Electronics for the Future

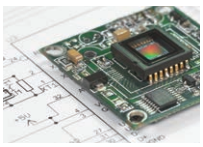
ROHM Integrated Report 2022

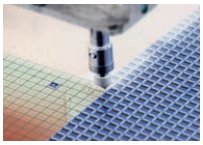
ROHM Co., Ltd.

CONTENTS

Editorial Policy

ROHM's Company Mission is to provide high-quality products that meet our stakeholders' expectations, contributing to the advancement and progress of culture as well as social development. Our aim in this ROHM Integrated Report 2022 is to provide stakeholders, primarily customers, shareholders, investors, suppliers, and employees, with a better understanding of our efforts to achieve ROHM's Company Mission. With the focus on our Medium-Term Management Plan Moving Forward to 2025, which looks ahead to 2030, this report introduces our initiatives for the electrification of automobiles and their powertrains, for which demand is increasing in response to climate change as a special feature, and ROHM's financial and non-financial strategies.





Reporting Period Fiscal year 2021 (April 1, 2021 to March 31, 2022)
*Some information from April 2022 and after is included.

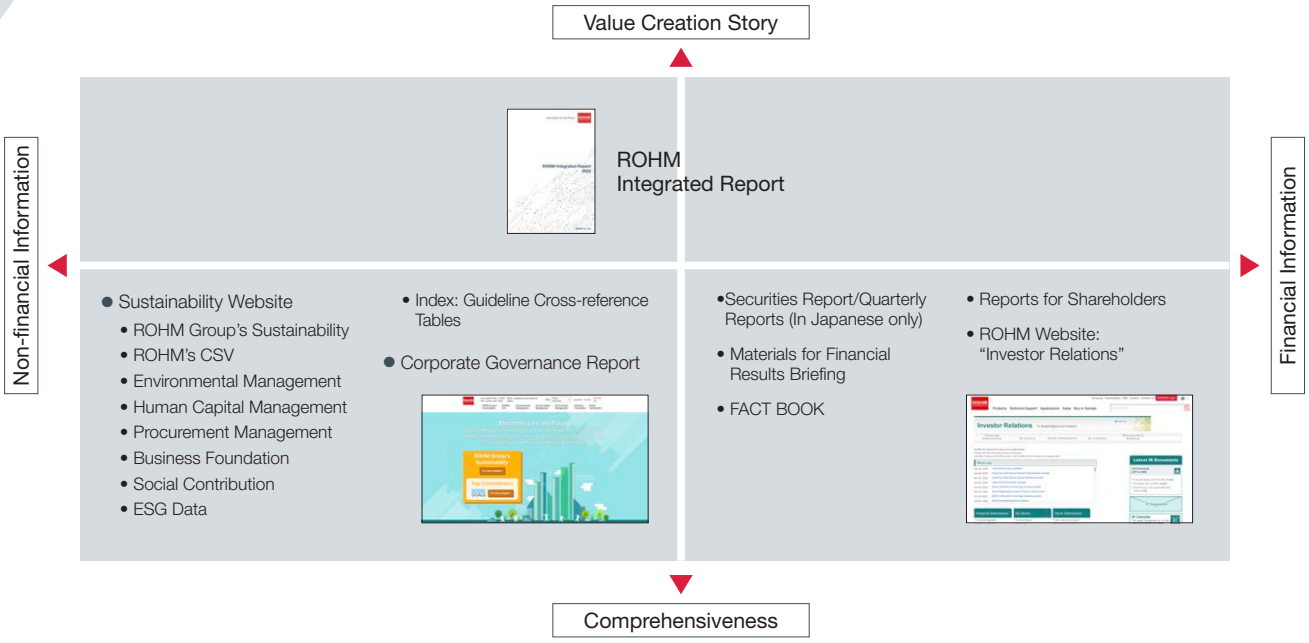
Data Published November 2022

Guidelines Used for Reference

IFRS Foundation Integrated Reporting Framework
* The Value Reporting Foundation merged with the IFRS Foundation at the end of July 2022.

ROHM Co., Ltd.

Relationship with Other Reports



Publications

ROHM Integrated Report	We compile and publish financial and non-financial information of particular importance that directly relates to the enhancement of corporate value. https://www.rohm.com/investor-relations/library/rohm-group-integrated-report	
Securities Report/Quarterly Reports (In Japanese only)	We provide a variety of information, including an overview of business, status of facilities, and financial position. https://www.rohm.co.jp/investor-relations/library/annual-interim-securities-business-report	
FACT BOOK	We prepare a collection of materials for investors and shareholders, summarizing facts about management and financial position. https://www.rohm.com/investor-relations/library/factbook	
Materials for Financial Results Briefing	We publish the details announced at financial results briefings and explanatory materials on the Medium-Term Management Plan. https://www.rohm.com/investor-relations/library/materials-for-financial-results-briefing	
Corporate Governance Report	We publish a report describing our basic approach to corporate governance and the status of the system. https://www.rohm.com/investor-relations/library/corporate-governance	
Reports for Shareholders (In Japanese only)	We send shareholders a summary of our business and efforts to enhance corporate value. https://www.rohm.co.jp/investor-relations/library/annual-interim-business-report	

Corporate Website

Investor Relations	The website gathers investor relations information, providing an overview of our business performance and stock information. https://www.rohm.com/investor-relations	
ROHM Group's Sustainability	We post CSR information, such as CSV initiatives, environmental management, human capital management, and social contribution activities. https://csr.rohm.com/	
ROHM Group's Major ESG Data	We post data related to the environment, society, and governance. https://csr.rohm.com/esg/	

High Quality Innovation

Semiconductors are indispensable in today's world.

From smartphones and PCs to electric vehicles (xEV) and home appliances, semiconductors are used as the brains of all electronic devices and appliances, supporting our digital society.

In response to the ever-increasing demand for energy saving and miniaturization, ROHM will continue to provide society with high-quality, innovative products based on the electronics technologies it has cultivated over the years.

ROHM will use its technological capabilities to solve society's various problems and achieve sustainable growth for both ROHM and society.

Company Mission

Quality is our top priority at all times. Our objective is to contribute to the advancement and progress of culture through a consistent supply, under all circumstances, of high quality products in large volumes to the global market.

Statement

Electronics for the Future

ROHM will continue to support the development of society and the enrichment of people's lives into the future by solving a variety of social issues with our electronics technology.

Management Vision

We focus on power and analog solutions and solve social problems by contributing to our customers' needs for "energy savings" and "miniaturization" of their products.

ROHM Co.,Ltd.

The company name of ROHM, a semiconductor manufacturer, combines "R" the first letter of our original main product, resistors, with the unit for resistance "ohm." The "R" now also stands for Reliability. Quality First is ROHM's corporate policy.

Message from the President

Isao Matsumoto
President, CEO
(Representative)

To the future ROHM is aiming for, and to a higher level.

We will actively contribute to solving social issues, such as the realization of carbon neutrality.

ROHM's role in solving social issues

ROHM's business activities are based on the Company Mission that has remained unchanged since the company's founding. Underlying our philosophy is our desire to contribute to solving social issues such as those related to the environment. In pushing forward with our Medium-Term Management Plan, we have put into words a management vision and statement that will serve as a more concrete guide.

Prior to the Medium-Term Management Plan, we redefined our Management Vision and Statement. ROHM's Company Mission, which has remained unchanged since the company's founding in 1954, is clearly stated: "Quality is our top priority at all times. Our objective is to contribute to the advancement and progress of culture through a consistent supply, under all circumstances, of high quality products in large volumes to the global market," and we have conducted business based on this. The reason why we do not mention what we contribute to the advancement and improvement of culture is because our founder believed that we would not necessarily continue to make electronic components forever.

In drafting the Medium-Term Management Plan, we felt it was necessary to clearly state what we will contribute from a long-term perspective, and so we began with the statement "Electronics for the Future". Additionally, while drawing the vision of what we aim to be in 2030, we formulated the Management Vision that expresses our current aspirations more concretely: We focus on power and analog solutions and solve social problems by contributing to our customers' needs for "energy savings" and "miniaturization" of their products.

Upwardly revised Medium-Term Management Plan in response to rapid market changes

In FY2021, sales and profits were favorable due to strong sales of automotive power semiconductors and other products that contribute to solving environmental issues. In the first year of our Medium-Term Management Plan, we achieved results that are close to our five-year target, therefore, we revised the plan upward. At the same time, we intend to actively respond to strong requests from customers to strengthen our production system.

In the 1990s, ROHM achieved significant sales growth thanks to the emergence of new media such as DVDs and the spread of IT throughout society, including the popularization of mobile phones and personal computers. In the 2000s, however, the market structure changed dramatically with the bursting of the IT bubble, and ROHM has been implementing structural reforms to respond to those changes. We shifted our business, which had been focused on the consumer products market, to the automotive and industrial equipment markets, and our business has developed power and analog semiconductor products that contribute to energy conservation and miniaturization of customer products in response to the market changes, achieving positive results. Today, barring the COVID-19 pandemic and geopolitical risks, the global movement toward carbon neutrality is creating an opportunity for the semiconductor industry. In the past, we achieved results by providing custom products specialized for each customer, mainly for the consumer products market, but from the standpoint of development efficiency, it is necessary for some products to have a certain degree of versatility. We have adopted a strategy of investigating market needs and then developing Application Specific Standard Products (ASSPs) that realize common needs at a high level in the electric vehicles (xEV) and other markets ahead of other products.

With business going in this direction, ROHM has been working under a five-year Medium-Term Management Plan: Moving Forward to 2025 (hereinafter, “Medium-Term Management Plan”), which started in FY2021. When this plan was formulated in 2020, the market was unstable due to the COVID-19 pandemic, and ROHM had set a five-year sales target of more than 470 billion yen. However, demand for semiconductors became extremely strong in the second half of FY2021, and we achieved sales of more than 450 billion yen in the first year of the plan. In May 2022, we revised our sales tar-

get upward to 600 billion yen or more for FY2025, the final year of our Medium-Term Management Plan. We did this because the semiconductor market is expected to continue to be active and the adoption of energy-saving and miniaturized devices, which we have been developing, is rapidly increasing in line with growing needs for carbon neutrality.

To achieve our goals, we believe that ROHM must always be at the forefront of power and analog innovation, and we are allocating the most resources to research and development for products for the automotive and industrial equipment markets. In addition, ROHM will strategically invest in the development of new technologies needed in those markets, as well as in the development of the same technologies for application in different markets.

There are hurdles to achieving new goals. One example is the production system, especially the location of production bases. In recent years, economic security has become an increasingly important issue in the world, and ROHM recognizes this as one of its major management issues for the future. In particular, ROHM's focus on power and analog semiconductors is based on its strength in vertically integrated production systems, and we feel that we must urgently consider how to develop a strategy for the location of production bases in the future.

(P. 26 Medium-Term Management Plan)

What is ROHM's vision of a major global player?

ROHM aims to become a "major global player" by 2030. To achieve this goal, it is necessary to establish the ROHM brand on a global scale and be recognized as a company that is necessary to society.

In our Medium-Term Management Plan, we have set forth "major global player" as the ideal image of ROHM in 2030. This means that society and our customers will trust in and feel secure with the quality of ROHM's power and analog semiconductors for automotive and industrial applications, which are the focus of our business. It also means that we must have a brand that our customers will remember when they need power and analog semiconductors, and we must be recognized as a company that is necessary to society. Specifically, our aim is to become one of the world's top 10 companies in the field of power and analog semiconductors, and to achieve sales of 1 trillion yen as a company.

For a B-to-B company like ROHM to have brand power on a global scale, it is essential not only to have high quality, but also to demonstrate the ability to make proposals to customers and remain in their minds. In terms of ROHM's growth together with its customers, it is no different from when ROHM focused on custom products. We can grow globally by gaining a deep understanding of our customers' products, uncovering their needs, and proposing to them the advantages of using ASSP, a ROHM product.

The role of communicating the advantages of ROHM products is played by the sales representatives, Field Application Engineers (FAEs), and Product Marketing Engineers (PMEs) in each region. These people are responsible for communicating the advantages of ROHM products to customers in terms of cost and quality, based on a thorough understanding of the customer's requirements, and are responsible for winning new orders. Through their activities, we believe that trust in ROHM's products will be built and the ROHM brand will become firmly established in the minds of our customers.

(P. 34 Technology)

Promoting ESG initiatives

ROHM is also actively working on ESG, and is reducing its own environmental impact. We also focus on training programs for our employees, who are the resources that support the foundation of ROHM. We also believe it is important to foster a corporate culture that encourages employees to take on new challenges.

Our Medium-Term Management Plan also includes ESG initiatives. ROHM recognizes that one of the most important social issues we must address is solving environmental issues, achieving carbon neutrality, and in April 2021, we formulated "Environmental Vision 2050" to promote not only the provision of products that contribute to carbon neutrality, which our customers are working on, but also the reduction of our own environmental impact. The three pillars of the vision are climate change, resource recycling, and coexistence with nature, and specific KPIs have been established to promote the reduction of greenhouse gas (GHG) emissions, introduction of renewable energy, reduction of both resources consumed and the amount of waste, promotion of greening, and thorough management of chemical substances.
(P. 36 Environmental Initiatives)

As part of our commitment to society, we emphasize our involvement with our human resources, who support the foundation of ROHM. We also believe that diversity and human resource development are keywords in our efforts to become a major global player, and we will further strengthen our foundation by setting targets and KPIs for that development. By implementing global human resource development programs according to rank and incorporating opportunities for overseas assignments, we intend to develop human resources that can be active both in Japan and overseas, and create a system in which human resources can successfully circulate. To this end, it is essential to present career paths that include opportunities for being active globally and raise motivation, and clarify the missions that they should attempt.
(P. 42 Human Capital Initiatives)

In terms of corporate culture, which affects employee motivation, as president I am promoting a policy to reform ROHM to a corporate culture that encourages employees to take on new challenges. ROHM has traditionally been a company characterized by speedy decision-making and implementation of initiatives under the strong leadership of the founder. Still but at the same time, I feel that employees have tended to wait for instructions due to business operations with strong top-down control and stovepiped organizational control. From now on, I would like to foster a corporate culture in which employees, regardless of the department they belong to, speak frankly, recognize each other, and proactively take on any challenge.

The first thing I did after becoming president in 2020 was to establish a company-wide division to collect know-how that should be shared across the company, such as manufacturing methods and concepts about quality, to cut across the business unit structure. We are also working on research and development using Corporate Venture Capital (CVC) in a structure that is separate from the current business units, aiming for results 10 years from now and beyond. While building a corporate culture that encourages employees to take on new challenges, I also believe in the importance of speed, and will continue to study the optimal structure for our organization.

Further strengthen corporate governance by increasing the diversity of the Board of Directors

To ensure the diversity of the Board of Directors and strengthen corporate governance, we welcomed two new outside directors with a wealth of experience. Two years ago, we began the transition to a company with an Audit and Supervisory Committee, which has promoted further revitalization of the Board of Directors.

From FY2022, we have welcomed two new outside directors to increase the diversity of our Board of Directors: one is an American who has long worked globally as a consultant and is skilled in finance, M&A, and other areas. We look forward to his recommendations on financial strategies from a global perspective, M&A and post-merger integration (PMI), as well as his collaboration with the finance department.

The other is a woman from an overseas semiconductor manufacturer who has been involved in improving corporate ethics and promoting diversity from early on. As an expert in sustainability management, I expect her not only to make proposals at board meetings, but also to actively communicate with employees and help create an environment where diverse employees can play an active role. With the addition of these two new members, there are now seven independent outside directors, which is a majority, and the structure of outside directors is now in place. More than two years have passed since we transitioned to a company with an Audit and Supervisory Committee in FY2019, and I am feeling that the nature of discussions at board meetings has changed. We are receiving more and more opinions and advice from outside directors on investment, cost reduction, and information disclosure.
(P. 52 Corporate Governance)

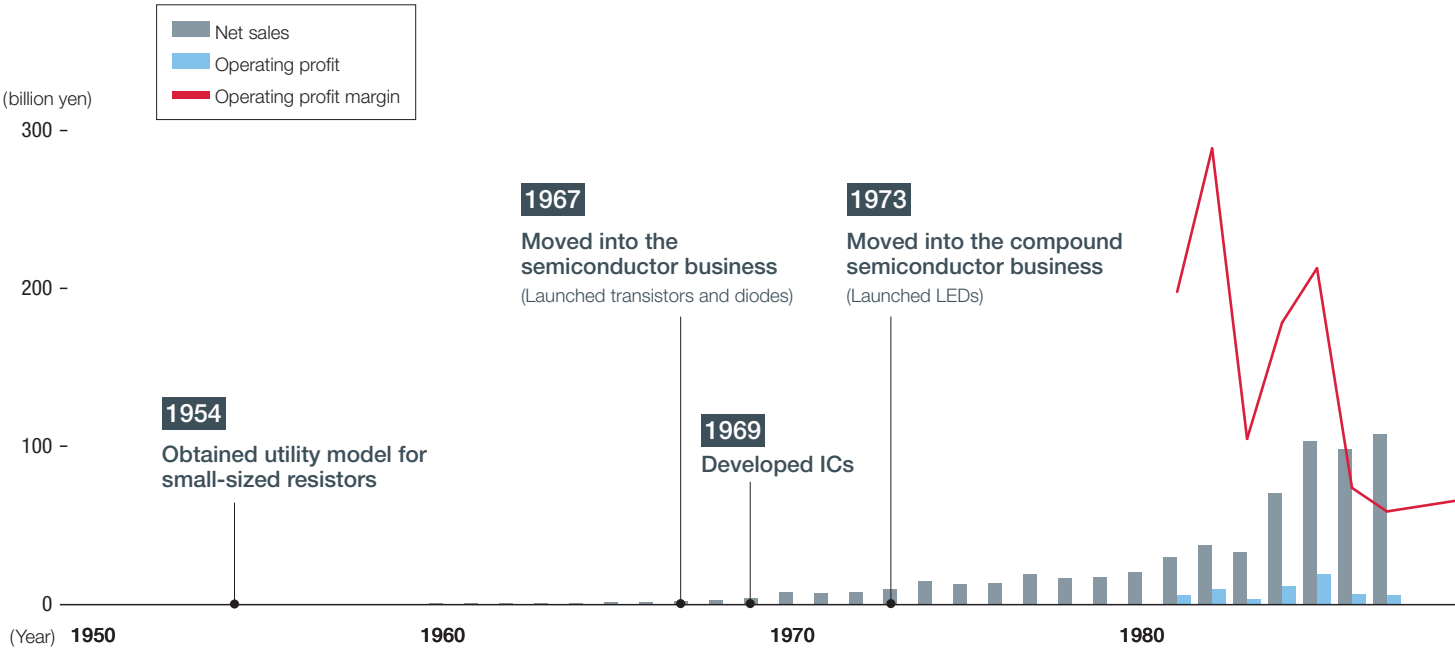
In this way, ROHM not only engages in business activities in pursuit of profits, but also proactively faces and takes action on a number of ESG-related themes. We believe that ESG is the foundation for balancing business activities and social contribution. We will always be aware that companies exist for the benefit of society, and we will continue to be a company that can contribute to solving various social issues, with a focus on environmental issues such as carbon neutrality. We will continue to be a company that is trusted, and continues to be trusted, by society by providing products that will enrich people's lives 50 or 100 years into the future.

I would like to thank all of our stakeholders for their continued understanding and support for ROHM, as well as for their various suggestions and advice.

October 2022
President, CEO (Representative)

History of Innovation

ROHM has been contributing to the advancement of culture as our Company Mission since our founding, and we have transformed and expanded our business domain while responding to the needs of society. We will continue to contribute to the formation of a sustainable society for the future by leveraging our accumulated strengths and using the technology of electronics to solve various issues.



1950s

Evolution of electronics

- Transistor radio
- Color TV

Responding to the needs of society

Expanding demand from manufacturers of consumer products

Became the top resistor manufacturer through quality-first manufacturing

Innovation in Technology

■ Parallel lead fixed resistors

Founder Ken Sato developed Japan's first compact resistor, the parallel lead fixed resistor. Sales grew along with the boom of transistor radios and achieved a 60% share of the domestic market for resistors.

1970s

Evolution of electronics

- Portable cassette audio
- VCR
- CD player

Responding to the needs of society

Increasing global demand for ICs

The first Japanese company to expand operations to Silicon Valley, USA, which was at the forefront of IC technology

Innovation in Technology

■ Transistors & Diodes

Although it was a big risk to enter the semiconductor industry, which required a huge investment, the entire company worked together on development and succeeded in commercializing transistors and diodes.

■ Audio preamplifiers

In 1971 began mass-producing the Company's first ICs: audio preamplifiers for cassette recorders.

1990s

Evolution of electronics

- Digital camera
- Personal computer
- DVD
- Mobile phone

Responding to the needs of society

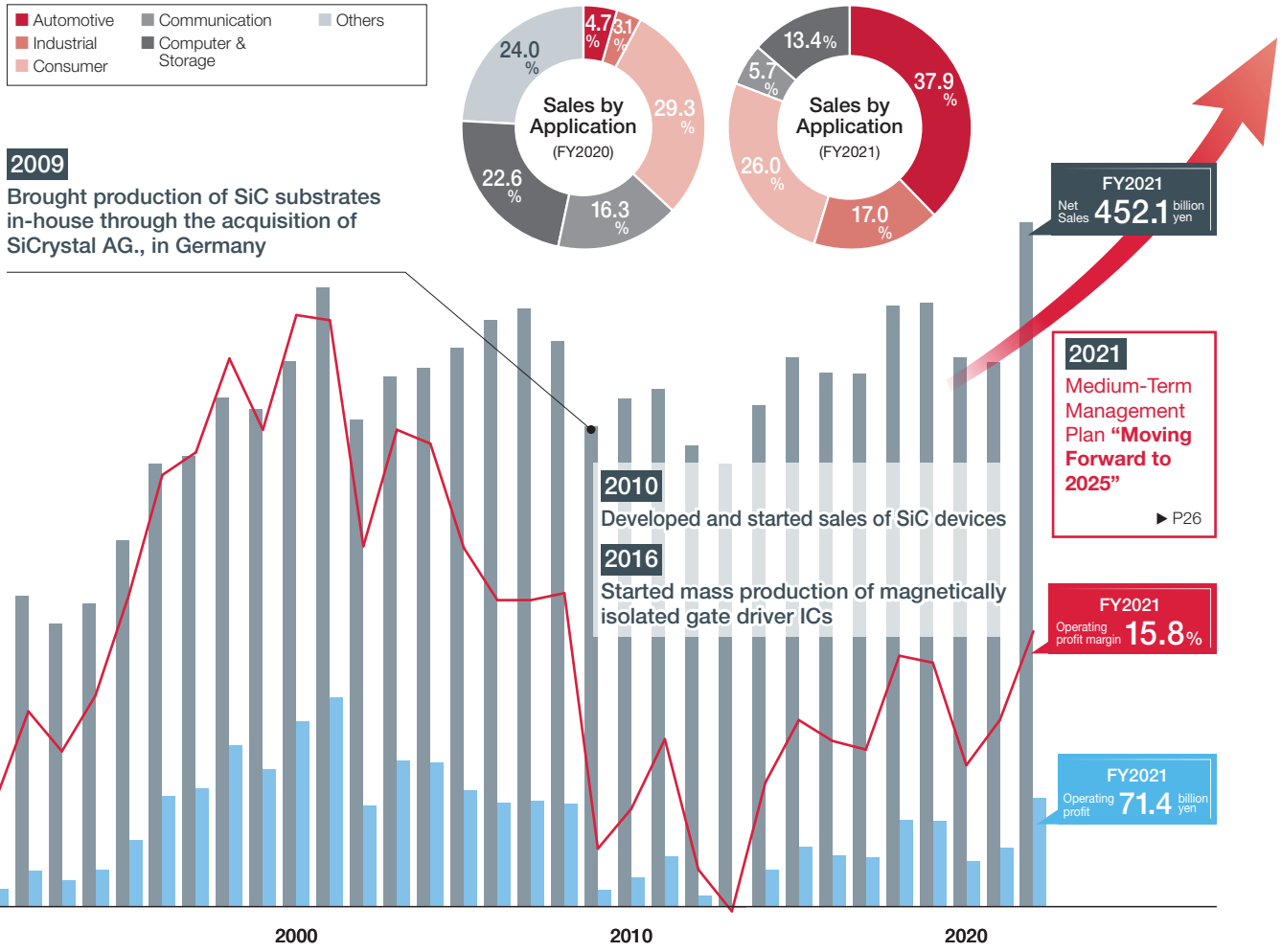
Advancing of the digitalization of society

Contributed to the development of the digital market as ROHM, the custom IC company

Innovation in Technology

■ Custom ICs

Adoption of ICs customized for Japanese customers' digital devices, such as AV equipment, digital cameras, cell phones, and PCs, increased significantly.



2000s

- LCD TV
- Car navigation system

2010s

- Smartphone
- Tablet PC
- Hybrid electric vehicle

2020s

- Electric vehicle (xEV)
- Charging station

Globalization of the electronics market

Strengthened development of new products for the global market

Growing needs for energy savings and electrification

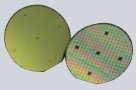
Increased focus on automotive and industrial equipment markets

Trending toward decarbonization and a recycling-oriented society

Promote development of products that contribute to energy savings and miniaturization

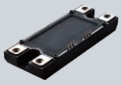
■ New Material SiC (Silicon Carbide)

Started basic research into SiC, a next-generation semiconductor material. In 2009, SiCrystal (Germany), Europe's largest SiC single-crystal wafer manufacturer, joined the ROHM Group, and all processes from wafers to molds, lead frames, and package manufacturing were developed independently within the Group to ensure a stable supply of SiC wafers.



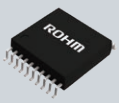
■ SiC Devices

Were the first in the world to begin mass production of SiC MOSFETs and full-SiC modules. Widely used in automobiles and industrial equipment as devices that contribute to energy savings and significant miniaturization of equipment.



■ Magnetically isolated gate driver ICs

Succeeded in developing a magnetically isolated gate driver IC that drives SiC to promote miniaturization of inverters for automobiles, and started mass production. Adopted for xEVs and has captured a large market share.



■ 4th Generation SiC MOSFET

ROHM developed the industry's best MOSFET with 40% improvement in ON-resistance per unit area compared to 3rd generation SiC MOSFETs

ROHM's Strengths

As a manufacturer of semiconductors and electronic components, ROHM has expanded its business domain by building up its design and manufacturing technologies, quality assurance technologies, and solution proposal capabilities for more than 60 years since its establishment. These technologies and capabilities accumulated over its long history carry four main features: integral technologies, IDM (vertical integration as an integrated device manufacturer), a wide range of products, and customer orientation.

Our focus on power and analog technology solutions where we can maximally leverage these strengths, we will provide high added value to our customers and contribute to solving social issues.

Development capability to maximize value by integrating elemental technologies

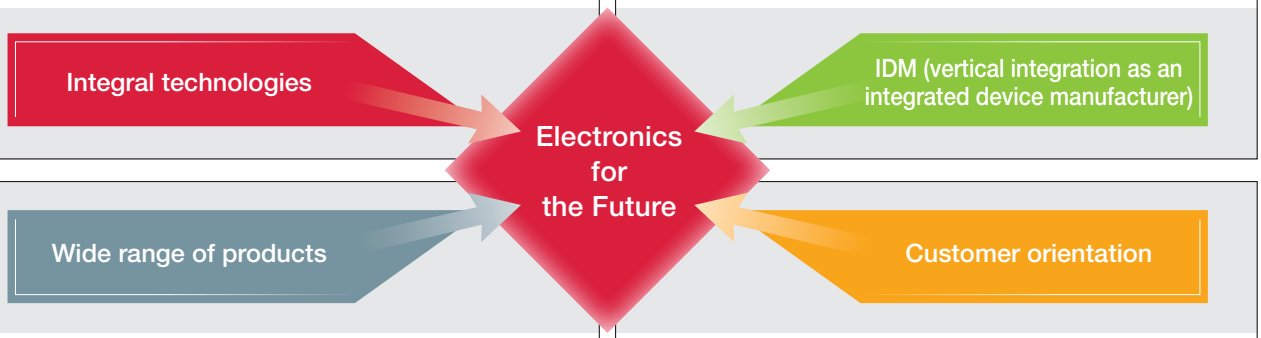
In ROHM's focus areas of power and analog, the source of our competitiveness is understanding the features of our own manufacturing processes and optimizing our designs based on customer needs. In addition to integral technologies with semiconductor manufacturing, consisting of circuit design, layout, and manufacturing processes, we also have significant strength in assembly, like optimization of comprehensive technologies such as heat dissipation design, package technology, and measurement technology.

ROHM integrates elemental technologies accumulated over many years and utilizes integral technologies to provide products and solutions that maximize customer value.

Rigorous quality control, stable supply, and cost competitiveness

ROHM has been pursuing "Quality First" manufacturing for more than 60 years. This pursuit is supported by the vertically-integrated IDM business model.

By providing a complete production process from materials to finished products within the ROHM Group, we have established a one-stop system for quality assurance and stable supply, as well as a business continuity management (BCM) system offering uninterrupted product supply even in disasters and other unforeseen circumstances. We also promote production efficiency improvement and cost reduction through advanced production technology, including in-house development of production equipment.



Comprehensive capabilities; from passive components to ICs and power devices

ROHM launched its business with resistors as its founding product, entered the discrete semiconductor device and IC markets, and subsequently expanded its business domain to optical devices and modules. In recent years, it has focused on the power device field, best known for SiCs.

This wide range of products and trove of accumulated technical expertise, which support a wide range of electronics equipment, enable us to propose the right solutions and provide comprehensive technical support to our customers.

Solution proposals from the customer's point of view

ROHM values communication with its customers in all business processes.

When determining a product's development specification, engineers who are well-versed in technologies related to electronic equipment and in the company's own design and manufacturing capabilities examine elements such as optimal circuit configuration, characteristics, and reliability before specification design in order to achieve the performance required by customers. This examination includes product functions, characteristics, and peripheral circuit configuration. In addition, by matching characteristics based on the results of verification at the customer's side during the prototype stage, we can swiftly provide the best product possible and optimize electronic equipment characteristics.

ROHM has earned high praise from its customers for a rigorous customer support system and solution proposals,optimally combining ROHM's technologies and products with a thorough understanding of customer needs.

