible products was then advanced from the latter part of 2004 on a step-by-step basis, and the response to the RoHS Directive was completed by the end of March 2006.

Strictly speaking, products manufactured at the Ayabe Factory are all industrial-use control devices, which means they are actually not subject to RoHS at the present time. However, Omron's policy is to offer environmentally warranted products (products warranted to be free from any banned substances) to customers all over the world. In conformance with this policy, Omron decided to totally eliminate the six substances from its control devices (non-targeted products<sup>\*1</sup>) as well. Moreover, Omron's own internal regulations expanded the scope of the survey to cover other substances beyond the six substances banned in the RoHS Directive. Omron is now advancing efforts to eliminate many other chemical substance categories<sup>\*2</sup> from its products.

The establishment of similar chemical substance regulations is being considered in non-EU countries as well, such as China and the United States. Omron always strives to be an industry forerunner in regulating the use of chemical substances toward the goal of eliminating all hazardous substances in Omron products.

<sup>\*1</sup> Non-targeted products: Certain models including those not delivered to Europe are excluded.

<sup>\*2</sup> Categories include ozone-depleting substances, dioxins, substances whose production was banned by the Industrial Safety and Health Law, substances specified by the Poisonous and Deleterious Substances Control Law, halogenated hydrocarbons, etc.

## Our goal is to make products free from hazardous substances as a matter of course

Omron was among the first industrial equipment manufacturers in Japan to start working to respond to the RoHS Directive and complete the necessary steps. Today, the RoHS Directive has become very well known in Japan. However, in 2003 when Omron started this project, very few suppliers were willing to cooperate with Omron despite repeated requests. I remember thinking at the time that anyone who wants to be at the forefront must stand against a strong wind. However, after one or two years, other companies in the same trade also began to take measures. I then heard comments from quite a few suppliers that, because of their experience in working with Omron, it was much easier to respond to requests from other companies. Hearing such comments

was very gratifying, and made the investment of people and equipment seem all worthwhile.

Although our environmental project team will be dissolved in the fall of 2006, it does not mean that our efforts toward the total elimination of hazardous substances will come to end. Our next goal is to make this kind of activity simply a part of everyone's daily tasks instead of something that requires a special taskforce. For the future, we should advance our efforts even further to make the non-use of hazardous substances a matter of course for any industry or manufacturer.

Kazuhiro Kawashima

Leader of Environmental Project

Production Control Department, Ayabe Factory



# Working together to expand jobs for people with disabilities and promoting normalization

Regarding the employment of disabled persons, staffing firms in Japan have faced difficulties in meeting legal requirements, because personnel they dispatch are counted as their own employees rather than those of client companies. To address this industry-wide issue, Omron Personnel Service Co., Ltd., which specializes in staffing and recruiting, has developed new categories of jobs for disabled persons within the company and recruits disabled people in cooperation with various vocational training centers and workshops. This ultimately increased the percentage of disabled employees to 1.98%, which is above the legally mandated level. In April 2006, Omron Personnel also launched a new service in which staff with disabilities help disabled persons find jobs by taking advantage of their own experience and expertise in this area.



Staff with disabilities are engaged in website production and market research. Their work is highly evaluated both inside and outside of the company.



Staff meeting at the "barrier-free" Kyotanabe Office



Mr. Awasaki from Omron Personnel won the Gold Award in the website production category of the third Abilympic occupation competition in Kyoto.

## Disabled Omron staff members help other disabled persons find jobs by drawing on their own experience and know-how

In December 2004, Omron Personnel opened a new, easily accessible "barrier-free" office in Kyotanabe City in Kyoto Prefecture with the aim of promoting normalization.\* Since then, the company has been actively involved in creating a work environment that helps workers with disabilities fully demonstrate their capabilities, such as by having caregivers stay at the office and by fully establishing a teleworking system that facilitates working at home. At present, eleven employees with severe disabilities are engaged in research, planning, production and management of websites for their own company and clients at the Kyotanabe Office and Kyoto Head Office. By drawing on employees' own experience and the company's excellent track record in the field of staffing and recruiting, Omron Personnel has introduced a new service through which disabled staff help find jobs for people with disabilities.

In this new business, Omron Personnel consultants with severe disabilities interview highly motivated persons who also have disabilities, and provide advice about necessary job skills as well as job-seeking skills. For client companies who find it difficult to employ disabled persons they introduce suitable personnel. In addition, they provide consultation regarding the creation of a work environment that is appropriate for disabled workers.

At Omron Personnel, Omron founder Kazuma Tateisi's phrase, "People who make others the happiest are the happiest themselves," serves as the company's credo. With the key concept being "heartfelt

communication," Omron Personnel is striving to build a workplace in which a diverse group of people who seek different ways and styles of working can work as a team and support one another.

\* Normalization: The principle and action of offering people with disabilities, whether mental or physical, patterns and conditions of living that are as close as possible to normal circumstances. The principle of normalization is also stated in the United Nations' Declaration on the Rights of Disabled Persons.

## My wish is to support as many people as possible to find good jobs by drawing on my own experience

By adopting Omron's corporate philosophy, Omron Personnel has proactively promoted the employment of disabled persons, while striving to establish work environments that make work easier for disabled persons. Employment of disabled persons generally involves some difficulties for companies as well, including the need to remodel offices to make them barrier-free. Nevertheless, there are many people with disabilities who are highly motivated and talented. Actively hiring such people will become a significant plus for companies in terms of commitment to CSR. I hope that as many companies as possible understand this point and provide disabled people with more and more work opportunities. It would also be a great pleasure if my own experience of working with disabilities would be of help, even a little, for others with disabilities.

Taiji Hozaki  
Consultant, Recruitment Group  
Kansai Sales Headquarters  
Omron Personnel Service Co., Ltd.







## Omron's Social Performance

At Omron, the main stakeholders are considered to comprise its employees, business partners/suppliers, customers, shareholders/investors, and society as a whole (including local communities, international society, governmental offices, municipalities, NGOs and NPOs). As such, we place prime importance on communication with our stakeholders in order to meet the expectations of each stakeholder group and fulfill our obligations.

### Stakeholder engagement

Omron aims not only to offer working opportunities but also to encourage employees to demonstrate their capabilities to the fullest.

#### Fiscal 2005 results

Efforts advanced to increase the percentage of employees with disabilities for the entire Omron Group in Japan. ⇒ pg. 31

Omron and its business partners/suppliers demand maximum coordinated efforts to stimulate mutual growth and to strictly maintain transparency and fairness in transactions.

#### Fiscal 2005 results

In fiscal 2005, information was shared with suppliers as a first step in launching CSR procurement. ⇒ pg. 33



As a responsible member of local communities and the international society, Omron is committed to community involvement while promoting communication in the areas of science & technology, social welfare, arts & culture, and international cooperation.

#### Fiscal 2005 results

Our activities in fiscal 2005 concentrated on improving QOL for people with disabilities, supporting science and technology, and aiding victims of disasters. ⇒ pg. 36

Omron strives to maintain accountability through the appropriate disclosure of corporate information, and to provide secure communication routes for incorporating the opinions and requests of its shareholders/investors wherever possible. At the same time, we aim to promote sound management practices and appropriate distribution of earnings.

#### Fiscal 2005 results

Omron's efforts in fiscal 2005 focused on expanding communication with shareholders and institutional investors, while proactively promoting timely disclosure of information. ⇒ pg. 35

Omron assumes product liability not only through the pursuit of the highest possible quality and performance, but also through consideration of environmental concerns, safety, and health, along with a stable supply of products.

#### Fiscal 2005 results

Omron strengthened its customer service operations in preparation for the further acceleration of global business in the future. ⇒ pg. 34



## Promoting fair evaluation and remuneration based on respect for individuals

Omron values the diversity of its employees. This means that the company respects each and every employee who works for Omron throughout the world. At the same time, the company fairly evaluates employees' performance and remunerates them based on their achievements. Omron's basic employment policy is to ensure stable employment and a sound working environment for employees, while also providing them with remuneration that strictly observes the laws and regulations of their respective countries and regions. Omron has also set forth "respect for individuality and diversity" as one of its management commitments.

### Employment and Remuneration

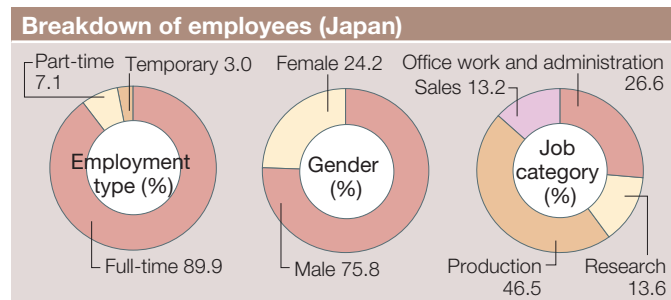
**WEB** In-house Staff Recruitment Initiative

#### Respecting diversity among our 28,240 people working around the world

Omron's policy in all relations with its employees is to provide equal employment opportunities that are free from discrimination according to race, religion, nationality, age and gender.

In Japan, in strict conformance with the Equal Employment Opportunity Act, our recruiting process is governed by a set of detailed regulations. These include requirements that information be provided at orientations or mailed to prospective employees in a gender-neutral manner, and that there be no gender-based treatment differences in examinations and interviews. We also publicize employment opportunities widely using the Omron website and a variety of other media to attract a large number of prospective recruits.

As of March 31, 2006, employees at Omron Corporation and its affiliates in Japan numbered 11,670 (including 830 temporary and part-time workers). Those at overseas affiliates totaled 16,570.



#### Establishing a solid system to evaluate and remunerate employees based on professionalism and expertise

In fiscal 2005, Omron Corporation launched a specialists system conforming to Omron's ideal image for personnel as highly talented specialists. These specialists are required to contribute to the enhancement of Omron's value and business performance by completely fulfilling their own missions and those of their organizations through demonstration and application of their expertise. The specialists system is designed to clearly identify the desired personnel and provide them with appropriate remuneration that reflects the level of professionalism and the performance of individuals. Specialists are also given additional benefits such as vacations of up to one year and special budgets allocated to each individual for self-development purposes. In fiscal 2005, Omron Corporation expanded job categories for specialist qualifications and extended the system to cover some affiliates in Japan as well. As a result, new specialists were qualified at Omron Corporation and an affiliate.

### Communication with Employees

**WEB** Labor-management Consultation

#### Providing forums for communication between top executives and employees

Omron has been actively creating opportunities for two-way communication between top management and employees. As part of this drive, Chairman Tateisi's "DNA Salon" forum and a free discussion event "Sakuta's Free Talk" hosted by President & CEO Sakuta have been held on a regular basis since fiscal 2004. The former event is designed to help young employees learn the background and underlying concept of the Omron Principles, its core values, and views for society. The latter is intended to provide all employees with opportunities to enthusiastically discuss the work they are engaged in, and to express their motivations and ambitions. Both events are intended to enable employees to become fully aware of the real significance of their own work and evoke more creative thought and action. Aiming to instill the newly established Omron Principles throughout the world, such events are planned for overseas sites as well during fiscal 2006.



DNA Salon



#### Aiming to create new value and define the ideal image for personnel

Akira Nakashima  
Knowledge Information Control Technology Group  
Sensing & Control Technology Laboratory  
Research and Development Headquarters

I decided to become qualified as a "specialist" because I wanted to do work that emphasizes the creation of new value. I personally consider specialists to be "innovation architects" that convert knowledge, ideas, and technology into social values. I think the work that we are doing right now is great because it requires me to stimulate innovation on my own initiative. In the present century, we are required not only to pursue economic benefits but to take into consideration the impact that our activities have on the environment and society at large. As the business environment surrounding our company changes, a new image for corporate personnel is required. In light of this, as a specialist I want to offer new value to the world while also hoping to demonstrate what the specialist of the new age should look like.

## Respecting Diversity in the Workplace

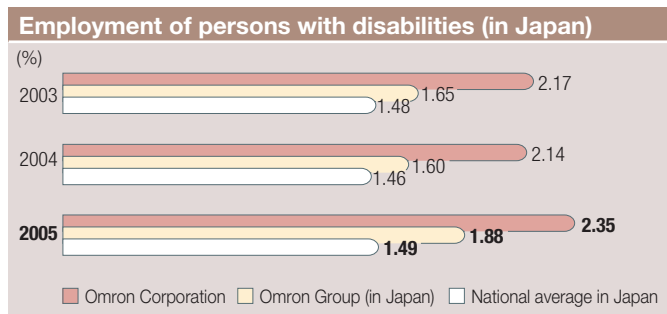
**WEB** Post-retirement Re-employment Support Initiative for Work/Personal Life Balance

### Aiming to rank highly among Japanese manufacturers in the employment of persons with disabilities

In addition to strictly observing legal requirements for hiring persons with disabilities, Omron is dedicated to creating expanded opportunities that allow such persons to leverage their skills and abilities while seeking normalization.

