Supply Chain Initiatives

In order to realize ROHM's corporate mission of "quality first" amid the rapidly changing business environment and the variety of business risks, it is important to ensure stable quality and supply systems at the procurement stage of raw materials and to build cooperative relationships with reliable suppliers. ROHM strives to maintain and strengthen its supply chain through the selection of appropriate suppliers and CSR procurement.

Supply chain management   https://www.rohm.com/sustainability/supply-chain

Material issues	Sustainable Supply Chain Management
	·Strengthening BCM system ·Promotion of green procurement ·Promotion of CSR procurement activities
	▶ P24 FY2022 results and KPIs

Promotion Structure

ROHM operates its own supply chain management system to ensure that it builds a sustainable supply chain. This system is established under the EHSS General Committee* and is responsible for appropriately managing supply chain risks. The Committee is chaired by a corporate officer, while the Supplier Management Subcommittee, a subordinate organization, manages supply chain risks.

* EHSS (Environment, Health and Safety, Sustainability) General Committee: A committee composed of executive officers in charge of eight subordinate management systems (environment, health & safety, labor, ethics, information, supply chain, quality, and risk management & business continuity) and responsible for ensuring that the PDCA cycle for each system is properly implemented

Working Together with Suppliers

In order to promote sustainable procurement, it is essential to have a relationship of trust and cooperation with suppliers. ROHM strives to strengthen these relationships through close communication with suppliers as well as evaluation and audit programs.

Evaluation and audit programs

1. Comprehensive Evaluation of Activities	a) Product quality, b) Delivery time, c) Price, d) Continuity of supply, e) Results of CSR procurement self-assessment shown below * BCP initiative evaluation, financial evaluation by an external evaluation organization
2. CSR Procurement Self-assessment	We conduct self-assessment of labor (including human rights), safety and health, environment, ethics, and management system in accordance with the RBA Code of Conduct, as well as ROHM's own items of information security, BCP for procurement, and logistics. For suppliers defined as high-risk suppliers (sustainability), we take corrective action and provide support for improvement.
3. CSR Procurement Audits	Through dialogue with suppliers, we confirm the contents of self-assessments, check factories, and request improvements as necessary, with the aim of gaining their understanding and endorsement of ROHM's policies and approach to CSR procurement, the importance of consideration for the environment, safety, and human rights, as well as the content of our activities.
4. BCP for Procurement	We assess risks associated with providing a stable supply and related impacts and check the state of responses to the identified key risks each quarter.

1. Comprehensive Evaluation of Activities

We extensively evaluate and provide feedback on activities, including suppliers' product quality, delivery date, price, and BCP initiatives, as well as the results of the CSR procurement self-assessment described in the next section. Comprehensive activity evaluations are conducted at the time of supplier selection, at the time of conclusion of contracts, and once a year for ongoing suppliers. If a supplier fails to receive the standard score, they will be excluded from the contract.

■ ROHM had a goal of conducting comprehensive evaluations of activities for all suppliers that account for 90% of annual purchases by FY2025, but surpassed that goal in FY2022 with 95.4%.

Number of Companies Whose Activities Were Comprehensively Evaluated

FY	2020	2021	2022
Number of Companies Evaluated (ROHM Co., Ltd.)	242	205	203
Number of Companies Evaluated	-	-	1,549

■ We had a goal of conducting comprehensive evaluations of activities for 100% of our critical suppliers* by FY2025, but reached that goal in FY2021. We will continue this.

* Critical suppliers   https://www.rohm.com/sustainability/supply-chain/communication#anc03

2. CSR Procurement Self-assessment

We ask suppliers to conduct self-assessments. We rank suppliers based on their self-assessments and identify ESG risks. We recognize important suppliers rated B or lower, others rated C or lower as high-risk suppliers, and provide support for improvements to suppliers rated as high risk. The target for FY2025 is for all suppliers who account for 90% of annual purchase value to be rated B or higher. In FY2022, we asked 1,848 companies (an increase of 245 from the previous year) to conduct self-assessments, and the percentage of companies rated B or higher was 78.3%. ROHM conducts annual training for buyers and internal staff on the CSR Procurement Self-Assessment Program. In FY2022, we conducted training for 61 members of the Procurement Division.

