

# Refining Our Value Chain

ROHM effectively and efficiently utilizes various capital resources in its value chain to promote its business activities and ensure a stable supply of high-quality products. As an IDM, the source of our strength is that we ensure high quality in our products through rigorous quality control based on front-loading and quality education that puts quality first.

Stable Supply of High-quality Products  
 Strengthening Product Safety and Quality  
 ▶P50



## 1 R&D ▶P52

Focusing on power and analog, the Office for Technology Innovation inputs research and development themes to the R&D Division with a view to the medium- to long-term future to strengthen our R&D capabilities. In addition to the key areas of automotive and industrial equipment, we are also working to gather information on new areas.

Major Capital and Resources	ROHM's Features and Strengths	Action Areas for Further Strengthening
<b>Human capital</b> Human resources portfolio for R&D <b>Intellectual capital</b> Technology portfolio for R&D themes (basic research), industry-academia collaboration <b>Social capital</b> Collaboration with customers/suppliers <b>Financial capital</b> Financial foundation supporting R&D → R&D expense ratio: up to 9% of net sales	<ul style="list-style-type: none"> <li>Strategic development of R&amp;D themes to expand existing products and technology portfolio</li> <li>Development capability to maximize value by integrating elemental technologies                              → R&amp;D system in cooperation with product development and manufacturing divisions</li> <li>Open innovation</li> <li>Research advancing themes in industry-academia collaboration</li> </ul>	<b>Evolution of Technologies to Contribute to the Advancement and Progress of Culture</b> <b>Strengthening Sustainable Technologies, Developing and Supplying Innovative Products</b> <ul style="list-style-type: none"> <li>Implementation of an open-close strategy</li> <li>Business expansion in new/key markets by utilizing corporate venture capital (CVC)*, etc., and planting seeds for new market development</li> <li>Securing highly skilled technical human resources through the introduction of a specialist system</li> <li>Strengthening front-loading by promoting AI-based R&amp;D</li> </ul>

## 2 Product Planning ▶P4, 36

Our strategy is to develop, in advance, application specific standard products (ASSPs)\* equipped with the functions required by markets. Product marketing engineers (PMEs) investigate the performance and functions required by markets worldwide, and then refine product planning from the perspective of how best to incorporate functions based on market needs.

Major Capital and Resources	ROHM's Features and Strengths	Action Areas for Further Strengthening
<b>Human and intellectual capital</b> Product marketing engineers (PMEs)*: Product planning human resources with comprehensive capabilities and expertise in development, manufacturing, and customer needs <b>Social capital</b> Trusting relationships with customers <b>Intellectual capital</b> Accumulated knowledge of market needs and customer requirements	<ul style="list-style-type: none"> <li>Advanced integral technologies from experienced product developers</li> <li>Ability to propose products that anticipate customer needs</li> <li>Serving customers around the world by dispatching our Product Marketing Engineers (PMEs) to overseas centers</li> </ul>	<b>Evolution of Technologies to Contribute to the Advancement and Progress of Culture</b> <b>Strengthening Sustainable Technologies, Developing and Supplying Innovative Products</b> <ul style="list-style-type: none"> <li>Enhancing/developing PME human capital</li> <li>Increasing PME headcount (planning and development of unique products)</li> <li>Deploying PMEs overseas to become a major global player</li> </ul>

## 3 Product Development ▶P4, 36

With an understanding of both our customers' needs and our own manufacturing processes' features, we deliver optimal design by integrating elemental technologies cultivated over many years. Our total optimization covers integral technologies with semiconductor manufacturing, heat dissipation design, package technology, measurement technology, and more.

Major Capital and Resources	ROHM's Features and Strengths	Action Areas for Further Strengthening
<b>Human and intellectual capital</b> Abundant development human capital meeting customer needs <b>Intellectual capital</b> Extensive core technologies utilizing IDM* <b>Social capital</b> Trusting relationships with customers	<ul style="list-style-type: none"> <li>High-value-added product development utilizing IDM in cooperation with manufacturing divisions</li> <li>Product development pursuing energy savings/miniaturation and functional safety</li> <li>Circuit design capabilities with a focus on power and analog</li> <li>Test development for ensuring high quality products</li> </ul>	<b>Evolution of Technologies to Contribute to the Advancement and Progress of Culture</b> <b>Strengthening Sustainable Technologies, Developing and Supplying Innovative Products</b> <ul style="list-style-type: none"> <li>Enhancing/developing product development human capital</li> <li>Securing highly skilled technical human resources through the introduction of a specialist system</li> <li>Strengthening the development system for global growth</li> </ul>

## 6 Sales/Customer Support ▶P4, 36

ROHM offers a rigorous customer support system and solution proposals optimally combining ROHM's technologies and broad product lineup to provide the performance our customers demand, with a thorough understanding of the functions and characteristics of their products, as well as peripheral circuit configuration.