At Omron Corporation the percentage of persons with disabilities was 2.35% in fiscal 2005, up 0.2 points from the previous year. This level is 0.55 points above the legally mandated level (1.8%). This is largely attributable to the two special subsidiaries charged with providing special considerations for employees with disabilities, namely Omron Taiyo Co., Ltd. and Omron Kyoto Taiyo Co., Ltd.

The percentage of disabled employees is still under 1.8% at some group companies in Japan, but the overall group-wide percentage in Japan is 1.88%. By implementing employment plans for achieving the target specified last year, Omron aims to achieve 1.8% at all group companies and raise the domestic group-wide percentage to 2.3% by fiscal 2007.



### Omron Manufacturing of Indonesia receives “Employer of Disabled People” Award from Indonesian government

Recognized for their recruitment policies and working conditions for disabled employees, on December 7, 2005, Omron Manufacturing of Indonesia (OMI) was honored with an “Employer of Disabled People” Award from the Indonesian government. Of the 40 predominantly local companies selected to receive this prestigious award, OMI was ranked in the top 10. This recognition from the Indonesian government bears testimony to OMI’s commitment to fulfilling its social responsibilities, and in particular, to the principle of “Not Charity but a Chance” with regard to the employment of people with disabilities.

Currently, people with disabilities comprise approximately 1%

of OMI’s workforce and management aims to increase this percentage to 3% by 2010. OMI will also continue to donate more supporting tools and equipment to a special school for disabled people and work with students there more closely to prepare them for employment.



Irawan Santoso, OMI’s Director (left), exchanges greetings with President Susilo Bambang Yudhoyono of Indonesia.

## Occupational Health and Safety

**WEB** Number of Occupational Accidents  
Changes in Occupational Accident Frequency

### Promoting mental and physical health and safety management

As manufacturing lines at Omron Corporation and Omron Group companies in Japan involve relatively few dangerous or hazardous processes, occupational accidents that are serious enough to warrant time off from work are extremely rare. No serious occupational accidents resulting in days off occurred in fiscal 2005.

The Health Management Center takes the lead in promoting and maintaining employees’ health by providing medical advice tailored to each employee, in an effort to prevent lifestyle-related diseases and other afflictions. In fiscal 2005, a program to improve lifestyle choices and daily habits was implemented on a trial basis.

As part of its commitment to mental healthcare for its employees, Omron Corporation conducted a Mental Health Diagnosis survey for all employees. The surveys have been conducted once every two years since fiscal 1991 for each employee to promote self-checking and awareness of mental health. Moreover, the number of counselors was increased in the Health Management Center. In fiscal 2006 and beyond, health management efforts will be further strengthened, including a plan to establish a mental health advice system.

### No asbestos-induced health problems at Omron Group in Japan

In response to increasing public concerns regarding health hazards associated with exposure to asbestos, Omron inspected its building structures in July 2005, and confirmed that there were no asbestos-related problems with employees and local communities. During regular physical fitness checkups, employees were also examined for the effects of asbestos and were found to have no problems at this point. Omron will continue checking employees for asbestos-related health problems as part of regular checkups.



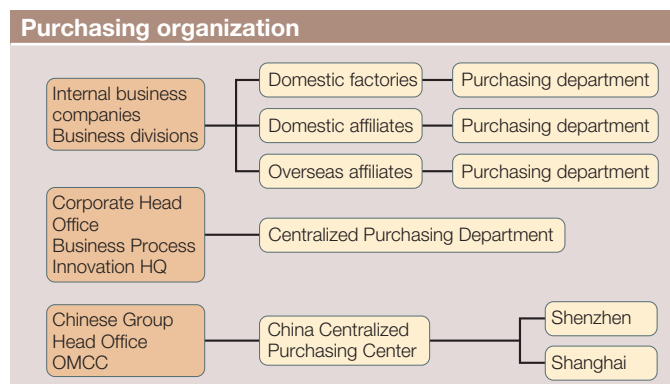
## Ensuring open, fair, and global purchasing and procurement

A robust, global partnership is what Omron seeks to build with its suppliers and other partners who cooperate in creating products that customers can rely on. Omron believes that purchasing must be conducted in a fair and open way to make this happen. To this end, Omron's purchasing policies were established in 1999, and regulations governing the purchasing process were introduced into Omron's Corporate Ethics Guidelines.

### Purchasing and Procurement System

#### The Centralized Purchasing Department and each business division work together to promote CSR-based purchasing

Omron's production sites in Japan, China, Southeast Asia, North America, and Europe purchase electrical equipment, electronic components, parts, and raw materials from some 2,500 companies around the world. When making purchases, the Centralized Purchasing Department (head office administrative department) works in cooperation with Omron factories and affiliates under the umbrella of the respective internal business company on a global basis, sharing the purchasing policies including the promotion of CSR activities.



### Practicing CSR in Purchasing and Procurement

#### Sharing information with suppliers as the first step in launching CSR procurement

Along with the accelerated globalization of business operations, corporate misconduct or violations of laws/regulations by Omron or its suppliers can cause a material interference with purchase activities or even worse, create substantial inconvenience for many stakeholders. To avoid such circumstances, Omron has decided to take successive steps to initiate CSR procurement. These are: (1) sharing information regarding CSR procurement<sup>\*1</sup> with suppliers; (2) assessment of status of CSR practices by suppliers, and (3) appropriate management.

Fiscal 2005 was positioned as the year to take step (1). In August, a meeting was held in Japan with approximately 100 suppliers from whom the same parts/materials are purchased by multiple business sectors. The purposes of the meeting were to share Omron's business policies as well as information on programs intended to involve the development sector in the purchasing process for procurement innovation, while also explaining the company's determination to promote CSR procurement.

In China, a decision was reached ahead of other regions to conclude basic contracts with suppliers that make it mandatory for them to

survey their own labor-related legal compliance and environmental conservation status and rectify any situations that are insufficient or problematic. In fiscal 2005, revised contracts were formed initially with existing suppliers. In fiscal 2006, a plan is in place to disclose Omron's CSR related requirements to suppliers and assess their current situations.

At present, Omron takes part in the Japan Electronics and Information Technology Industries Association's (JEITA's) CSR working group, working together with other companies in our industry to prepare guidelines that include explanations of CSR activities for suppliers and self-assessment items.



Purchasing policy meeting

<sup>\*</sup> CSR procurement refers to efforts to extend a company's CSR commitment to cover purchasing and procurement processes, while requiring suppliers/business associates to practice CSR. Requirements include legal compliance in the areas of commerce and trading, labor conditions, health and safety, and environmental conservation; forbiddance of forced labor and child labor; respect for human rights and diversity; forbiddance of illegal trading; and appropriate management of chemical substances and observance of regulations related to substances contained in products.

#### Continually ensuring strict legal compliance and fair transactions

As part of our commitment to observing applicable laws and regulations, those engaged in purchasing and procurement in Japan participate in external seminars and check unclear points against related governmental authorities to make sure no instances of violations of the Subcontract Act occur in Omron's transactions with suppliers. The Omron Group will continue to ensure legal compliance and fair transactions in line with its purchasing policies throughout all sites worldwide by closely following the local legislation of each region.



#### Directing efforts toward CSR procurement in China

Ren Hu  
Purchasing Manager, Centralized Purchasing Center (Shenzhen)  
Omron (China) Co., Ltd.

The main task of the China Centralized Purchasing Center is to establish a solid infrastructure for Omron's purchasing activities in the region. In response to the rapid expansion of production operations in China, the center is now working to review and improve basic contracts with our suppliers. Specifically, we are aiming to incorporate provisions regarding observance of labor and environmental laws and regulations, by also taking CSR into consideration. We are now in the process of negotiating with 120 suppliers based on new contracts. Once agreements are reached, we will further strengthen our activities to assess the level of CSR practices at each supplier.

## Striving to offer maximum satisfaction to customers and provide greater benefits to society

One of the Omron Group's management commitments is "maximum customer satisfaction." With our "quality first" policy, we are dedicated to providing a stable supply of safe, high-quality products. Furthermore, we strive to maximize the satisfaction of our customers at all stages of development, production, sales, and servicing, so as to create and offer new benefits that support the development of society.

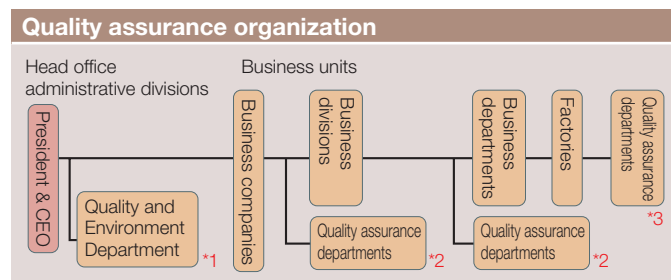
### Product Liability

**WEB** Basic Quality Policy

#### Unending commitment to quality assurance and enhancement

Omron implements activities to ensure quality at every stage of its business process from product planning and development through procurement and production, all the way up to sales and after-sales service. To ensure strict implementation of a PDCA cycle, each internal business company is required to formulate an action plan with improvement targets every year. Based on these targets, they then evaluate the degree of achievement, and draft and implement measures for improvements. Each worksite is also conducting individual programs to continue improvements in quality.

Well-established procedures are also in place to quickly report accurate and complete information to top executives in the event of a serious claim, so as to minimize damage to customers and speed up quality improvements. The quality department of the Omron Head Office also conducts periodic quality audits for each site.



**\*1** Quality and Environment Department (Head Office)  
This department establishes Omron's basic quality policies and strategies, and in order to promote corporate-wide activities to ensure quality, performs audits for each business unit.

**\*2** Quality assurance departments of business companies/divisions  
These departments are tasked with building a quality system for its respective company/division and providing total control over quality assurance activities in product planning, design/development, production, sales, installation, and servicing stages.

**\*3** Quality assurance departments of factories  
These departments are in charge of implementing programs intended to build and ensure the quality of products produced at each respective factory. They also monitor quality status at the respective factory or in the marketplace and promote improvements of quality.

### Customer Service

#### Centralized customer service headquarters established for industrial automation business

Omron's Industrial Automation Company (IAB) specializes in producing control devices for industrial applications. Aiming to enhance customer support and service functions, IAB established a Global Service Center (GSC) in Mishima, Japan in April 2006. The GSC's objectives are to centralize services formerly managed separately by sales and product divisions in order to ensure that customers receive consistent, rapid, first-class service wherever their operations are based. The GSC can also increase customer convenience by serving as a complete one-stop-shop capable of handling technical support,

repair, purchasing advice, and other inquiries. By accumulating inquiries and feedback from customers, GSC aims to further upgrade the level of service and customer support. Plans are in place to roll out GSC's customer support function globally to provide high standards of consistent service no matter where customers are based.

### Universal Design

#### Promoting user-friendly designs that make products easy to use for anyone

In pursuit of social responsibility, Omron is actively involved in incorporating Universal Design (UD) into its products so as to make them usable easily by a wide range of people. For example, Omron Healthcare Co., Ltd. (OHQ) has set forth the criteria for Universal Design for healthcare products in the form of OHQ-UD Principles based on surveys and analysis of usage conditions by general consumers.

#### New electronic pulse massager is easy to use for the elderly

In October 2005, OHQ put its new HV-F3000 electronic pulse massager on the Japanese market. The development of this product focused on making it effortless to use for a 70-year-old person, and its product design, specifications, and instruction manuals were prepared to realize this goal. During the development of the new HV-F3000, the developers themselves wore items that simulate the conditions of elderly people to evaluate the product. Presbyopic people were also selected to monitor the instruction manuals for readability.