Power and Analog Technologies: ROHM's Focus Areas

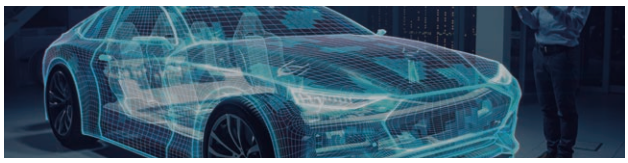
Power

SiC devices can achieve significantly lower loss and miniaturization versus conventional silicon (Si) semiconductors. Amid ever-growing needs for energy savings, ROHM has been a global pioneer in the development and enhancement of its SiC product lineup, which has been broadly adopted in a range of applications, especially in the automotive and industrial equipment-related markets.

We will continue to propose optimal power solutions to our customers by integrating our element development and module technologies, not only for SiC devices, but also conventional Si devices and other electronic components.

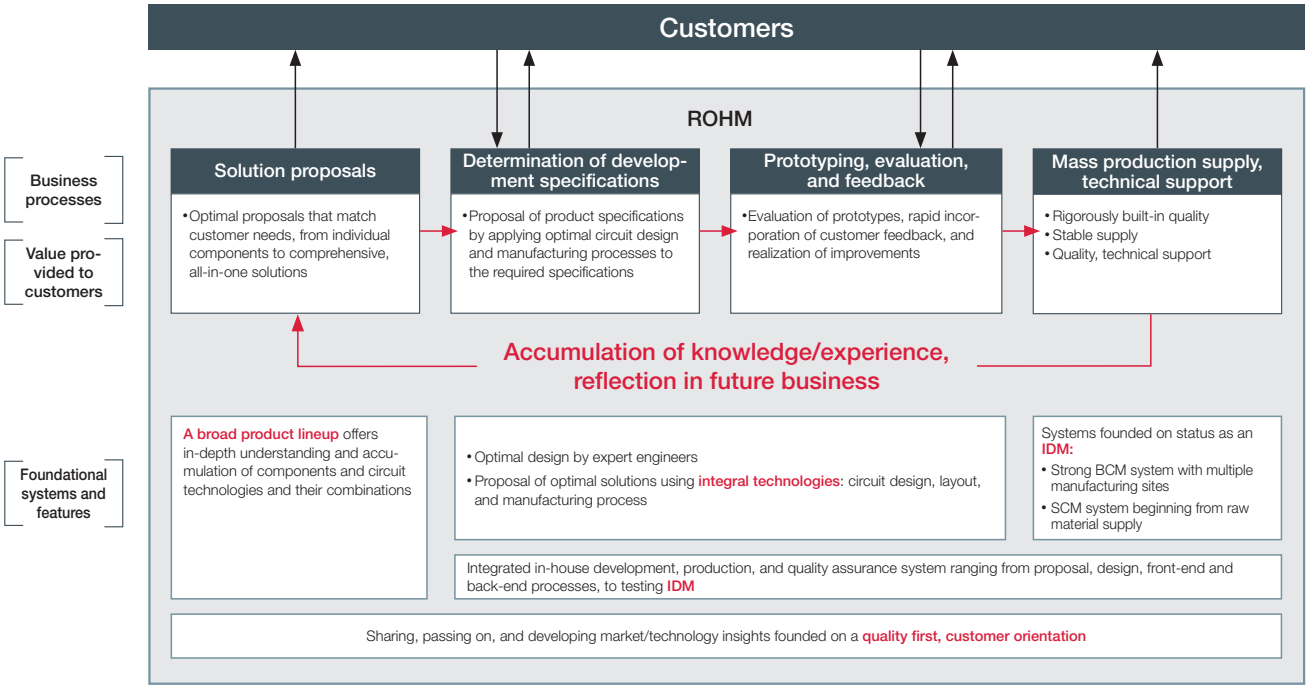
Analog

Analog technologies are elemental technologies processing information that is in constant flux into electrical signals. These are widely applied to power supply control circuits that support the stable operation of electronic equipment, motors, and more. Electronic equipment demand will continue its dramatic growth, including in the use of data through IoT and artificial intelligence (AI) and the expansion of autonomous driving. The analog semiconductors used in this equipment are expected to achieve even higher performance, energy savings, and miniaturization. ROHM is able to meet customer needs through its engineers' in-depth familiarity of analog technologies and optimal designs, and its advanced elemental and integral technologies cultivated over many years.



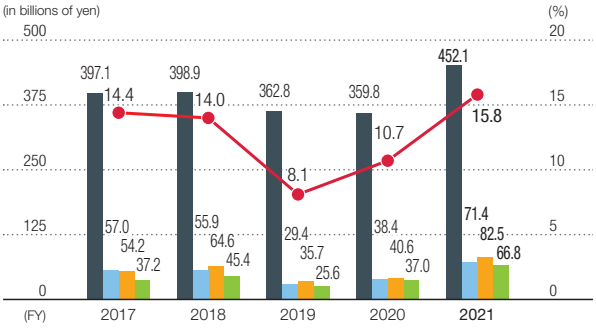
ROHM's Business Flow

ROHM has established a system that maximizes its strengths in every process of the supply chain, from development to manufacturing and stable supply to customers.



Financial Highlights (Consolidated)

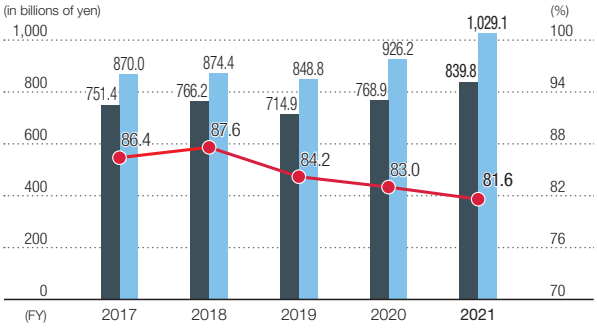
Business Performance



■ Sales ■ Operating Profit ■ Ordinary Profit
■ Profit Attributable to Owners of Parent -●- Operating Profit Ratio (Right Axis)

Although geopolitical risks in Ukraine became apparent in FY2021, the automotive market continued to see strong demand for semiconductors and the promotion of electrification of vehicles and more extensive use of electronic components in vehicles for a decarbonized society. In addition, the industrial equipment market remained strong due to increased investment in automation and digitalization.

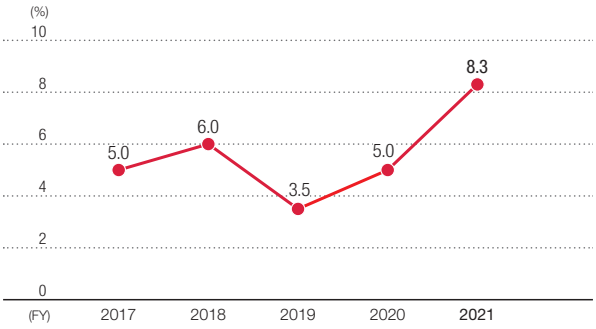
Shareholders' Equity and Total Assets



■ Shareholders' Equity ■ Total Assets -●- Equity Ratio (Right Axis)

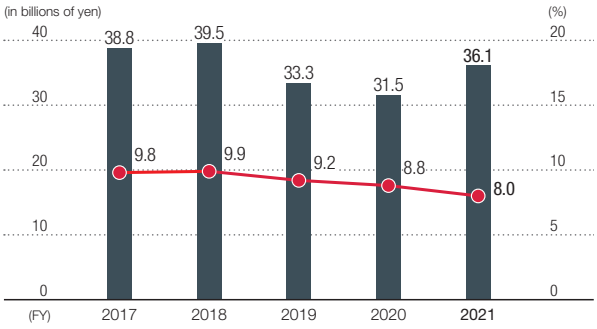
Total assets increased by 102,892 million yen from the end of the previous period due to increases in property, plant and equipment, cash and deposits, and inventories, while shareholders' equity increased by 70,845 million yen to 839,817 million yen. The equity ratio declined to 81.6% from 83.0% at the end of the previous period.

ROE



ROE improved by 3.3 percentage points from the previous year to 8.3% as a result of the increase in operating profit as well as the increase in profit attributable to owners of parent due to foreign exchange gains.

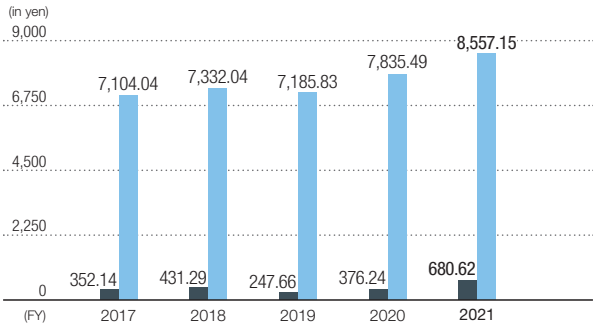
R&D Expenses and as a Percent of Net Sales



■ R&D Expenses -●- As a % of Net Sales (Right Axis)

ROHM continues to invest aggressively in research and development. We are continuing our efforts to improve the efficiency of research and development, including a review of our organization.

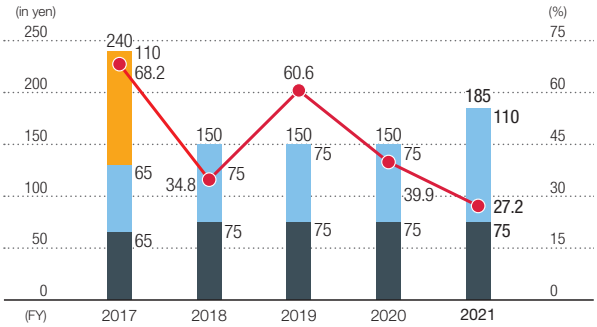
Earnings per Share and Net Assets per Share



■ Earnings per Share ■ Net Assets per Share

Both earnings per share and net assets per share increased significantly from the previous fiscal year due to an increase in profit attributable to owners of parent.

Dividends and Consolidated Payout Ratio

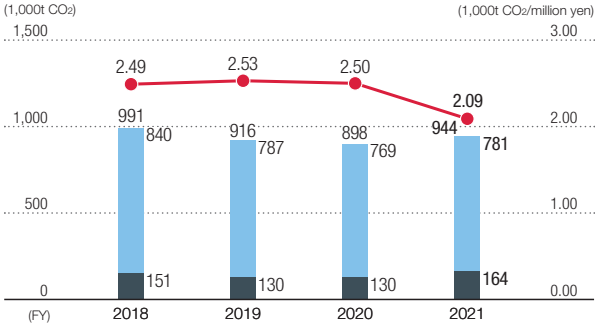


■ First Six Months ■ Year-End
■ Commemorative Dividend -●- Consolidated Payout Ratio (Right Axis)

ROHM's basic policy is to pay stable dividends, with a target consolidated dividend payout ratio of 30% or more, and is working to increase dividends by improving business performance. The annual dividend was set at 185 yen, an increase of 35 yen from the previous fiscal year.

Non-Financial Highlights (Consolidated)

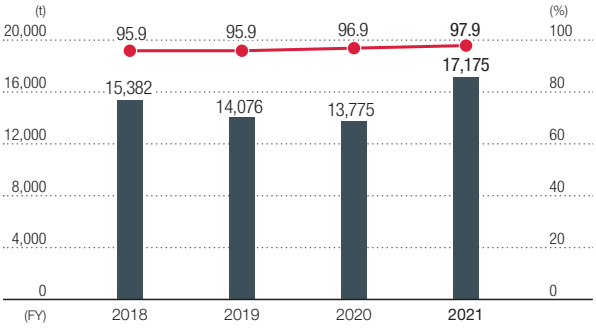
CO_2 Emissions (Scope 1 and 2)



■ Scope 1 ■ Scope 2 -●- Intensity (Right Axis)

We have been making efforts to reduce GHG emissions through aggressive introduction of renewable energy and other measures, and we continue to make steady reductions. Although emissions increased 5% from the previous year due to increased production, we will continue our efforts to reduce emissions.

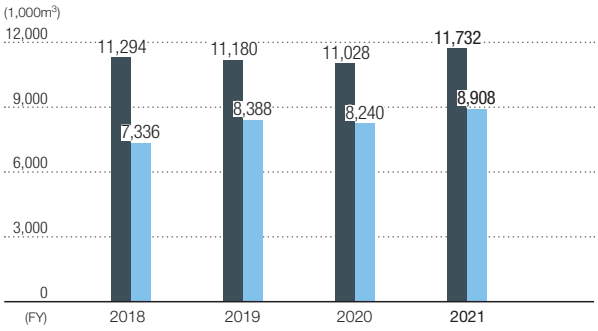
Total Waste Generation and Waste Recycling Rate



■ Total Waste Generation -●- Waste Recycling Rate (Right Axis)

We are working to reduce the amount of landfill waste by reviewing waste disposal methods at overseas sites and other measures, and have steadily increased the recycling rate. Although the total volume of waste disposed of increased 25% over the previous year due to a significant increase in production, we will continue our efforts to reduce this volume.

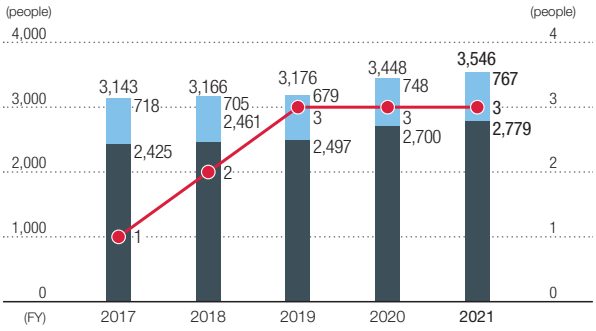
Total Water Use and Wastewater



■ Total Water Use ■ Total Wastewater

We are working to reuse wastewater from production processes by introducing wastewater recovery equipment and other measures, and are continuing to reduce water consumption. Although water consumption increased 6% from the previous year due to increased production, we will continue our efforts to reduce water consumption.

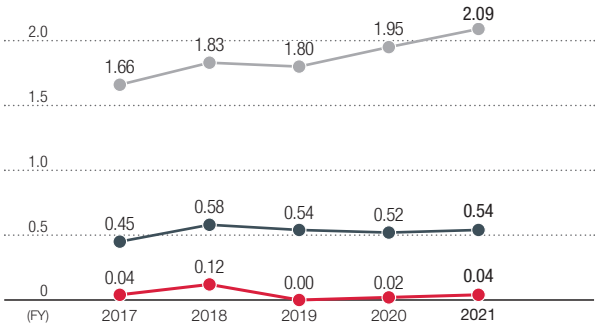
Number of Employees (non-consolidated basis)



■ Male ■ Female -●- Number of Female Managers (Right Axis)

ROHM considers its people to be its most important asset and resource. We are making efforts to promote active participation of women, which will help us secure excellent human resources.

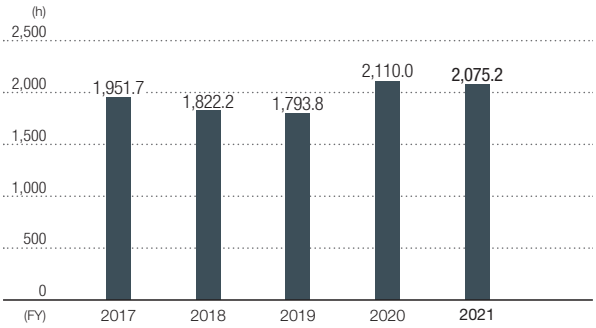
Occupational Incidence Rate



-●- ROHM Group -●- Manufacturer of Electrical Machinery, Equipment and Supplies -●- Overall Industry

In FY2021, the occupational accident incidence rate in the ROHM Group was lower than that of the Japanese domestic electrical machinery, equipment and supplies manufacturing industry. We will continue our efforts to create a safe and comfortable work environment by continuing our efforts to achieve zero occupational accidents in the future.

Total Actual Annual Working Hours per Person (non-consolidated basis)



We are working to maintain and improve labor productivity not only by improving operational efficiency, but also by creating a comfortable work environment for employees.

ROHM's Value Creation Process

ROHM's Company Mission is quality first, focusing on power and analog technologies and seeking to solve social problems and improve corporate value by contributing to our customers' needs for "energy savings" and "miniaturization". By leveraging our ability to plan and propose products that anticipate customer needs, and by promoting integrated business activities from R&D to sales and customer support, we are able to provide products that guarantee the quality level required by our customers.

Social Issues ▶P20 | Material Issues ▶P22 | Inputs ▶P18 | Business Model ▶P18

Social Issues ▶P20

Technology

Increasing demand for electronic products that respond to social changes

Manufacturing that meets the trust and expectations of our customers

Environment

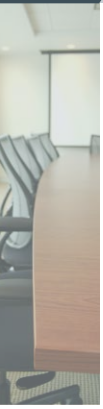
Negative impacts of climate change

Serious resource depletion

Society

Securing human resources within a declining labor force

Governance



Strengthening our management and business activity foundations

Fulfilling social responsibility throughout our supply chain

Ensuring product safety and strengthening product quality

Material Issues ▶P22

- Evolution of technologies to contribute to the advancement and progress of culture
- Stable supply of high-quality products

Sustainability prior issues

- Sustainable technological enhancement, and development and supply of innovative products
- Mitigate climate change
- Efficient use of resources
- Enhance employee engagement
- Promote diversity
- Ensure employee health and safety
- Strengthen corporate governance
- Risk management
- Sustainable supply chain management
- Strengthen product safety and quality

Inputs ▶P18

Financial Capital

Equity ratio: 81.6%

Cash and deposits + securities: 342.4 billion yen

Manufactured Capital

Capital expenditures (past 5 years): 276.2 billion yen

Worldwide production network: 18

Manufacturing technology development (independent development to improve production efficiency)

Capital expenditures for increasing production capacity (past 5 years): 140.2 billion yen

Capital expenditures for quality improvement (past 5 years): 13.9 billion yen

Full-scale introduction of flexible production lines

Intellectual Capital

Expertise accumulated in-house over many years of development

R&D expenses as a percent of sales: 8.0%

Universities we have industry-academic partnerships with: 43

Industry-academia collaborative research projects: 71

Human Capital

Employees (consolidated basis): 23,401
Of these, 17,242 are foreign employees

R&D personnel: 2,930

Percentage of female employees: 28.5%

New graduates hired: 131 (non-consolidated basis)

Engineers (STEM-related positions): 2,284 (non-consolidated basis)
*Science, Technology, Engineering and Mathematics

Implementing training to disseminate the Company Mission and Basic Management Policy

Social and Relationship Capital

ROHM brand in the semiconductor market cultivated over many years

Trust relationships with customers/suppliers: 1,603

ROHM Music Foundation

Natural Capital

Total water use: 11,732,000 m^3

Total energy use

Total consumption of non-renewable energy: 1,591,000 MWh

Total consumption of renewable energy: 116,000 MWh

Business Model ▶P18

Integral technologies

IDM (vertical integration as an integrated device manufacturer)

ROHM's

Growth Strategy / Medium-Term Management Plan

Social Value | Economic Value

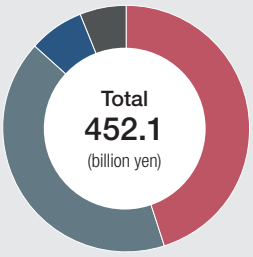
Outputs and Outcomes

strengths ▶P12

- Customer orientation
- Wide range of products

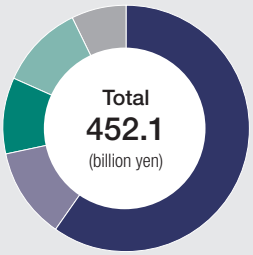
"Moving Forward to 2025" ▶P26

Sales by Segment in FY2021



ICs	203.8 billion yen	45.1%
Discrete semiconductor devices	188.0 billion yen	41.6%
Modules	32.8 billion yen	7.3%
Other	27.2 billion yen	6.0%

Sales by Region in FY2021



Japan	270.5 billion yen	59.8%
China	53.8 billion yen	11.9%
Other Asia	46.2 billion yen	10.2%
USA	48.7 billion yen	10.9%
Europe	32.7 billion yen	7.2%

Financial Capital

Shareholder return: 185 yen/share

Total shareholder returns (TSR) over the last 10 years: + 166.5% (10.3% annually)

Manufactured Capital

Stable supply of products satisfying customer quality requirements

Improving productivity and accelerating automation by introducing flexible production lines

Intellectual Capital

New product sales ratio: 27.8%

Development capability to optimize functionality by integrating elemental technologies

Ability to plan and propose products that anticipate customer needs

Customer-oriented solution proposals using comprehensive capabilities from passive components to power devices and ICs

Human Capital

Number of participants in training for dissemination of the Company Mission and Basic Management Policy (past 10 years): 15,093

Percentage of women in management positions: 10.7%

Average annual percentage of employees taking paid vacation: 72.9%

Percentage of female employees taking childcare leave: 100%

Percentage of male employees taking childcare leave: 30.2%

Social and Relationship Capital

Customer quality satisfaction score: 3.56/5 points

Percentage of purchases from suppliers with completed comprehensive supplier activity evaluations: over 91.6%

Percentage of purchases from suppliers with CSR procurement self-assessment rating of B or higher: 90.1%

ROHM Music Friends: 4,732 people in about 31 years

Donations (including sponsorship): 459.7 million yen

Natural Capital

Water discharge: 8,908,000 m^3

GHG emissions: 9,306,000 t-CO_2

*Including Scope 3

Total waste volume: 17,175t

Waste recycling rate: 97.9%

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 integrated device manufacturer (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.

R&D

Focusing on power and analog, the CTO Office provides research and development themes as inputs for the R&D Division with a view to the medium- to long-term future, working 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
Human capital Human resources portfolio for R&D **Intellectual capital** Technology portfolio for R&D themes (basic research), industry-academia collaboration **Social and relationship capital** Collaboration with customers/suppliers **Financial capital** Financial foundation supporting R&D → R&D expense ratio: 10% of net sales	• Strategic development of R&D themes to expand existing products and technology portfolio • Development capability to maximize value by integrating elemental technologies → R&D system in cooperation with product development and manufacturing divisions • Open innovation • Research advancing themes in industry-academia collaboration • Open job recruitment system	**Evolution of technologies to contribute to the advancement and progress of culture** **Sustainable technological enhancement, and development and supply of innovative products** ▶P30,34,36 • Implementation of an open-close strategy • Business expansion in new/key markets by utilizing corporate venture capital (CVC)*, etc., and planting seeds for new market development • Securing highly skilled technical human resources through the introduction of a specialist system • Strengthening front-loading by promoting AI-based R&D

Product Planning

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
Human and intellectual capital Product marketing engineers (PMEs)*: Product planning human resources with comprehensive capabilities and expertise in development, manufacturing, and customer needs **Social and relationship capital** Trust relationships with customers **Intellectual capital** Accumulated knowledge of market needs and customer requirements	• Advanced integral technologies from experienced product developers • Ability to propose products that anticipate customer needs • Product planning that contributes to solving social issues • Global customer support system	**Evolution of technologies to contribute to the advancement and progress of culture** **Sustainable technological enhancement, and development and supply of innovative products** ▶P30,34,36 • Enhancing/developing PME human capital • Increasing PME headcount (planning and development of unique products) • Deploying PMEs overseas to become a major global player

Product Development

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
Human and intellectual capital Abundant development human capital meeting customer needs **Intellectual capital** Extensive core technologies utilizing IDM* **Social and relationship capital** Trust relationships with customers	• Product development pursuing energy savings/miniaturization and functional safety • Circuit design capabilities with a focus on power and analog • High value-added product development utilizing IDM in cooperation with manufacturing divisions • Development capability to optimize functionality by integrating elemental technologies • Test development for ensuring high quality products	**Evolution of technologies to contribute to the advancement and progress of culture** **Sustainable technological enhancement, and development and supply of innovative products** ▶P30,34,36 • Enhancing/developing product development human capital • Securing highly skilled technical human resources through the introduction of a specialist system • Strengthening the development system for global growth

Stable supply of high-quality products ▶P34

Strengthen product safety and quality ▶P34, 42

Material issues
*Explained in the Glossary

Sales/Customer Support

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
Human and intellectual capital Field application engineers (FAEs)*, sales human capital **Social and relationship capital** Trust relationships with customers	• Solution proposals from the customer's point of view • Sales human resources capable of QCDS (Q: Quality, C: Cost, D: Delivery, S: Service/Satisfaction) • Strong trust relationships with customers through direct sales, customer-focused systems	**Risk management** ▶P48 • Comprehensive system proposals achieving energy savings and miniaturization of customer sets • Improving efficiency in taking in customer needs and increasing customer quality satisfaction scores by leveraging digital transformation (DX) • Reforming sales to dramatically expand overseas sales • Diversifying sales channels by utilizing trading companies, etc. • Increasing brand awareness

Manufacturing

To put quality first, we have established an integrated device manufacturer (IDM) system, providing a complete production process from materials to finished product within the ROHM 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
Human and intellectual capital Accumulated human capital in the areas of process technology and manufacturing technology, plus expertise in manufacturing technology **Social and relationship capital** Trust relationships with customers/suppliers **Financial capital** Robust financial foundation enabling flexible capital investment **Manufacturing capital** A worldwide production network **Environmental capital** Water, electricity, metals, gases, raw materials, etc.	• Manufacturing technology development capabilities with a focus on power and analog • Robust quality assurance and supply system based on integrated manufacturing system of front-end, back-end, and testing processes • Introduction of renewable energy in manufacturing processes • Ensuring a safe workplace	**Risk management** ▶P48 **Mitigate climate change** ▶P38 **Ensure employee health and safety** ▶P44 **Efficient use of resources** ▶P36 • Reducing greenhouse gas (GHG) emissions, reducing water resources used, reducing waste volume, and conducting rigorous chemical substance management • Accelerating productivity improvement and automation of assembly process (full-scale introduction of flexible lines*) • Using multiple manufacturing sites and outsourced semiconductor assembly & test (OSAT)* • Establishing the Monozukuri (Manufacturing) Innovation Center • Promoting zero defects

Procurement

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
Human and intellectual capital Procurement human capital ensuring quality of ROHM products **Intellectual capital** Accumulated procurement expertise supporting a broad product lineup **Social and relationship capital** Trust relationships with suppliers **Environmental capital** Procurement of environmentally-friendly components and materials	• Trust relationships and alliances with suppliers • Centralized management of procurement network from raw materials to finished products • Making advance arrangements and taking other measures for risk component and materials (for raw materials such as wafers, photomasks, lead frames) and market monitoring of industry trends • Stable supply chain management through multi-supplier purchase	**Sustainable supply chain management** ▶P46 **Efficient use of resources** ▶P36 **Risk management** ▶P48 • Strengthening procurement from suppliers with a business continuity management (BCM)* system/ESG initiatives in place • Rapidly investigating impact of emergency situations through understanding of the supply chain • Improving the cash conversion cycle

Perception of External Environment and Risks and Opportunities

Perception of External Environment

We organized the social changes and issues that are of long-term significance for ROHM and identified material issues by considering the interests of stakeholders and the impact on business. Our development, manufacturing, and sales will operate in unison to solve social issues through our business activities.

Social Issues (Demands from Stakeholders)			Details of Risks and Opportunities	
	Technology	Increasing demand for electronic products that respond to social changes	Risks	1 Intensifying competition to develop energy-saving and miniaturized devices
				2 Decreasing market share due to appearance of competition, including in emerging countries
			Opportunities	3 Increasing numbers of electronic components installed in electronic equipment due to their increasing functionality and the growing need for energy savings
		Manufacturing that meets the trust and expectations of our customers	Risks	1 Decreasing trust due to failure to meet customer quality requirements
			Opportunities	2 Growing need for quality assurance
Sustainability prior issues	Environment	Negative impacts of climate change Serious resource depletion	Risks	1 Decreasing sales due to stagnation in development of products that contribute to energy saving and miniaturization 2 Soaring material prices and restrictions on production activities due to resource shortages (rare metals, water, etc.) 3 Mandatory GHG emissions reductions and full-scale carbon taxation of GHG emissions 4 Adverse effects on the environment due to lack of chemical substance management
			Opportunities	5 Rising demand for electronic components due to growing new automobile sales in the electric vehicle (xEV) market 6 Expansion in sales for the industrial equipment market, such as products for use in solar panels, with the introduction of renewable energy
	Society	Securing human resources within a declining labor force	Risks	1 Intensifying competition to secure human resources and sluggish retention rates 2 Decreasing human capital capabilities due to delays in reforming legacy personnel systems and corporate culture 3 Negative impact on employees due to occupational accidents and work-related illnesses
	Governance	Strengthening our management and business activity foundations	Risks	1 Occurrence of incidents due to legal/business ethics violations, etc. 2 Stricter shareholder evaluations of management due to growing ESG investment, etc. 3 Increase in number of large-scale disasters (earthquakes, flooding, typhoons, fires, etc.) 4 Delays in responding to cyberattacks and information leaks from security breaches 5 Litigation, including infringement of intellectual property such as patent rights owned by other companies
			Opportunities	6 Ensuring management stability through a robust financial foundation
		Fulfilling social responsibility throughout our supply chain	Risks	1 Suspension of stable supply to customers due to shutdown or decline in utilization rates at manufacturing sites 2 Suspension of transactions with overseas companies and supply of materials such as rare metals due to changes in international affairs 3 Compliance violations due to human rights violations in the supply chain or procurement of banned substances
		Ensuring product safety and strengthening product quality	Risks	1 Quality problems due to inadequate quality control system

Responses to Risks and Opportunities	Material Issues
1 Establish a function for advance understanding of customers' needs and linking these to product planning 1 Develop advanced technologies and high value-added products such as energy-saving and miniaturized devices 2 Deploy PMEs overseas to expand overseas sales 3 Technology joint development and collaboration with customers, research institutions, etc. 3 Solution proposals to customers using a broad product lineup ▶P30,34	Evolution of technologies to contribute to the advancement and progress of culture
1 Use front-loading to achieve appropriate quality satisfying customers 1 Improve rigorous employee quality awareness in line with our Company Mission 2 Earn customer trust by achieving traceability through integrated device manufacturer (IDM) activities ▶P34	Stable supply of high-quality products
1 Develop advanced technologies and high value-added products such as energy-saving and compact devices 2 Reduction of resource usage by developing and producing products that contribute to energy saving and miniaturization 2 Reduction of water usage by introducing water recycling systems and other means 3 Reduction of GHG emissions and waste, as well as promotion of renewable energy introduction 4 Rigorous implementation of chemical substance management systems and reduction of chemical substance use 5 Expansion of a broad product lineup (from resistors to ICs) and strengthening of production systems to support electrification 6 Enhancing customer development and support systems through digital marketing targeting for wide-ranging industrial equipment market ▶P30,34,36	Sustainable technological enhancement, and development and supply of innovative products Mitigate climate change Efficient use of resources
1 Enhance job satisfaction by fostering a corporate culture that creates challenges 2 Promote diversity and inclusion 2 3 Promote work style reforms, health and productivity management, and strengthen occupational health and safety systems 3 Take measures to control infection in the workplace and introduce telecommuting ▶P42	Enhance employee engagement Promote diversity Ensure employee health and safety
1 Further evolve management (execution and supervision) systems and functions 1 Ensure transparency in information disclosure 2 Review remuneration system aimed at enhancing corporate value over the medium to long term 2 Ensure effectiveness of the Board of Directors ▶P52	Strengthen corporate governance
3 Diversify risk through establishing multiple production systems, seismic isolation of production plants, and flood control measures 4 Implement training to improve security literacy and implement measures to combat information system vulnerabilities 5 Implement training to strengthen collection of patent-related information and reduce the risk of infringement 6 Earn growth opportunities through aggressive capital expenditures and M&A ▶P48	Risk management
1 Use multiple production sites and diversify suppliers 2 Global BCP for avoiding geopolitical risks in production, procurement, and sales 3 Establish management systems in line with OECD Due Diligence Guidance ▶P46,48	Sustainable supply chain management
1 Reinforce quality control system enabling prompt sharing of serious quality issues with management 1 Improve rigorous employee quality awareness and practice the Company Mission ▶P34,42	Strengthen product safety and quality

ROHM's Material Issues

We have identified material issues by sorting through social changes and issues of long-term importance to ROHM while taking into account the interests of our stakeholders and their impact on our business. Our development, manufacturing, and sales functions work in unison to resolve social issues through our business.