Results of Assessments of Suppliers

FY	2020	2021	2022
Number of Companies Evaluated	1,538	1,603	1,848
Ratio of Suppliers Rated B or Higher (purchase value basis)	-	-	78.3%

3. CSR Procurement Audits

ROHM conducts at least one audit of critical suppliers over a three-year period. Audits are conducted in the form of second-party audits by CSR procurement personnel, who check documents on-site or online, as well as for plants and dormitories. CSR procurement audits are not only used to understand the actual situation, but also as an opportunity to convey ROHM's policies and approach to CSR procurement to suppliers, as well as to deepen mutual understanding of CSR activities with them. In FY2022, we conducted audits of 13 companies (an increase of 4 companies from the previous year). In addition, we conducted audits on 100% of critical suppliers from FY2020 to FY2022.

CSR Procurement Audit Results

FY	2020	2021	2022
Number of Suppliers Visited	17	9	13

4. BCP for Procurement

As part of our business continuity plan (BCP), we have established a system that enables rapid recovery even in the event of an emergency, and we are working to prepare alternative materials.

a) **Definition of Risk in the Procurement Divisions:** We have established the Risk Management and BCM Committee to manage risks in each division. In addition to the four existing risks of quality, delivery time, price, and compliance, the procurement divisions also evaluate risks in stable supply and its impact, and checks the state of responses to the identified key risks each quarter.

b) **Selection of Suppliers:** In emergencies, information is shared across the entire supply chain, and we select suppliers who can ensure a continuous supply.

c) BCP Initiatives: We are researching and compiling a database of information on the manufacturers and manufacturing locations of procured parts and materials so we can promptly confirm the damage, safety, and supply status of our suppliers in the event of an emergency.

Survey of Primary Suppliers' Production Bases

We are currently conducting a survey of all materials, equipment, and parts procured from primary suppliers, about 70,000 items, with the goal of surveying 100% of production sites by FY2025, so that we can instantly identify the scope of impact in the event of an emergency. In addition, we numerically manage the results of our initiatives as the "ratio of primary supplier production sites surveyed" and monitor this indicator every year.

Prior Agreement on Emergency Response

We are working with suppliers who supply important materials to make an agreement in advance on how to respond in the event of an emergency. We have set a goal of achieving 100% prior agreement by FY2025, and we quantitatively manage the results of our initiatives as the "ratio of suppliers with prior agreements on emergency response" and monitor this indicator every year.

Human Rights Initiatives

Our Basic Policy

ROHM, recognizing that "human rights are the fundamental rights, freedoms, and standards for treatment that individuals around the world possess," established the ROHM Group Human Rights Policy. This policy is positioned as the superordinate policy of all documents and norms related to ROHM's efforts to respect human rights in its business activities and applies to all of ROHM's activities worldwide. As a company with global operations, ROHM supports, complies with, and respects international principles and norms on human rights. If the laws and regulations of the country in which we operate differ from international human rights norms, we will follow the more rigorous standards.

> **International principles and rules endorsed by ROHM**
> · Ten Principles of the United Nations Global Compact (UNGC)
> · Universal Declaration of Human Rights
> · ILO Declaration on Fundamental Principles and Rights at Work (International Labour Organization)
> · United Nations Guiding Principles on Business and Human Rights
> · OECD Guidelines for Multinational Enterprises
> · ISO 26000
> · RBA (Responsible Business Alliance) Code of Conduct

Human Rights Due Diligence

ROHM conducts human rights due diligence to identify, prevent, and mitigate adverse human rights impacts related to its business activities in accordance with the principles and norms it upholds. If a problem is revealed, we take appropriate corrective action. In addition, we have established a hotline and continue to build out an effective reporting and response system. Furthermore, in order to raise awareness of human rights, we provide necessary education and skill development to officers and employees. With regard to these initiatives to respect human rights, we will strengthen our efforts through expert advice from external stakeholders and disclose the progress appropriately and regularly.

Promotion System

At ROHM, the EHSS General Committee, which is comprised of directors with management executive authority, corporate officers with equivalent authority, divisional managers, and managers of each management system, is in charge of eight subordinate management systems. The committee confirms whether the PDCA cycle for human rights risk management that has been considered in each field is being implemented properly.

The resolutions of the EHSS General Committee are communicated to related departments within ROHM and Group companies through eight committees, where they are then implemented.

Based on our sustainability management system, ROHM cooperates with each specialist subcommittee, related divisions within the Company, and Group companies to obtain management system certification for each topic by implementing the PDCA cycle. Through these activities, we aim to further improve the quality of the Company to become a company preferred by stakeholders.