Major Capital and Resources	ROHM's Features and Strengths	Action Areas for Further Strengthening
<b>Human and intellectual capital</b> Field application engineers (FAEs)*, sales human capital <b>Social capital</b> Trusting relationships with customers	<ul style="list-style-type: none"> <li>Solution proposals from the customer's point of view</li> <li>Sales human resources capable of QCDS (Q: Quality, C: Cost, D: Delivery, S: Service/Satisfaction)</li> <li>Strong trusting relationships with customers through direct sales, customer-focused systems</li> </ul>	<b>Risk Management</b> <ul style="list-style-type: none"> <li>Proposing solutions through the integrated work of our sales teams and our Field Application Engineers (FAEs) to increase the proportion of sales made to overseas customers</li> <li>Improving efficiency in taking in customer needs and increasing customer quality satisfaction scores by leveraging digital transformation (DX)</li> <li>Diversifying sales channels by utilizing trading companies, etc.</li> <li>Increasing brand awareness</li> </ul>

## 5 Manufacturing ▶P48

To put quality first, we have become an IDM providing a complete production process from materials to finished products within the Group. In addition, we develop our own production equipment to improve production efficiency and reduce costs.

Major Capital and Resources	ROHM's Features and Strengths	Action Areas for Further Strengthening
<b>Human capital</b> Accumulated human capital in the areas of process technology and manufacturing technology, plus expertise in manufacturing technology <b>Social capital</b> Trusting relationships with customers/suppliers <b>Financial capital</b> Robust financial foundation enabling flexible capital investment <b>Manufacturing capital</b> A worldwide production network <b>Environmental capital</b> Water, electricity, metals, gases, raw materials, etc.	<ul style="list-style-type: none"> <li>Manufacturing technology development capabilities with a focus on power and analog</li> <li>Robust quality assurance and supply system based on integrated manufacturing system of front-end, back-end, and testing processes</li> <li>Introduction of renewable energy in manufacturing processes</li> </ul>	<b>Risk Management</b> <b>Mitigation of Climate Change</b> <b>Ensuring the Health and Safety of Employees</b> <b>Effective Use of Resources</b> <ul style="list-style-type: none"> <li>Reducing greenhouse gas (GHG) emissions, reducing water resources used, reducing waste volume, and conducting rigorous chemical substance management</li> <li>Accelerating productivity improvement and automation of assembly process (full-scale introduction of flexible lines*)</li> <li>Using multiple manufacturing sites and outsourced semiconductor assembly &amp; test (OSAT)*</li> <li>Establishing the Monozukuri (Manufacturing) Innovation Center staffed by manufacturing engineers responsible for an integrated service from design to evaluation</li> <li>Promoting zero defects</li> </ul>

## 4 Procurement ▶P68

By ensuring quality and stable supply of components and materials, as well as practicing CSR procurement that is mindful of labor, ethics, and the environment, we enable high-quality, safe, and stable manufacturing. We value ongoing relationships of trust and cooperation with our suppliers, and aim to conduct procurement activities that enable sustainable growth for both parties.

Major Capital and Resources	ROHM's Features and Strengths	Action Areas for Further Strengthening
<b>Human and intellectual capital</b> Procurement human capital ensuring quality of ROHM products <b>Intellectual capital</b> Accumulated procurement expertise supporting a broad product lineup <b>Social capital</b> Trusting relationships with suppliers <b>Environmental capital</b> Procurement of environmental-friendly components and materials	<ul style="list-style-type: none"> <li>Trusting relationships and alliances with suppliers</li> <li>Centralized management of the procurement network from raw materials to finished products</li> <li>Taking measures against risk components such as advance arrangements and market monitoring of industry trends (for raw materials such as wafers, photomasks, lead frames)</li> <li>Stable supply chain management through multi-supplier purchase</li> </ul>	<b>Sustainable Supply Chain Management</b> <b>Effective Use of Resources</b> <b>Risk Management</b> <ul style="list-style-type: none"> <li>Strengthening procurement from suppliers with a business continuity management (BCM)* system/ESG initiatives in place</li> <li>Rapidly investigating impact of emergency situations through understanding of the supply chain</li> <li>Improving the cash conversion cycle</li> </ul>