		Material issues	Value for ROHM to create	Initiatives
	Technology	Evolution of technologies to contribute to the advancement and progress of culture	• Reduce environmental impact by promoting automobile electrification • Save labor and improve production efficiency through evolving production equipment functionality	• Develop new, high value-added products that contribute to energy saving and miniaturization • Strengthen development structures creating products that can compete globally: Assigning PMEs • Customer-oriented solution proposals using comprehensive capabilities from passive components to power devices and ICs
		Stable supply of high-quality products	• A supply chain providing stable supply	• Strengthen production systems through integrated device manufacturer (IDM) activities • Improve productivity by introducing flexible lines • Implement rigorous quality control and employee quality training
Sustainability prior issues	Environment	Sustainable technological enhancement, and development and supply of innovative products	• Realize a recycling-oriented society	① Contribute through development and supply of energy-saving products to the market ② Contribute through development and supply of miniaturized products ③ Contribute through development and supply of products that pursue functional safety
		Mitigate climate change	• Reduce environmental impact by reducing greenhouse gas (GHG) emissions	① Reduce GHG emissions ② Reduce energy consumption ③ Promote introduction of renewable energy
		Efficient use of resources	• Realize a recycling-oriented society through effective use of resources	① Reduce water resources used ② Reduce waste volume
	Society	Enhance employee engagement	• An organization of challenge, improve motivation • Foster diverse human resources with rich humanity and intelligence • Work-life balance achieving diverse work styles	① Foster a corporate culture that creates challenges ② Enhance job satisfaction ③ Improve employee engagement score
		Promote diversity		① Promote active participation by women ② Develop capabilities and allocate human capital at the global level
		Ensure employee health and safety		① Ensuring a safe workplace ② Promoting health and productivity management
	Governance	Strengthen corporate governance	• Build trust relationships with society through correcting information imbalances and effective governance	① Ensuring diversity of the Board of Directors ② Review of remuneration system aimed at enhancing corporate value over the medium to long term ③ Ensure effectiveness of management
		Risk management	• A supply chain providing stable supply	• Strengthening the BCM management system
		Sustainable supply chain management		① Strengthening the BCM system ② Promoting green procurement ③ Promoting CSR procurement activities
		Strengthen product safety and quality		① Building and entrenching a quality assurance system with front loading ② Achieving appropriate quality incorporating customer perspectives

FY2021 results	KPI	SDGs
• Net sales: **452.1 billion yen** • New product sales ratio: **27.8%** • IC strategy top 10 products sales ratio: **19%** • Percentage of sales to customers outside Japan: **40.2%** • SiC sales: **15.0 billion yen**, **14%** market share (based on 2020 ROHM data)	• Achieve net sales of **more than 600.0 billion yen** as the total amount of social contribution* (FY2025 target) • Increase sales ratio of new products (contributing to energy saving and miniaturization) • IC strategy top 10 products sales ratio: **38%** (FY2025 target) • Percentage of sales to customers outside Japan: **More than 50%** (FY2025 target) • SiC sales: **More than 100.0 billion yen**, **30%** market share (target from FY2025 onward)	
• Capital expenditures for quality improvement: **1.9 billion yen** • Capital expenditures for increasing production capacity: **45.2 billion yen** • Started mass production through flexible lines and deploying to overseas manufacturing sites • Overall customer quality satisfaction score in FY2021: **±0%**	• Investments for growth over five years: **500.0 billion yen** (FY2025 target) • Flexible lines: **Doubled** over five years (FY2025 target) • Customer quality satisfaction score: **+10%** (FY2025 target vs. FY2020)	
• Net sales: **452.1 billion yen**	• Achieve net sales of **more than 600.0 billion yen** as the total amount of social contribution* (FY2025 target)	
① Reduced GHG emissions by **6.2%** vs. FY2018 levels (**2% reduction** vs. forecast based on FY2021 production volume) ② Reduced GHG emissions per unit by **17.2%** vs. FY2018 levels (**17.6% reduction** vs. FY2020 levels) ③ **6%** introduction completed	① Reduce GHG emissions by **50.5%** vs. FY2018 levels (FY2030 target) ② Reduce emissions per unit by **45%** vs. 2018 levels (FY2030 target) ③ Promote the shift to renewable energy with the goal of **100%** implemented (FY2050 target)	
① Increased water recovery and reuse rate by **1.06%** vs. FY2019 levels (**0.84% increase** vs. FY2020 levels) ② Recycling rate of **97.9%** for consolidated companies worldwide	① Increase water recovery and reuse rate by **5.5%** vs. FY2019 levels (FY2030 target) ② Zero recycling emissions for consolidated companies worldwide (FY2030 target)	
① Expanded the specialist system ②-1. Introduced new benefit package services usable regardless of situation or location and that meet diverse needs ②-2. Enhanced information amount for mid-career recruitment postings and established a system to provide information on job descriptions, departmental visions, and working environments ②-3. Implemented HR core system at the head office ③-1. Conducted the engagement survey (in September 2021 for ROHM Co., Ltd.) ③-2. Ratio of employees who responded favorably to the question regarding "high willingness to contribute toward achieving goals and a strong sense of belonging to the organization": **76%**	① Establish a system to train world-class next-generation leaders and professionals (FY2025 target) ②-1. Provide selective services that are adapted to employee orientation and lifestyles under the new normal conditions (FY2025 target) ②-2. Clarify job descriptions concerning job openings in each department to maximize performance by eliminating post-assignment mismatches (FY2025 target) ②-3. Establish a system within the HR core system to convert information on employees' abilities, expectations, experience, qualifications, and other attributes into data and utilize it for appropriate hiring and assignment (FY2025 target) ③ Introduce the engagement survey across the entire Group worldwide, improve scores annually, and achieve employee engagement score at or above the industry average (FY2025 target)	
① Female manager ratio for the ROHM Group: **10.7%** ②-1. Started next-generation leader training for department heads and section managers ②-1. Introduced selective training based on the results of an employee questionnaire, and provided the top desired items as training options ②-2. Implemented HR core system at the head office ②-3. Started to study introduction of global grading to define the size of organizations and positions	① Increase female manager ratio for the ROHM Group to **15%** by FY2025 and to **20%** by FY2030 ②-1. Establish a human capital development system for ROHM Group ②-2. Integrate disparate human resources systems and deploy them as a single global system within the Group to promote the enhancement of career planning, appropriate human resource allocation, and the management and promotion of diverse human resources ②-3. Accumulate strategic data on evaluation, remuneration, promotion, and assignment * ②-1, ②-2, ②-3 FY2025 targets	
① **Two cases** of lost-workday injuries in the ROHM Group (at least one workday lost) ②-1. Established a quarantine system against COVID-19 ②-2. Exercise habit ratio: **44%** * The national average for FY2019 was **29.25%**. There are no actual figures for FY2020 due to the suspension of the survey by the Ministry of Health, Labour and Welfare. ②-3. Examined initiatives to establish exercise habits at each Group company	① Achieve and maintain **zero** lost time accidents in the ROHM Group (FY2025 target) ②-1. Establish and maintain an epidemic prevention system against unknown infectious diseases in ROHM Group (FY2025 target) ②-2. Improve and maintain the exercise habit ratio of ROHM Co., Ltd. above the national average (FY2025 target) ②-3. Conduct efforts to establish exercise habits at the Group level (FY2025)	
①② Proceeded with the selection of new outside directors so that they can be appointed at the General Shareholders Meeting to be held in June 2022, and designed a system to introduce a new remuneration system linked to the Medium-Term Management Plan (financial and non-financial targets) ③ Considered introducing measures to objectively evaluate the effectiveness of the Board of Directors from a third-party perspective	① Increase the ratio of executives who are female and/or foreign nationals to 10% (FY2025 target) ②-1. Increase the number of independent outside directors to a majority of the Board of Directors (FY2025 target) ②-2. Introduce a remuneration system linked to the Medium-Term Management Plan (FY2025 target) ③ Undergo evaluation by an external institution once every three years (FY2025 target)	
• The Risk Management and BCM Committee, which meet quarterly, identified and evaluated the Group's risks, confirmed the status of countermeasures, and reported major risks to management • With management participation, conducted BCM training for earthquake response to verify disaster response effectiveness • Conducted fire-specific remote risk surveys at major production sites in Japan and overseas to confirm the status of fire risk response • Established the Fire Prevention Guidelines for clean rooms and disseminated them throughout the Group • Reviewed internal standards in line with government guidelines as a measure against COVID-19	• Strengthen the BCP system through continuous risk identification (FY2025 target)	
①-1. Percentage of purchases from suppliers with completed comprehensive supplier activity evaluations: **91.6%** ①-2. Manufacturing site survey ratio for tier 1 suppliers: **25.0%** ①-3. Prior agreement ratio for emergency response among key suppliers: **0%** ② Self-assessment pass rate for environmental management systems: **94.9%** ③ Percentage of purchases from suppliers with CSR procurement self-assessment rating of B or higher: **90.1%**	①-1. Percentage of purchases from suppliers with completed comprehensive supplier activity evaluations: **More than 90%** (FY2025 target) ①-2. Manufacturing site survey ratio for tier 1 suppliers: **100%** (FY2025 target) ①-3. Prior agreement ratio for emergency response among key suppliers: **100%** (FY2025 target) ② Self-assessment pass rate for environmental management systems: **100%** (FY2025 target) ③ Percentage of purchases from suppliers with CSR procurement self-assessment ratings of B or higher: **More than 90%** (FY2025 target)	
• Overall customer quality satisfaction score in FY2021: **±0%** • "Satisfactory" and "Somewhat satisfactory" response selection rate: **0.5% decrease** (Because the score for "Plant quality control" decreased due to less plant audits/tours by customers during the COVID-19 pandemic) • "Unsatisfactory" and "Somewhat unsatisfactory" response selection rate: **0.9% improvement** * All three items above are calculated relative to FY2020	• Customer quality satisfaction score: **+10%** (FY2025 target vs. FY2020)	

* Revised initial target from more than 470.0 billion yen to more than 600.0 billion yen

Striving to be a company preferred by stakeholders

Koji Yamamoto

Member of the Board, Senior Corporate Officer,
CAO and in charge of Promoting Sustainability

Sustainability at the ROHM Group

In our Company Mission, ROHM states that quality is our top priority, and that our objective is to supply products that contribute to the advancement and progress of culture. Our management is focused on creating shared value, or CSV, the practice of simultaneously solving social issues and enhancing corporate value. Quality as defined in this Company Mission refers not only to quality, cost, and delivery (QCD) of products and services, but the overall quality of our corporate operations—in other words, management quality. By promoting sustainability management with these qualities as our top priority, the ROHM Group aims to become an enterprise preferred by stakeholders that can grow in a sustainable way.

My responsibilities include sustainability promotion and supply chain management for the ROHM Group. Sustainability management cannot be achieved by a single organization on its own. If we take the example of climate change, one of the world's most pressing social issues, achieving carbon neutrality inevitably requires not only one company's actions to reduce greenhouse gases (GHGs) but also the actions of the entire supply chain (Scope 1, 2, and 3). Recently, we have seen greater and greater requirements every year from customers highly concerned about sustainability for initiatives at the supply chain level. Amid this environment, for the ROHM Group to become a major global player, it is important that we strive to see things as our customers and suppliers do as we strive for the sustainable development of society. In my responsibility for supply chain management, I will work closely with all stakeholders to sincerely address issues and work toward their resolution, thereby improving customer satisfaction and solving social issues, and ultimately achieving sustainable growth alongside society.

A Medium-Term Management Plan Targeting Non-Financials

In our Medium-Term Management Plan, which we launched in FY2021, ROHM has redefined the sustainability priority issues necessary for the sustainable growth of society and the ROHM Group, and has established specific achievement targets in each of the four areas of the environment, human capital, governance, and business continuity management (BCM).

For the environment, we have declared our support for the TCFD recommendations and disclosed information accordingly, and aim for a 50.5% reduction in greenhouse gas emissions (Scope 1 and 2 compared to FY2018). For our human capital initiatives, our goal is to achieve an employee engagement score above the industry average. Until FY2021, we conducted employee engagement surveys solely for ROHM Co., Ltd., but from FY2022, the survey has been conducted on a Group-wide basis as we seek to achieve our engagement targets. In governance, we have further increased the ratio of independent outside directors, making outside directors a majority of the Board of Directors as of FY2022.

To further promote activities to achieve all these goals, ROHM established Sustainability Month in October every year to raise awareness among ROHM Group employees, and provides e-learning programs on sustainability, holds lectures by experts, and presents the CSV Awards.

Reforming the Sustainability Promotion Structure

In promoting sustainability management, the ROHM Group has established the ROHM Group Sustainability Policy, which clarifies the responsibilities of each stakeholder, including ROHM employees. We have also established the ROHM Group Business Conduct Guidelines, which provide specific legal and ethical rules that employees must follow. Both of these will continue to evolve in response to dialogue with stakeholders and changes in international norms.

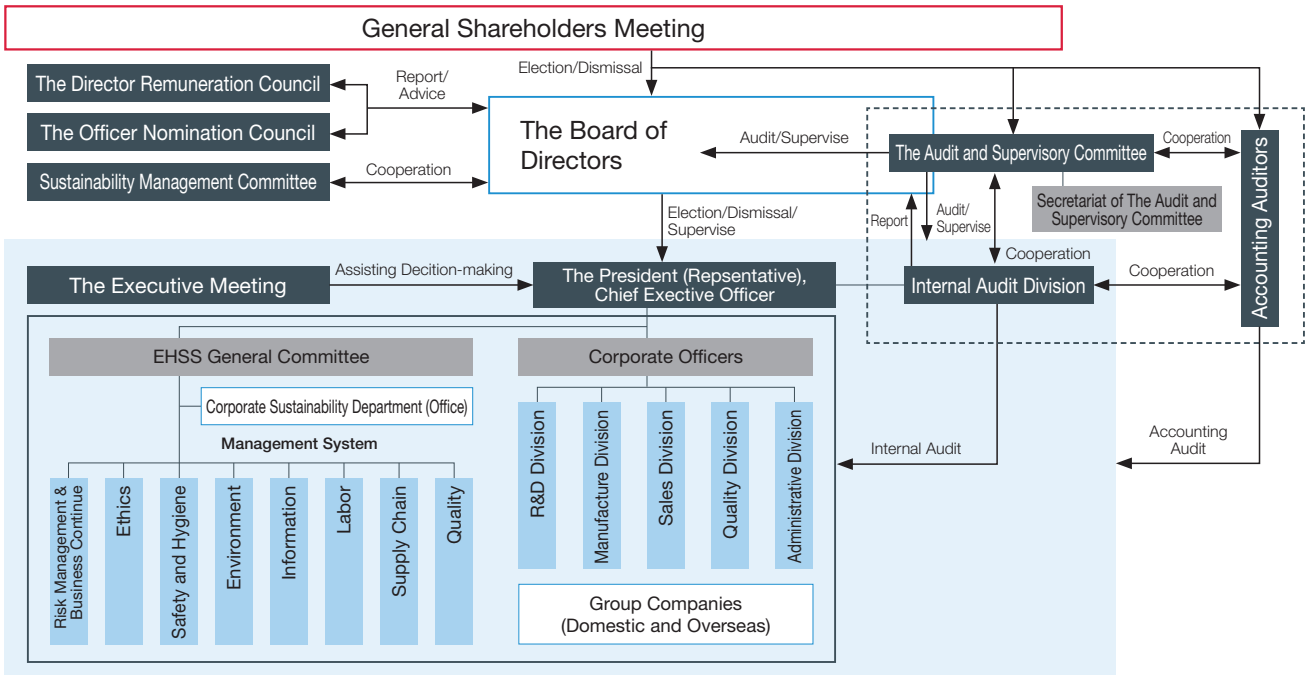
Additionally, in order to further promote sustainability management, we launched a new management system in April 2022 to strengthen our response to sustainability risks that cannot be fully covered by the existing structure and that affect the entire Group. In this new system, we clearly separate management and execution roles, and have established a new Sustainability Management Committee on the management side. This committee will work with the Board of Directors to identify and discuss management issues at the Group level and discuss high-level policies related to sustainability. Meanwhile, on the executive side we have established the EHSS General Committee, with eight management systems (committees) under its umbrella, covering all risk factors while implementing a PDCA cycle for improving sustainability issues. We will incorporate important issues discussed at the Sustainability Management Committee into meetings of the EHSS General Committee and each management system, and work toward achieving the long-term goals we have set.

Promoting Sustainability Management

In recent years, society's demands for sustainability issues, which include not only environmental and human rights issues but also enhanced disclosure of human capital, have been growing at unprecedented rates. Since April of 2022, we have been holding regular meetings of the aforementioned Sustainability Management Committee, and in July we invited an independent outside director to join the committee as a sustainability expert, encouraging more in-depth discussions and deliberations.

The ROHM Group will continue to actively invest in and promote initiatives that lead to sustainable management, thereby enhancing its intangible assets and building a solid foundation for growth. As a result, we will continue our work to create shared value that fulfills the management axis of creating social value and corporate growth. Furthermore, under the new sustainability management system established this fiscal year, the entire Group will achieve its non-financial targets and thereby resolve priority sustainability issues, aiming to become a company that continues to be preferred by stakeholders.

Corporate Governance System



Progress on the Medium-Term Management Plan “Moving Forward to 2025”

ROHM is currently implementing its five-year Medium-Term Management Plan, “Moving Forward to 2025”, which covers the period from FY2021 to FY2025. The management theme for the period up to FY2025 is to achieve growth in “automotive segments” and “market outside of Japan” and build a foundation for further growth, with the aim of becoming a major global player by 2030.

Overview of Management Policy

Management Vision
We focus on power and analog solutions and solve social problems by contributing to our customers’ needs for “energy savings” and “miniaturization” of their products

Vision for FY2025
Achieve growth in “automotive segments” and “market outside of Japan” and build a foundation for further growth

ROHM’s Strengths ▶ Integral technologies | IDM | Customer orientation | Wide range of products

Growth Strategy ▶

Grow	Evolve	Create
Significantly extend sales in core growth businesses	Achieve qualitative transformation including shift to higher value-added products and market outside of Japan	Plant new seeds for growth for FY2025 and beyond
Power Devices Automotive ICs	General-purpose devices Consumer ICs	GaN/power modules Self-driving support modules

Foundation Supporting Our Growth Strategy ▶
- Strengthen product development structures to create products that can compete in global market
- Sales and marketing structures to increase sales outside of Japan
- Manufacturing Reform

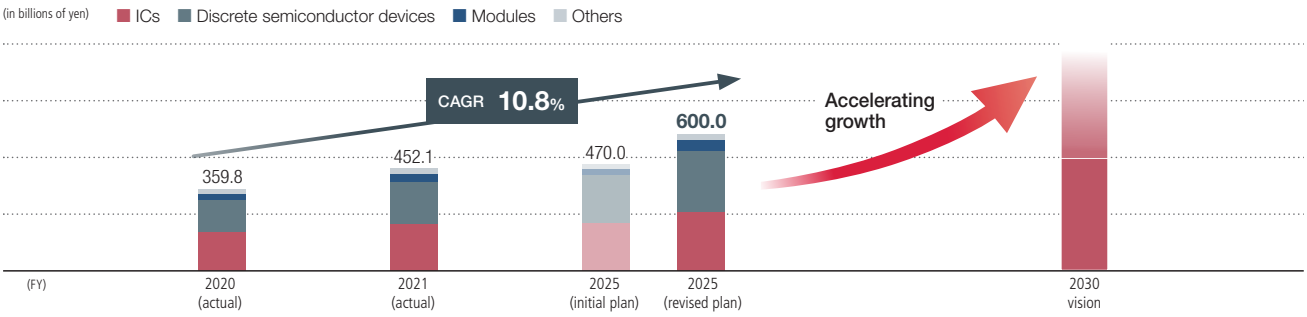
ESG Initiatives ▶ Contributing to key ESG issues

Capital Policy ▶ Efficient capital utilization

Positioning and Goals of the Medium-Term Management Plan

When the plan was originally formulated in 2020, we set a five-year sales target of at least 470 billion yen due to market instability caused by the COVID-19 pandemic. However, demand for semiconductors has been extremely strong since the second half of FY2021, and we have already achieved sales of over 450 billion yen. Since the market is expected to continue to boom, we have revised our sales target upward to more than 600 billion yen in FY2025, the final year of the plan.

Achieve growth in “automotive segments” and “market outside of Japan” and build a foundation for further growth ▶ Become a major global player



Financial Goals

	FY2020	FY2021	FY2025 plan (initial)	FY2025 plan (revised)
Net sales	¥359.8 billion	¥452.1 billion	¥470.0 billion or more	**¥600.0 billion or more**
Operating profit ratio	10.7%	15.8%	17% or higher	**20% or higher**
ROE	5.0%	8.3%	8% or higher	**9% or higher**

Non-financial Goals (Summary)

Environment (FY2030)
- GHG emissions: 50.5% reduction (vs. FY2018)
- Advancement toward 100% implementation of renewable energies in FY2050
- Zero waste emissions

Diversity and Employees
- Reach global female manager ratio of 15% or higher
- Reach employee engagement score above industry average

Customers
- Quality satisfaction score: 10% improvement (vs. FY2020)

Progress on the Growth Strategy

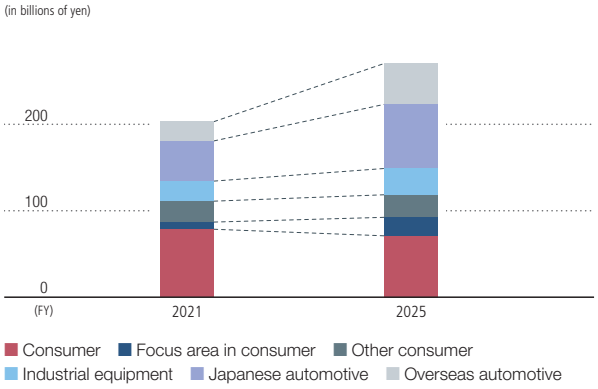
IC Business

▶ P.66

Leverage our strengths and strengthen our key areas

- Expand sales by enhancing ROHM's strengths in customer orientation, IDM, and integral technologies
- To further increase sales and profits, strengthen the automotive business, consumer electronics, PC, and server businesses in Japan and overseas

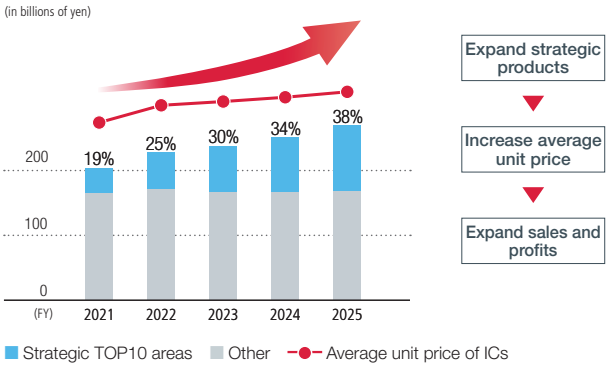
Sales plan by segment



Expand sales and profit by enhancing strategic products

- Enhance development and support in the strategic TOP 10 areas of ASSP products
- Expand the percentage of sales of the strategic TOP 10 areas and work to expand sales and profit by increasing the average unit price

Percentage of sales and average unit price in the strategic TOP 10 areas

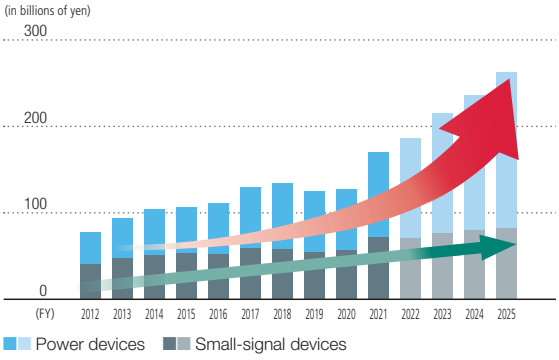


Discrete Semiconductor Devices Business

▶ P.68

Power/Small-Signal Devices

Power/Small-Signal Devices Sales



Power Device Business

Raise the top line and grow into a core business

Increase share	Global rank: 8 (2020) → 5 (2025) (4th place → 2nd place as a Japanese semiconductor manufacturer) *
Strengthen sales promotion	Strengthen solution proposals (+ gate drivers and shunt resistors)
Develop industry-leading performance	• 7th generation low withstand-voltage MOSFETs • 4th generation IGBTs

*Researched by ROHM

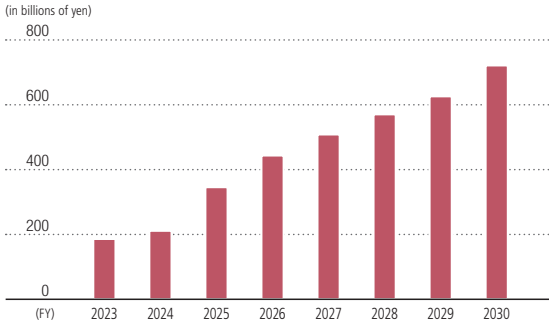
Small-Signal Device Business

Maintain the top share to remain a cash cow business

Stable supply	• Review inventory design • Level production
Improve service	• Introduce flexible lines • Low volume/High mix/Low TAT
Lower costs	• Increase the number of high-efficiency production lines • Introduce labor-saving lines

SiC

SiC Projected Market Size



*ROHM's estimation

Strengthen competitiveness to enhance sales of the SiC business

Industry-leading low ON-resistance technology (SiC MOSFET)

- The 4th generation, which has started production, has the world's best low ON resistance
- Accelerate development to have the 5th generation in 2025 and the 6th generation in 2028

Increase production efficiency by increasing the diameter of wafer materials

- Build a mass production system for 8-inch substrates in 2023 and aim to increase production efficiency

Targets

	FY2025
Sales (Single year)	**100 billion yen or more**
Production capacity (Single year)	**At least 6x** (compared to FY2021)
Investment (Cumulative)	**120 billion yen - 170 billion yen** (FY2021-FY2025)

Financial Strategy

We aim to achieve sustained growth by simultaneously investing aggressively in growth and improving capital efficiency.

Kazuhide Ino
Member of the Board, Managing Executive Officer, CSO and Director of Accounting & Finance Headquarters

Looking Back on the First Year of the Medium-Term Management Plan

In FY2021, the first year of Moving Forward to 2025, our Medium-Term Management Plan, sales and profits both increased significantly year-on-year. This was due to further progress in reaping the benefits of products for automotive and industrial equipment based on power and analog technologies, on which we have focused, and the synergy effect of measures to increase overseas sales and strong market growth. The percentage of automotive and industrial equipment sales exceeded the target of 50%, reaching 51.9%, and the percentage of overseas sales grew 1.8 percentage points from the previous year to 40.1%.

We expect the available market for our semiconductors and electronic components to continue to grow at an annual rate of 6% or more in the current fiscal year and beyond. This is due to strong inquiries for power supplies for the automotive and industrial equipment markets and power devices for xEVs, and have revised upward the sales and profit targets in our Medium-Term Management Plan.

Investments for Growth and Financial Strategy

Under our Medium-Term Management Plan, we plan to allocate 500 billion yen for investment in growth over a five-year period, based on the belief that business growth through aggressive investment will enhance shareholder value and provide value to society. Demand for components covered by ROHM is expected to grow over the medium to long term, due to such factors as the rapid progress of electrification of automobiles. Based on this recognition of the environment, we believe that responding to robust demand for components will be the key to improving our corporate value over the medium to long term, although steady capital investment in growth areas, particularly power devices and analog ICs, will result in a temporary increase in cash outflows.

We will continue to consider M&A opportunities to strengthen ourselves as an IDM which is one of our strengths, and to expand our business in areas that complement our power and analog areas.

We will basically use operating cash flow to fund investments necessary for business growth, while considering the possibility of raising funds from the financial and capital markets for M&As and other large-scale projects.

Financial Position

	FY2019	FY2020	FY2021
Total assets (millions of yen)	848,873	926,240	**1,029,132**
Shareholder's equity (millions of yen)	714,990	768,972	**839,817**
Cash and deposits + Securities (millions of yen)	315,723	319,430	**342,400**
Equity ratio (%)	84.2	83.0	**81.6**
Dividend per share (yen)	150	150	**185**
Payout ratio (%)	60.6	39.9	**27.2**
ROE (%)	3.5	5.0	**8.3**

Increasing Profitability and Capital Efficiency

The target ROE for FY2025, the final year of the Medium-Term Management Plan, is 9% or more, an increase of 1 percentage point from the initial target, and we will work to further improve profitability and capital efficiency.

To improve profitability, we are working to improve the product mix, increase development efficiency, and reduce costs. We are working to increase the percentage of sales of high value-added products, and by setting and managing sales and profitability targets for each product group over the medium term, we are improving our overall profitability structure. In product development, in addition to managing the development period for each product, we monitor the projected future sales of new products per development cost as a KPI to improve development efficiency and allocate development resources toward growth.