Human Rights Risk Assessments in the Supply Chain

Suppliers are asked to conduct self-assessments of the items listed in the RBA Code of Conduct. Through the results of the responses and CSR procurement audits, we request improvements in items with low scores, including labor (human rights). In addition, during audits and meetings, we raise awareness of the importance of respecting human rights and the necessity of CSR procurement throughout the supply chain.

Human Rights Training

We conduct human rights training for new employees, mid-career hires, department heads, and officers, so that they respect the cultures, religions, customs, and systems of each country and region, and act with an understanding of the diversity of values. In addition to group training, we also conduct e-learning on labor and ethics.

Ban on Child Labor and Forced Labor

The ROHM Group CSR Procurement Guidelines ban forced labor and child labor. In FY2017, we issued a statement in compliance with the U.K. Modern Slavery Act and asked all suppliers to give consideration to human rights. The effectiveness and compliance status of our initiatives are confirmed annually through internal audits and external audits such as customer audits and RBA audits.

Responsible Procurement of Minerals

With the enforcement of the EU's Conflict Minerals Regulation in 2021, the necessity and importance of responsible mineral procurement is increasing around the world. ROHM strives to responsibly procure minerals throughout the supply chain in response to not only conflicts, but also minerals such as tin, tantalum, tungsten, gold, cobalt, and mica, which are related to risks and fraud involving human rights violations and environmental destruction, including OECD Annex II risks.

To ensure that customers can use ROHM products with peace of mind, the Supply Chain Management Headquarters plays a central role in conducting mineral procurement surveys in accordance with the OECD Due Diligence Guidance.

Survey results showed that the CFS rate in FY2022 was 98%, the same as the previous year. For the remaining 2% of minerals, we are investigating alternative sources. In the unlikely event that ROHM's products are found to contain conflict minerals that are a source of funds for armed groups, we will take corrective actions as quickly as possible.

Survey results for FY2022

Suppliers subject to surveys: 98 companies
Suppliers provided a response: 98 companies; response rate 100%
Identified supplier smelters: 211 companies for all minerals (of which, 206 have received RMAP certification from RMI)

	Gold	Tantalum	Tin	Tungsten	Overall
Total number of smelters	99	35	39	38	211
Number of CFS* certified smelters	98	34	39	35	206
CFS* certification rate	99%	97%	100%	92%	98%

* CFS stands for Conflict Free Smelter (smelter that does not use conflict minerals). ROHM defines CFS as a smelter certified by the Responsible Minerals Assurance Program (RMAP) of the Responsible Mineral Initiative (RMI).

Green Procurement

As legal regulations on the management of chemical substances become increasingly stringent, ROHM is working to promote green procurement by increasing the precision of investigations of chemical substances contained in the parts and materials it procures. The Group has created a system to avoid procuring prohibited substances. It screens the substances contained in parts and materials according to ROHM's own standards and only those that meet the standards are registered as allowed products in the procurement system. We also issue Green Procurement Guidelines[1] and Control Standard of Chemical Substance in Products[2] to our suppliers, requesting them to confirm the compliance of their parts and materials with the specified standards.

*1 Green Procurement Guidelines
https://www.rohm.com/documents/11303/12022709/ROHM_Green+Procurement+Guidelines_006en.pdf/a484be56-37de-f77f-45ae-851e75884a5b?t=1694497762857

*2 Control Standard of Chemical Substance in Products
https://www.rohm.com/documents/11303/12022709/ROHM_Control+Standard-of+Chemical-Substances-in-Products_003en.pdf/e3b2b836-6d37-13e9-aae8-070bee14f990?t=1695805082657

> **Challenges for the Future** ▶▶ **Spreading ROHM's progressive initiatives throughout the supply**
>
> ROHM has participated in the Responsible Minerals Trade Working Group (Japan Electronics and Information Technology Industries Association) since its inception and has been considering effective measures. We have been proactively engaged in activities such as voluntarily undergoing RBA audits for more than a decade. As a company that respects human rights, in order to expand this initiative to the entire supply chain, we will hold individual consultations and other events to resolve questions from our business partners and strengthen our efforts. In addition, we will conduct ongoing due diligence so that all partner smelters undergo the Responsible Minerals Assurance Process (RMAP) certification system promoted by the Responsible Mineral Initiative (RMI) and obtain certification for compliant smelters.
>
> Going forward, we will continue to improve management quality by complying with laws and regulations related to responsible mineral procurement, which is an important social issue, and build a supply chain that is trusted by society and customers and provides peace of mind.
>
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