HV-F3000 Electronic Pulse Massager



**Sincerely responding to inquiries and comments from many customers**

Yumi Nishijima  
Customer Support Center  
Global Service Center

Every day, we receive many inquiries or requests from customers, such as those seeking advice before making a purchase, asking how to use a particular product, wanting to know where they can purchase a product, etc. Recently, more and more customers are contacting us through the Omron website. This makes it important that our website includes detailed product information, instruction manuals, and salespeople contact information in an easy-to-understand manner. It's also necessary to equip the website with online shopping capabilities. In light of this, the Global Service Center seeks to reflect customer feedback through improved website content and product literature, and incorporate them in the development of new products themselves. It is our wish that we will be able to contribute to enhancing Omron's customer service by sincerely listening to the voice of our customers.



## Furthering two-way communications

Omron aims to meet the expectations of its shareholders and earn their confidence by enhancing our corporate value and returning an appropriate level of earnings. We are also determined to fulfill our accountability to investors through disclosure of corporate information, while incorporating feedback from them into our management strategies wherever possible. By further promoting two-way communications, we are endeavoring to enhance the transparency of our corporate activities.

### General Shareholders Meeting

**WEB** Fluctuations in Electronic Voting Use

#### Encouraging participation of as many shareholders as possible

Since 1998, in an effort to make our shareholders meeting more open and easier for shareholders to attend, Omron has scheduled the meetings to avoid days on which the shareholders meetings of other large companies are concentrated. Omron has also been using a conveniently located hotel at the JR Kyoto station building as a venue. The general shareholders meeting for fiscal 2005 was held on June 23, with 482 shareholders in attendance, 55 more than last year. For shareholders unable to attend meetings, Omron has introduced an electronic voting system by which they can exercise their voting rights online. Shareholders who used the electronic voting system increased by 134 compared to last year, reaching 446. The meeting was also shown via a monitor screen to members of the press.

The shareholders meeting also included an active question-and-answer session. After the meeting closed, a separate meeting followed in which the current status of Omron's business was explained as well as opportunities for shareholders to directly communicate with the Omron management team. These events helped Omron further promote two-way communications with shareholders.



Shareholders meeting

### Information Disclosure

#### Omron's proactive IR communications win two accolades

Omron is proactively advancing IR activities targeting both institutional investors and individual investors. For institutional investors, Omron holds meetings on a quarterly basis as well as teleconferences to detail our business results and corporate standing. Moreover, the president & CEO of Omron embarks on tours to personally meet institutional investors both in and outside Japan. In fiscal 2005, the president & CEO visited 639 companies, up 15% compared to the last year.

Targeting individual investors, Omron actively participated in corporate presentations and investor fairs to enhance communication opportunities with shareholders, and also organized Internet-based presentations. As a result, there were 35 occasions for dialogue with individual investors during fiscal 2005, more than 3 times the number of opportunities available during the previous year. Omron's IR site also included a new section dedicated to individual investors to provide information in a friendly manner. In recognition of these continuing proactive IR communications, Omron won the IR Special Recognition

Award from the Japan Investor Relations Association (JIRA) and the Best Disclosure Award from the Tokyo Stock Exchange.

The Corporate Finance and Investor Relations Headquarters, under the direct control of the president & CEO, is in charge of arranging communications opportunities with shareholders and investors. Feedback from shareholders and investors is relayed via the senior general manager of this headquarters to the president & CEO and is taken up at executive meetings, where Omron works to incorporate some of these ideas into management strategies. Omron will continue to remain active in disclosing information in a timely and appropriate manner, so that the company can continue to earn the trust and confidence of shareholders/investors through the promotion of two-way communications.

### Inclusion in SRI Indices

#### Omron included in multiple SRI indices

Highly recognized for our progressive CSR practices, Omron has been included in several SRI indices, such as the SRI (Socially Responsible Investment) Index by Morningstar and the Sustainability Index by Ethibel. Omron is also included in the corporate governance fund set up by Japan's Pension Fund Association.

### Distribution of Profits

**WEB** Dividends, Retained Earnings, Interest-bearing Liabilities  
R&D Expenditures, Capital Expenditures

#### Aiming for an appropriate return to shareholders

Seeking the long-term maximization of corporate value, Omron places a high priority on securing internal capital resources for future investments to promote growth, and distributes any surplus to the shareholders to the maximum extent possible. Accordingly, we will make every effort to maintain the dividend payout ratio in the 20% range relative to consolidated net income, while ensuring long-term stable dividends with a minimum payout of 10 yen guaranteed even during a weak financial year. Utilizing retained earnings accumulated over a long period of time, Omron intends to systematically repurchase and retire the company's stock to benefit shareholders. According to this policy, Omron repurchased 3,773,000 shares of Omron stock in fiscal 2005.

The annual dividend paid per share for the fiscal year ended March 31, 2006 was 30 yen, up 6 yen per share from last year. The total payout was 7.1 billion yen, with a payout ratio of 19.8%. R&D expenditures, with a target set at about 8% of net sales, totaled 50.5 billion yen, while capital expenditures amounted to 41.1 billion yen. Omron will maintain R&D expenditures at nearly an equivalent level to promote growth and continue investment in facilities and equipment toward the goal of long-term maximization of its corporate value.

## Promoting community involvement all over the world

Living up to its core value of “working for the benefit of society,” Omron has been working to help people with disabilities or other limitations to enhance the quality of their lives and to build a society that allows these people to be self sufficient and fully develop their personal strengths. These and other forms of contributions are promoted on a global scale, in ways that suit the culture and social climate of respective countries and regions.

### Activities of the Better Corporate Citizenship Center

**WEB** Corporate Citizenship Declaration

#### Management of the Omron Group's community involvement

Omron engages in community involvement both directly as a company, and indirectly by supporting the volunteer activities of employees. Direct contributions include donations as well as participation in and support for the activities of NPOs, all of which draw on Omron's distinctive strengths. Indirect contributions in turn are made by introducing and providing information on volunteer activities to employees and supporting employees who take part in these activities. Omron pursues effectiveness in its activities by specifying the scope of these efforts as group-wide, multiple-site, or site-specific according to the theme of activity. Omron also aims to boost synergies between direct and indirect contributions by encouraging employees to participate in direct contribution activities promoted at the corporate level.

The Better Corporate Citizenship Center is tasked with managing the social contributions and community involvement of the Omron Group.

#### Initiating research to support employment of people with physical disabilities

In fiscal 2005, the Better Corporate Citizenship Center conducted surveys targeting NPOs and welfare facilities, which are specializing in promoting employment of disabled people in the Kinki area around Osaka, as well as the Tokyo area. Based on these surveys, the Center will consider new support programs to encourage the employment of physically disabled people.

### Fiscal 2005 Founder's Day Activities

**WEB** Founder's Day Activities throughout the World in FY2005

#### Approximately 8,100 Omron people served as volunteers across the world

May 10th, the anniversary of Omron's founding, has been designated “Founder's Day” (“Omron Day” in Japan). Every year since 1991 on this day, Omron Group employees around the world have been performing volunteer work during their paid working time in their local communities. In fiscal 2005, a total of 8,100 employees participated representing the Omron Group as a whole, including 4,200 from Omron Corporation, 2,000 from affiliates in Japan, and 1,900 from overseas affiliates. Conventionally, activities such as cleanup activities, assistance for people with disabilities, visits to and socializing with residents at senior citizens' homes, and blood donations have been most popular at different Omron sites. Recently, the number of sites hosting seminars or other events related to environmental conservation and disaster prevention has increased, reflecting the growing global concern for these issues.

At some of the large-scale sites staffed by many employees, there are cases in which each department or internal business company formulates its own plan and systematically promotes the programs in order to encourage active participation of employees and produce more substantial results. In addition, some sites have sought collaboration with specialized organizations with much experience. This has helped to make activities more effective and meaningful when assisting or communicating with people with disabilities, elderly people, or sick children, rather than promoting such activities by employees alone.



Cleanup activities by Sendai Factory employees

### Community Involvement Activities (Site-specific activities)

**WEB** Community Involvement Activities Conducted Worldwide in FY2005

#### Japan

The Kyoto Omron Community Foundation contributes to communities in Kyoto where Omron headquarters is based, by supporting welfare, youth education, and improved living conditions.



Humanity Award ceremony

#### Asia-Pacific

Omron employees in Singapore visited a home for persons with mental disabilities, where they learned Malaysian folk dance together. Staff in Thailand brought milk and toys to a children's home.



Cultural exchange with mentally disabled people

#### North America

At St. Charles park in the U.S., cleanup and maintenance was organized. Omron employees also beautified the Spring Valley Nature Sanctuary, and made donations to the Nature Sanctuary.



Cleanup at St. Charles Park

#### Europe

In the Netherlands, Omron employees took child cancer victims to a technology museum, while those in Sweden helped clean up a support center for the homeless.

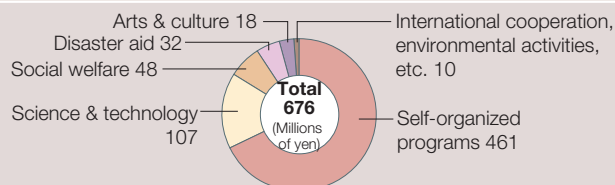


Visiting a technology museum with children



## Community Involvement Activity Costs

### Breakdown of community involvement expenditures by field



Omron Corporation's community involvement expenditures for fiscal 2005 declined 96 million yen from a year earlier. This is mainly attributable to unexpected costs for disaster aid such as for the major earthquake off Sumatra that occurred in fiscal 2004. As for other fields, expenditures for self-organized programs and science & technology decreased, while those in social welfare, arts & culture, and environmental activities increased.



**Our goal—making the ski training course more fun in cooperation with all supporting people**

Yorisuke Kotaki  
President of Professional Ski Instructors Association of Japan

Omron's second annual ski training course for people with disabilities was completed successfully with no mishaps thanks to support from the venue, Biwako Valley Ski Resort. This training course targeted persons with disabilities, mainly employees of Japan Sun Industries' Kyoto Office.\* After the training, participants had favorable comments. One person said he initially thought people with disabilities would never be able to ski, but by participating in the training, he experienced a type of enjoyment that he'd never had before. Another person remarked that she wants to invite some friends to next year's training and share her experience with as many people with disabilities as possible. Our goal for the future is to further upgrade the course and make it more fun in cooperation with all supporting people.

\* Japan Sun Industries' Kyoto Office was established as the Kyoto headquarters of the Japan Sun Industries social welfare organization in 1986.

## Main community involvement activities in various fields during fiscal 2005 (Omron Group-wide activities in Japan)

### Science & Technology

- Supporting the 16th Granting of Subsidies by the Tateisi Science and Technology Foundation (May 2005, Kyoto Pref.)  
Subsidies totaling 46.95 million yen were granted for 20 research projects and four international exchange projects.
- Supporting the "Road to Peace" project\* organized by an NPO, the Japan Alliance for Humanitarian De-mining Support (JAHDS) (Mar. 2006)  
The "Road to Peace" project is designed to de-mine a 400,000 square-meter area in Thailand and Cambodia over one year. The key objectives of the project are to bring permanent peace to both countries, eradicate poverty, and prevent disputes.

### Social Welfare

- Kyoto Omron Community Foundation Humanity Awards presentation (May 2005, Kyoto Pref.)
- Supporting KIDS Project (volunteers to escort children with disabilities at Tokyo Disneyland) (June 2005, Tokyo)
- Co-sponsoring 25th Oita International Wheelchair Marathon (Oct. 2005, Oita Pref.)
- Co-sponsoring 17th All-Japan Long-distance Wheelchair Relay Race (Feb. 2006, Kyoto Pref.)
- Organizing ski training course for people with disabilities together with Professional Ski Instructors Association of Japan (Mar. 2006, Shiga Pref.)

### Disaster Aid

- Pledging US\$300,000 to aid victims of Hurricane Katrina (Sept. 2005)
- Pledging 10 million yen to aid victims of Pakistan earthquake (Oct. 2005)



Tateisi Science and Technology Foundation



Long-distance wheelchair relay race

### Arts & Culture

- Co-sponsoring songwriting contest organized by Tanpopo-no-le Foundation (May 2005, Nara Pref.)
- Co-sponsoring events for hearing-impaired people organized by the Japan Arts and Culture Federation and Tokyo Onkyo (Aug. 2005, Tokyo)
- Co-sponsoring 2005 International Cooperation Concert organized by the Japan International Volunteer Center (Nov. 2005, Tokyo)
- Co-sponsoring "Creation of Lullabies of Asia and Japan for the 21st Century" concert (Mar. 2006, Kyoto Pref.)
- Organizing Omron Cultural Forum jointly with the NHK Kyoto Culture Center (monthly, Kyoto City)  
As of March 2006, as many as 215 forums have been held with an accumulated attendance of 48,000.
- Co-sponsoring pipe organ concerts at Kyoto Concert Hall (4 times a year, Kyoto City)

### International Cooperation

- Participating in a sweater knitting charity project  
In fiscal 2005, Omron donated 62 sweaters for children of Serbia and Montenegro.
- Supporting the Foster Parents project organized by Plan  
In fiscal 2005, Omron supported eight foster children.