In our efforts to improve capital efficiency, we adopted performance management based on return on invested capital (ROIC) by business segment starting in 2021. By monitoring medium-term business plans centered on ROIC by business, we will manage capital invested and profitability of each business and reflect them in medium-term business portfolio management.

Shareholder Returns

Our policy is to actively return profits to shareholders, aiming for a consolidated dividend payout ratio of 30% or more, and consider additional return measures as circumstances warrant. While securing funds for continuous reinvestment to maximize our contribution to society, over the medium term we will increase capital efficiency by setting the level of cash on hand at approximately 50% of sales. On this basis, we will strive to increase corporate value by distributing profits that meet investors' expectations.

Lastly, we believe that dialogue with our stakeholders is extremely important from the perspective of improving the quality of our management based on their opinions, as well as their understanding of our initiatives. We value opportunities for dialogue with our stakeholders, and based on our understanding of the expectations and demands of society, we will continually evolve ourselves while adapting to changes in the market environment, create our own unique value through our business activities, and contribute to the realization of a sustainable society.

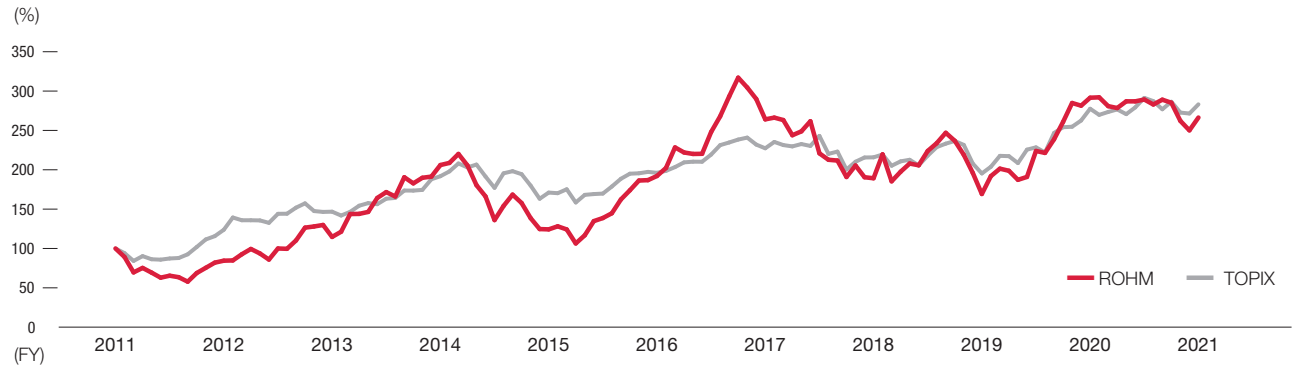
Investment for growth of 500 billion yen (cumulative over 5 years)

- Development of next-generation SiC devices
- Power Devices (New SiC Building 8-inch production line, Enhancement of Si-MOS and IGBT Production Lines)
- ICs (12-inch Bi-CDMOS production line, enhancement of the isolated gate driver production line)
- Establishment of a Manufacturing R&D Center on the premises of the head office
- M&A and capital tie-ups to expand business and acquire technologies

Shareholder returns

- Dividend payout ratio on a consolidated basis: 30%+
- Timely share buybacks to improve capital efficiency

TSR (10 years, dividends included)



	1 year	3 years		5 years		10 years	
		Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
ROHM	-9.6%	+46.0%	+13.4%	+41.3%	+7.2%	+166.5%	+10.3%
TOPIX	+2.0%	+31.2%	+9.5%	+44.3%	+7.6%	+183.3%	+11.0%

*Total shareholder return (TSR): Total rate of return on investment that combines capital gains with dividends
* TSR for ROHM is calculated based on cumulative dividends and stock price fluctuations. TSR for TOPIX is calculated with a stock price index including dividends. (Created by ROHM using Bloomberg data and other sources.)
* TSR values in the graph are indexed to market prices as of March 31, 2012 as 100 (assuming the stock was held until March 31, 2022).

Contributing to Technical Innovation in Automobiles

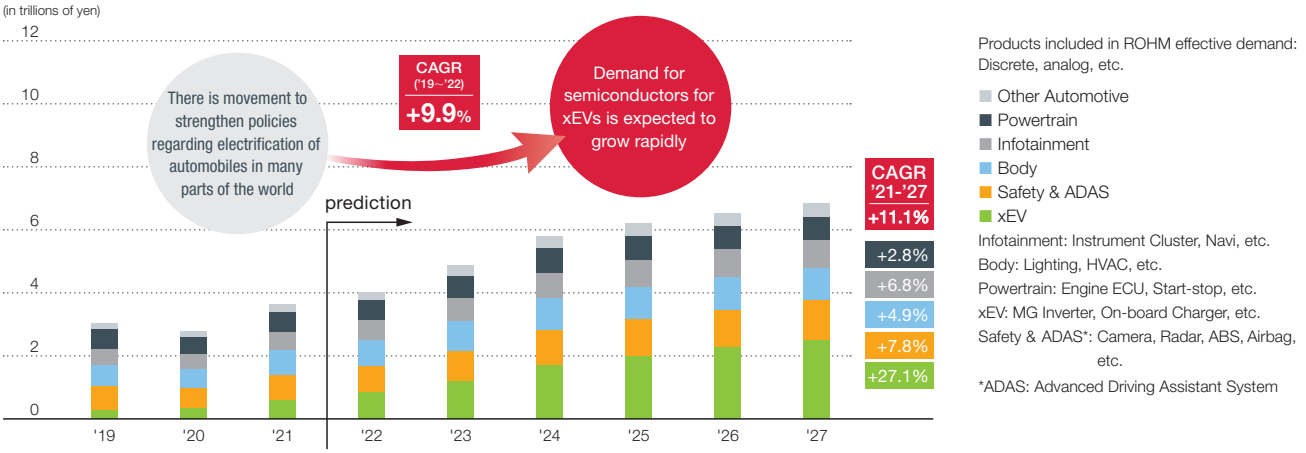
Material issues

- Evolution of technologies to contribute to the advancement and progress of culture
- Stable supply of high-quality products
- Sustainable technological enhancement, and development and supply of innovative products
- Mitigate climate change

ROHM Responds to the Expanding Market for In-Vehicle Semiconductors

Amid the global trend toward carbon neutrality, the spread of various types of vehicles powered by electricity (xEVs) is accelerating in place of internal combustion engine vehicles (ICEs). As a result, demand for in-vehicle semiconductors is growing steadily and is expected to double by 2027 compared to 2021 (see figure below). ROHM provides a wide range of products, including power management ICs optimized for each Engine Control Unit (ECU), analog semiconductors for driving various motors, display panels, and other electrical components, and power semiconductors necessary for supplying electricity. We are proud to be an industry leader in silicon carbide (SiC) power semiconductors, which are particularly energy-efficient, and contribute to solving environmental issues.

Demand for in-vehicle semiconductors (Effective demand for ROHM)



Source: ROHM (May 2022)

Products included in ROHM effective demand: Discrete, analog, etc.

- Other Automotive
- Powertrain
- Infotainment
- Body
- Safety & ADAS
- xEV

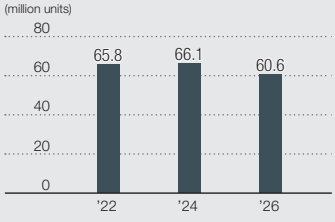
Infotainment: Instrument Cluster, Navi, etc.
Body: Lighting, HVAC, etc.
Powertrain: Engine ECU, Start-stop, etc.
xEV: MG Inverter, On-board Charger, etc.
Safety & ADAS*: Camera, Radar, ABS, Airbag, etc.
*ADAS: Advanced Driving Assistant System

Comparison of demand for ROHM products in ICE vehicles and xEV

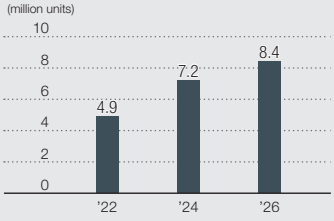
Value of ROHM semiconductors installed per automobile

ICE	Full Hybrid	Battery EV + Plug-in Hybrid
Approx. $270/unit	Approx. $560/unit	Approx. $700/unit

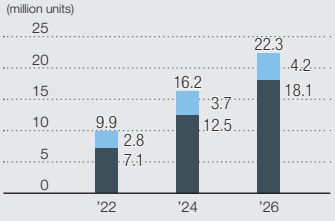
Forecast of number of ICE vehicles



Forecast of number of FHEVs



Forecast of number of BEVs and PHEVs



Source: ROHM Note: 1 USD = 110 JPY

ROHM's products for in-vehicle use

for Powertrain/xEV

FY2021 Composition of net sales **27%**

External environment

- **Popularization of xEVs**
- **Needs for shortening of charging time, and reduction of size and lightening of vehicles**

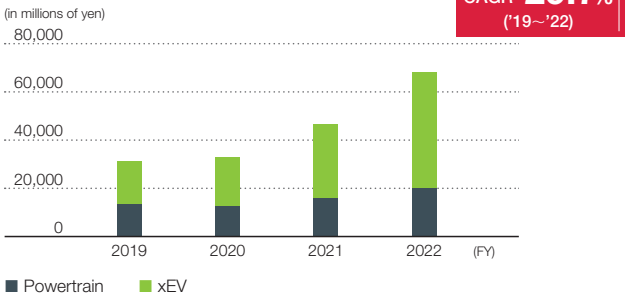
Product lines that are being adopted

- Power solutions for xEVs
- IGBTs for igniters

ROHM is a pioneer in SiC power semiconductors for powertrains, which are driving progress in xEV efficiency, energy conservation, and reductions in size. ROHM is also pursuing both efficiency and cost reductions. ROHM provides complete support with all the ICs and peripheral components that drive SiC power devices. SiC power semiconductors are driving the construction of the next-generation mobile society thanks to their performance that far exceeds that of conventional Si semiconductors (see p.33 for details).

Net Sales

CAGR **29.7%** ('19–'22)



for Driving Safety ADAS

FY2021 Composition of net sales **8%**

External environment

- **Safety features**
- **Autonomous driving**

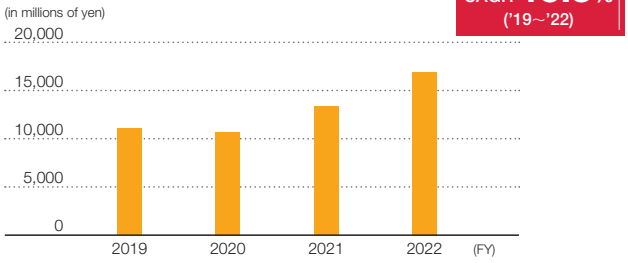
Product lines that are being adopted

- Power supply ICs for cameras
- Power supply ICs for millimeter-wave radar
- Signal-processing ICs for sonar

In the pursuit of safety while driving, automakers are focusing on sensing to accurately capture the surrounding conditions at all times, and before anything happens, an approach that mainly uses cameras, sonar sensors, radar, and LiDAR. ROHM recognizes these needs and offers a variety of products that contribute to sensing for Advanced Driver Assistance Systems (ADAS).

Net Sales

CAGR **15.3%** ('19–'22)



for Body

FY2021 Composition of net sales **22%**

External environment

- **Conversion of headlamps to LED**
- **Needs for energy savings**

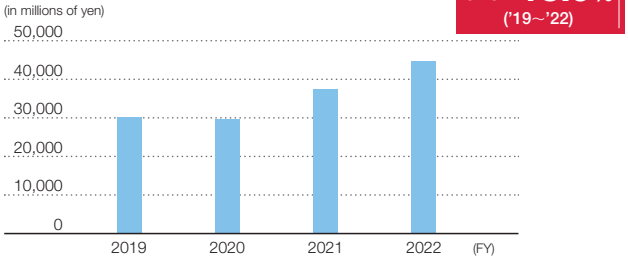
Product lines that are being adopted

- Multi-function LED driver ICs
- Communication ICs

ROHM offers a wide range of products related to LEDs for automotive use that are energy-saving and designed to have good functions. For example, LED drivers that can control headlights to keep light out of the eyes of the driver of the car ahead or oncoming traffic are one example. We were also among the first to commercialize turquoise blue LED elements that indicate the start and end of autonomous driving, and are promoting the international standardization of this color.

Net Sales

CAGR **13.9%** ('19–'22)



for Infotainment

FY2021 Composition of net sales **32%**

External environment

- **Increased functional safety**
- **Needs for better functions**

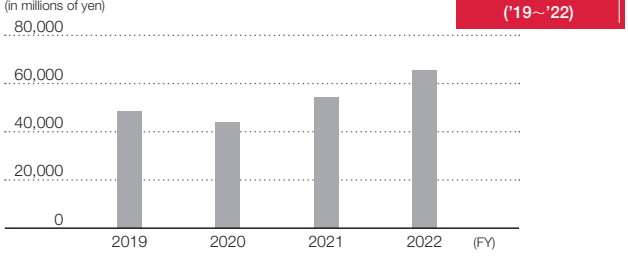
Product lines that are being adopted

- Chipsets for LCD panels
- In-vehicle reference power supply ICs

Panels for clusters are increasing in number and size in proportion to the amount of information handled by automobiles. ROHM provides dedicated ICs for improving image display accuracy and for power management. Also, for functional safety, ROHM products detect abnormalities in input signals for LCD displays and related devices, and contributing to preventing accidents by displaying appropriate messages.

Net Sales

CAGR **10.6%** ('19–'22)



Note: In FY2021 Other accounted for 11% of sales

Initiatives for Automotive Safety

As the development of autonomous vehicles and vehicles equipped with ADAS progresses, the level of safety performance that affects human lives is being upgraded, and the safety and reliability of electronic circuits is becoming even more important.

ROHM has “Quality is our top priority at all times” in its Company Mission and conducts business accordingly. We have established development and production systems that comply with various quality and safety standards so we can work with our customers to improve the safety of their products. In the area of automotive products, we have built a dedicated line for in-vehicle products and have been developing products that comply with the IATF 16949 quality management system and the AEC-Q100, 101, and 200 reliability standards for electronic components. In March 2018, we received development process certification for the ISO 26262 functional safety standard from TÜV Rheinland, a third-party certification body headquartered in Germany, and we are actively working to improve automotive safety as demands for the functional safety of semiconductors continue to increase.

The ISO 26262 Certificate

Why ROHM

Focus on ASSP development that solves potential customer problems and wins the trust of customers around the world

Masaaki Nakayama
Group Leader
Power Management LSI Development Dept. PMEG
Power Management LSI Div.
LSI Business Unit

Rapid growth in consumer electronics and then into the automotive market

In the 1990s, ROHM supplied custom ICs to Japanese manufacturers in the consumer electronics market, mainly for AV equipment. That time was the peak for that industry, and ROHM grew together with its customers, who were gaining momentum. But with the rise of overseas manufacturers in the early 2000s, ROHM was forced to develop new markets and entered the automotive market. However, the quality requirements for automotive applications were extremely high, so ROHM first entered the market with ICs for in-vehicle AV equipment, taking advantage of its strengths in the consumer market, and then launched products for body and powertrain applications while improving quality.

Strengthening ASSPs to achieve the specifications demanded by customers

Going forward, the product category that we will further strengthen in-vehicle use is called Application Specific Standard Product (ASSP), which is a general-purpose IC targeting a specific application. Unlike custom ICs, ASSPs are products that are preloaded with functions to be supported on the premise that they will be sold to multiple customers. To make sure they are not over-specification, we pursue just the right performance and select functions to create a well-balanced product. To realize these goals, it is important to be imaginative about future issues and propose solutions to potential problems. We believe that we can develop products that can compete in overseas markets by combining the integral technologies we have cultivated through custom development, visiting customers and listening to their concerns in a customer-oriented manner, and future-oriented planning and proposals.

Our mission as Product Marketing Engineers (PME) is to have ROHM become a semiconductor manufacturer that is recognized and relied upon by its direct customers and end users of its products through the development of ASSPs, and to become a company that can contribute to solving social issues.

SiC Power Semiconductor Initiatives

What is SiC?

Silicon carbide (SiC) is a compound of silicon (Si) and carbon (C). When used as a material for power semiconductors, it can reduce power loss more than those made of Si, so from early on SiC has been expected to replace Si.

SiC power semiconductors (SiC MOSFETs) can dramatically reduce the power loss, that always occurs in power semiconductors, compared to IGBTs,* which are Si power semiconductors. The reduction is 70 to 90% in switching loss and 50 to 80% in conduction loss. For example, these characteristics enable SiC MOSFETs, when used in traction inverters in xEVs, to extend the cruising distance compared to IGBTs for the same battery size, and to reduce battery size for the same cruising distance.

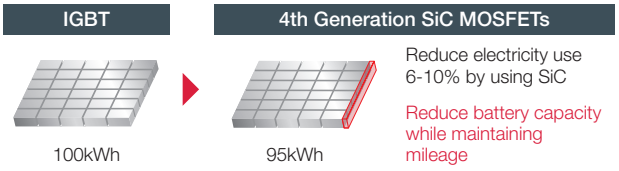
* IGBT: Insulated Gate Bipolar Transistor

SiC Power Semiconductors to Solve Environmental Issues

Since mass producing the world's first SiC MOSFET and Japan's first SiC Schottky barrier diode in 2010, ROHM has played a role in improving the energy efficiency of xEVs. In 2020, the 4th generation SiC MOSFET, which reduced ON-resistance by approximately 40% compared to the previous generation, was completed and shipped. The 5th generation SiC MOSFET is also under development to further improve the characteristics of SiC MOSFETs.

ROHM will continue to contribute to solving global environmental issues by strengthening its SiC product lineup and promoting innovation in xEV technology.

Improved electricity use improvement and user benefits

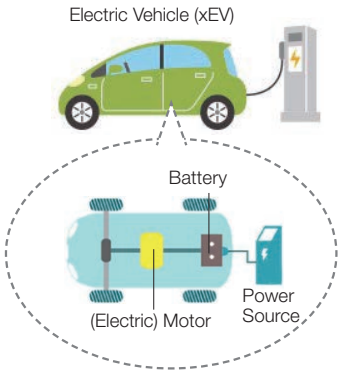


Device used	Electricity use	Cost of electricity per km	Per 10,000 km	With a 100 kWh battery
ROHM's SiC (4th generation)	7.11km/kWh	¥3.52/km	¥35,200	¥945,000
IGBT	6.72km/kWh	¥3.72/km	¥37,200	¥1,000,000

*Calculated assuming electricity cost is 25 yen/kWh and battery is 1,000,000/100kwh

Efforts to Reduce CO_2 Emissions at Production Sites

Amid calls for a decarbonized society, ROHM actively promotes the introduction of renewable energy with the aim of achieving zero CO_2 emissions



ROHM

All major front-end processes for SiC are produced with renewable energy

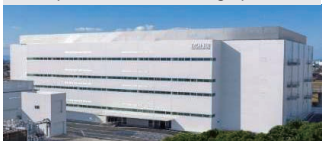
SiC wafer manufacturing process

SiCrystal GmbH

Plant using 100% renewable energy from FY2021

SiC wafer process

Newly established within ROHM Apollo Co., Ltd. Chikugo plant



New plant using 100% renewable energy, to launch operations in FY2022

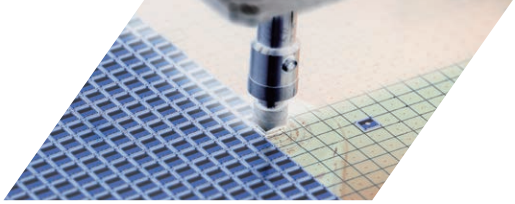
*ROHM Apollo has implemented renewable energy since FY2019

SEMIKRON and ROHM collaborate again on SiC power devices

ROHM has been cooperating with SEMIKRON of Germany for more than 10 years in the development of SiC-based power modules. The new collaboration has started with the adoption of ROHM's 4th generation SiC MOSFETs in the company's eMPack® power modules for automotive applications. SEMIKRON has signed a €1 billion contract to supply eMPack® to a major German automaker starting in 2025, and the two companies will also cooperate in promoting its use to other manufacturers. By combining ROHM's SiC product and control technologies with SEMIKRON's module technologies, the two companies will continue to provide optimal power solutions that meet market needs and contribute to technological innovation in automobiles.

At the partnership ceremony

Technology



The industries surrounding ROHM are undergoing rapid technological innovation, including the development of AI and IoT, the spread of 5G, and the electrification and automation of automobiles. In particular, growing awareness of climate change and environmental issues has accelerated the trend toward automobile electrification, leading to increased needs for energy savings and miniaturization in devices used in this field. ROHM sees these technological innovations as opportunities for growth, and is committed to achieving both its own growth and the sustainable growth of society.

Material issues

Evolution of technologies to contribute to the advancement and progress of culture

- Develop new, high value-added products that contribute to energy saving and miniaturization
- Strengthen development structures creating products that can compete globally: Assigning PMEs
- Customer-oriented solution proposals using comprehensive capabilities from passive components to power devices and ICs

Stable supply of high-quality products

- Strengthen production systems through integrated device manufacturer (IDM) activities
- Improve productivity by introducing flexible lines
- Implement rigorous quality control and employee quality training

	FY2021 results	KPI
Evolution of technologies to contribute to the advancement and progress of culture	• Net sales: 452.1 billion yen • New product sales ratio: 27.8% • IC strategy top 10 products sales ratio: 19% • Percentage of sales to customers outside Japan: 40.2% • SiC sales: 15.0 billion yen, 14% market share (based on 2020 ROHM data)	• Achieve net sales of more than 600.0 billion yen as the total amount of social contribution (FY2025 target) • Increase sales ratio of new products (contributing to energy saving and miniaturization) • IC strategy top 10 products sales ratio: 38% (FY2025 target) • Percentage of sales to customers outside Japan: More than 50% (FY2025 target) • SiC sales: More than 100.0 billion yen, 30% market share (target from FY2025 onward)
Stable supply of high-quality products	• Capital expenditures for quality improvement: 1.9 billion yen • Capital expenditures for increasing production capacity: 45.2 billion yen • Started mass production through flexible lines and deploying to overseas manufacturing sites • Overall customer quality satisfaction score in FY2021: ±0%	• Investments for growth over five years: 500.0 billion yen (FY2025 target) • Flexible lines: Doubled over five years (FY2025 target) • Customer quality satisfaction score: +10% (FY2025 target vs. FY2020)

Research and Development System

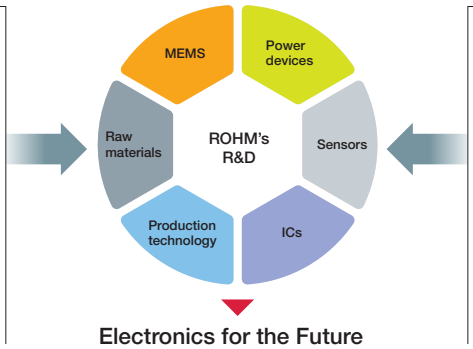
The R&D Center at the head office conducts research to solve technological issues and advance existing products mainly in the areas of communications, mobility, and power. In addition, as part of our open innovation efforts, we are building stronger partnerships with external research institutions through joint research with domestic and overseas universities, as well as through our open research solicitation system. In addition to key areas for ROHM, such as automotive and industrial equipment, we will continue to capture technology trends in new areas and exert our influence on innovation in targeted areas.

Technical issues aligned with social issues

Communications
6G and other ultra-high speed communications

Mobility
Fully autonomous driving, drone transportation, etc.

DX
AI applications
Energy-saving and high-efficiency power supply systems



Interactions with external knowledge

Proactive publication/symposium presentation
IEEE* societies, The Japan Society of Applied Physics, etc.

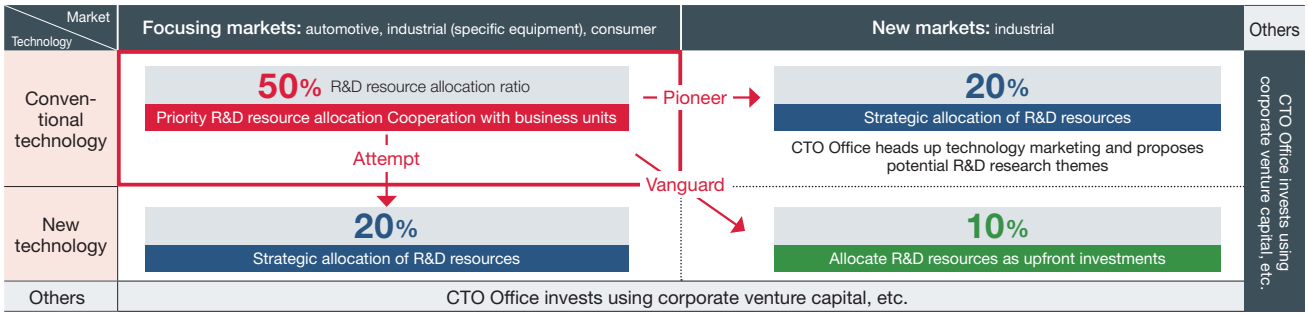
Research solicitation
Open solicitation of joint research mainly for young researchers belonging to universities, technical colleges, and public research institutions

* IEEE: Institute of Electrical and Electronics Engineers, the world's largest academic research organization and technical standardization body in the field of electrical and information engineering, headquartered in the United States.

R&D Strategy for Expansion of Existing Products and Technology Portfolio

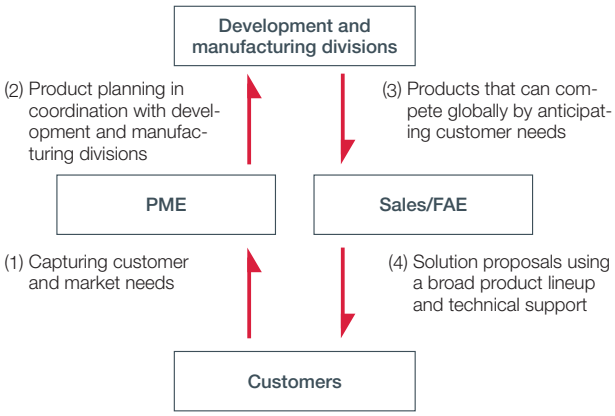
ROHM is pursuing R&D over a long timeline, from deepening and supporting current businesses to 20 years in the future. We have created a matrix of existing and new technologies, as well as key and new markets, and are prioritizing allocation of resources to themes that will lead to sales expansion in about five years. Simultaneously, we are allocating a certain amount of resources to new areas that are expected to emerge in order to strengthen our R&D capabilities to enable sustainable growth over the long term. The CTO Office is the core driver in providing R&D theme input to our R&D Division. For areas that are difficult to cover internally, we will promote R&D by utilizing corporate venture capital (CVC), where we have a budget of 5 billion yen over 10 years.

ROHM's R&D System and Resource Allocation



Proposing Products Anticipating Customer Needs

In areas with notable growth, such as electric vehicles (xEVs), our strategy is to develop, in advance, application specific standard products (ASSPs) equipped with the functions required by markets. It is important to determine how best to incorporate functions based on market needs, and our product marketing engineers (PME) investigate the performance and functions required by markets worldwide and refine product planning accordingly. Field Application Engineers (FAEs), who are well-versed in customers' development trends and other technical information, are responsible for proposing optimal solutions sought by customers and providing them with detailed technical support. With this dual structure of PMEs and FAEs, we are strengthening our ability to propose solutions on a global basis.



Achieving Traceability through Integrated Device Manufacturer (IDM) Activities

ROHM has established an integrated production system in which all processes from raw material processing to packaging are performed internally. To ensure high quality, our device and product development unit secures design quality and develops products for harsh usage conditions, while in our production system development unit we develop assembly and fabrication equipment in-house with the objective of creating quality with equipment. For its products, ROHM is capable of tracing back to the 4Ms (Man, Machine, Material, and Method) for all processes using production data (production date/lot data) obtainable from the actual items.

Improving Productivity by Introducing Flexible Lines

In April 2021, with the goal of labor saving and high-mix low-volume production, we launched operations of flexible lines— automating assembly processes through an integration of technologies cultivated by ROHM. Based on failure mode and effects analysis (FMEA), we have successfully improved product quality by improving capabilities in fabrication itself. Not only that, but by automating production instructions, material and product transport and supply, tool replacement, and record keeping, we have achieved labor savings doubling our previous level of labor productivity. In addition, by implementing process design as early as the planning stage, lead times have been reduced to a tenth of their previous levels.

These activities have resulted in lines capable of high-quality, high-mix, and low-volume production. Looking ahead, we plan to roll this technology out to mass production lines, with development to begin in 2023 and deployment to mass production lines at our overseas plants to occur in FY2025. We will strive to further stabilize supply and strengthen our BCM system through rigorous quality improvement, automation, and labor saving.

Environmental Initiatives

ROHM has formulated the Environmental Vision 2050 for the realization of a sustainable society. We are strengthening our efforts to address environmental issues based on the vision's three pillars of climate change, resource recycling, and coexistence with nature.

Environmental Management https://csr.rohm.com/environment/

Material issues

Mitigate climate change
- Reduce GHG emissions
- Reduce energy consumption
- Promote introduction of renewable energy

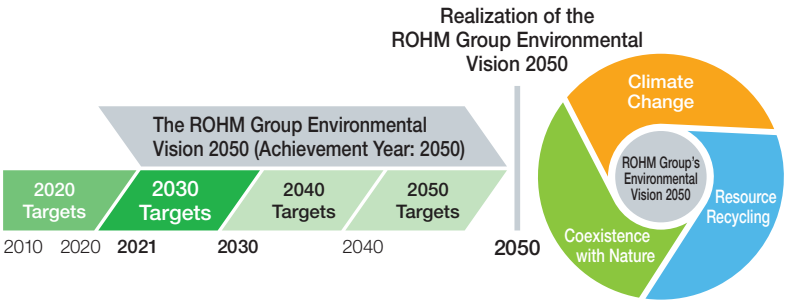
Efficient use of resources
- Reduce water resources used
- Reduce waste volume

Sustainable technological enhancement, and development and supply of innovative products
- Contribute through development and supply of energy-saving products to the market
- Contribute through development and supply of miniaturized products
- Contribute through development and supply of products that pursue functional safety

	FY2021 results	KPI
Mitigate climate change	• Reduced GHG emissions by 6.2% vs. FY2018 levels (2% reduction vs. forecast based on FY2021 production volume) • Reduced GHG emissions per unit by 17.2% vs. FY2018 levels (17.6% reduction vs. FY2020 levels) • 6% introduction of renewable energy completed	• Reduce GHG emissions by 50.5% vs. FY2018 levels (FY2030 target) • Reduce emissions per unit by 45% vs. 2018 levels (FY2030 target) • Promote the shift to renewable energy with the goal of 100% implemented (FY2050 target)
Efficient use of resources	• Increased water recovery and reuse rate by 1.06% vs. FY2019 levels (0.84% increase vs. FY2020 levels) • Recycling rate of 97.9% for consolidated companies worldwide	• Increase water recovery and reuse rate by 5.5% vs. FY2019 levels (FY2030 target) • Zero recycling emissions for consolidated companies worldwide (FY2030 target)

The ROHM Group Environmental Vision 2050

Human economic activities are having a negative impact on the Earth, and problems such as climate change, resource depletion, and loss of biodiversity are becoming increasingly serious. In 2021, we presented the ROHM Group Environmental Vision 2050 to demonstrate our commitment to leave the global environment in a better state for future generations. In this vision, we have identified climate change, resource recycling, and coexistence with nature as the three important themes to address, and we also formulated targets for 2030 as an intermediate step as we work to resolve environmental issues toward achieving our 2050 targets.



