

## CHRO Message

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

Director, Senior Managing Executive Officer  
CHRO and Senior General Manager, Global Human Resources and Administration HQ

#### Masahiko Tomita

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

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

#### Accelerating transformation of business and organizational capabilities

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

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

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

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

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

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

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

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

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

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

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

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

### Three Factors for Enhancing Human Creativity

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