Omron Cultural Forum



Letters sent from foster children



## Omron's Environmental Performance

Omron considers addressing environmental issues to be its corporate responsibility, therefore it is an important management objective for the company. Based on this, we established our "Green Omron 21" environmental vision in May 2002, which is intended to maximize Omron's corporate value on a long-term basis and contribute to building a sustainable, resource-circulating society. In fiscal 2005, Omron reviewed the areas of activities and targets specified by its former environmental action plan leading up to 2010 and launched new programs in the following six key areas of activities:

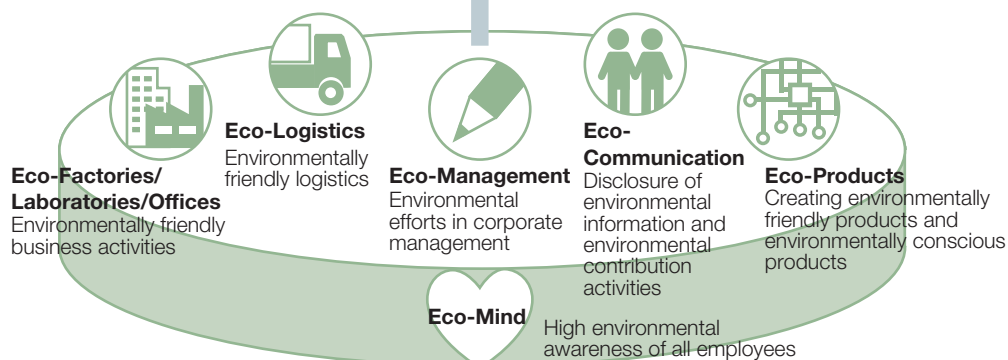
### Environmental Management Vision "Green Omron 21"

#### Creating a 21st Century Company

##### Development of society

Contributing to the sustainable development of society







##### Maximizing Omron value on a long-term basis





## Environmental action plan reviewed with a new target year set for 2010

In accordance with the “Green Omron 21” environmental management vision, Omron’s action plan had initially specified areas of activities and targets to be achieved by the end of fiscal 2005. In October 2005, this former action plan was reviewed and a new plan (Ver. 2) was formulated with a new target year set for 2010, the final year of Omron’s Grand Design (GD2010), as follows:

	Theme	FY2005 Targets	FY2005 Results
 <b>Eco-Mind</b>	Environmental education	<ul style="list-style-type: none"> <li>- Expand environmental e-learning content</li> <li>- Expand e-learning system to include Japanese affiliates</li> </ul>	<ul style="list-style-type: none"> <li>- Expanded environmental e-learning content, added 6 new courses</li> <li>- Expanded e-learning system operation into 26 affiliates in Japan</li> </ul>
	Environmental awareness	<ul style="list-style-type: none"> <li>- Implement Environmental Month activities</li> <li>- Solicit ideas for environmental proposals and environmental slogans</li> <li>- Distribute environmental information leaflets among all employees</li> <li>- Host Eco-Life Sheet competition</li> </ul>	<ul style="list-style-type: none"> <li>- Conducted Environmental Month seminars (June)</li> <li>- Environmental proposal submission: 1,835 entries, environmental slogan submission: 4,245 entries (June)</li> <li>- Distributed environmental information leaflets to all employees</li> <li>- Eco-Life Sheet competition attracted 1,262 participants (February 2006)</li> </ul>
 <b>Eco-Management</b>	Environmental accounting	<ul style="list-style-type: none"> <li>- Strengthen environmental accounting functions</li> <li>- Prepare for system launch at overseas affiliates</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthening of environmental accounting functions incomplete</li> <li>- Preparation for expansion to overseas affiliates incomplete</li> <li>- Expanded environmental accounting to 3 affiliates in Japan</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> </ul>	<ul style="list-style-type: none"> <li>- No cases of law infringement, environmental accidents, claims, or complaints</li> </ul>
	ISO 14001 certification	<ul style="list-style-type: none"> <li>- Maintain ISO 14001 certification (2004 version)</li> <li>- Acquire ISO certification at Logistics Center for Western Japan and Fukuoka Office</li> <li>- Acquire third-party certification from Green Management Certification program (at Logistics Centers for Eastern and Central Japan and Fukuoka Logistics Center)</li> </ul>	<ul style="list-style-type: none"> <li>- Completed transition to 2004 version of ISO 14001</li> <li>- Certification acquired by Logistics Center for Western Japan and Fukuoka Office</li> <li>- Third-party certification from Green Management Certification program acquired by Logistics Centers for Eastern and Central Japan and Fukuoka Logistics Center</li> <li>- Certification acquired or scope of certification expanded for 14 non-production sites in Japan</li> </ul>
 <b>Eco-Products</b>	Development/supply of Eco-Products	<ul style="list-style-type: none"> <li>- Make Eco-label products account for 50% of new products</li> </ul>	<ul style="list-style-type: none"> <li>- Percentage of new Eco-label products: 74%</li> </ul>
	Creation of products with fewer or no hazardous chemical substances	<ul style="list-style-type: none"> <li>- Eliminate use of regulated chemical substances (lead, cadmium, mercury, hexavalent chromium)</li> </ul>	<ul style="list-style-type: none"> <li>- Totally eliminated use of regulated chemicals from target products</li> </ul>
	Green procurement	<ul style="list-style-type: none"> <li>- Complete green supplier certification based on new criteria and discontinue transactions with non-certified suppliers</li> </ul>	<ul style="list-style-type: none"> <li>- Certification of suppliers partially incomplete</li> </ul>
	Product recycling/reuse	<ul style="list-style-type: none"> <li>- Select new products subject to recycling/reuse along with transfer of ATM business</li> </ul>	<ul style="list-style-type: none"> <li>- Considered recycling/reuse of rail station systems</li> </ul>
 <b>Eco-Factories/ Laboratories/ Offices</b>	CO <sub>2</sub> emission reduction	<ul style="list-style-type: none"> <li>- Total CO<sub>2</sub> emissions from all major sites in Japan: 58,312 tons (4.5% decrease from FY1990)</li> </ul>	<ul style="list-style-type: none"> <li>- 66,313 tons (8.6% increase from FY1990)</li> </ul>
	Waste reduction/recycling	<ul style="list-style-type: none"> <li>- Accelerate zero emissions activities at non-production sites in Japan</li> <li>- Promote reduction of total waste volume at Japanese sites</li> </ul>	<ul style="list-style-type: none"> <li>- Zero emissions achieved at 3 non-production sites in Japan</li> <li>- Waste volume: 5,020 tons in Japan (330 ton increase from previous year)</li> </ul>
	Detoxification of PCB-containing waste		<ul style="list-style-type: none"> <li>- Fluorescent light ballasts: 376 units</li> <li>- Capacitors: 66 units</li> <li>- Transformers: 9 units</li> </ul>
	Reduction of PRTR Law-controlled substances		<ul style="list-style-type: none"> <li>- Released amount per unit of production: 3.4kg/100 million yen</li> <li>- Transferred amount per unit of production: 0.9kg/100 million yen</li> </ul>
	Resource conservation at sites	<ul style="list-style-type: none"> <li>- New themes specified for FY2006 and beyond</li> </ul>	<ul style="list-style-type: none"> <li>- Water used: 981,000 m<sup>3</sup></li> <li>- Office paper used: 234.5 tons</li> </ul>
	Air pollution prevention		<ul style="list-style-type: none"> <li>- NO<sub>x</sub> emissions per unit of production: 60.0kg/100 million yen</li> <li>- SO<sub>x</sub> emissions per unit of production: 19.8kg/100 million yen</li> </ul>
	Water contamination prevention		<ul style="list-style-type: none"> <li>- BOD: 8.2 tons</li> <li>- COD: 5.8 tons</li> </ul>
 <b>Eco-Logistics</b>	CO <sub>2</sub> emission reduction at logistics	<ul style="list-style-type: none"> <li>- Continue CO<sub>2</sub> emission reduction activities</li> </ul>	<ul style="list-style-type: none"> <li>- Japan: 6,640 tons (257 ton increase from previous year)</li> <li>- Overseas: 63,554 tons (3,041 ton decrease from previous year)</li> </ul>
	Resource conservation at logistics	<ul style="list-style-type: none"> <li>- Expand deployment of returnable container system between logistics centers and factories</li> <li>- Consider introduction of thin stretch film</li> </ul>	<ul style="list-style-type: none"> <li>- Implemented returnable containers system between logistics centers and 3 factories</li> <li>- Introduced thin stretch film at 5 logistics centers</li> </ul>
 <b>Eco-Communication</b>	Environmental communication (environmental reporting, site reporting)	<ul style="list-style-type: none"> <li>- Continue publishing report</li> <li>- Strengthen information disclosure at non-production affiliates in Japan</li> </ul>	<ul style="list-style-type: none"> <li>- Published Omron Sustainability Report (June)</li> <li>- Supplied environmental information for 3 non-production affiliates in Japan</li> </ul>
	Environmental communication (public relations, exhibitions)	<ul style="list-style-type: none"> <li>- Continue supply of environmental information through website</li> <li>- Continue participating in exhibitions</li> <li>- Continue supply of environmental information using media</li> </ul>	<ul style="list-style-type: none"> <li>- Updated CSR website (July)</li> <li>- Participated in Enviro-Shiga (Oct.) and Eco-Products (Dec.)</li> <li>- Placed environment advertisement in “Nikkei Ecology” magazine (Mar. 2006)</li> </ul>
	Environmental/social contribution activities	<ul style="list-style-type: none"> <li>- Conduct contribution activities at each site in collaboration with local community</li> <li>- Continue holding environmental education classroom</li> </ul>	<ul style="list-style-type: none"> <li>- Carried out Founder's Day (Omron Day in Japan) community involvement activities (May)</li> <li>- Held “environmental classroom on wheels” at elementary schools (Dec.)</li> </ul>