Climate Change Net Zero CO_2 Emissions	We consider climate change countermeasures to be an important indicator of the effectiveness of sustainability, and aim to achieve net zero CO_2 emissions in all business activities by 2050.
Resource Recycling Zero Emissions	Through business activities from development to procurement, production and sales, we will work to maximize resource recycling to eliminate the waste of limited resources.
Coexistence with Nature Harmonizing Business Activities with Natural Cycles	We value the blessings of nature created by Earth's biodiversity, and hope to pass them on to future generation in a better state.

Initiatives for Achieving 2030 Medium-Term Environmental Targets

We are taking action to achieve targets such as the following four for 2030.

Reducing greenhouse gas (GHG) emissions by 50.5% (vs. FY2018)

We have raised our GHG emissions (Scope 1 and 2) reduction target from the original 30% level (vs. FY2018) to 50.5%, and obtained SBT certification (for the 1.5°C scenario). In September 2021, we declared our support for the TCFD, and now make disclosures accordingly (see p. 38). Looking ahead, we will continue our efforts to manage the risks identified in the TCFD framework.

Advancing toward 100% implementation of renewable energy by FY2025

Specific plans for the introduction of renewable energy through FY2030 have been formulated, and we are executing these plans in phases. In FY2021, we made progress in introducing renewable energy at Germany-based SiCrystal, ROHM Apollo in Fukuoka, our Kyoto Head Office, and the Shin-Yokohama site, bringing the ratio of renewable energy to total energy to 6%. In FY2022, we are aiming for 100% renewable energy use at our Thailand plant, a major manufacturing site, seeking to raise our overall ratio to 19%. We have also joined RE100 by setting a time-limited target for transitioning to 100% renewable energy with a target year of FY2050 and an intermediate target of 65% renewable energy by FY2030.

Zero waste emissions

We are promoting the recycling and resource recovery of waste, aiming to achieve zero waste emissions (waste recycling rate of 99% or more) by 2030.

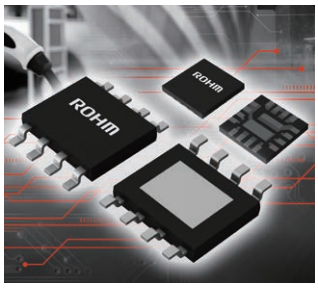
Increasing water recovery and reuse rate by 5.5% or more versus FY2019 levels

We conducted drought risk assessments at all 24 ROHM sites and are taking actions to increase the water recovery and reuse rate at each of our manufacturing sites.

	FY2021 results	KPI
Sustainable technological enhancement, and development and supply of innovative products	Net sales: 452.1 billion yen	• Achieve net sales of more than ¥600 billion as the total amount of social contribution* (FY2025 target) * Revised initial target from more than 470.0 billion yen to more than 600.0 billion yen

Developing Products that Contribute to Customer Energy Saving and Miniaturization

Power and analog semiconductors, ROHM's mainstay products, play a major role in improving the efficiency of motors and power supplies, which are said to account for most of the world's electricity consumption. The improved performance of those semiconductors also leads to reductions in peripheral components such as batteries and cooling equipment. By matching their respective characteristics and specifications and providing optimized products and solutions, ROHM contributes to energy savings and system miniaturization and weight reduction.



Challenges for the Future

Targeting effective resource utilization in collaboration with society

At ROHM, the Environmental Management Division provides a management role for reducing the environmental impact of corporate activities and promotes recycling-oriented management. In all of our activities, including design, procurement, manufacturing, disposal, sales, and distribution, we are taking initiatives to build a Group-wide system for the effective use, including recycling, of materials, energy, waste, water, and other resources.

With the goal of achieving zero waste emissions in FY2030, we are using more precise situation analysis to identify and take countermeasures against issues, seeking to establish a cycle in which waste that we have not yet been able to recycle is utilized as a resource. Furthermore, we are working to acquire new recycling technologies. In addition to targeting reduced water usage through water conservation, including in production processes, and an improved water recovery and reuse rate, we are also recruiting experts to examine water recovery and reuse at each site for any issues or any areas that may have been overlooked.

With the recent demand for a shift to a circular economy in which consumed products are recycled as resources, it will no doubt become necessary to set new, specific goals and initiatives. Promoting the effective use of resources is not something ROHM can achieve alone; it requires collaboration with society. We are currently participating in a platform consortium with participation from several companies, exchanging information and opinions which we hope will lead to new initiatives.

Yuka Nakata
Division Manager
Corporate Sustainability Division

Climate Change-related Disclosure in Accordance with the TCFD Recommendations

ROHM endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (hereinafter referred to as TCFD) in September 2021. In order to achieve the goals of the ROHM Group Environmental Vision 2050, ROHM will promote efforts to reduce its environmental impact and focus on more transparent information disclosure, including the resilience of its strategies based on climate-related scenario analysis.

Disclosure Based on the TCFD Framework https://csr.rohm.com/environment/climate_change_measures.html#anc-01

Governance

In April 2021, we established the ROHM Group Environmental Vision 2050 to fulfill our corporate social responsibility for global environmental issues. In addition, the Medium-Term Management Plan Moving Forward to 2025 announced in May 2021 identifies “addressing climate change” as one of the material issues that ROHM should address.

ROHM has established a system in which the President and Representative Director has the highest responsibility and authority for climate change issues, and the EHSS General Committee*, chaired by the director in charge of sustainability appointed by the President and Representative Director, deliberates and makes decisions with regard to addressing climate change issues. Under the EHSS, eight management systems have been established, one of which is the Environmental Conservation Committee, chaired by a business unit manager and which is in charge of environmental management systems and proactively addressing climate change. The committee formulates our 2030 medium-term environmental targets and deliberates on the progress of environmental management toward achieving these targets, as well as issues related to measures to address climate change, including the introduction of renewable energy. Directors who are members of the Audit and Supervisory Committee attend the EHSS General Committee and the monthly meetings of the Environmental Conservation Committee to continuously monitor and verify the execution status of overall environmental management, led by the President and Representative Director.

In addition, in order to further promote value sharing with our shareholders, we have adopted greenhouse gas (GHG) emissions as one of the performance indicators in our performance-linked transfer-restricted stock-based remuneration system for directors.
(See p.24 for more details about our sustainability promotion structure)

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

Strategy (Scenario Analysis)

ROHM is accelerating climate change countermeasures, such as improving the efficiency of semiconductor products and building an environmentally conscious business structure based on the ROHM Group Environmental Vision 2050. In order to do this, we have analyzed the impact of climate change on business activities in all sectors, including automotive, industry, and consumer goods by referring to scenarios published by the International Energy Agency (IEA) and the UN Intergovernmental Panel on Climate Change (IPCC), among others. Specifically, we analyzed the impact of climate change in 2050 on the ROHM Group’s stakeholders (governments, financial institutions, investors, suppliers, customers, and new technologies) and the value chain (corporate, R&D, procurement, manufacturing, and sales) related to its business activities. This analysis was conducted for the 1.5°C/2°C scenario, in which society as a whole succeeds in transformation toward decarbonization and controlling the global temperature rise, and for the 4°C scenario, in which economic development takes priority and the global temperature rises and its effects continue to worsen.
(See next page for more details)

Reference information for our scenario analysis is provided below.

Scenario		Reference
Transition risks Opportunities	1.5°C/2°C scenario	Sustainable Development Scenario (SDS)*1 Net Zero Emissions by 2050 Scenario (NZE)*1
	4°C scenario	Stated Policies Scenario (STEPS)*1
Physical risks	1.5°C/2°C/4°C scenario	Representative Concentration Pathways (RCP)*2 Shared Socioeconomic Pathways (SSP1/5)*2

*1. Source: IEA “World Energy Outlook (WEO) 2021”
*2. Source: IPCC “Fifth Assessment Report”

Financial Impact of Risks and Opportunities

Classification		Event	Severity*1	Occurrence*2	Financial impact on business activities			Measures
					Impact item	1.5/2°C impact*3	4°C impact*3	
Transition risks	Policy and regulations	Increase costs due to introduction of carbon pricing	High	Mid- to long-term	Costs	Med	Med	• Continue to expand installation of PFC abatement equipment • Continue energy-saving/high-efficiency activities for ancillary facilities at plants • Install solar power generation systems (Malaysia) • Convert 100% of electricity used at domestic and overseas production sites to renewable energy • Expansion of the scope of all electrification at production sites • Stable procurement of materials by reviewing contracts • Continuous updating and upgrading of disclosure content through dialogs with shareholders • Continue to respond CDP surveys
		Increase costs due to energy conservation and GHG emissions reduction initiatives	High	Short- to mid-term	Costs	Low	—	
	Technologies	Increase in R&D costs to maintain and improve market competitiveness	Low	Short- to mid-term	Costs	Med	—	
		Increase in capital investment costs due to increase in production volume and transition of production facilities	Low	Short- to mid-term	Costs	Low	—	
	Markets	Sales decrease due to changes in customer demand	Med	Short- to mid-term	Sales	Med	—	
		Decrease demand due to social changes associated with climate change	Low	Short- to mid-term	Sales	—	—	
		Increase electricity costs due to higher electricity demand in society as a whole	Med	Short- to mid-term	Costs	Med	—	
		Increase material procurement costs due to a shortage of resources including rare metals	Med	Short- to mid-term	Costs	Med	Low	
	Reputation	Loss of customer reputation due to inadequate response to climate change	Low	Short- to mid-term	Costs	—	—	
Physical risks	Acute	Damage to production facilities or production stagnation due to severe wind and flood damage	Med	Mid- to long-term	Sales	Low	Med	• Create database of primary suppliers (100% coverage) • Multiple purchasing of auxiliary materials • Expand database coverage to secondary suppliers • Make agreements with suppliers on procurement guidelines in case of emergency • Establish alternative production network for wafers • Expand outsourcing and multi-site production to fulfill supply responsibility
		Stagnation of raw material procurement due to supply chain damage	Med	Short- to mid-term	Sales	Med	Med	
		Increase costs to strengthen measures against natural disasters	Low	Short- to mid-term	Costs	—	Med	
	Chronic	Increase energy costs due to rising temperatures	Low	Mid- to long-term	Costs	Low	Low	
Opportunities	Products and services	Increase demand for products that help customers save energy and reduce GHG	High	Short- to mid-term	Sales	High	—	• Secure human resources with expertise in semiconductors • Utilize LCA and other scientific methods and various calculation tools • Appeal miniaturization and other advantages • Strengthen sales of SiC-related products for xEV market
	Markets	Increase revenues from entering new markets	Med	Mid- to long-term	Sales	—	—	
		Increase demand for products due to extreme weather and other environmental changes	Med	Mid- to long-term	Sales	—	Low	
		Increase revenues from gaining reputation among customers and investors	High	Short- to mid-term	Costs	—	—	
	Resource efficiency	Decrease costs by promoting energy conservation	High	Short- to mid-term	Costs	—	—	
	Energy sources	Save costs by achieving GHG emission reductions and earning profits from the sale of carbon credits	Low	Mid- to long-term	Sales	—	—	
	Robustness	Maintain and increase sales volume by strengthening resilience	Low	Mid- to long-term	Sales	—	Med	

*1. Severity: The degree of "high," "medium," or "low" is evaluated by considering the "likelihood of occurrence" and "degree of impact" of climate-related risks and opportunities.
*2. Occurrence: "Short-term" is expected to occur between 2022 and 2025, "Medium-term" between 2026 and 2030, and "Long-term" between 2031 and 2050.
*3. Impact: "Small" indicates a financial impact of 1 billion yen or less, "medium" indicates a financial impact of more than 1 billion yen but less than 10 billion yen, and "large" indicates a financial impact of more than 10 billion yen. The impact of risks and opportunities that are difficult to estimate are shown as "-", as they are only qualitatively evaluated in the item.

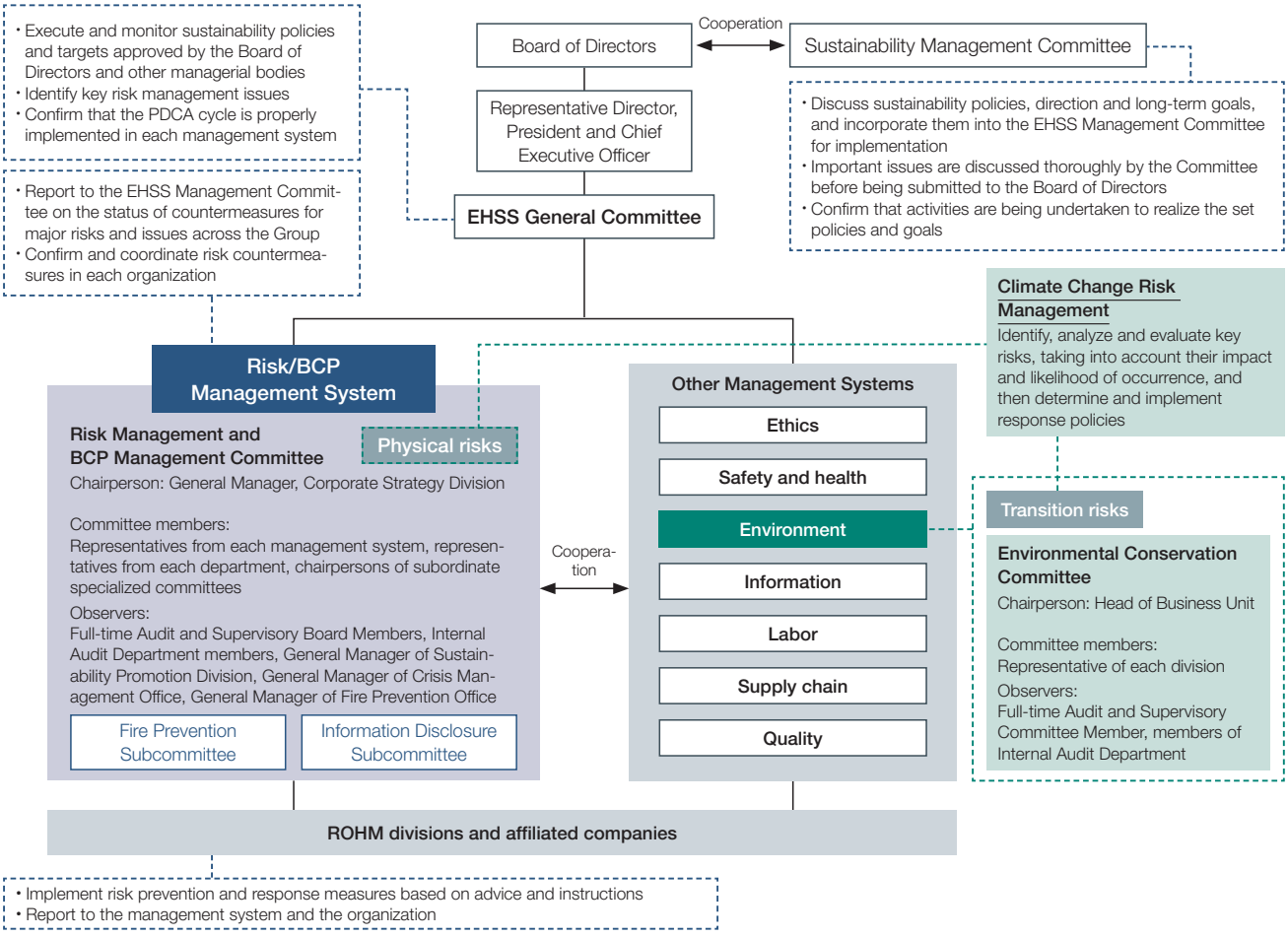
ROHM will take various measures to strengthen its management in light of the identified risks and opportunities and their impacts. Specifically, in order to mitigate risks, ROHM will continue its efforts to reduce greenhouse gas (GHG) emissions throughout the entire value chain, including suppliers, and will also strengthen its business continuity plan (BCP) measures. Additionally, in order to maximize the opportunities identified, we will strengthen R&D and sales of products that contribute to decarbonization, such as components for electric vehicles (xEVs), and do the same for air-conditioning products.

Risk Management

ROHM oversees and manages all significant risks related to business continuity in the Risk Management and BCM Management System under the umbrella of the EHSS General Committee. Among these risks, “climate change” was identified as a significant risk, and in FY2021, we launched a project involving the entirety of ROHM Co., Ltd., and the Group to identify and analyze risks in multiple scenarios in accordance with the TCFD framework. In our risk management structure, the risk of “climate change” is broken down into physical and transition risks, with the former governed by our risk management and business continuity management system, and the latter governed by our environmental management system. The Risk Management and BCM Committee as well as the Environmental Conservation Committee, cross-divisional organizations with participation of all company divisions, including business units, identify critical risks by considering their impact and likelihood of occurrence. Based on analysis and assessment of each risk, they determine and implement response policies.

In addition, both committees oversee the risk management system and report to the EHSS General Committee, which is composed of those responsible for each management system. These committees also formulate business continuity plans (BCP) to handle potential risk emergence and ensure that all Group companies are aware of these.

Risk Management Structure



Indicators and Targets

ROHM is promoting environmental management in Japan and overseas based on the ROHM Group Environmental Vision 2050 formulated in April 2021, aiming to achieve net zero greenhouse gas emissions and zero emissions by FY2050. In our Medium-Term Management Plan Moving Forward to 2025, we presented a plan which calls for 100% of electricity used in all business activities in Japan and overseas to be derived from renewable energy sources by FY2050.

Based on this medium-term management plan, we are now gradually increasing the amount of renewable energy we use, and by FY2030, we aim to have introduced 65% renewable energy in our business activities, and by FY2050, we aim to achieve 100% introduction.

Environmental targets for 2030 have been established for each of the three priority issues of "Climate Change," "Resource Recycling," and "Coexistence with Nature," as stated in the ROHM Group Environmental Vision 2050.

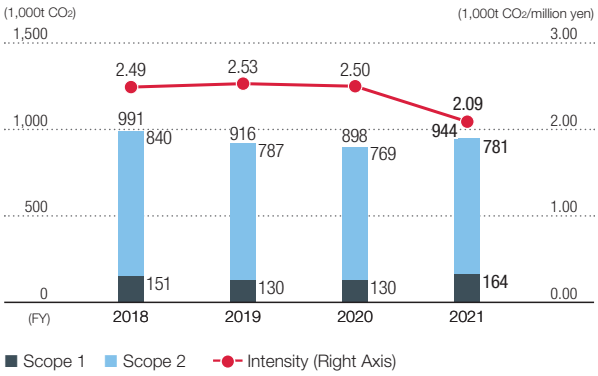
For climate change, we have set the following targets: reducing greenhouse gas emissions from business activities (Scope 1 and 2) by at least 50.5% in FY2030 compared to FY2018; reducing greenhouse gas emissions per unit of production (Scope 1 and 2) by at least 45%, and; reducing emissions from the use of products sold (Scope 3, Category 11) by at least 15% in FY2030 compared to FY2018.

These targets were recognized as having a scientific basis (1.5°C level) for achieving the 2°C target of the Paris Agreement, and in February 2022, ROHM received certification from the Science Based Targets Initiative (SBTi).

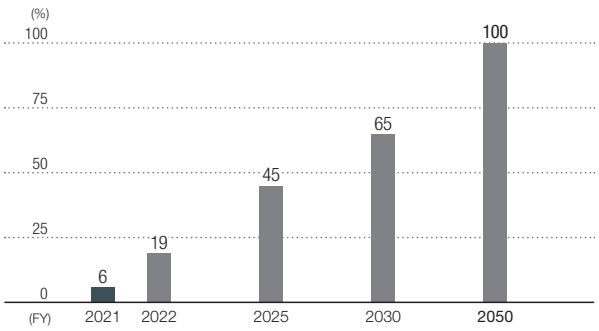
In addition, ROHM Group's renewable energy introduction plan aims to achieve a renewable energy introduction ratio of 65% in FY2030 and 100% in FY2050 for the electricity used in its business activities. In April 2022, we joined RE100, an international corporate initiative that aims for 100% renewable energy for electricity used in business operations.

In addition to climate change, we are also working to promote resource recycling by improving our water recovery rate and setting targets related to waste emissions per unit of production.

CO_2 Emissions in Scope 1 and Scope 2



Approach to 100% Renewable Energy



Achievements and Plans for Renewable Energy Installations

Introduction Results	Implementation Plan	
FY2017-2021	FY2022-2026	FY2027-2030
• New SiC building at ROHM Apollo Chikugo Plant • SiCrystal GmbH • Yokohama Office • Kyoto Office • Part of ROHM Hamamatsu	Plans to sequentially introduce the system at the Thailand plant and other major overseas production bases.	Scheduled to be introduced gradually at the remaining overseas and domestic production bases.

Human Capital Initiatives

Of all the kinds of management capital, ROHM considers people to be the most important management resource. Its history, technologies, and assets accumulated since its foundation are important assets for the Company, and it is unquestionably people who have cultivated these assets. We will continue to nurture diverse human capital with rich humanity and intelligence through the creation of an environment and systems that enable employees to work with vigor and vitality, aiming for cyclical growth of the Company and its employees.

Human Capital Management https://csr.rohm.com/human-capital/

Material issues

Enhance employee engagement

- Foster a corporate culture that creates challenges
- Enhance job satisfaction
- Improve employee engagement score

Promote diversity

- Promote active participation by women
- Develop capabilities and allocate human capital at the global level

Ensure employee health and safety

- Ensuring a safe workplace
- Promoting health and productivity management

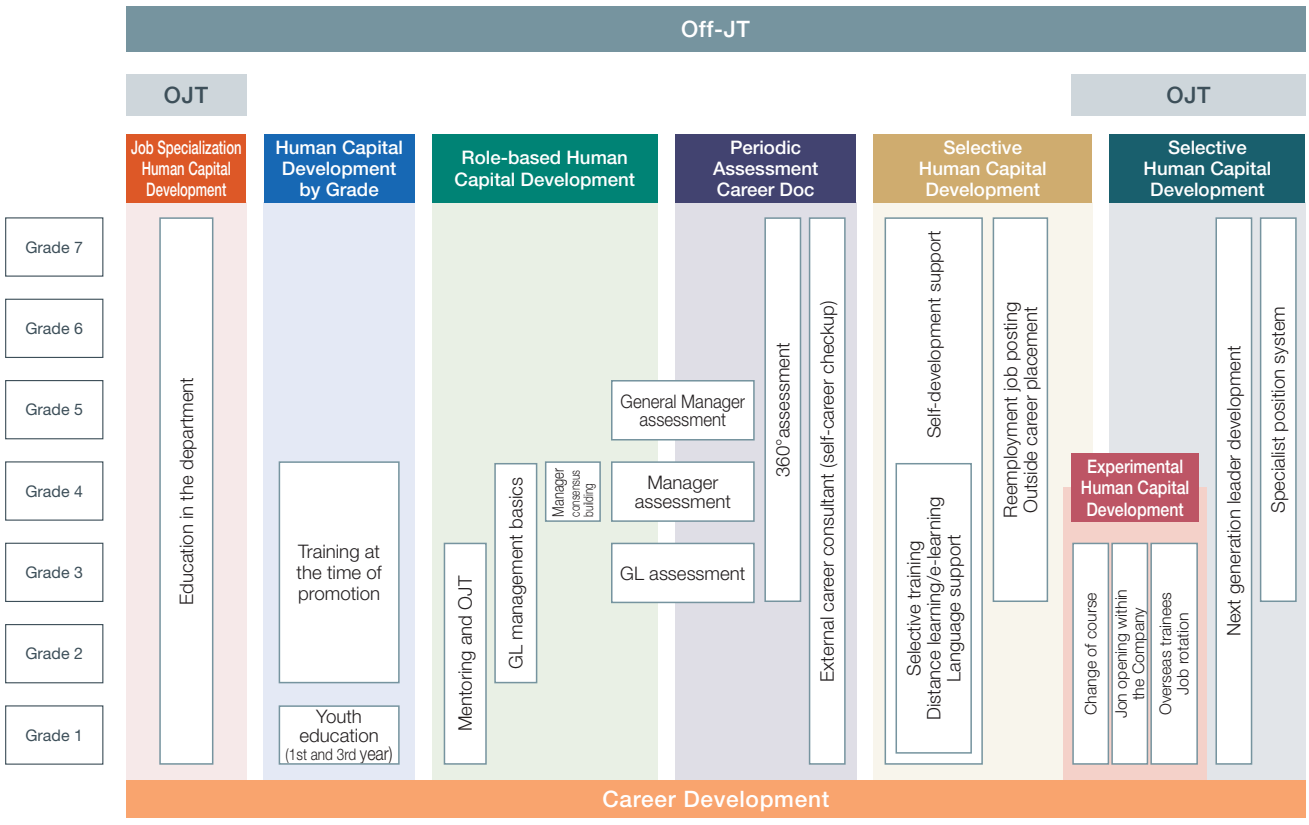
▶FY2021 results and KPIs P.22

Human Capital Development for Sustainable Growth

Human capital development system

ROHM defines the human resources that should be developed via education and training in Basic Goals for Education and Training and Basic Policy for Education and Training, as part of the Company Mission and Policies in the universal principles of ROHM that have existed since the founding of the Company. In accordance with these Basic Goals for Education and Training, we are working to establish and operate an education and training system at the Group level and to systematically develop human capital who will be responsible for the next generation of management, as described below.

Furthermore, by increasing educational opportunities for employees, we will foster rewarding feelings of growth and improve employee performance, which in turn will lead to the growth of the Company.



Human Capital Development Structure	Objective
1. Career Development	Learn the mindset, knowledge, and skills to think about and design one's career and involve others in its realization.
2. Job Specialization Human Resource Development	Learn the specialized knowledge and skills needed to perform your job.
3. Human Resource Development by Grade	Learn the minimum required knowledge and skills as a ROHM human resource, as well as the thinking skills that form the foundation for capacity building.
4. Role-based Human Resource Development	Learn the knowledge and skills required for the development and management of subordinates and junior staff and organizational development.
5. Periodic Assessment Career Check up	Reflect on oneself with objectivity and deep introspection, leading to self-improvement.
6. Selective Human Resource Development	Learn the knowledge and skills necessary for your career on your own, when you need them.
7. Selective Human Resource Development	A system for discovering, selecting, and systematically developing human resources who will support the company's management and technology.
8. Experiential Human Resource Development	Gain the experience opportunities you need for your career.

Recruitment and development of global talent

We believe that bringing together employees with diverse backgrounds to work as a team will lead to corporate innovation, solve social issues, and increase corporate value. To this end, it is important to hire and train global talent. Global talent are not only those who are fluent in languages, but also those who can think independently, accept different cultures, ideas, and perspectives from a broad perspective, and create new value. In anticipation of the further expansion of our global business, ROHM is pursuing activities that will facilitate the recruitment of people who possess the skills and expert knowledge that we need, regardless of their nationality, in all areas of the Company, including research, technology, sales, and administration.

In addition, as the economy increasingly globalizes, it has become essential to accept the different backgrounds and values of different regions in order to generate new value for society. In order to develop global talent that can contribute to the international community, we strive to maintain an education and training system and provide opportunities for employees to grow while learning. In 2010, ROHM established a system for receiving human capital from Group companies outside of Japan, and to date we have received more than 100 employees mainly from China and the ASEAN region. In FY2015, ROHM adopted the Global Trainee Program that enables young employees to experience different work at a Group company outside of Japan for one year. With systems like this, ROHM aims to recruit and cultivate human capital who can think on their own from a global perspective and have a pioneering spirit.

* Due to the COVID-19 pandemic, the aforementioned two programs have been temporarily suspended since FY2020.

Specialist system

In order to develop products that are chosen by customers on the global marketplace, it is necessary to enhance the capabilities of individual engineers. To enable engineers who support ROHM's sustainable growth to fully demonstrate their abilities, we have drastically revised our career system for engineering employees and established the Specialist System in FY2019. This system recognizes employees in engineering positions who contribute to the company with their advanced specialized skills as specialists, regardless of whether they have subordinates, and establishes clear career paths for them as leading experts in their fields. Through this system, we aim for further growth of employees and the Company by making employees aware of their own roles and motivating them to improve their knowledge and expertise.

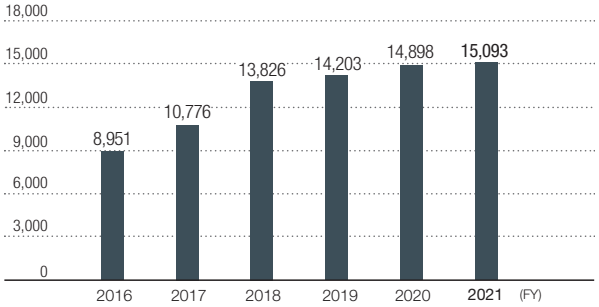
Quality First human capital development

ROHM has established a quality education system that emphasizes not only quality skill education but also quality mindset cultivation in order to develop human resources who can put "quality first" into action and achieve our Company Mission. We believe that quality skills and quality mindset cultivation have taken root in our corporate culture through our activities up to FY2018. From FY2019 onward, we have been taking further leaps forward, promoting educational activities and environmental improvements focused on linking this to action.

Instilling the Company Mission and Basic Management Policy

At its head office and at affiliates in Japan and overseas, ROHM carries out training to instill the Company Mission and learn the Basic Management Policy. The objective is to enable all ROHM Group employees to engage in their operations with an awareness of their raison d'etre as well as the direction to take and goals to aim for as a company, and help them achieve established targets.