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

Rating	FY2006 Targets	FY2007 Targets	FY2010 Targets	Page
○	- Continue implementation of environmental education programs - Supply educational materials for overseas sites	- Put environmental education programs firmly in place	- Continue implementation of environmental education programs	Page 42
○	- Continue hosting Environmental Month seminars - Continue soliciting ideas for environmental proposals and slogans - Continue hosting Eco-Life Sheet competition	- Continue hosting Environmental Month seminars - Continue soliciting ideas for environmental proposals and slogans	- Strengthen measures to raise environmental awareness among employees	Page 42
✕	- Strengthen environmental accounting functions - Expand environmental accounting into Japanese affiliates	- Take steps for introduction to overseas affiliates	- Put environmental accounting system firmly in place at overseas affiliates	Page 42
○	- Continue no cases	- Continue no cases	- Continue no cases	Page 42
○	- Maintain and expand acquisition of ISO 14001 certification into non-production sites	- Maintain and expand acquisition of ISO 14001 certification	- Maintain and expand acquisition of ISO 14001 certification	Page 41
○	- Initiate use of new Eco-label product certification criteria	- Meet target for percentage of Eco-label products relative to new products	- Meet target for percentage of Eco-label products relative to new products	Page 45
○	- Maintain total elimination of regulated chemical substances	- Maintain total elimination of regulated chemical substances	- Maintain total elimination of regulated chemical substances	Page 46
△	- Complete green supplier certification	- Continue procurement from green suppliers	- Continue procurement from green suppliers	Page 46
○	- Prepare for recycling/reuse for newly selected products - Select new products subject to recycling/reuse	- Initiate recycling/reuse for newly selected products	- Put system in place to recycle/reuse newly selected products	WEB
✕	<Review targets by taking emissions credit trading into account> - Production sites in Japan: Reduce CO <sub>2</sub> emissions per unit of production by 3% from FY2003 - Non-production sites in Japan: Reduce total CO <sub>2</sub> emissions by 1.5% from FY2003	- Production sites in Japan: Reduce CO <sub>2</sub> emissions per unit of production by 4% from FY2003 - Non-production sites in Japan: Reduce total CO <sub>2</sub> emissions by 2% from FY2003	- Achieve COP3 target specified for Japan (8.6% CO <sub>2</sub> emissions reduction from FY1990, total CO <sub>2</sub> emissions from major sites in Japan: 55,810 tons)	Page 47
△	- Achieve zero emissions at non-production sites in Japan - Reduce waste volume per unit of production at production sites in Japan by 15% from FY1998	- Achieve zero emissions at overseas production sites - Reduce waste volume per unit of production by 17% from FY1998	- Achieve zero emissions at all sites in Japan - Reduce waste volume per unit of production by 22% from FY1998	Page 48
	- Conduct process to detoxify PCB-containing waste according to the processing facility's schedule	- Continue process to detoxify PCB-containing waste	- Complete process to detoxify PCB-containing waste	WEB
	- Maintain FY2005 levels (per unit of production)	- Maintain levels per unit of production	- Maintain levels per unit of production	WEB
	- Maintain FY2005 levels (total volume)	- Maintain total volume	- Maintain total volume	WEB
	- Maintain FY2005 levels (per unit of production)	- Maintain levels per unit of production	- Maintain levels per unit of production	WEB
	- Maintain FY2005 levels (total volume)	- Maintain total volume	- Maintain total volume	WEB
○	- Specify targets in terms of CO <sub>2</sub> emissions per unit of production in Japan	- Meet reduction target (set in terms of emissions per unit of production) in Japan - Set reduction targets in terms of emissions per unit of production overseas	- Meet reduction targets	WEB
○	- Expand deployment of returnable container system - Consider expanding deployment of thin stretch film	- Continue implementation of returnable container system and consider expanding channels - Continue implementation of thin stretch film	- Continue use	WEB
○	- Continue publishing report and strengthen information disclosure - Expand sites covered by the report to include non-production affiliates in Japan	- Continue publishing report and strengthen information disclosure - Expand sites covered by the report to include overseas non-production affiliates	- Continue publishing report and strengthen information disclosure - Expand sites covered by the report	WEB
○	- Continue supply of environmental information through website - Continue participating in environmental exhibitions - Continue supply of environmental information using media	- Continue supply of environmental information through website - Continue participating in environmental exhibitions - Continue supply of environmental information using media	- Hold environmental forum	WEB
○	- Continue contribution activities at each site in cooperation with local community - Continue holding environmental classroom	- Continue contribution activities	- Continue contribution activities	WEB



# Implementing a sound environmental management system in Japan and abroad

Considering it to be an important management objective to effectively address environmental issues, Omron has implemented environmental management practices that enhance both ecology and efficiency. Omron is also aware that building a sound environmental management system is the key to meeting this objective. Accordingly, group-wide efforts have been concentrated on acquiring ISO 14001 certification. As a result, we have achieved this certification at all production sites worldwide and at major non-production sites in Japan.

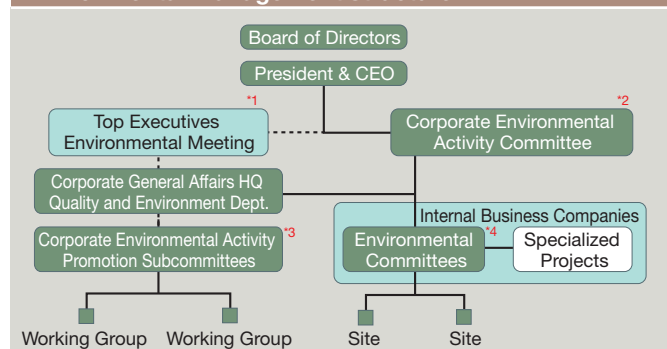
## Environmental Management Promotion System

**WEB** Environmental Declaration, Environmental Policy

### Integrating group-wide efforts to promote environmental management

Omron's group-wide environmental management system is structured with the Top Executives Environmental Meeting at the highest level, functioning as the decision-making body responsible for overseeing environmental management. Also in place is the Corporate Environmental Activity Committee, whose members deliberate and decide on environmental management issues in accordance with decisions reached at the Top Executives Environmental Meeting. The Top Executives Environmental Meeting is chaired by the president & CEO and attended by members of the Executive Council. The Corporate Environmental Activity Committee is chaired by the executive officer in charge of environmental matters and consists of members representing internal business companies and head office administrative divisions. Its main tasks are formulating environmental strategies and policies, identifying issues, and determining and promoting measures to address them. The Committee is also responsible for coordinating strategies among head office administrative divisions and internal business companies. Under the Committee are environmental committees individually established by business companies, which in turn establish and manage specialized project teams tasked with carrying out environmental conservation activities.

### Environmental management structure



<sup>\*1</sup> Top Executives Environmental Meeting: The highest decision-making body for environmental management (responsible for overseeing the entire Omron Group)

<sup>\*2</sup> Corporate Environmental Activity Committee: This body reflects the intention and consensus reached at the Top Executives Environmental Meeting when discussing and deciding environmental management issues and objectives. As the highest decision-making body for environmental management programs, it sets the direction for environmental management of the entire group. The senior general manager of the Corporate General Affairs HQ (executive officer in charge of environmental matters) and the general manager of the HQ's Quality and Environment Department serve as the chairman and vice chairman of the Committee, respectively, and its members consist of representatives from the head office administrative divisions and internal business companies.

<sup>\*3</sup> Corporate Environmental Activity Promotion Subcommittees: Specialized groups to study and examine common environmental issues and programs concerning the entire group and submit measures to the Corporate Environmental Activity Committee. (Working groups are set up to address specific themes.)

<sup>\*4</sup> Environmental Committees of Internal Business Companies: The highest decision-making body for environmental management of each internal business company. It takes the policies, issues, and targets decided on by the Corporate Environmental Activity Committee, sets the direction for autonomous environmental conservation activities for each business company, and promotes them.

## Acquisition of ISO 14001 Certification

**WEB** ISO 14001-certified Sites

### 92% of Omron Group employees work at ISO 14001-certified sites

In fiscal 2005, 14 additional sites in and outside Japan received ISO 14001 certification. Consequently, a total of 55 sites in Japan and 16 sites abroad have become ISO 14001 certified as of April 2006. The result is that 25,288 out of the 27,408 employees in the Omron Group (92%) are working in ISO 14001-certified sites.

Region	Number of ISO-certified sites
Japan	55
North America	3
Europe	3
Asia-Pacific (incl. China)	10 (6 in China)
<b>Total</b>	<b>71</b>

### Acquisition plan for fiscal 2006

Overseas: Omron Healthcare Product Development Dalian Co., Ltd. (China); Omron Healthcare, Inc. (North America), and simultaneous acquisition for three Chinese Group Head Office sites (Shanghai, Beijing, and Hong Kong).

Japan: Expanding scope of ISO 14001 certification for Omron Field Engineering Co., Ltd.

## Environmental Auditing

**WEB** Auditing Items, Results of Audits and Points Requiring Improvement

### Providing two types of environmental audits

Omron's internal environmental audits consist of onsite internal audits based on each site's environmental management system and corporate audits carried out by Omron headquarters. Regular external audits provided by ISO assessors also ensure that ISO 14001 requirements are met correctly.

The onsite internal audits conducted during fiscal 2005 revealed no infringement of environmental laws and regulations or failure to carry out legally required reporting. Also, corporate audits performed for ten sites in Japan and two production sites in China confirmed that environmental conservation activities were continually in progress in Japan as well as in China. A plan is in place to implement corporate audits again for ten sites in Japan and two production sites in China during fiscal 2006.



Corporate environmental audit carried out in China

## Environmental Management Assessment System for Internal Business Companies

### Aiming for official system launch in fiscal 2006

With the aim of accelerating each internal business company's commitment to the environment and establishing an environmentally conscious company culture, Omron has implemented a system to assess the environmental management of each business company on a trial basis since fiscal 2003.

The system is designed to evaluate each business company's activities in three areas: (1) reduction of environmental impact through products; (2) environmental impact reduction efforts at sites, and (3) compliance with environmental laws and regulations, scoring them with A, B, and C ratings. This motivates business companies to compete with each other, which in turn can encourage increased attention to environmental issues. C-ranked business companies are required to make additional investments in environmental conservation and carry out specific improvement measures.

Although our initial plan had been to officially put the system into operation in fiscal 2005, we were not able to realize it because it took longer than expected to reach a consensus in determining the assessment methods with internal business companies due to inconsistencies in activities and target values among business companies. In the future, we will work on standardizing target levels and putting into consideration yet-to-be achieved targets during the evaluation process, to become ready for official launch in fiscal 2006.

## Environmental Risk Management

WEB Groundwater Cleanup Measures

### Identifying potential environmental risks to avoid environmental accidents and law violations

Omron identifies potential environmental risks by taking each site's location and businesses into consideration and making effective use of each site's environmental management system. Once risks are identified, machinery/equipment and facilities are periodically inspected and maintained, and emergency drills are conducted to take appropriate preventive measures and minimize environmental risks.

Also, when important information is acquired that could have a material impact on our business operations, such as revisions to environmental laws/regulations or environmental accidents, the information is disseminated throughout the company using the environmental notice system, to assure the quick and complete implementation of preventive measures at concerned business departments.

As a result of these efforts, there were no cases of violations of laws and regulations, accidents, complaints, fines, penalties, or lawsuits related to the environment throughout the Omron Group both in and outside Japan during fiscal 2005.

## Environmental Education and Awareness Enhancement

WEB Environmental Education Programs

### Raising environmental awareness of employees through education programs and various events

Mindful that employees are the driving force behind environmental management, Omron continues to improve educational opportunities for its employees to raise their ecological awareness and encourage action to put this awareness into practice. In fiscal 2005, rank-specific education programs were organized by Omron headquarters, and our environmental e-learning program provided six additional courses, including a basic course on practical training for product assessment and a zero emissions course. The e-learning program was also put into use at 26 affiliates in Japan. In fiscal 2006, environmental education texts will be prepared in English and Chinese and supplied to overseas sites. To enhance the environmental consciousness of employees, Omron has continued to solicit employee ideas for environmental proposals and slogans since 1997. In fiscal 2005, 1,835 proposals were submitted, up 80% from a year earlier. Entries for environmental slogans also increased 20%, reaching 4,245. To encourage energy-saving efforts at home, Omron distributed a booklet containing energy-saving ideas for the home among its employees and conducted an Eco-Life Sheet competition.



Environmental training for new recruits

## Environmental Accounting

WEB Environmental Costs, Environmental Performance Benefits, Economic Benefits

### Environmental costs rose 3.2 billion yen from a year earlier

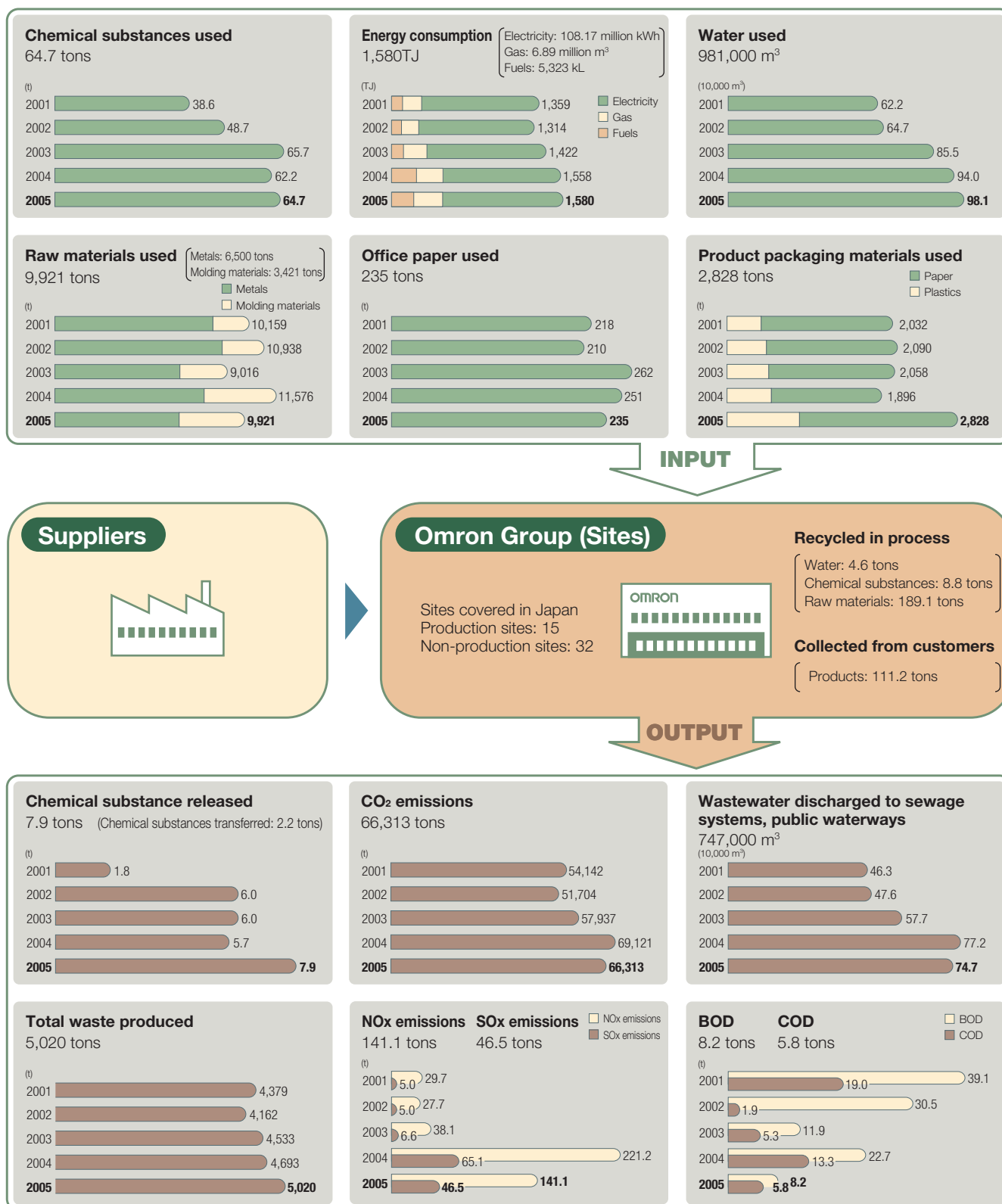
Omron is implementing environmental accounting practices at 47 sites in Japan to quantitatively analyze and manage investments and costs associated with environmental conservation, along with the resulting benefits, toward the aim of more efficiently investing in environmental improvement.

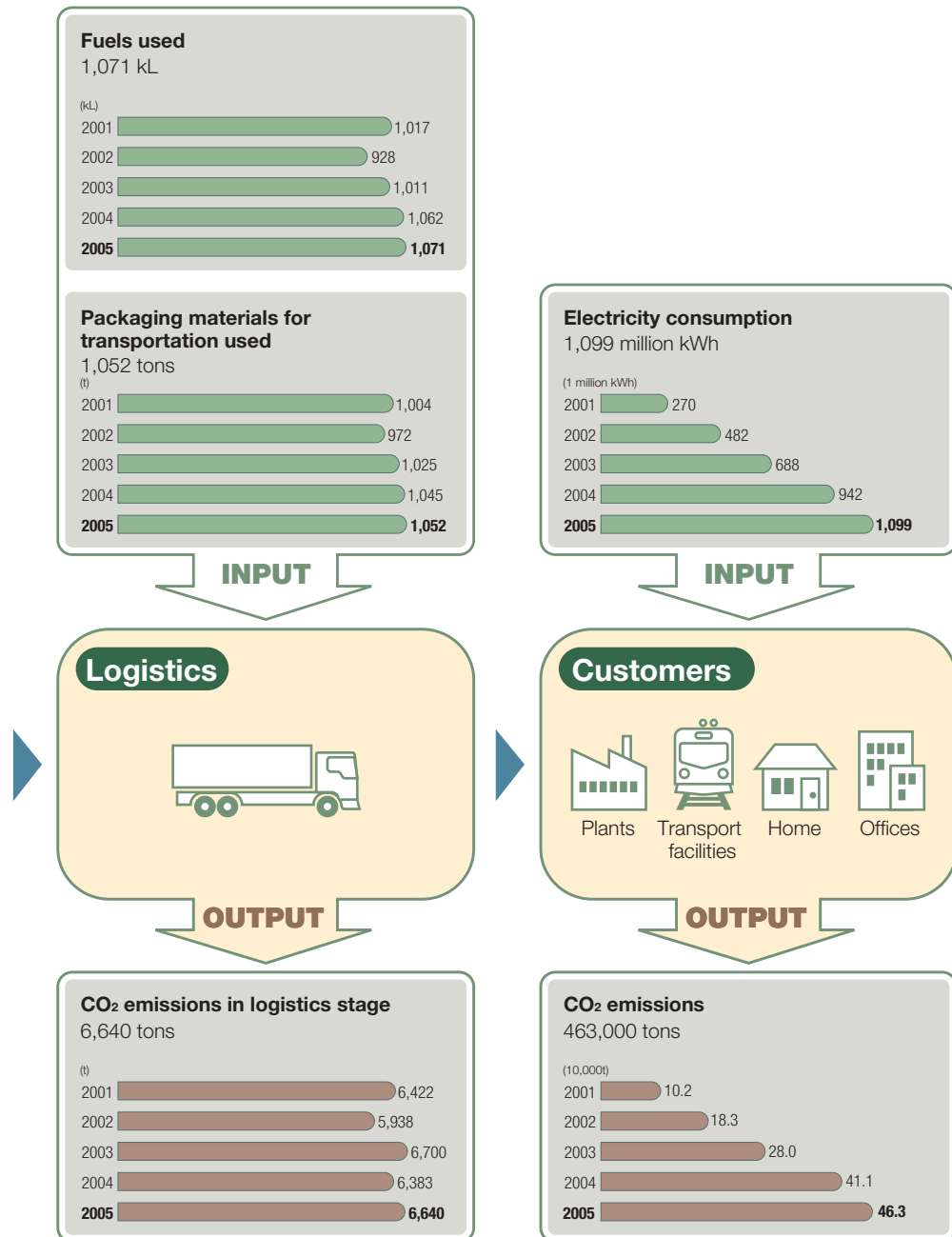
In fiscal 2005, environmental costs amounted to 7.5 billion yen, up 3.2 billion yen compared to fiscal 2004. The increase was mainly attributable to the 3.1 billion yen increase in R&D costs needed to respond to RoHS and other European regulations. This investment allowed Omron to perfectly conform to the RoHS Directive by the end of March 2006, which was essential for continuing business in Europe. Omron aims to review the structure of environmental accounting and expand its scope to include overseas sites as well so that it will serve as a more effective tool for further improving the efficiency of the environmental improvement process.



# Assessing environmental impact throughout a product's lifecycle

To reduce the negative impact of its business activities on the environment, Omron assesses and analyzes resource and energy requirements (input) and emissions such as waste (output) for a product's entire life span from materials procurement and production to disposal and recycling. Although CO<sub>2</sub> emissions from Japanese sites decreased in fiscal 2005, some other items of environmental impact increased from a year earlier.





## INPUT

**Chemical substances:**  
Amount of regulated chemicals (PRTR substances) used in manufacturing processes and at offices

**Electricity:**  
Electricity purchased from electric power companies for production facilities, offices, etc.  
Electricity consumed when using products (estimate)

**Gas:**  
Utility gas, LNG, and LPG as energy source

**Fuels:**  
Kerosene, light oil, and heavy oil as energy source  
Light oil used for transport (trucking) in Japan

**Water:**  
Tap water, water for industrial use, groundwater

**Raw materials:**  
Molding materials and metals for product manufacture

**Paper:**  
Copy paper at production facilities, offices, etc.

**Product packaging materials:**  
Paper and plastics for individual product packaging

**Packaging materials for transportation:**  
Cardboard used for transporting products

## OUTPUT

**Chemical substances:**  
Chemical emissions to air, soil, and public waterways. Waste and amount transferred to sewage systems.

**CO<sub>2</sub>:**  
CO<sub>2</sub> emissions from electricity, gas, and fuels  
CO<sub>2</sub> emissions from transport in Japan

**NO<sub>x</sub>:**  
NO<sub>x</sub> emissions from gas and fuels

**SO<sub>x</sub>:**  
SO<sub>x</sub> emissions from gas and fuels

**Wastewater discharged to sewage systems, public waterways:**  
Industrial wastewater from production facilities/offices, domestic wastewater

**BOD:**  
Biological oxygen demand (oxygen needed by microorganisms to decompose organic contaminants in water)

**COD:**  
Chemical oxygen demand (oxygen needed by chemical oxidants to decompose organic contaminants in water)

**Waste:**  
Industrial waste from business activities, general waste from business

Overseas Group (reference)		(Sites covered in fiscal 2005) Production sites; China: 4 sites, Asia-Pacific: 4 sites, North America: 3 sites, Europe: 3 sites				
Category		Total	China	Asia-Pacific	North America	Europe
CO <sub>2</sub> emissions (tons-CO <sub>2</sub> )		54,826	24,155	21,524	7,725	1,422
Energy	Electricity (10,000 kWh)	9,437	3,514	3,774	1,821	328
	Gas (10,000 m <sup>3</sup> )	78.5	30.4	0.4	28.1	19.6
	Petroleum (kL)	5,525	3,433	2,092	0	0
Water (10,000 m <sup>3</sup> )		67.3	52.1	10.5	4.0	0.7
Solder used (tons)	Total	117.5	35.4	20.8	47.8	13.5
	Lead-containing type	65.9	6.7	1.5	44.4	13.3
	Lead-free type	51.6	28.6	19.3	3.5	0.2
Waste (tons)	Total	3,298	1,997	303	780	218
	Recycled	2,835	1,845	183	616	191



## Concentrating on creating Eco-products and minimizing the use of hazardous substances

Omron's goal is to make a proactive contribution to reducing the harm caused by our societal system to the environment through the creation of environmentally sound products. At the same time, Omron has been committed to eliminating hazardous chemical substances from its products, having successfully conformed to the European RoHS Directive even before its enforcement in July 2006.

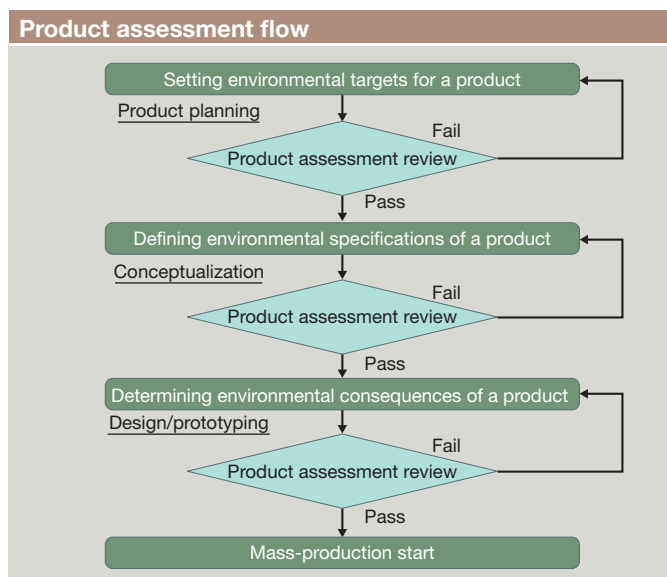
### Creation of Eco-Products

**WEB** Product Assessment Items, Eco-label Certification Criteria  
Eco-label Products

#### Promoting product assessment on a global basis

At the early stages of product planning and design, Omron conducts product assessment to predict and estimate the potential impact of its products on the environment. The objectives are to minimize the negative environmental impact of Omron products at every stage, including production, distribution, use, maintenance, recovery, disposal and recycling; and to assure that its products fully comply with environmental laws and regulations in all relevant countries.

During product planning, assessment items are identified and third-party review is conducted at each stage to verify the validity of assessments based on evidential data. Omron also sets environmental targets for each assessment item, and only those products that have met the evaluation criteria for each assessment item are put into production.



To ensure that all Omron products are free from hazardous chemical substances for customers worldwide by March 2006, a product assessment system was put into use in fiscal 2005 at all internal business companies with overseas production facilities. Under the system, products are assessed for non-use of hazardous substances during the design/development stage. The assessment is then reviewed by a third party separate from the developer based on the evidentiary data. The main issues involved in implementing this system included strengthening understanding of product assessment and training of personnel in charge of product assessment and review. To cope with these issues, in fiscal 2005 Omron prepared educational tools in English and Chinese and conducted educational programs

at overseas sites. To further strengthen its commitment to offering environmentally warranted products, Omron strives to train and cultivate those in charge of product assessment/review at overseas sites.