Number of employees taking training sessions to instill Company Mission and Basic Management Policies (cumulative)



Enhancing Employee Engagement

Conducting engagement surveys

In the Medium-Term Management Plan announced in 2021, we decided to conduct an engagement survey for the entire ROHM Group and to set its score as one of our non-financial targets. The ROHM head office conducted the engagement survey in FY2021, and the domestic and overseas Group companies are scheduled to conduct the survey in FY2022. Each company will then continue its engagement surveys, conducted once every two years thereafter.

Creating workplaces with job satisfaction

ROHM is working to build and maintain a personnel system and human capital development mechanism that encourages employees to take on new challenges so that we can continue to create value even in times of rapid change. Specifically, in addition to systems supporting the launch of new businesses, we are introducing systems that facilitate collaboration among employees by breaking down internal and external organizational barriers, making it easier for employees to take on the challenge of innovation. As promoting diverse work styles is one of our themes, we are also actively utilizing telecommuting and working from home to improve work formats to maintain the mental and physical health of our employees. Beyond this, we are also enhancing our competitiveness by establishing a system that facilitates career development and life design, including a highly transparent evaluation system and a human capital development program for each level of employee.

Conducting roundtable discussions with the President

As one of our efforts to promote greater engagement, we have been holding roundtable discussions between the President and employees to foster a culture of dialogue. Because of the COVID-19 pandemic, roundtables for non-management employees were held a total of five times in September 2020 with 50 participants, while also utilizing online channels. In addition, meetings for managers were held a total of 22 times from October 2020 to December 2021, with 253 participants.

Conducting workshops on Purpose Management

In October and December 2021, we invited an outside lecturer to give a lecture and held a workshop on Purpose Management for management and department heads.

Management and department heads are responsible for disseminating the Management Vision throughout the Company, communicating to each employee the expectations of society, ROHM's raison d'etre, and their own responsibilities, and encouraging them to take action. In the workshop, participants addressed the question of "What is ROHM's Purpose?" and discussed issues related to the promotion of Purpose Management. By incorporating the Company's issues into the division's issues and their own issues, they were able to visualize the important items for promoting Purpose Management and share them among department heads.

Challenges for the Future

We seek to foster a corporate culture that encourages employees to take on new challenges without fear of failure and create an organization with high engagement.

At ROHM, we believe that in order to achieve sustainable growth and become a company that contributes to solving social issues, we must first become a company where our employees can work with vitality and enthusiasm. To this end, it is necessary to foster a corporate culture that encourages employees to take on challenges without fear of failure. Therefore, we are working to create a system where we can quantitatively determine whether such a corporate culture has been fostered, whether employees understand and sympathize with ROHM's goals and direction, and whether they are willing to voluntarily contribute to achieving them across the entire ROHM Group. Furthermore, in order to clarify that management will take responsibility for resolving any and all issues, we have set improving engagement survey scores as a non-financial target in the Medium-Term Management Plan.

The engagement survey conducted at the ROHM head office in FY2021 received responses from 99% of employees. Though we achieved some results in this survey, such as achieving the target score at or above the industry average, some issues were identified, such as a gap in perception between generations. Going forward, based on the results of the survey, each division will consider action plans and implement initiatives for future improvement, which will lead to higher engagement. We will continue to promote the fostering of a corporate culture that will enable us to achieve sustainable growth by enhancing employee engagement while also continuing direct dialogue with management, such as roundtable discussions with the President.

Takayuki Kimura
Division Manager
Corporate Planning Division
Corporate Strategy Headquarters

Promoting Diversity

ROHM has manufacturing sites and sales offices around the world, and we have employees of many different nationalities. We believe that bringing together employees with diverse backgrounds to work as a team will lead to corporate innovation, and furthermore contribute to solving social issues and increasing corporate value. Therefore, at ROHM, we focus on the following five fields for promoting diversity and inclusion.

Women's active participation

ROHM, which regards people as its most important asset and resource, also focuses on the active participation of women. The active participation of women is expected to lead to various positive impacts such as improved results by understanding and solving problems from a different perspective than men, improved career development image for young female employees through the presence of role models, and reform of corporate culture by creating a climate in which employees can play an active role regardless of gender. In order to support working women in all aspects of their careers, ROHM provides a variety of training programs, from training for the individual employee to training for department managers and supervisors.

ROHM has formulated and disclosed, both internally and externally, an action plan based on the Act on Promotion of Female Participation and Career Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children. In May 2021, we set the target of increasing the ratio of female managers in the entire ROHM Group to at least 15% and increasing the ratio of female or non-Japanese executives in the head office to at least 10% by FY2025. We will continue to provide training, revise existing systems, and introduce new systems to achieve these targets.

Senior employees' active participation

Creating an environment in which competent senior employees who want to work can actively participate is extremely important from the perspective of securing our labor capacity. Assets such as the experience, skills, and internal and external human networks that seniors have cultivated over their long careers are precious assets for ROHM. By creating an environment in which senior employees can play an even more active role in the future, we will work to strengthen our organizational structure so that they can continue to produce significant output.

Empowerment of people with disabilities

In promoting diversity and inclusion, we are also proactively hiring people with disabilities and promoting their participation in society with the aim of creating a working environment where employees with disabilities can play an active role. As of the end of FY2021, the rate of employing persons with disabilities was 2.43% Group-wide, which exceeds the statutory employment rate of 2.30%.

Ensuring the Health and Safety of Employees

Ensuring a safe workplace

The ROHM head office conducts comprehensive health and safety audits with the aim of strengthening the operation status of the safety and health management system and reducing risks. By checking manufacturing sites through the eyes of a third party, we prevent the omission of risk identification and the occurrence of bias at the safety management level. In FY2021, safety audits were conducted at a total of six domestic and overseas manufacturing sites (for overseas sites, these were remote audits), and we are systematically correcting and confirming the risks and issues identified.

Health and safety activities with contractors

To achieve a safe workplace for everyone involved in our business, we must protect the safety of not only our employees but also our contractors, and maintain a safe and comfortable workplace environment for them. ROHM has been taking the following actions in cooperation with contractors who work on our premises.

- Regularly conduct safety and health patrols, industrial physician patrols, and site manager patrols.
- Conduct fire extinguisher drills, earthquake evacuation drills, and night evacuation drills for chemical and gas leaks.
- Implement KYT (Japanese: "kiken yochi training," or hazard prediction training), small group activities, 5S activities, and proposal activities.
- Conduct chemical handling workshops (courses available on-site and online).

Additionally, in order to promote improvement activities, we have established an award system to award contractors for outstanding activities.

Supply Chain Initiatives

In order to realize ROHM's Company Mission of quality first and to continue reliable and stable manufacturing of products in today's world, where various business risks are emerging, it is important to ensure quality and stable supply in raw material procurement. It is also important to practice CSR procurement that is considerate of labor, ethics, and the environment. ROHM is working to maintain and strengthen its supply chain by selecting appropriate suppliers and valuing ongoing trust and cooperation with them.

Supply chain management https://csr.rohm.com/supply-chain/

Material issues

Sustainable supply chain management

•Strengthen BCM management system •Promote green procurement •Promote CSR procurement activities ▶ FY2021 results and KPIs P.22

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	Self-evaluation regarding "Labor (including human rights)," "Health and Safety," "Environment," "Ethics," "Management System," and "Procurement BCP" in accordance with the RBA Code of Conduct.
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 their activities.
4.Procurement BCP	Assess risks and their impact on stable supply and check the status of response to identified critical risks quarterly.

1.Comprehensive Evaluation of Activities

ROHM comprehensively evaluates the activities of suppliers once a year and provides feedback. The results of CSR procurement self-assessment, as well as the product quality, delivery time, price cooperation, and the status of BCP efforts are evaluated.

■ROHM had a goal of conducting comprehensive evaluations of activities of suppliers that account for 90% of annual purchases by FY2025, but surpassed that goal in FY2021 with 91.6%.

Number of Companies Whose Activities Were Comprehensively Evaluated

FY	2017	2018	2019	2020	2021
Number of Companies Evaluated	239	235	240	242	205

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

*Critical suppliers https://csr.rohm.com/supply-chain/csr-supply.html

2.CSR Procurement Self-Assessment

In FY2021, we asked 1,603 domestic and overseas suppliers (an increase of 65 over the previous fiscal year) to evaluate their own performance, and the percentage of high evaluations (A and A´) was 77%. Suppliers that rated themselves B or lower are defined as high-risk suppliers, and we will provide support for improvement as necessary. We are working to have 100% of our important suppliers conduct self-assessments by FY2025.

Results of Assessments of Suppliers

FY	2015	2016	2017	2018	2019	2020	2021
Number of Companies Evaluated	1,766	1,676	1,390	1,606	1,488	1,538	1,603
Percentage of A and A´ Rating (5 Steps)	69%	76%	76%	76%	78%	81%	77%

3. CSR Procurement Audits

ROHM conducts CSR procurement audits on a group-wide basis every year, visiting major suppliers in person to confirm the contents of self-assessments, check factories, and request improvements as necessary. In FY2021, only 9 companies were audited due to the COVID-19 pandemic.

Number of Suppliers Audited

FY	2017	2018	2019	2020	2021
Number of Suppliers Visited	14	45	31	17	9

4. BCP for Procurement

a) **Definition of Risk in the Procurement Division:** In addition to the four existing risks of quality, delivery time, price, and compliance, the Procurement Division also evaluates risk in stable supply and its impact, and checks the state of responses to the key risks identified each quarter.

b) **Selection of Suppliers:** In emergencies, information is shared across the entire supply chain, including our suppliers, 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.

Prior Agreement on Emergency Response

In addition to the aforementioned measures, for suppliers who handle critical materials, ROHM is promoting efforts to ensure that ROHM and those suppliers agree in advance on how to respond to emergencies. We have set a goal of achieving 100% prior agreement by FY2025.

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 Product[2] to our suppliers, requesting them to confirm the compliance of their parts and materials with the specified standards.

*1 Green Procurement Guidelines
https://csr.rohm.com/supply-chain/pdf/ROHM_Green%20Procurement%20Guidelines_006en.pdf

*2 Control Standard of Chemical Substance in Product
https://csr.rohm.com/supply-chain/pdf/ROHM_Control%20Standard%20of%20Chemical%20Substances%20in%20Products_002en.pdf

Challenges for the Future The Supply Chain

Responding to changes in the external environment and achieving stable supply and procurement

In recent years, supply chain management (SCM) has become even more important due to a combination of natural disasters, logistics disruptions, and problems caused by aging infrastructure. ROHM has established internal and external measures to ensure sustainable procurement even when unexpected events occur. Internally, we make accurate forecasts to optimize production volumes and procure appropriate raw materials to enable sustainable procurement for our customers.

Due to strong demand for semiconductors, there is an imbalance in the global supply and demand for procurement of raw materials, making it increasingly difficult to secure the necessary quantities. ROHM places importance on dialogue and negotiation with suppliers, and strives to build good relationships with them through long-term contracts and other means to secure long-term stable supplies of key components and materials. Furthermore, ROHM will secure multiple sources by compiling a database of suppliers and finding new suppliers, thereby establishing a system that can respond to changes in the external environment.

I come from a sales background and was previously a supplier. I would like to use this experience to strengthen relationships of trust with suppliers.

Kentaro Takemori
General Manager
Procurement Division
Supply Chain Management Headquarters

Risk Management Initiatives

ROHM considers all phenomena that may hinder work and business performance if they occur to be “risks” in carrying out its Company Mission of consistent supply, under all circumstances, of high-quality products in large volumes to the global market. In addition to working to minimize such occurrences, we also consistently implement measures to ensure that it will be possible to either continue or restore business smoothly even if disasters or similar events do occur.

Risk Management https://csr.rohm.com/foundation/risk-management.html

Material issues	
Risk management	• Strengthening the BCM management system

	FY2021 results	KPI
Risk Management	• The Risk Management and BCM Committee, which meet quarterly, identified and evaluated the Group’s risks, confirmed the status of countermeasures, and reported major risks to management • With management participation, conducted BCM training for earthquake response to verify disaster response effectiveness • Conducted fire-specific remote risk surveys at major production sites in Japan and overseas to confirm the status of fire risk response • Established the Fire Prevention Guidelines for clean rooms and disseminated them throughout the Group • Reviewed internal standards in line with government guidelines as a measure against COVID-19	• Strengthen the BCP system through continuous risk identification (FY2025 target)

Identifying Risks

Due to the drastically changing social environment and political situation, various risks may affect our financial position and operating results in the course of our business activities. The entire ROHM Group is working to strengthen risk management in order to avoid or minimize the impact of such risks. The Risk Management and BCM Committee (which meets four times a year) under the EHSS General Committee* was established in April 2022. The committee identifies important risks that may occur in the Group, evaluates them in terms of frequency (likelihood) of occurrence and impact on the business, and manages and promotes countermeasures.

In addition, we are checking the status of activities of each risk management system and responsible department, and are promoting the formulation of a business continuity plan (BCP) to ensure that the entire Group is fully prepared to deal with any risks.

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

Activity cycle for risk management

PLAN

Identification of critical risks
- The Risk Management and BCM Committee assumes a variety of risks surrounding the company.
- Identify important risks in the Group through each management system and department.

DO

Risk response
- Management system or department in charge analyzes and evaluates risks and decides on a response policy.
- Response based on the response policy.

CHECK

Confirmation and evaluation of risk management systems
- The Risk Management and BCM Committee confirms and evaluates the status of the risk management system of the management system/department in charge

ACTION

Correction of risk management system
- If there is a high likelihood of risk occurrence, corrective action is taken as necessary under the direction of the management system or department in charge.

Business Continuity Management

ROHM Group conducts development, manufacturing, and sales activities not only in Japan but also in other parts of the world. Manufacturing and sales sites in these regions may be damaged due to natural disasters such as earthquakes and floods, the spread of infectious diseases, or human suffering caused by political instability or outbreaks of international conflict. Therefore, we believe that one of the most key issues for our management is business continuity management (BCM), and we have taken measures such as locating production lines at multiple sites around the world to diversify risks (see P.77, “Correlation between Business Segments and Major Manufacturing Sites”). In addition, the ROHM Group Fire and Disaster Prevention Policy has been established and is being implemented at each site. In particular, at domestic and overseas sites with production functions, risk assessments are conducted in cooperation with external specialized organizations from the perspectives of natural disasters, infectious diseases, safety, and operational, economic and political risks to identify, analyze and evaluate the most important risks for each plant. Based on these assessments, countermeasure committees and other groups are organized to formulate business continuity plans, conduct drills based on these plans, and take various other measures to prepare for contingencies.

Actions for COVID-19

ROHM, in cooperation with industrial physicians, has developed policies, manuals, and guidelines in response to COVID-19, and has been working to create an environment conducive to the prevention of infection within the organization and to implement measures such as in-house vaccination at workplaces. Similarly, at our overseas plants, we are working with local medical institutions and administrative agencies to create an environment conducive to infection prevention. The recent global spread of COVID-19 infection had no impact on production at our domestic plants, but some of our overseas plants were forced to temporarily suspend operations or reduce utilization rates in accordance with local government orders and guidance. Currently, all plants are working hard to establish hygiene management and other quarantine systems and to create a comfortable working environment.

We will continue to promote thorough infection prevention measures and the development of manuals and guidelines for the entire Group, as well as compile archived data about our response to the current pandemic. This will heip to prepare for further spread of infection or a new pandemic that could occur in the future, and accumulate countermeasures and know-how.

Ensuring Social Distance in the Cafeteria

Wearing Masks and Setting up Partitions

Actions for Water Risks

Identification of water risks by using the World Resources Institute’s Aqueduct tools

ROHM Group has used the WRI Aqueduct, a set of global assessment tools, to identify water risks.

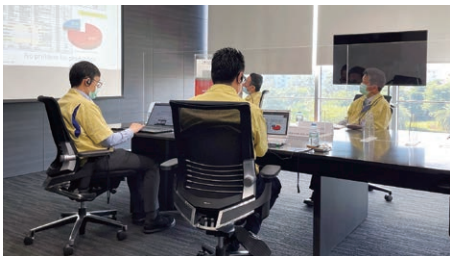
The semiconductor industry uses large amounts of water, and securing water is critical to sustain semiconductor manufacturing. In addition, all plants in Japan have the front-end process (wafer process) functions in semiconductor manufacturing. Therefore, we have set long-term targets for securing water intake and reducing water usage, with drought risk as a priority issue. In addition, we have been proceeding with a water intake plan that is linked to production plans and environmental targets.

At overseas factories that have back-end process functions for assembly and inspection, flood risk has been identified as an issue. For example, the 2011 flood in Thailand caused the Group’s plants to shut down, and the loss of facilities and equipment and the economic loss due to the suspension of production had a great impact both internally and externally. To prevent such problems from occurring again, we also use WRI Aqueduct as a flood risk assessment tool for each plant. The Risk Management and BCM Committee then assesses and analyzes flood risks, designing inventories based on the expected number of suspension days in the event of flooding, thereby reducing the risk of production shutdowns due to flooding.

ROHM Integrated Systems (Thailand) Co., Ltd. : Conducting drills based on lessons learned from the flooding in Thailand

In November 2021, ROHM conducted drills for the BCM Countermeasures Headquarters as preparation for flooding at our manufacturing site in Thailand. In this 8th session, based on an action plan that was prepared by using the experiences of the 2011 flood, items for implementation were checked for hypothetical situations assuming each of the phases of upstream flooding and flooding equivalent to that in 2011 with a flood wall in the industrial park being washed away.

The program also includes training in essential skills, including assembling the flood walls that are being prepared for flooding, starting up drainage pumps, operating boats, and other activities such as checking items to be used in the event of flooding.



Remote flooding scenario training

ROHM-Wako Electronics (Malaysia) Sdn. Bhd.: Flood-proof production building

The production building at our Malaysian plant, the largest in ROHM Group, was completed in 2016, boosting production capacity along with the existing building.

Learning from the flooding that occurred in 2014, the floor height of the first floor of the new building was set at 5.1 meters above the mean tide level, 0.5 meters above the expected maximum flood level. In addition, the power supply is backed up by dual power transmission, and a system has been established to prevent long-term shutdown of operations.

Flood wall assembly training at the manufacturing site in Thailand

Actions for Other Disaster Risks

Actions for earthquake risks at ROHM sites in Japan

To address earthquake risk, one of the most significant risks when doing business in Japan, we have installed the Building Safety Judgment Support Systems at major sites and buildings in Japan to enable rapid response in the event of an earthquake in terms of both human safety and business continuity. This system analyzes the shaking of the building immediately after the earthquake and judges the safety of the building structure in three stages. By utilizing this system, we can judge the safety of buildings in a timely, professional and objective manner.

The ROHM head office has established a BCM task force to ensure the safety of employees and others in the event of an emergency, and to ensure the continuity and early recovery of core businesses. This task force also conducts periodic scenario drills and video-based training. In July and December 2021, online BCM task force training utilizing remote work tools was conducted for the BCM task force and members of its subordinate operational team to improve their awareness of BCM and BCP and ability to take action.

Action for fire risks

ROHM Group regards fire risk as one of the most important risks and is working to reduce it.

In the fire-specific risk survey that started in FY2021, we conduct online interviews on the status and activities of fire prevention measures at each Group plant and hold discussions based on fire case studies at other companies to confirm and assess our fire prevention efforts.

In particular, for clean rooms, we have prepared Fire Prevention Guidelines describing fire prevention measures for production equipment and ancillary equipment with high fire risk as well as measures to prevent the spread of fire, and have deployed these guidelines to ROHM Group companies. Using thermal cameras, we are also conducting temperature inspections of power supply connection terminals and electrical control units.

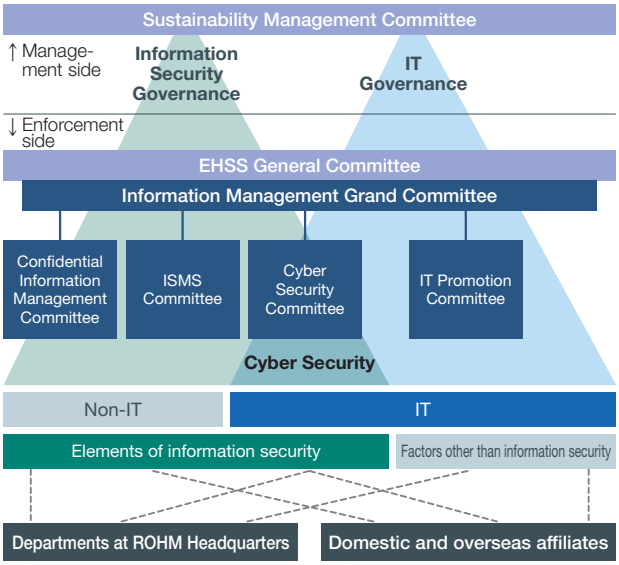
In addition, as a hardware initiative, we are working to install fire detection systems and inert gas fire extinguishing systems in the clean rooms of our manufacturing sites, starting with those in Japan, to create an environment where we can achieve early warning and automatically extinguish fires.

Temperature inspection of a clean room distribution board

Actions for Information Security

Information management system

ROHM Group has identified the establishment of an information security system that enhances business continuity and the establishment, provision, and utilization of IT tools that support the Medium-Term Management Plan as key issues in “Information Security Governance,” “Cyber Security,” and “IT Governance,” and the Information Management Grand Committee takes the lead in the operation of the information management system. This committee is established as a subordinate organization of the EHSS General Committee, in which directors with executive authority and divisional managers participate, and is responsible for the appropriate management of information security risk, cyber security risk, and IT governance risk in ROHM Group.



ROHM’s Information Security
https://csr.rohm.com/foundation/information-security.html

Actions for Compliance

Our basic policy

ROHM has conducted its business observing laws, international norms, business ethics and in-house rules in order to continue to gain the trust of various stakeholders as a company fulfilling its social responsibility. ROHM has the awareness and responsibility that “the company is a public institution of society” and establishes a system for compliance in accordance with the ROHM Group Basic Ethics Policy and the ROHM Group Business Conduct Guidelines, committed to rigorous management of risks of legal and corporate ethics violations.

Whistleblowing system

ROHM has set up a compliance hotline as a whistleblowing system with an external law office as the contact point. This hotline accepts reports and consultations from all employees, including non-regular employees, regarding compliance violations in the domestic Group. Overseas affiliates also have compliance hotlines, and ROHM has established internal regulations and provides regular training to hotline handlers to ensure that those who report or consult with us are not subjected to any disadvantageous treatment because of their reporting. In addition, by distributing ROHM Compliance Cards and raising awareness of the system, we are working to promptly ascertain information about problems and respond swiftly and appropriately. In FY2021, five reports were made to the hotline.

Practicing fair business activities

ROHM shall respect free market competition and practice fair business activities as we expand our business on a global scale. ROHM shall comply with related laws and regulations, social ethics, and contract provisions, and shall not pursue an increase in sales or income by means contrary thereto. ROHM shall not conduct any transactions that violate related laws and regulations, social ethics, and/or contract provisions, including agreements that restrict competition with other companies in the same trade (i.e., cartelling), bid rigging, fictitious transactions, and selling price restrictions. Furthermore, ROHM shall comply with import/export-related laws and regulations for the peace and safety of the international community.

ROHM Group’s compliance
https://csr.rohm.com/foundation/compliance.html

Actions for Intellectual Property

Enhancing proprietary technologies and respecting intellectual property rights

In order to carry out our Company Mission of “quality first,” ROHM Group is enhancing proprietary technologies in all divisions and properly licensing its own intellectual property. We also strive to enhance corporate value by appropriately utilizing these proprietary technologies and rights. With regard to intellectual property, ROHM shall respect intellectual property rights so as not to use the rights of others without permission, and we shall not abuse our own rights.

Our Basic Policy

ROHM strives to pursue the best possible corporate governance in order to achieve our Company Mission and the Basic Management Policy.

In addition, based on the recognition that the company is supported by stakeholders including its customers, business partners, employees, shareholders, investors, and local communities, we believe that corporate management and actions must be rooted in fairness, soundness and transparency. Moreover, based on an accurate understanding of the cost capital of the company from a stakeholder perspective, we have stated that the basic idea of corporate governance is to maximize sustainable corporate growth and medium- to long-term corporate value. We are working to enhance corporate governance in accordance with the following basic policy.

Basic Policy

1. Properly cooperate with all stakeholders beginning with shareholders, and to address and to deal with ESG (environmental, social, and governance) issues.
2. Respect the rights of shareholders, secure their equal treatment, and engage in constructive dialog with shareholders.
3. Disclose corporate information in a timely and appropriate manner as a part of ensuring our transparency.
4. Make the roles and responsibilities of the Board of Directors clear, hold meetings of the Board of Directors in a timely and appropriate manner, facilitate decision-making processes, and ensure that outside officers proactively express their views from an independent and objective standpoint and that the Board of Directors oversees the execution of business.

ROHM Group's Corporate Governance

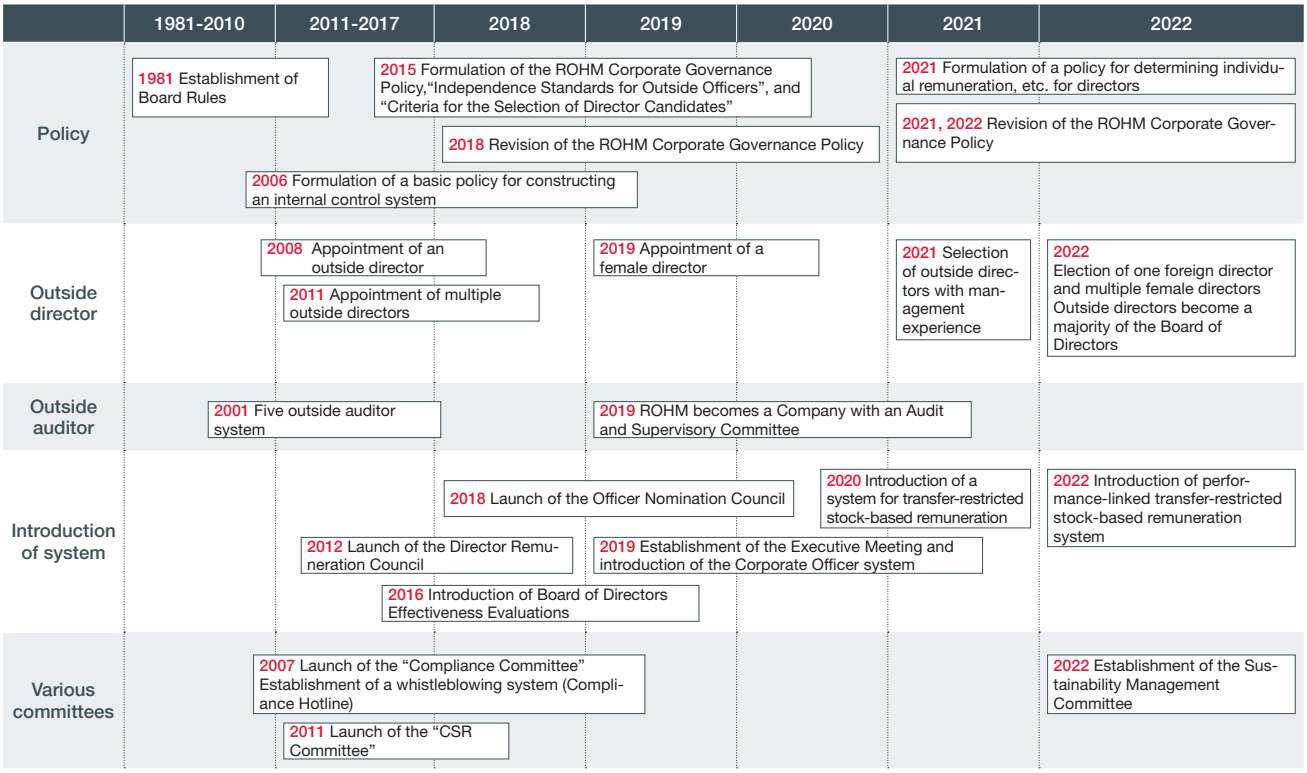
https://csr.rohm.com/foundation/governance/about.html

Reforming and Enhancing Governance

ROHM regards corporate governance as one of the most important management issues and is working toward its reform and strengthening. In 2019, we transitioned to a company with an Audit and Supervisory Committee to strengthen monitoring functions and ensure objectivity and transparency in management.

Furthermore, we introduced a corporate officer system to create an organization that will allow for more flexible decision-making. In 2022, we have increased the number of outside directors by two (one non-Japanese and one female) to promote diversity on the Board of Directors and further strengthen corporate governance.

Change through Governance Reforms



Corporate Governance System

In order to further enhance corporate governance and corporate value, ROHM has enhanced the supervisory function of the Board of Directors and has become a company with an Audit and Supervisory Committee, based on a resolution made at the General Shareholders Meeting held on June 27, 2019. ROHM has established an appropriate governance structure based on the ROHM Corporate Governance Policy and ensures fairness and transparency in management by having the Board of Directors exercise its supervisory function over directors. (→ Refer to the Corporate Governance Chart on page 25)

Board of Directors

The Board of Directors consists of a majority of independent outside directors (six internal directors and seven outside directors), and provides strategic corporate direction under a transparent and fair system.

In addition, the board conducts constructive discussions on matters stipulated by laws, regulations, and the Articles of Incorporation as well as important management matters to ensure prompt and decisive decision-making and highly effective supervision of directors.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of five members (including four independent outside directors), including experts in finance, accounting, and legal affairs, and is chaired by an outside director. The Audit and Supervisory Committee establishes audit policies, standards, and plans. Additionally, in cooperation with the Internal Audit Division, an independent organization from business execution, the committee visits each division of ROHM and Group companies (on-site and remotely), inspecting ROHM's business and financial status and utilizing the internal control system to audit legality and appropriateness of the directors' execution of duties.

Executive Meeting

The Executive Meeting, consisting of corporate officers, deliberates important matters related to the management of ROHM Group. These matters cover important themes such as the execution of strategies related to the business portfolio and the allocation of management resources such as investments in human capital and intellectual property. In this way, the Executive Meeting assists the President and Representative Director in decision-making.

Officer Nomination Council

The Officer Nomination Council is chaired by the President and Representative Director and consists of three members. It was established as an advisory body to the Board of Directors to enhance independence, objectivity, and transparency with respect to the nomination of directors. A majority of its members are independent outside directors. It discusses the appointment and dismissal of the Company's President and any directors or corporate officers with titles (excluding senior corporate officers), as well as the nomination of director candidates. The results of its discussions are reported to the Board of Directors.

Director Remuneration Council

Chaired by the President and Representative Director, the Director Remuneration Council consists of three members, the majority of whom are outside directors. The council discusses the remuneration system for directors and the remuneration of each director based on this system. The results of discussions regarding directors who are not Audit and Supervisory Committee members are reported to the Board of Directors, and the results of discussions regarding directors who are Audit and Supervisory Committee members are reported to the Audit and Supervisory Committee and its members.

Sustainability Management Committee

The Sustainability Management Committee consists of directors, including outside directors, and is responsible for deciding on sustainability policies and long-term targets, deliberating important matters related to ROHM Group's sustainability management issues, and establishing a framework for their implementation.

Members of Each Organization

Internal　Outside officer

Organization	Board of Directors	Audit and Supervisory Committee	Executive Meeting	Officer Nomination Council	Director Remuneration Council	Sustainability Management Committee
Structure	Chairperson 13 directors (of which 7 are outside directors)	Chairperson 5 Audit and Supervisory Committee members (of which 4 are outside directors)	President 14 corporate officers (including 5 directors)	Chairperson 3 directors (of which 2 are outside directors)	Chairperson 3 directors (of which 2 are outside directors)	Chairperson 5 directors (of which 1 is outside director)
Number of times held in FY2021	15 times	15 times	15 times	8 times	6 times	—

Role of the Board of Directors/Reasons for Selecting Directors

Reasons for Selecting the Eight Directors Who Are Not Audit and Supervisory Committee Members and Meeting Attendance in FY2021

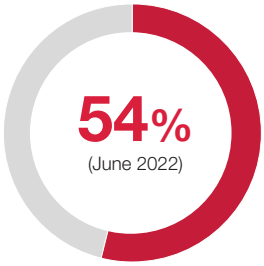
Name	Reasons for selection	Number of shares held	Meeting attendance in FY2021			
			Board of Directors	Audit and Supervisory Committee	Officer Nomination Council	Director Remuneration Council
Isao Matsumoto	Isao Matsumoto uses his abundant knowledge and experience from the Business Unit as well as a global perspective gained from experience overseas and contributes to improving the corporate value of the Group with strong leadership as President, and was therefore deemed suitable as a Director.	4,978	15/15	-	8/8	6/6
Katsumi Azuma	Katsumi Azuma has attained an abundant knowledge and experience in quality improvement and production engineering primarily through the duties in production sections of semiconductors or electronic components, and he has superior ability in controlling and promoting business strategically, and was therefore deemed suitable as a Director.	3,503	15/15	-	-	-
Kazuhide Ino	Kazuhide Ino has attained an abundant knowledge and experience through the duties in technology development sections of Power device and electronic components and financial experience in corporate management. In addition, from the perspective of both axes in conjunction with business operations, he has superior ability to promote business of ROHM Group, and was therefore deemed suitable as a Director.	1,761	15/15	-	-	-
Tetsuo Tateishi	Tetsuo Tateishi has attained highly specialized expertise and abundant experience as a developer, and he is familiar with a broad range of IC technologies and he has superior ability in carrying out ROHM Group's business strategically as CTO (Chief Technology Officer), and was therefore deemed suitable as a Director.	1,489	15/15	-	-	-
Koji Yamamoto	Koji Yamamoto has superior ability in carrying out about Sustainability, Supply Chain Management (SCM) and Risk Management based on an abundant knowledge and experience through the duties in development and production sections, and was therefore deemed suitable as a Director.	2,196	12/12	-	-	-
Tadanobu Nagumo	Tadanobu Nagumo has attained an abundant knowledge and experience acquired as a top executive of a listed company that operates globally and he has a proven track record of aggressively promoting global strategies. Additionally, as an engineer he has a high level of insight in the field of manufacturing. He is expected to contribute to further strengthening oversight of ROHM's execution of business from an independent standpoint, and to provide advice on the management of ROHM's business on a wide range of issues from an international and practical perspective, and was therefore deemed suitable as a Director.	500	12/12	-	4/4	3/3
Peter Kenevan	Peter Kenevan has extensive knowledge and abundant experience in corporate finance, mergers and acquisitions (M&As), among other fields, nurtured over the years through working for a consulting firm. He also has a proven track record serving as the Japan Country Manager of a company that operates globally. He is expected to contribute to further strengthening oversight of the ROHM's execution of business from an independent standpoint, and to provide advice on the management of the ROHM's business on a wide range of issues from an international and practical perspective, and was therefore deemed suitable as a Director.	-	-	-	-	-
Kuniko Muramatsu	Kuniko Muramatsu has work experience at a foreign semiconductor company. In addition, she has a wide range of knowledge and insight, nurtured through establishing and managing her own company aiming to build a foundation for a sustainable society, as well as through an extensive track record and background as an advisor in enhancing corporate ethics and promoting sustainability and diversity. She is expected to contribute to further strengthening oversight of the ROHM's execution of business from an independent standpoint, and to provide advice on the sustainability-focused management, which is the ROHM Group's primary focus, and was therefore deemed suitable as a Director.	-	-	-	-	-

Reasons for Selecting the Five Directors Who Are Audit and Supervisory Committee Members and Meeting Attendance in FY2021

Name	Reasons for selection	Number of shares held	Meeting attendance in FY2021			
			Board of Directors	Audit and Supervisory Committee	Officer Nomination Council	Director Remuneration Council
Masahiko Yamazaki	Masahiko Yamazaki has attained an abundant knowledge and experience through the duties in the administration sections such as general affairs, human resources and legal affairs and he has a proven track record of overall management of ROHM Group's Administration sections for many years and he was therefore deemed suitable as a director who is an Audit and Supervisory Committee Member.	6,401	15/15	12/12	4/4	3/3
Hiroyuki Nii	Hiroyuki Nii is expected to be able to utilize his knowledge and insight through long-time experience at a financial institution as well as a global perspective nurtured through overseas assignments and abundant experience as a full-time Company Auditor and full-time Audit and Supervisory Committee Member of the Company to coordinate with the Internal Audit Department and to strengthen audit and supervisory functions of management from an independent perspective, and was therefore deemed suitable as an outside director who is an Audit and Supervisory Committee Member.	1,900	15/15	15/15	4/4	3/3
Hidero Chimori	Hidero Chimori is expected to be able to utilize professional knowledge and experience, wide insight as an attorney-at-law to ensuring the proper decision-making of the Board of Directors and to strengthen audit and supervisory functions of the Board of Directors from an independent perspective, and was therefore deemed suitable as an outside director who is an Audit and Supervisory Committee Member.	300	15/15	15/15	8/8	6/6
Toshiro Miyabayashi	Toshiro Miyabayashi is expected to be able to utilize his professional knowledge, experience, and wide insight as a certified public accountant to ensure the fairness and transparency of decision-making in the Board of Directors and strengthen the audit and supervisory functions of management from an independent perspective, and was therefore deemed suitable as an outside director who is an Audit and Supervisory Committee Member.	-	15/15	15/15	-	-
Kumiko Tanaka	Kumiko Tanaka is expected to be able to utilize her professional knowledge and experience as a certified public accountant as well as a global perspective nurtured through overseas assignments to ensure the fairness and transparency of decision-making in the Board of Directors and strengthen the and audit and supervisory functions of management from an independent perspective, and was therefore deemed suitable as an outside director who is an Audit and Supervisory Committee Member.	-	15/15	15/15	-	-

Outside Directors

Percentage of outside directors in Board of Directors



As of June 2022, ROHM has seven outside directors, 54% of its 13 total directorate.

Percentage of outside directors that are independent officers

All seven outside directors are independent officers with no danger of a conflict of interest with general shareholders, and supervise and advise management from an independent perspective.

Director Skill Matrix

We have identified the skill sets (such as knowledge, experience, and ability) that the Board of Directors needs to achieve sustainable growth for the ROHM Group and to enhance the Group's corporate value over the medium- to long-term. We hereby define the following skill sets that are especially expected of directors.

Name		Fields							
		Corporate Management	ESG/ Sustainability	Global	Innovation/ Technology	HR Development	Legal/ Compliance	Finance/ Accounting	Industry Expertise
Isao Matsumoto		●	●	●	●	●	●		●
Katsumi Azuma		●	●	●		●	●		●
Kazuhide Ino		●		●	●			●	●
Tetsuo Tateishi				●	●		●		●
Koji Yamamoto			●	●		●	●		●
Tadanobu Nagumo	Outside Independent	●	●	●		●			
Peter Kenevan	Outside Independent	●		●				●	●
Kuniko Muramatsu	Outside Independent		●			●			
Masahiko Yamazaki	Audit and Supervisory Committee Member		●				●		
Hiroyuki Nii	Audit and Supervisory Committee Member Outside Independent		●				●		
Hidero Chimori	Audit and Supervisory Committee Member Outside Independent		●				●		
Toshiro Miyabayashi	Audit and Supervisory Committee Member Outside Independent		●					●	
Kumiko Tanaka	Audit and Supervisory Committee Member Outside Independent		●					●	

Officer Remuneration

Basic Policy

The remuneration and others for Directors shall be based on a remuneration system that shares value with shareholders to clarify their management responsibility and fully function as a sound incentive for the Company's sustainable growth and medium- to long-term enhancement of corporate value. In determining the remuneration of individual directors, the Company's basic policy is to set an appropriate level based on the responsibilities of each position. Specifically, remuneration for executive directors shall consist of fixed remuneration in cash, performance-linked remuneration, and stock-based remuneration as non-monetary remuneration. Remuneration for independent outside directors and non-executive directors shall be paid only as fixed remuneration from the viewpoint of their supervisory function independent of business execution. In addition, in order to enhance independence, objectivity, and transparency of remuneration for directors, the Company shall establish the Remuneration Council for Directors, in which the majority of members are independent outside directors, as an advisory body to the Board of Directors.

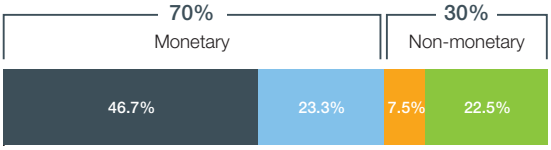
	Executive Director	Independent outside directors and non-executive directors
Fixed remuneration	Paid in cash monthly according to position and responsibilities	Paid in cash monthly
Performance-linked remuneration	Calculated according to the level of achievement of the Company's consolidated net sales and operating profit targets for the immediately preceding period	—
Non-monetary remuneration (stock remuneration)	Consists of a fixed pre-delivery type ("RS: Restricted Stock") and a post-delivery type linked to performance targets ("PSRSU: Performance Share Restricted Stock Unit.") PSRSUs shall be calculated based on the degree of achievement against targets linked to the Medium-Term Management Plan	—

Performance Cycle and Indicators for PSRSUs

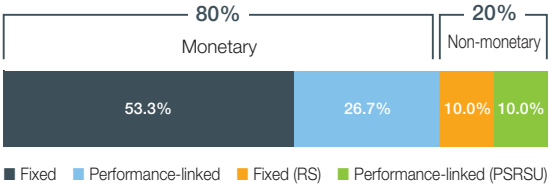
Performance cycle	From FY2022 to FY2025 (4 years)	
Performance indicators	Financial	ROE
	Non-financial	GHG (greenhouse gas) emissions
		Diversity & inclusion (Percentage of women in managerial positions)
		ROHM Group engagement scores

Remuneration Composition (for 100% Achievement of Performance Targets)

Representative Director, President



Other executive directors



(Note) Within non-monetary remuneration, PSRSUs are to be paid in a lump sum after the completion of the Medium-Term Management Plan, but the approximate percentage is calculated assuming that they are paid in each fiscal year.

Total Director Remunerations in FY2021

Category	Total remunerations (million yen)	Total remunerations by type (million yen)			Number of target officers
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (of which is for outside directors)	379 (12)	185 (12)	159 (—)	34 (—)	9 (2)
Directors who are Audit and Supervisory Committee Members (of which is for outside directors)	83 (61)	83 (61)	— (—)	— (—)	5 (4)
Total (of which is for outside directors)	463 (73)	269 (73)	159 (—)	34 (—)	14 (6)

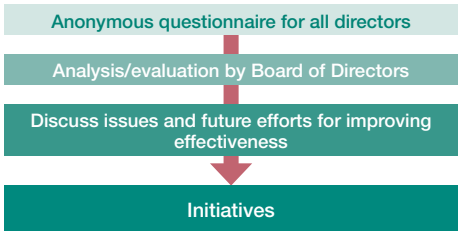
*1 The above table includes two directors who retired at the conclusion of the 63rd General Shareholders Meeting held on June 25, 2021, and one director who changed their position to become an Audit and Supervisory Committee member.

*2 The amount of remunerations paid to directors does not include the amount of employee salaries paid to employee directors.

Evaluation of Effectiveness for the Board of Directors

ROHM believes that in order to continually improve corporate value, it is important for the Board of Directors to adequately exercise its duties and enhance governance, and that is why we introduced "Evaluation of Effectiveness for the Board of Directors" in 2016. Since introducing this system, each Officer is given a questionnaire evaluating the effectiveness of the Board of Directors every year. Based on those results, the Board of Directors analyzes and evaluates the effectiveness of the previous year's Board of Directors through discussion, and strives to improve its effectiveness.

Effectiveness Evaluation Process



Evaluation items (26 to 31 questions)

① Operation of the Board of Directors (agenda, meeting frequency, materials on proposals, open and lively discussions, duration of deliberation, reporting of results, etc.)
② Roles and functions of the Board of Directors (appropriate decision-making, supervisory function for overall management, size, diversity, etc.)
③ Discussions by the Board of Directors (management strategy, sustainability-related issues, Group governance, etc.)
④ Roles and responsibility of Directors (roles and responsibility of Outside Directors, information sharing and opinion exchanges among Outside Directors, etc.)
⑤ Functions and operation of the Director Remuneration Council and the Officer Nomination Council (agenda, meeting frequency, duration of deliberation, etc.)

Evaluation Results for FY2021 and Action Policy for FY2022

FY2020 Evaluation Results	• In FY2020, the Board of Directors again received a good evaluation for continuing to make decisions appropriately through approval of the execution of important operations by meeting on an adequate schedule with an adequate frequency and appropriately reporting on the progress and results of previously decided projects. • The effectiveness of the Board of Directors was also rated highly due to it maintaining the fairness and transparency of management via its role in supervising the overall management of ROHM, fulfilling its functions for formulating the Medium-Term Management Plan and achieving the Management Vision and President's Policy, and ensuring that the Officer Nomination Council and Director Remuneration Council are functioning appropriately.
Efforts in FY2021	• Reports were made at meetings of the Board of Directors, as appropriate, of the progress of the Medium-Term Management Plan and management agenda that had been formulated. • The Board of Directors Regulations were revised to raise the monetary criteria for agenda items of the Board of Directors and to delegate authority to corporate officers. • An outside director with management experience was appointed to the board for the first time, enhancing the diversity of the Board of Directors. • Efforts were made to promote understanding by Audit and Supervisory Committee members and outside directors by holding briefings in advance of Board of Directors meetings.
FY2021 Evaluation Results	• Based on efforts made in FY2021, the Board of Directors received generally good ratings for broadly ensuring its effectiveness. • Evaluation affirms that ROHM's corporate governance has been improved from its previous iteration, as the supervisory function of the Board of Directors has been strengthened by the enhancement of the outside director system, discussions at Board of Directors meetings, including pre-briefing sessions, have been enhanced, and progress reports on the Medium-Term Management Plan, etc. are appropriately provided.
Challenges for FY2022	The Board of Directors analyzed and evaluated the results of the evaluation, discussed challenges and future initiatives to improve the effectiveness of the Board of Directors, and exchanged opinions on the ideal state of the Board of Directors and further improvements in governance. These discussions revealed that there is room for further improvement regarding the structure of the Board of Directors, the sharing of discussions at the Executive Meeting, Director Remuneration Council, and Officer Nomination Council, and discussions at board meetings regarding the allocation of management resources and the status of dialogue with investors.

Constructive and Proactive Dialogue with Shareholders and Investors

ROHM believes that appropriately disclosing information to shareholders and investors at the right time and promoting bidirectional communication can contribute to the continuous improvement of corporate value. That is why we built an investor relations (IR) system and actively communicate with our shareholders and investors.

Various IR Activities and IR Events for Responding to the Needs of Diverse Shareholders

ROHM holds various IR events for responding to the diverse needs of a wide variety of shareholders. In addition to financial results briefings for analysts twice a year, we communicate with our shareholders and investors throughout the entire year by visiting overseas investors, holding company information sessions for individual investors, etc.

Due to the recent interest in ESG, we also proactively hold ESG meetings that focus on ESG matters.

Energizing the Shareholders Meeting and Simplifying the Exercise of Voting Rights

The measures taken to simplify the exercise of voting rights include producing English translations of the notices of convocation of shareholders' meetings, posting these translations on the website and investor platform website, and the acceptance of exercise of voting rights via the internet. ROHM has also focused on IR activities and promotion of exercise of voting rights based on foreign shareholder identification surveys.

At the General Shareholders Meeting, not only do we discuss the prescribed reports and resolutions, but we also have videos on business performance and market trends, and explanations of management policy, work to promote bidirectional communication by projecting answers to frequently asked investor questions on a screen.

Furthermore, from this year we have started posting videos of part of the General Shareholders Meeting on our website so that more stakeholders have a chance to see it.

Members of the Board and Corporate Officers

Directors

President, CEO (Representative)

❶ Isao Matsumoto

Apr. 1985 Joined the Company
Jun. 2013 Member of the Board, Director of LSI Production Headquarters
Sep. 2019 Member of the Board, Managing Executive Officer, in charge of Quality, Safety and Production
May. 2020 President (Representative), Chief Executive Officer
Jun. 2020 President, CEO (Representative) (current position)

Member of the Board

❷ Katsumi Azuma

Apr. 1989 Joined the Company
Jun. 2013 Member of the Board, Director of Discrete Production Headquarters
Jul. 2017 Senior Managing Director, Member of the Board, in charge of Discrete and Optical Module
Sep. 2019 Member of the Board, Senior Managing Executive Officer, in charge of Business and Strategy
Jun. 2020 Member of the Board, Senior Managing Executive Officer, COO, Senior Director of Sales
Jan. 2021 Member of the Board, Senior Managing Executive Officer, COO, Senior Director of Production · Quality · Sales
Jun. 2021 Member of the Board, Senior Managing Executive Officer, COO (current position)

Member of the Board

❸ Kazuhide Ino

Apr. 1999 Joined the Company
Sep. 2019 Corporate Officer, Director of Power Device Production Headquarters
Jun. 2020 Member of the Board, CSO and Senior Director of Power Device Business
Jan. 2021 Member of the Board, Senior Corporate Officer, CSO
Jun. 2021 Member of the Board, Managing Executive Officer, CSO and Director of Accounting & Finance Headquarters (current position)

Member of the Board

❹ Tetsuo Tateishi

Jul. 2014 Joined the Company
Jun. 2019 Member of the Board, Director of LSI Development Headquarters
Sep. 2019 Member of the Board, Senior Corporate Officer, Director of LSI Development Headquarters
Jun. 2020 Member of the Board, CTO and Senior Director of LSI Business
Jan. 2021 Member of the Board, Senior Corporate Officer, CTO (current position)

Member of the Board

❺ Koji Yamamoto

Apr. 1985 Joined the Company
Sep. 2019 Corporate Officer, Director of LSI Production Headquarters and in charge of Development of ATP Rationalization
Jun. 2020 Corporate Officer, Director of Supply Chain Management Headquarters
Jun. 2021 Member of the Board, Senior Corporate Officer, Director of Supply Chain Management Headquarters, Director of Administrative Headquarters and in charge of Sustainability
Jun. 2022 Member of the Board, Senior Corporate Officer, CAO and in charge of Promoting Sustainability (current position)

Member of the Board (Outside)

❻ Tadanobu Nagumo

Apr. 1969 Joined The Yokohama Rubber Co., Ltd.
Jun. 1999 Director of The Yokohama Rubber Co., Ltd.
Jun. 2004 President and Representative Director of The Yokohama Rubber Co., Ltd.
Jun. 2011 Chairman and CEO and Representative Director of The Yokohama Rubber Co., Ltd.
Outside Company Auditor of The Zeon Corporation
Jun. 2015 Outside Director of The Zeon Corporation (current position)
Mar. 2016 Chainman and Representative Director of The Yokohama Rubber Co., Ltd.
Mar. 2019 Senior Advisor of The Yokohama Rubber Co., Ltd. (current position)
Jun. 2021 Member of the Board (Outside) (current position)

Member of the Board (Outside)

❼ Peter Kenevan

Jun. 1995 Admitted to California Bar
Sep. 1995 Joined The McKinsey & Company, Inc.
Jun. 2000 Partner of The McKinsey & Company, Inc. (Tokyo office)
Jun. 2012 Senior Partner of The McKinsey & Company, Inc. (Tokyo office)
Apr. 2021 VP, Head of Japan of The PayPal Pte. Ltd. (Tokyo branch) (current position)
Jun. 2022 Member of the Board (Outside) (current position)

Member of the Board (Outside)

❽ Kuniko Muramatsu

Oct. 1983 Joined The Texas Instruments Japan Limited
Nov. 2003 Head of Corporate Ethics Office and Officer in charge of Diversity Promotion of The Texas Instruments Japan Limited
Oct. 2009 Chief Researcher of The Business Ethics Research Center
Jan. 2010 Representative Director of The Wellness Systems Institute Co., Ltd. (current position)
Apr. 2016 Representative Director of The GEWEL
Jun. 2016 Outside Director of The YOKOWO Co., Ltd. (current position)
Apr. 2018 Senior Researcher of The Business Ethics Research Center (current position)
Jun. 2019 Outside Director of The NEC Networks & System Integration Corporation (current position)
Jun. 2020 Outside Director of The Kyushu Railway Company (current position)
Jun. 2022 Member of the Board (Outside) (current position)

Member of the Board, Audit and Supervisory Committee Member (Full-Time)

❾ Masahiko Yamazaki

Mar. 1982 Joined the Company
Jun. 2010 Member of the Board, Director of Administrative Headquarters
Aug. 2016 Member of the Board, Director of Administrative Headquarters and CSR Headquarters
Jul. 2017 Member of the Board, Director of Administrative Headquarters, Accounting & Finance Headquarters and CSR Headquarters
Jun. 2018 Member of the Board, in charge of General Affairs, Environment and CSR
Jun. 2019 Member of the Board, Director of Administrative Headquarters and CSR Headquarters
Sep. 2019 Member of the Board, Senior Corporate Officer, Director of Administrative Headquarters and CSR Headquarters
Apr. 2020 Member of the Board, Senior Corporate Officer, Director of Administrative Headquarters and in charge of CSR
Jun. 2021 Member of the Board, Audit and Supervisory Committee Member (Full Time) (current position)

Member of the Board (Outside), Audit and Supervisory Committee Member (Full-time)

❿ Hiroyuki Nii

Apr. 1981 Joined The Daiwa Bank Co., Ltd.
Apr. 2006 Group Leader of Real Estate Division of Resona Bank, Ltd.
Apr. 2011 Senior Managing Director of The Resona Foundation for Asia and Oceania
Jun. 2016 Company Auditor of the Company (Full Time)
Jun. 2019 Member of the Board, Audit and Supervisory Committee Member (Full Time) (current position)

Member of the Board (Outside), Audit and Supervisory Committee Member

⓫ Hidero Chimori

Apr. 1983 Attorney at law (Member of Osaka Bar Association) Joined Miyake & Partners
May. 2002 Managing Partner of Miyake & Partners
Jun. 2016 Outside Director of Kobe Steel, Ltd. and Company Auditor of the Company
May. 2019 Partner of Miyake & Partners (current position)
Jun. 2019 Member of the Board, Audit and Supervisory Committee Member (current position)
Jun. 2021 Outside Director of Oji Holdings Corporation (current position)

Member of the Board (Outside), Audit and Supervisory Committee Member

⓬ Toshiro Miyabayashi

Jul. 1985 Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)
Sep. 1990 Registered as CPA
Jun. 2007 Partner of KPMG AZSA LLC
Aug. 2016 Founded Miyabayashi Accounting Office
Jun. 2019 Member of the Board, Audit and Supervisory Committee Member (current position)

Member of the Board (Outside), Audit and Supervisory Committee Member

⓭ Kumiko Tanaka

Jan. 1994 Joined KPMG Century Audit Corporation (currently KPMG AZSA LLC)
Apr. 1997 Registered as CPA
May. 2008 Partner of KPMG AZSA LLC
Sep. 2017 Joined Midosuji Audit Corporation
Feb. 2018 Partner of Midosuji Audit Corporation
Jun. 2019 Member of the Board, Audit and Supervisory Committee Member (current position)
Jul. 2019 Managing Partner of Midosuji Audit Corporation (current position)

Corporate Officers

Position	Name	Duty
Chief Executive Officer	**Isao Matsumoto**	CEO
Senior Managing Executive Officer	**Katsumi Azuma**	COO
Managing Executive Officer	**Kazuhide Ino**	CSO and Director of Accounting & Finance Headquarters
Senior Corporate Officer	**Tetsuo Tateishi**	CTO
Senior Corporate Officer	**Koji Yamamoto**	CAO and in charge of Promoting Sustainability
Corporate Officer	**Motohiro Ando**	Director of Corporate Strategy Headquarters
Corporate Officer	**Masayuki Yagi**	Director of System Solutions Engineering Headquarters
Corporate Officer	**Akio Fujikawa**	Director of LSI Business Unit
Corporate Officer	**Sumihiro Takashima**	LAPIS Technology Co., Ltd., President
Corporate Officer	**Tetsuhiro Tanabe**	Director of Module Business Unit
Corporate Officer	**Syoji Higashida**	Director of WP Production Headquarters
Corporate Officer	**Shinji Mikami**	In charge of Japan · International Sales Headquarters and Director of Japan Sales Headquarters
Corporate Officer	**Tetsuo Aoki**	Director of Sales Management Headquarters
Corporate Officer	**Takashi Miki**	Director of Corporate Quality Headquarters

Aiming to advance governance as the foundation for sustained growth

Hidero Chimori
Member of the Board (Outside), Audit and Supervisory Committee Member

×

Hiroyuki Nii
Member of the Board (Outside), Audit and Supervisory Committee Member (Full-time)

This is the fourth year since we transitioned to a company with an Audit and Supervisory Committee. How do you think governance has been strengthened during this time?

Nii In the past, ROHM's founder made decisions alone for most of management, and passing the baton of management to the next generation was a challenge. How to make a soft landing from one-person management to group management?

A company with an audit and supervisory committee was chosen as a way to shift to well-balanced group management. The transition was made with the objective and awareness of the challenges of creating a system in which governance is firmly in place and management is handed over to the next generation, with the traditional corporate auditors, who knew the history of the company, serving as directors who are members of the Audit and Supervisory Committee. Comparing the two periods before and after, I believe that governance has really improved dramatically.

Chimori The previous board of auditors, full-time and part-time, all had been in office for a long time and knew ROHM well, and a very strong audit function was in place. However, it was a strength that belonged to the people in those positions, and we felt the need to build a more organizational-type of auditing system and recommended that internal audits should be strengthened further. I believe that we were able to establish an organizational-type audit system and strengthen internal auditing at the same time as we transitioned to a company with an Audit and Supervisory Committee.

I also feel the weight of having voting rights as an outside director who is a member of the Audit and Supervisory Committee. In terms of governance, I think it is also significant that the number of outside directors has increased significantly.

How do you see your role as an outside director?

Nii I feel my role as the Chairman of the Audit and Supervisory Committee is very important. I also serve as the facilitator for the Outside Directors Roundtable Meeting, which is held once every three months, or whenever the need arises, for outside directors to discuss issues. At these meetings, we share information and events within the company, and deepen discussions on issues that each of us is aware of. As the only full-time outside director, I recognize my role as a hub between outside directors who are members of the Audit and Supervisory Committee and those who are not.

However, I have been working as the full-time auditor for about six years now so my involvement within the company has become stronger. I have instead come to realize that I must continue to maintain a strong external perspective. While keeping one eye on social common sense and what is happening in society, the other eye must continue to be a supervisory eye that looks at the company objectively. I participate in the Japan Audit &

Supervisory Board Members Association and the Kyoto Auditors' Association, and maintain a network that allows me to be in touch with information from outside the company, and I try to give back to ROHM.

Chimori My background is as a lawyer, so I understand that my role as an Audit and Supervisory Committee member is primarily to check and manage risks. I have also served on third-party committees after scandals at other companies, and I have seen a wide range of issues, such as the prevention of compliance problems and governance issues. Based on this background, I think I am most useful in that I can look at the ROHM Group objectively to some extent.

It is necessary to maintain an external perspective.

How would you rate the atmosphere of the Board of Directors? Also, please tell us about discussions on the Medium-Term Management Plan that left a particularly strong impression on you.

Nii In the past, board meetings were short-lived, with an unspoken understanding that they were a forum for resolution, not discussion. Today, however, the atmosphere has changed dramatically, and discussion has become the norm, sometimes lasting several hours.

The advanced briefings that began in FY2021, explanations of the agenda for outside directors that take place about a week before the board meeting, have also been very effective. This has made it possible for part-time directors too, to grasp the issues and make their own analysis before the board meeting, allowing essential discussions to take place.

Chimori It is definitely true that the Board of Directors has become more active. In the past, ROHM and other companies have tended to focus on the comments of outside directors, but recently at ROHM, the number of comments from within the company has been gradually increasing. I hope that this will be the case in the future.

Another thing that relates to governance as a whole is that we Audit and Supervisory Committee members regularly interview the executive side. Some information is conveyed from the full-time to part-time members at Audit and Supervisory Committee meetings, and together with the advanced briefings, the amount of information available to part-time outside directors has increased dramatically.

Nii The semiconductor industry is an industry where ups and downs are very severe, making it difficult to set medium- and long-term goals and plans. For this reason, the formulation of a medium-term management plan starting from FY2021 was a new experience for ROHM. In the process of formulating the plan, it became clear that ROHM had a weak management foundation for taking a bird's-eye view of the issues facing the entire company and dealing with them. We therefore worked to strengthen the foundation by reforming the organization into a matrix-type structure that went through the organization horizontally and establishing a new Corporate Strategy Headquarter. Although not the content of the Medium-Term Management Plan itself, I was impressed by the progress made in improving governance.

Chimori The argument for formulating a medium-term management plan was that we would first draw up a vision for 10 years hence and then make a plan by backcasting. Initially, although this was the case, I was concerned because we did not have a clear vision for 10 years hence, and the 5-year hence figures were also very conservative. In the end, we managed to come up with another set of figures that was a step closer, and as a result, the recent favorable external environment led to an early upward revision. However, I am concerned that the planned process of self-growth may have been overshadowed by the favorable external environment. As a member of the Audit and Supervisory Committee, I will keep a close watch on this point.