#### Eco-label products account for 74% of new products

Omron designates products that have met environmental targets through product assessment as "Eco-Products." Those products that satisfy even higher standards of environmental impact reduction are certified as "Eco-label products," and are eligible to bear Omron's Eco-label. In fiscal 2005, Eco-label products accounted for 74% of newly developed products, which means that its initial target was met.

Omron also estimates energy and resource conservation by Eco-label products developed in the past. In fiscal 2005 alone, Omron Eco-label products saved an estimated total of 9.85 million kWh of energy. This is equivalent to the electricity used by 2,647 average Japanese households in one year and can be translated to 4,150 CO<sub>2</sub>-tons. As for resource-saving, the use of plastics was estimated to decrease by approximately 117 tons, and metal by 24 tons.

Some of Omron products are not certified as Eco-label products, as no relevant assessment items are available in the current certification criteria, even though they actually contribute to reducing environmental impact. In response to this situation, Omron plans to revise the Eco-label certification criteria in fiscal 2006 to include the contribution to environmental impact reduction on the customer side, thereby accelerating the creation of Eco-label products even further.

#### Eco-label product developments in fiscal 2005

##### Six RoHS banned substances eliminated

##### HEM-5001 Digital Blood Pressure Monitor

This upper arm-type blood pressure monitor allows a patient to share two years' worth of home-measured blood pressure data with his doctor to assist in diagnosis.



##### 30% less metal in use

##### 3P5JX Vision Sensor for Intersections

Installed at street corners, this sensor captures the image of passing vehicles to control the traffic lights, thus helping alleviate traffic jams.



## Minimizing Hazardous Substances in Products

WEB Green Supplier Certification Standards  
In-house Control Standards for Chemical Substances

### Full compliance with RoHS Directive achieved

To provide customers with environmentally warranted products (those for which non-use of banned substances has been confirmed), Omron has worked toward the goal of eliminating regulated chemical substances from all its products by March 31, 2006.

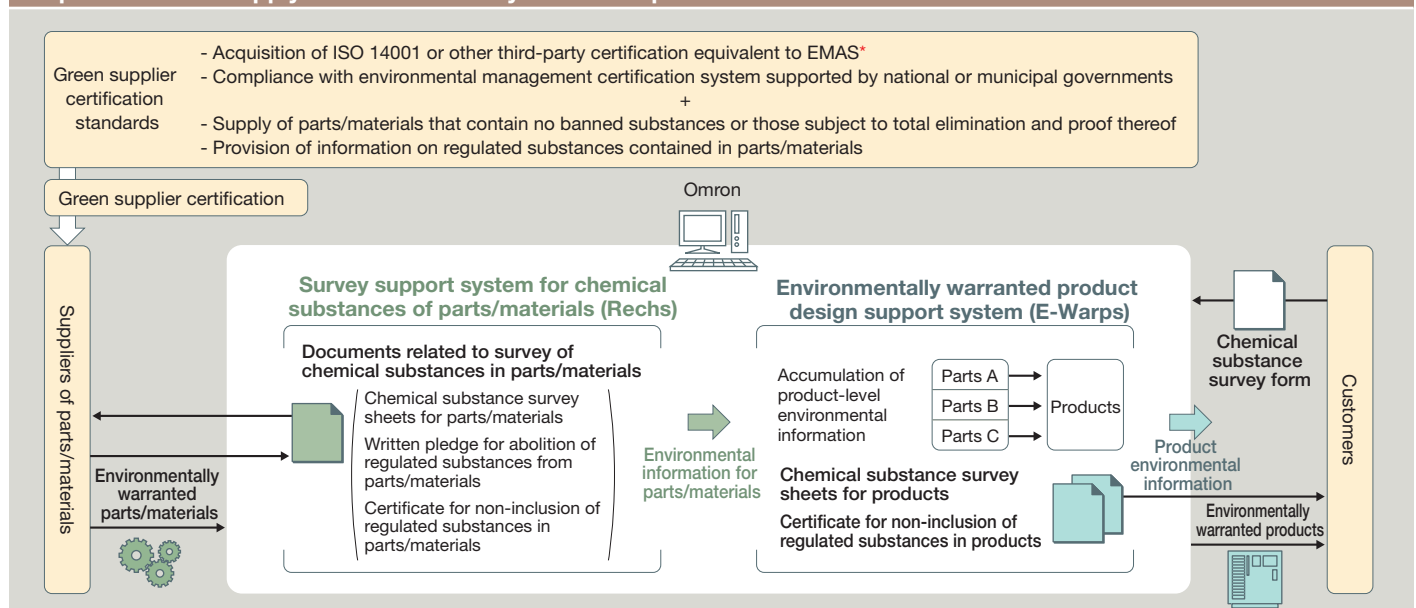
Omron has also changed its procurement policy from one that emphasizes the supply to customers of environmentally sound products, to a policy of not purchasing or using any raw materials or parts that contain regulated chemical substances. With this policy change came revisions in its green supplier certification standards in May 2004. Based on the newly established requirements, suppliers must acquire ISO 14001 or other third-party environmental management certifications as proof of environmental compliance. They must also provide information on chemical substances contained in parts or materials they supply, along with proof that no banned substances are contained in parts or materials. Asking for cooperation from suppliers, Omron has been promoting green procurement based on the new standards. As a result of these efforts, Omron's purchase from green suppliers in Japan amounted to approximately 120 billion yen, which represents about 85% of its total purchasing cost. Green suppliers also accounted for 70% of all suppliers.

In addition, Omron has built support systems for the survey of chemical substance contents for parts/materials (Rechs) and for design of environmentally warranted products (E-Warps). Rechs

is designed to collect necessary information from parts/materials suppliers via the Internet, while E-Warps uses the collected data to enable the development of environmentally warranted products. These systems were put into operation in April 2004. New support functions were successively added for product assessment, parts/materials selection, and release of information for customers. This resulted in the development of comprehensive functions that cover a broad range from information collection to supply of product information in March 2005. The systems can be accessed not only from Japan but also from certain sites in China and Europe, for use in the survey of hazardous substances present in parts and materials as well as for the output of evidence during product assessment. As a result of these efforts, Omron has completed a survey for nearly 160,000 items of commercially available raw materials, electronic parts, and processed products in Japan and approximately 20,000 items abroad. By drawing on the data obtained through these surveys, Omron has advanced efforts in the replacement of products with those not containing regulated substances, having successfully complied with the RoHS Directive by March 31, 2006. To this end, Omron invested about 3.8 billion yen during fiscal 2005.

In the future, Omron strives to promote procurement of environmentally warranted materials and parts based on the aforementioned policy, while further accelerating certification of green suppliers abroad. While continually providing customers with environmentally warranted products (completely free from regulated substances) through the use of the Rechs and E-Warps systems, Omron will also consider the response to upcoming regulations in Europe and other parts of the world.

### Requirements for supply of environmentally warranted products



\* EMAS (Eco-Management and Audit Scheme): A voluntary European initiative designed to foster improvements in environmental performance of businesses through environmental management and auditing.

# Working for environmental conservation through the reduction of CO<sub>2</sub> emissions and waste

Omron is working hard to reduce the environmental impact of its business activities. For example, energy-efficient devices and solar power generation systems are employed to reduce CO<sub>2</sub> and other greenhouse gas emissions. These measures, along with other efforts such as achieving 100% recycling of waste (zero emissions), are promoted on a global basis.

## Prevention of Global Warming

**WEB** Reduction of CO<sub>2</sub> Emissions at Distribution Stage

### CO<sub>2</sub> emissions decrease in Japan but increase abroad

In conjunction with the Kyoto Protocol target specified for Japan (a 6% reduction in greenhouse gas emissions compared to fiscal 1990), the Omron Group in Japan has set a target for achieving an 8.6% reduction in CO<sub>2</sub> emissions during fiscal 2010. As such, group-wide efforts are being concentrated on promoting energy conservation toward this goal.

In fiscal 2005, Omron Group companies in Japan joined the "Team Minus 6%" government-initiated national campaign intended to combat global warming, and promoted "Cool Biz" and "Warm Biz" movements\* at all sites throughout Japan to reduce electricity consumption for air-conditioning. In addition, more energy-efficient equipment and devices were employed at all sites along with green energy sources such as solar power generation systems, while also accelerating the shift to fuels that emit less CO<sub>2</sub>. These efforts resulted in total CO<sub>2</sub> emissions of 51,972 tons at production sites in Japan—a decrease of approximately 2,100 tons from a year earlier. CO<sub>2</sub> emissions per unit of production (an indicator for energy usage efficiency) also improved 2%. Total CO<sub>2</sub> emissions from non-production sites in Japan were 14,341 tons, down 700 tons from the year before.

However, a comparison against the fiscal 1990 level shows an increase in the Omron Group's total CO<sub>2</sub> emissions in Japan of 8.6%. If no additional measures are taken, by fiscal 2010 CO<sub>2</sub> emissions are projected to increase by 13% compared to the fiscal 1990 level, when potential business growth is taken into account. Because Omron aims for further growth in the future, it is very difficult to suppress the

total amount of CO<sub>2</sub> emissions. With this in mind, we have decided to buy emissions credits from external sources. Moreover, targets previously specified in terms of total emissions for each production site were revised to measure efficiency improvements in energy usage (i.e., achieving 1% improvement in CO<sub>2</sub> emissions per unit of production every year using the fiscal 2003 level as the baseline). Non-production sites will keep targets in terms of total amounts and continue implementing energy conservation measures. While further strengthening these in-house measures, Omron will also adopt approaches such as emissions trading toward the goal of achieving an 8.6% reduction in CO<sub>2</sub> emissions during fiscal 2010.

Outside Japan, total CO<sub>2</sub> emissions during fiscal 2005 increased 3,400 tons from a year earlier to 54,826 tons. The common goal set in Japan of achieving 1% improvement in CO<sub>2</sub> emissions per unit of production every year has also been adopted for overseas sites, so they also have been committed to energy conservation. In recent years, however, a number of large-scale facilities have been completed in Greater China. This resulted in substantial demand for energy for adjustment and trial run of new manufacturing lines, which in turn pushed up energy consumption even before the official start of operations. Consequently, CO<sub>2</sub> emissions per unit of production also worsened proportionally to production output. For fiscal 2006, a plan is in place to re-specify targets individually for each overseas site based on status of energy usage and business growth projection, and further reinforce CO<sub>2</sub> emission reduction efforts.

\* Government-initiated national campaigns that encourage workers to wear cool and thermal clothes and set office temperatures at higher than 28°C in summer months and lower than 20°C in winter months, respectively.

### Non-CO<sub>2</sub> greenhouse gas emissions kept very low

Omron was quick to regulate the use of greenhouse gases other than CO<sub>2</sub>, and as a result, emissions are very low. In fiscal 2005, total emissions of non-CO<sub>2</sub> greenhouse gases in Japan were approximately 3,000 tons (when converted to CO<sub>2</sub>), accounting for just 4.5% of total greenhouse gas emissions. Our Minakuchi Factory uses about 110kg (2,630 tons when converted to CO<sub>2</sub>) of SF<sub>6</sub> (a type of fluoro-compound) per year for dry-etching of wafers. A plan is in place to install a removal system in fiscal 2006 to reduce SF<sub>6</sub> emissions by approximately 97%.



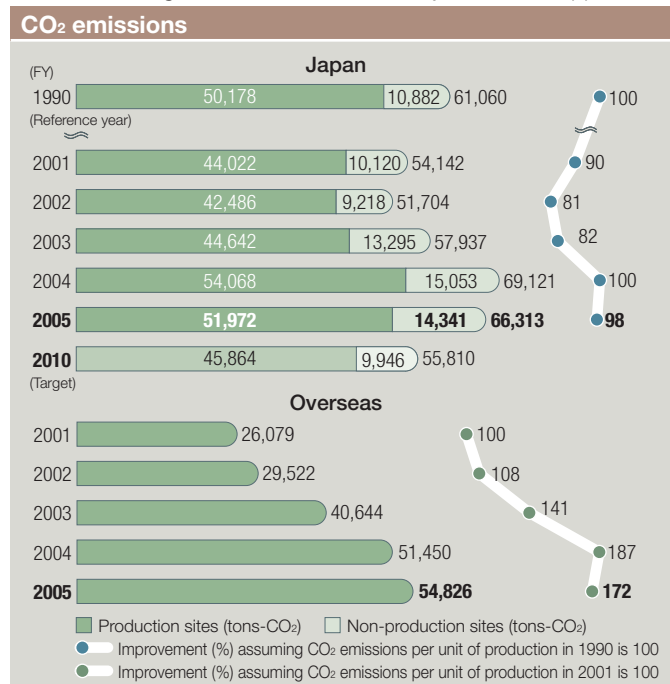
SF<sub>6</sub> removal system

### Deployment of cogeneration systems to consume less power

In June 2005, an LNG (liquefied natural gas) cogeneration system was installed at our Ayabe Factory. This system uses two gas engines (610kW each) to generate power and takes waste heat emitted during power generation to generate steam or hot water for use as a cold heat source for air conditioning, contributing to enhanced energy efficiency. This system has already given rise to an approximately 700-ton reduction in CO<sub>2</sub> emissions per year.



LNG cogeneration system





## Zero Emissions

WEB Waste by Category

### Three non-production sites have achieved zero emissions

Omron is aggressively accepting the “zero emissions” challenge, with 100% recycling and reuse of waste generated through its business activities without any incineration or landfill disposal. All Japanese production sites have already achieved zero emissions, with three non-production sites added to the list during fiscal 2005. Our goal is to attain zero emissions at all of our Japanese non-production sites during fiscal 2006. Sites that have already achieved zero emissions have been working to upgrade from thermal recycling to material recycling with the aim of more effectively recirculating resources. The total waste volume in Japan increased approximately 330 tons from a year earlier to 5,020 tons mainly due to increased production for the automotive electronic components business, which generates large quantities of massive waste.

Although waste volume outside Japan increased 367 tons from a year earlier to 3,298 tons along with expanded production in China, a review of the classification method to better match the recycling method and strict sorting of waste by category pushed up the recycling rate 11% to 86%.

For the future, we will strive to limit waste volume that increases proportionally to production output and accelerate efforts toward the goal of attaining zero emissions at all production sites outside Japan by the end of fiscal 2007.

### Appropriate waste treatment and efficient management

To strictly comply with the laws and regulations related to waste treatment, Omron quickly and correctly responded to consistent revisions to related laws and regulations and introduced a centralized

management system for waste treatment in fiscal 2005. This system supports an electronic waste manifest system and is designed to provide centralized control over waste processing consignment agreements, permissions, manifests, and other documents related to industrial waste treatment for the entire Omron Group in Japan. It also helps optimize waste treatment and enhance waste management efficiency by sharing information on disposal and recycling of waste by industrial waste processing subcontractors, as well as information regarding general waste processing subcontractors, recovery of valuable resources from waste, results of onsite checks for the subcontractors' treatment of waste, and revisions to laws and municipal ordinances among all Group companies. To avoid the risk of getting involved with illegal treatment or dumping of waste, personnel education will be further strengthened.

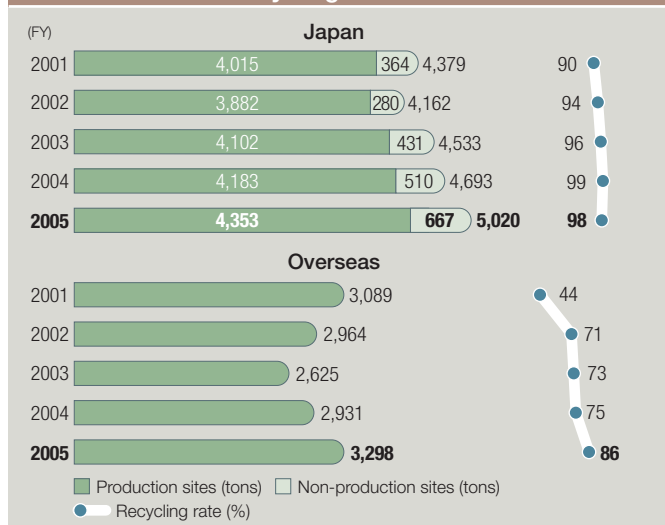
### All Okayama Factory employees geared up for material recycling

Our Okayama Factory achieved zero emissions in fiscal 2002, and is now working to realize material recycling at low costs. As for Styrofoam, we have upgraded from thermal recycling to material recycling, in which the collected material is melted, solidified and again made into foam. Also, the Okayama Factory recently adopted a recycling method to recover gold, silver, and other rare metals from waste products, parts, and circuit boards. These activities are supported by strict classification of waste (into 35 different categories) promoted by all employees.



Classification of waste into 35 categories

### Waste volume and recycling rate



### Reducing environmental impact at the office

Qiang Mei  
Group Leader  
Omron (China) Co., Ltd.

Our company received ISO 14001 certification in January 2006, and we are currently working to reduce the environmental impact of our business activities to meet our goals in various areas. These include energy-saving, waste reduction, zero emissions, office paper reduction, and other areas specified in conjunction with the “Green Omron 21” environmental management vision. To ensure the supply of environmentally warranted products to customers worldwide as the centralized purchasing center for the Chinese Group, we will proactively promote green procurement such as by helping suppliers receive third-party environmental certification and collecting information on hazardous substances present in parts and materials.

### A Comment on the Omron Group's Sustainability Report 2006

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In the past few years, the business environment in Japan has been undergoing radical changes from both the legal and ethical perspectives. For example, the revised Anti-Monopoly Act, the Corporation Law, and the Public Interest Disclosure Act will come into force in 2006, along with the revised Securities Exchange Law and the consumer group litigation system set for 2007. Internationally, the establishment of ISO social responsibility standard is expected to follow.

In light of these major transitions, Omron established a set of new corporate principles in May 2006, a pioneering effort that demonstrates Omron's leadership in Japan's business community. Omron is also in the process of building its own CSR management system that incorporates what the company has learned and achieved through its participation in, and contributions to, the Global Leadership Network (GLN). Omron's endeavor to meet this challenge is also worthy of attention. In fact, there are many points about Omron's CSR practices that deserve high evaluation. Even so, I must point out three particular issues facing Omron, of which I expect even further improvements in Omron's activities.

First, the "FY2005-06 Policies and Results" table included in this Report is somewhat difficult to understand. The table shows the previous year's policies and results, along with policies for the present year. But I think more efficient CSR practices would require the formulation of policies and tracking of results over a slightly broader time span. Although it may be difficult to measure qualitative activities such as CSR on a quantitative scale, it is my hope that Omron will devise ways to present these activities in terms of numbers wherever possible. For example, I would suggest showing numerical target levels for an item such as "status Omron is aiming to achieve in 2010," regarding each area of activity. The target level for this might be designated "Level 6," and a category such as "how far Omron has progressed toward this goal" might have an evaluation such as "reached Level 2 this year."

Second, Omron's report includes relatively few mentions of "negative information." The reason could be that Omron had no circumstances that could be considered negative, but I doubt there are any organizations that do not encounter negative situations. A report from one manufacturer this year mentioned that the company had conducted a soil pollution survey for all of its sites and discovered the presence of contamination at some sites. My experience is that the companies that disclose negative information such as soil contamination are actually the ones that have already launched cleanup measures in a systematic and well-planned manner.

Third, I didn't see much information regarding the prevention of bribery of foreign public officials in Omron's report. This is a challenge that faces any company that operates in the global marketplace. It is also true that there's no easy way to solve this problem on the company's side alone, as it requires taking into consideration differences in cultures and customs between countries or regions. Knowing that this is an extremely tough challenge, I strongly hope that Omron will demonstrate leadership in this area as well, and I look forward to seeing their substantial efforts to tackle this challenge.

Although I mentioned three issues, this doesn't mean that I'm trying to negate Omron's leadership. In fact, there are a number of points in which Omron deserves the highest praise concerning the following three areas—(1) internal control, (2) social performance, and (3) environmental performance. Before closing my comments, I would like to mention some of Omron's strong points.

As for (1) internal control, Omron has separated the monitoring of management from the oversight of business operations as clearly as possible. Comprehensive risk factors facing its affiliates have also been delineated and group-wide efforts have been made to strengthen risk control. Moreover, efforts are being concentrated in upgrading the skills of the ethics helpline staff, so as to encourage the input of frontline personnel.

In (2) social performance, I want to give high marks especially to the implementation of the post-retirement re-employment system and the corporate-wide effort to check the usage status of asbestos. Omron also aggressively promotes CSR procurement, which adds criteria such as labor conditions and ethical-legal compliance when selecting and evaluating parts/materials suppliers. In the event of emergencies such as natural disasters, Omron never hesitates to extend a helping hand to the affected communities.

As for (3) environmental performance, all major sites in Japan have already acquired environmental standards certification. Omron has also completely conformed to European regulations regarding hazardous chemical substances. In addition, Omron has established an environmental management assessment system for internal business companies during fiscal 2003, and is promoting its implementation throughout the group, a fact that deserves especially high recognition. This system evaluates each business company in various areas including environmental impact of products, environmental impact of sites, and legal compliance. Low-ranked business companies are required to make additional investments in environmental conservation.



## Independent Review Comments on Omron Group's Sustainability Report 2006

Hiroshi Enoki  
Representative Director and President  
Tohatsu Environmental Research Institute Ltd.

The following is our independent review comments on the Omron Group's commitment to corporate social responsibility (CSR) and related activities. Our comments are based on a review of the Omron Group's "Sustainability Report 2006" (hereinafter referred to as "the Report"); an interview with Mr. Shingo Akechi, the Director and Executive Vice President in charge of CSR, and inspections of the Head Office (CSR Management HQ, Quality and Environment Department, Legal and Risk Management Department, Human Resources Management Department, Better Corporate Citizenship Center, and Centralized Purchasing Department) and the Keihanna Technology Innovation Center and interviews with personnel thereof. Please note that these comments do not express any of our independent views and/or opinions regarding the accuracy and reliability of information and data contained in the Report.

### 1. CSR Management System

In the previous year, Omron specified three pillars that comprise its basic policy for practicing CSR, along with four focus areas. During the year under review, the company has established a management system for addressing issues in these focus areas and has put the system into practice. The results of these efforts are presented in the "FY2005-06 Policies and Results" section of the Report, which include fiscal 2005 policies and results as well as fiscal 2006 policies. The implementation of a PDCA cycle that clarifies policies for addressing such issues, assesses results, and reviews policies based on the assessments can be considered effective in furthering the promotion of CSR activities. Omron has also engaged in a dialogue with members of the Kyoto CSR Workshop. Promoting communication with stakeholders through the Report allows Omron to confirm that the Omron Group's future goals are aligned with the needs of stakeholders, and thus could be considered an effective means for efficiently practicing CSR. Identifying stakeholder needs through activities such as these and disclosing information on how Omron has addressed these needs will be very important for strengthening the understanding of stakeholders and earning trust from them. During the year under review, Omron also worked to expand

its CSR management system to include internal business companies and to build a system for global promotion of CSR activities. To efficiently promote CSR activities for the entire Omron Group, it would be desirable to develop indicators for evaluating and controlling the level of achievement and progress for each specific program; the lack of such indicators has already been recognized as an issue at Omron. Also, to ensure that the commitment to CSR is firmly in place throughout the Group, we suggest that Omron exert further efforts to strengthen its internal controls and employee education.

### 2. Innovation driven by social needs

One of the most distinctive characteristics of the Omron Group's commitment to CSR is found in its promotion of innovation, driven by social needs through business operations. Some may remark that CSR is something that only affluent companies would become involved in. But Omron's concept of "promoting innovation driven by social needs through business operations," in other words, its drive to supply products and services that meet society's expectations, is a clear indication that business activities and the sustainable development of society will never contradict each other. Doing what is a natural thing for a company to do is exactly what practicing CSR is all about.

As a leader in CSR efforts, we expect Omron to formulate business plans based on this way of thinking, and to also embed the other three focus areas in its business strategies. In this way, Omron will be able to address all of these key issues naturally as part of their day-to-day business operations.

### 3. In closing

The Omron Group's CSR activities are entering the "stakeholder-centered management" stage, during which the company strives to enhance stakeholder satisfaction by fulfilling the diverse needs of different stakeholder groups. As such, along with global promotion of CSR activities and follow-up communication with stakeholders, we look forward to Omron's continuous efforts in proactively releasing information on its CSR activities and achievements.