As for governance, I, like Mr. Nii, have been asking for reform of governance, as it is the foundation for the promotion of the Medium-Term Management Plan. The president is very enthusiastic about governance reform, and I think the progress made in that reform is a very significant achievement.

Please tell us about the appointment of the two new outside directors.

Chimori I am also a member of the Officer Nomination Council, and since we had professionals, attorneys and certified public accountants, as outside directors when we transitioned to a company with an Audit and Supervisory

Committee, there was a common understanding that we should bring in management experts and people with knowledge in ROHM's field of business, and we were able to bring in the two new outside directors this time.

Nii Mr. Kenevan has diverse knowledge from his consulting firm background, and Ms. Muramatsu is familiar with semiconductors, sustainability and governance issues, so we have very high expectations for them.

What are your thoughts on the need to strengthen the expertise of outside directors and the operation of the Board of Directors to further advance governance?

Nii First, CFO-type expertise is required. As the company aims for even greater sales in the future, it will be essential to have the expertise to become the president's right-hand man, able to manage people, goods, and money on a different scale than before, and to build financial strategies with a broad perspective and management mindset.

Second, the CIO type. Today, the concept of DX is extremely important. We must aim to establish competitive advantage by utilizing digital and IT technologies and transforming business models, organizations, and corporate culture. Transformation is more important than the old move to IT, and a CIO who can think about this will be needed.

Third, there is the concept of boards 1.0, 2.0, and 3.0, which originated in the U.S. First of all, I think it is necessary to depart from 1.0 and move to 2.0, to be able to supervise management with an outside eye, distinct from execution, and to be able to discuss issues thoroughly at board meetings.

Chimori Since we have good people, in terms of further evolution, we are facing the challenge of moving away from discussions centered on individual proposals to larger discussions. I hope that we can stimulate more active discussions on the major directions that will affect the future management of the company.

The key to the company's growth is to make the company a place where dreams can come true.

What do you think are the future issues related to the executive compensation system?

Chimori As a first step, we introduced performance-linked compensation and a system of transfer-restricted stock-based remuneration as non-monetary compensation. In addition, we also discussed a compensation system linked to the Medium-Term Management Plan, and have now designed a compensation system linked to medium- and long-term financial and non-financial indicators. Going forward, we recognize the need to make improvements as we see how well these function.

Finally, what should the ROHM Group do to achieve sustained growth?

Nii We believe that sustained growth means, for example in the case of the scale of sales, sales in excess of 1 trillion yen, and becoming a company that is recognized by both ourselves and others as a major global player. The way to achieve this is to invest in the human resources that will be responsible for this growth, specifically, the development of globally competent human resources, and diversity and inclusion. By attracting, nurturing, and embracing diverse human resources, we can create a wonderful synergy effect.

Another essential aspect is to improve governance throughout the group. In the past, each group company has developed relatively freely, but we are beginning to see issues such as a lack of uniformity and efficiency. I believe that the ROHM Group can maximize its strength and promote sustained growth only when there is a system for making decisions transparently, fairly, quickly, and decisively as a group.

Chimori I totally agree with you about investing in people and governance. There is no final goal in improving governance, it is necessary to advance governance as a solid foundation that can be repeatedly updated to meet the challenges that keep coming up.

Regarding people, it is very important to have an environment where each individual can work in a rewarding way. I believe that the key to the company's growth is to make it a place where the next generation of talented human resources can truly flourish and realize their dreams, and I believe that management should steer the company with an emphasis on this.

Message from the Newly Appointed Outside Directors

Management strategies combining organic and inorganic approaches are needed from now on.

I am very pleased and honored to be appointed as an outside director of ROHM. I have always had a high regard for ROHM's industry-leading products and process technologies, its commitment to quality, its customer-first philosophy, and above all, its corporate culture that values quality first. ROHM has set a goal of becoming a major global player by 2030. I am confident that ROHM's advanced technological capabilities and extensive track record will enable us to achieve this goal, and I look forward to working with the management team to help us achieve our goals.

I would like to use the knowledge and network I have cultivated over the years to help ROHM expand its presence in the important regions of Europe and North America. In particular, I believe that I can help ROHM broaden its product offerings, attract new customers, and deepen relationships with existing customers, especially in the automotive and industrial sectors where ROHM is focusing its efforts. This will require a combination of organic and inorganic strategies, and I believe my consulting experience will be useful. I will work with management to increase transparency and financial literacy throughout the organization to deepen ROHM's business model and improve its ability to create value.

Peter Kenevan

Member of the Board (Outside)

He was with McKinsey & Company for 25 years. In addition to his experience in Japan, he served as the Asia Pacific Leader for the semiconductor industry for 10 years as a Senior Partner, where he also served as Global Leader. He has worked extensively in strategy and finance in the high-tech industry, with a particular focus on cross-border M&A. He has been PayPal's Japan Representative since 2021.

I want to provide advice and monitoring of sustainability management from various angles to improve corporate value.

ESG is inherent in ROHM's Company Mission, and I expect that the explicit specification of Sustainability Priority Issues and targets in the Medium-Term Management Plan will further enhance the sense of unity and synergy within the Group. As an independent outside director, I would like to contribute to improving the effectiveness of sustainability governance by advising on, and monitoring of, sustainability management from the perspective of stakeholders, while encouraging further disclosure of financial and non-financial information and enhancing dialogue.

For ROHM, which aims to become a major global player, I believe that addressing climate change and developing global human resources are the keys to effective governance reform and sustained growth. To this end, it will be important to instill diversity and inclusion, which lead to higher employee engagement, to have each and every employee empathize with and implement the Management Vision, and to further build the foundation of a system as ONE ROHM. I would like to use my independent position, practical experience at a global company, and expertise to provide advice on instilling diversity promotion strategies, empowerment of female leaders, and Company Mission and Management Vision to enhance corporate value.

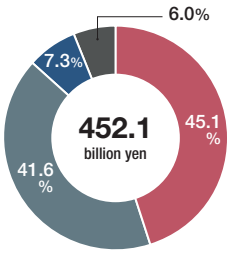
Kuniko Muramatsu

Member of the Board (Outside)

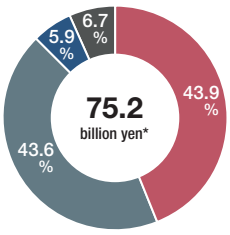
She was with Texas Instruments Japan for 26 years. She served in various positions, including General Manager of the Public Relations Department, Head of Corporate Ethics Office, and Officer in charge of Diversity Promotion. In 2010, she founded the Wellness Systems Institute Co., Ltd. She has served as an outside director for a variety of companies, advising on corporate reform and human resource development through the integrated practice of corporate ethics, CSR/sustainability, and diversity management.

Performance by segment (FY2021)

Net sales

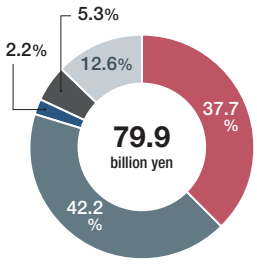


Operating profit

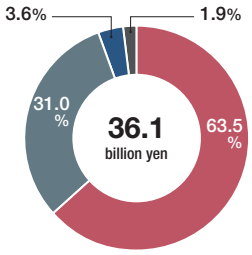


*Operating profit for the period was 71.4 billion yen, but we are showing the details of 75.2 billion yen excluding general and administrative expenses and the settlement adjusted amount.

Capital expenditures



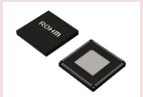
R&D expenses



■ ICs ■ Discrete semiconductor devices ■ Modules ■ Others
■ Sales and administrative division

ICs

Net sales **203.8** billion yen
Operating profit **32.9** billion yen



PMICs (system power supply)

High-voltage fan motor drivers

Isolated gate driver ICs

Discrete Semiconductor Devices

Net sales **188.0** billion yen
Operating profit **32.7** billion yen

MOSFETs

SiC MOSFETs

Multi-beam lasers

Compact high-intensity 3-color chip LEDs

Modules

Net sales **32.8** billion yen
Operating profit **4.4** billion yen

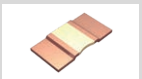
Ultra-high speed thermal printheads for industrial equipment

Wireless charger modules

Others

Net sales **27.2** billion yen
Operating profit **5.0** billion yen

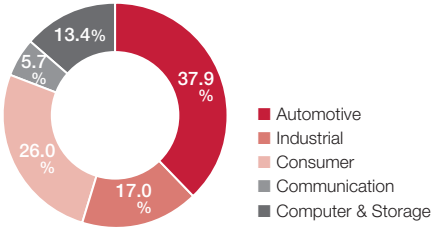
High-power shunt resistors



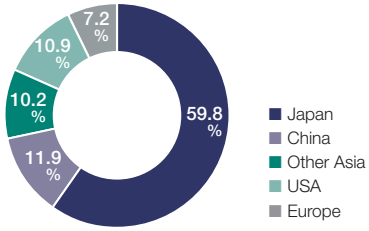
PSR series

GMR series

Sales by application (FY2021)



Sales by region (FY2021)



Principal use

■ Automotive

- xEV
- Engine control unit
- Air bag
- Carnavigation
- ADAS

■ Industrial

- Electrical measuring equipment
- Machine tool
- Solar power
- Smart meter
- Medical equipment
- Security equipment
- Casino machine

■ Consumer

- Audio visual equipment
- White goods
- Video game console
- Smart speaker
- Wearable (Watch/Fitness)

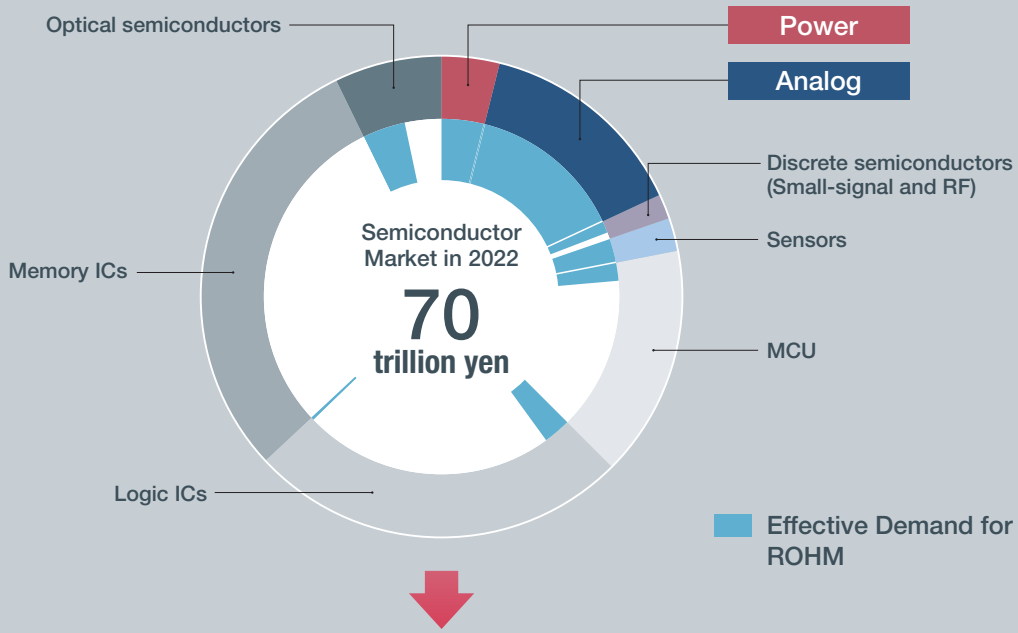
■ Communication

- Smart phone
- IoT
- Base station

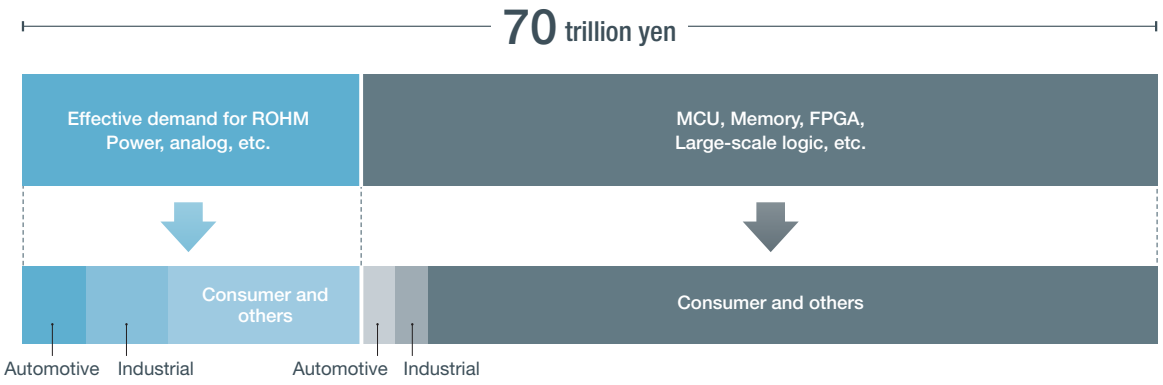
■ Computer & Storage

- PC/Tablet PC
- Data center/Server
- Printer/PPC
- Data storage (HDD/SSD/DVD)
- POS

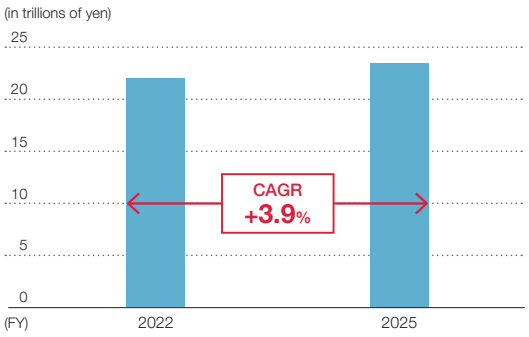
ROHM's target market size for power and analog (effective demand for ROHM)



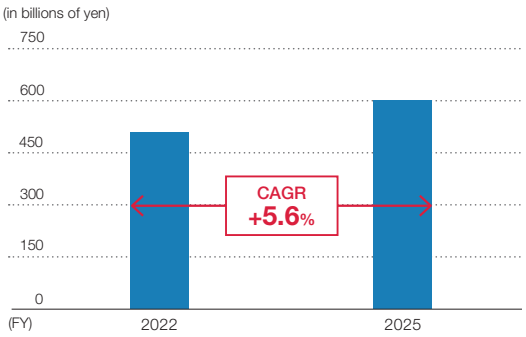
Source: Omdia



Effective Demand for ROHM



Net Sales of ROHM



ROHM products for effective demand: discrete, analog, etc.
Source: Omdia

Business Overview by Segment

ICs

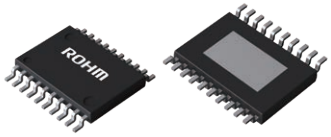
Akio Fujikawa
Corporate Officer,
Director of LSI Business Unit

Aim for further growth by strengthening marketing capabilities based on ASSP

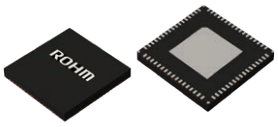
ROHM's ICs, with a focus on power and analog, can contribute to maximizing the results of our customers' products with miniaturization and by conserving energy. They are truly an embodiment of our Management Vision. Currently, we are focusing on the development of high-performance general-purpose ASSPs that fit multiple customer applications by selecting functions to be incorporated, and we are also aiming to improve overall IC development efficiency. To this end, we are promoting the development of product marketing engineers (PMEs) with expertise in the market, technology, and production technology in order to strengthen our marketing capabilities to anticipate market and customer needs. With product development focused on ASSPs, we are aiming to exceed 260 billion yen in sales and the company-wide target of an operating income margin of 20% or more in FY2025.

Key products

Isolated gate driver ICs
Control large currents, such as in the drive portion of electric vehicles (xEV). ROHM's unique microfabrication technology contributes to miniaturization and higher efficiency of inverters for automobiles.



LED driver ICs
With the spread of LED lighting and lower current consumption in automobiles, the number of LEDs installed has increased. We have dedicated drivers suitable for various applications, such as headlamps.



System power supplies
We have a diverse lineup of application-specific system power supplies to meet various uses and specifications. In addition to consumer products, we are expanding the product lineup of various PMICs for each automobile's electronic control unit (ECU).

ROHM's Position

Worldwide analog IC manufacturer sales ranking (2021)

(Millions of U.S. dollars)

Rank	Company name	Sales
1	Texas Instruments	12,615
2	Analog Devices	8,970
3	Qualcomm	8,427
4	Skyworks Solutions	4,394
5	Media Tek	4,303
:		
17	ROHM	880

Source: Omdia, Analog and Discretes, Competitive Landscaping Tool (CLT) 2022

Worldwide analog IC market

Total market (2021)
81,056 million U.S. dollars

ROHM's share
17th **1.1%**

Automotive–Analog ASSP, Automotive–Analog ASIC

Total market (2021)
11,229 million U.S. dollars

ROHM's share
12th **2.8%**

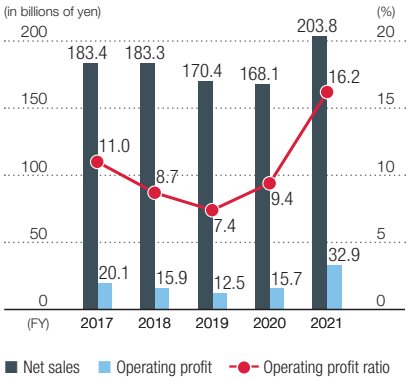
Industrial & Other–Analog ASSP, Industrial & Other–Analog ASIC

Total market (2021)
3,464 million U.S. dollars

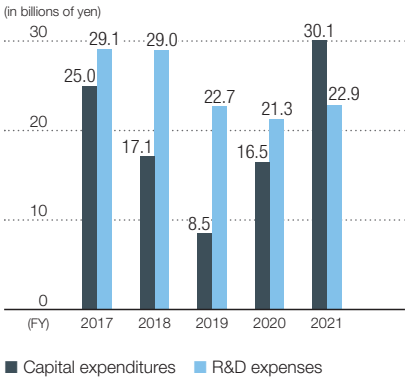
ROHM's share
14th **2.1%**

Performance Highlights

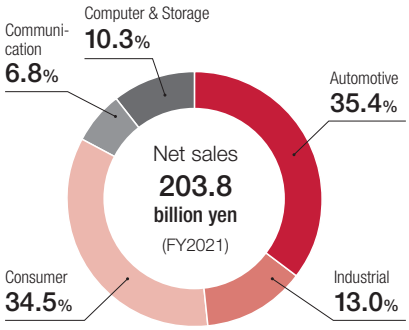
Net sales/operating profit/ operating profit ratio



Capital expenditures/R&D expenses



Sales by application



Progress of the Medium-Term Management Plan

Maximize our four strengths

ROHM is continually strengthening its technological development capabilities with advanced integral technologies that are created through repeated discussions between circuit designers and process designers, resulting in a variety of high value-added products. The technologies that customers want, and the issues, are becoming increasingly diverse, and the PME plays a central role in consolidating market, technology, and production technology information to promote product development centered on high-performance general-purpose ASSPs and solve customer issues on a global scale.

Deepen cultivation of overseas customers in automotive, and strengthen the consumer electronics, PC, and server fields.

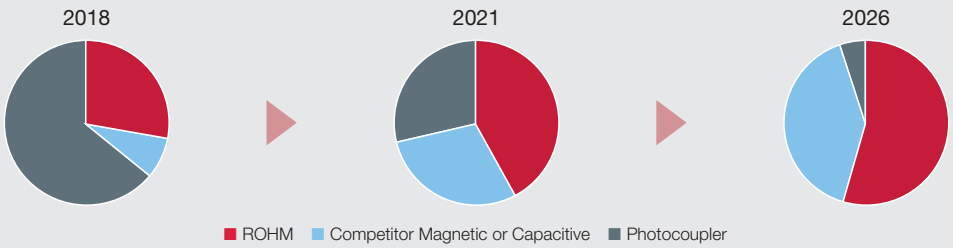
In order to further increase sales and profits, IC plans to strengthen the automotive market over the next five years, in Japan and overseas and the home appliance, PC, and server fields in the consumer equipment field. Our targets are the power markets in fields where “connected” is the keyword, such as 5G, IoT, and AI, and in fields where “energy” is the keyword, such as mobility and energy saving. We will particularly focus on the automotive field overseas, where there is more room for growth than in Japan.

In promoting the development of ASSP, we have designated areas of sales growth and added value as our strategic TOP 10 areas, and aim to make these a larger percentage of sales, increasing added value. We will maximize the benefits of IDM, develop distinctive original products, and expand sales and profits.

Toward the Realization of a Sustainable Society

Promote magnetically isolated gate driver ICs to reduce environmental impact

As regulations on exhaust emissions and fuel consumption are tightened in countries around the world and electrification of vehicles accelerates, demand is expanding for isolated gate drivers, which are required between the drive and control systems. In 2016, ROHM began production of the world’s first magnetically isolated gate driver ICs that combine a humidity monitor and power supply in a single package, and currently has approximately 60% of the global share of magnetic + capacitive isolated gate driver ICs for automotive applications. Compared to conventional photocouplers, the magnetic type contributes to the miniaturization of inverters for automobiles. ROHM expects that the increasingly strong demand for smaller xEVs will quickly increase the proportion of magnetic type, and will strive to expand sales while maintaining its overwhelming share of the market. In order to meet increasing demand, ROHM is constructing a new building at its plant in Malaysia, aiming to start production in 2024.



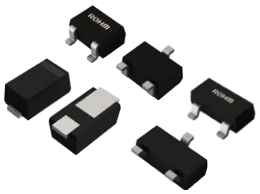
Discrete Semiconductor Devices

Tsuguru Ariyama
Director of General Purpose Device Business Unit

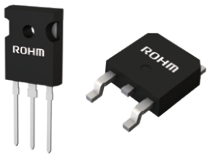
Aim for the top share in the industry with products that contribute to a decarbonized society

ROHM is engaged in two businesses related to discrete semiconductor devices: power devices and small-signal devices. Power devices are expected to grow in the future as they can contribute greatly to saving energy and miniaturization. In particular, in the SiC power device business, which can contribute to a decarbonized society, we are aiming to build a system that can provide products from wafer materials to achieve the top share in the industry and contribute not only to sales but also to the environment. In the small-signal device business, we will continue to secure further earnings and maintain the top market share by further improving productivity.

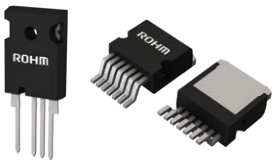
Key products



Small-signal devices
Used universally in a variety of applications. Get the world's number 1 market share



Power devices
Core components of power and power supply systems and inverters. Silicon power transistors, power diodes, IGBTs, etc., mainly used for power conversion.



SiC power devices
These have excellent heat resistance and performance at high voltage drive. As next-generation low-loss semiconductors, they are attracting high expectations as products that will contribute to the spread of all types of xEVs, further power efficiency, and a decarbonized society.

*Details of the strategy on page 33.

ROHM's Position

Worldwide discrete semiconductor manufacturer sales ranking (2021)

(Millions of U.S. dollars)

Rank	Company name	Sales
1	Infineon Technologies	5,421
2	onsemi	2,761
3	STMicroelectronics	2,000
4	Nexperia	1,679
5	Mitsubishi Electric	1,602
6	**ROHM**	**1,407**

Source: Omdia, Analog and Discretes, Competitive Landscaping Tool (CLT) 2022
Omdia, SiC Power MOSFETs and SiC Rectifiers, Power Semiconductor Market Share Database 2021

Worldwide discrete semiconductor market

Total market (2021)
32,601 million U.S. dollars
ROHM's share
6th 4.3%

Small signal transistors/diodes

Total market (2021)
5,090 million U.S. dollars
ROHM's share
2nd 15.1%

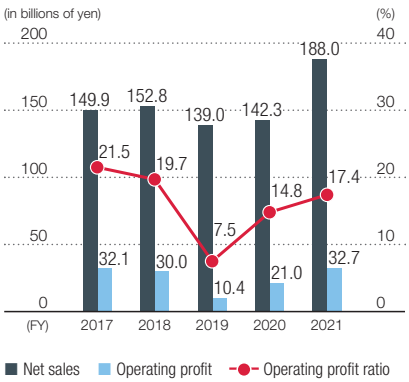
SiC

Total market (2020)
783 million U.S. dollars
ROHM's share
4th 14.0%

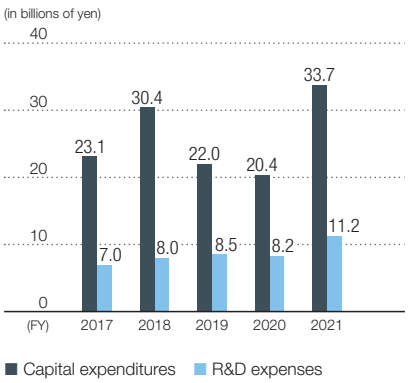
Source: Researched by ROHM

Performance Highlights

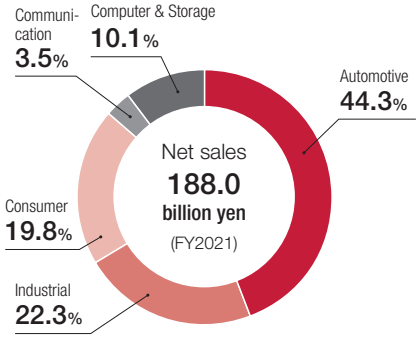
Net sales/operating profit/ operating profit ratio



Capital expenditures/R&D expenses



Sales by application



Progress of the Medium-Term Management Plan

Accelerate development with world-leading low ON-resistance technology

Among discrete semiconductor devices, power devices are part of our growth strategy. In the automotive and industrial equipment markets, where high growth is expected, we are aiming to increase our market share both domestically and internationally by developing new products and proposing solutions that solve customer issues. In particular, demand for SiC power devices has been growing significantly faster than forecasted, so we began production of the 4th generation of SiC MOSFETs in 2021. In addition, we are pursuing world-leading low ON-resistance technology and accelerating development for the next generations (5th and 6th generations), aiming to capture more than 30% market share and sales of 100 billion yen or more in SiC-related business by FY2025.

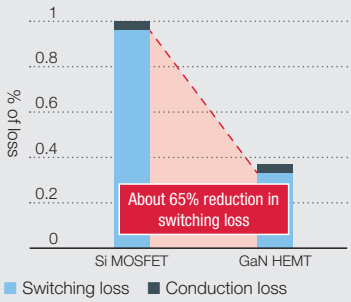
Aim to increase production efficiency and ensure stable supply

With regard to wafers, which are the material for SiC, we are working on increasing the diameter from the current 4-inch and 6-inch to 8-inch in order to reduce mass production costs, and we are aiming for a system capable of producing 8-inch substrates by 2023, thereby increasing production efficiency. In addition to continuing to work on reducing costs by evolving process technology and improving yield, we are planning to invest 120-170 billion yen to further expand capacity.

With regard to small-signal devices, we are aiming to double human productivity in the production process. We will continue to review inventory design and stabilize production, aim for stable supply, reduced costs, and improved service, and maintain the world's top market share as a cash cow business.

Toward the Realization of a Sustainable Society

Comparison of switching loss



Note: Si MOSFET loss is set at 1

Contributing to energy conservation not only with SiC, but also GaN devices, the portfolio of which is being strengthened

With the increase of IoT devices, improving the power conversion efficiency and downsizing devices such as servers has become an important social issue. GaN devices are expected to be utilized as devices that contribute to lower power consumption and miniaturization of various switching power supplies because they have lower ON-resistance and superior high-speed switching performance compared to silicon devices.

ROHM has developed a product that applies the industry's highest 8V gate withstand voltage technology to a 150V withstand voltage GaN device for various power supply circuits, thanks to its unique structure. In April 2022, ROHM entered a strategic partnership with Delta Electronics, a global power supply manufacturer, for the development and production of next-generation semiconductor GaN power devices. We also plan to produce GaN IPMs with built-in analog ICs, aiming to expand our product lineup as early as possible.

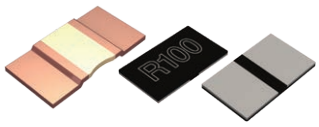
Modules and Others

Tetsuhiro Tanabe
Corporate Officer,
Director of Module Business Unit

Provide high added value by combining ROHM's integral technologies

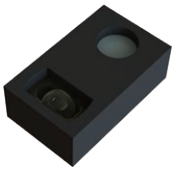
ROHM's Modules and Others (mainly resistors) businesses aim to grow by providing added value to customers. For example, by combining distinctive ROHM ICs and discrete semiconductor devices to provide products with optimal characteristics, and by streamlining development, we are able to deliver products to customers as quickly as possible. In the print head business, we are also creating synergies such as high-speed printing support using IC production technology. In addition, resistors, our founding product, are an indispensable component in this industry. We will provide added value by improving production efficiency and focusing on the automotive and industrial equipment markets, which require higher reliability.

Key products



Resistors
One of the indispensable components in electric circuits, resistors work to ensure smooth operation of electric circuits. They provide high added value because they are high performance, highly reliable, and can be miniaturized.

Print heads
These use ROHM's proprietary semiconductor, thick-film printing, and thin-film deposition technologies, and are small, save energy, are high quality, and provide high image quality.



Sensor modules
ROHM can propose total solutions by combining the world's top-level sensor variations with ROHM's core technologies.

ROHM's Position

Worldwide thermal printhead manufacturer sales share ranking (2021)

ROHM's share

2nd 25.7%

Rank	Company name	Share of sales
1	Kyocera	35.0%
2	ROHM	**25.7%**
3	SHEC	17.5%
4	Toshiba Hokuto Electronics	7.9%
5	AOI ELECTRONICS	7.0%
6	ALPS ALPINE	3.0%

Source: CHUNICHISHA Co., Ltd.

Worldwide resistor manufacturer sales share ranking (2021)

ROHM's share

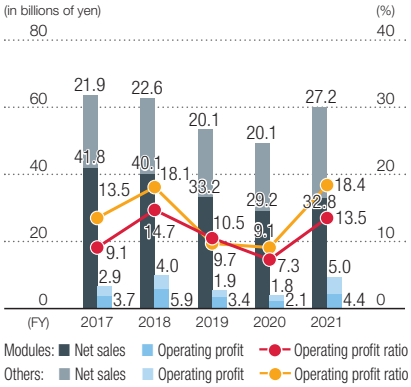
3rd 10.0%

Rank	Company name	Share of sales
1	Company A	22.0%
2	Company B	11.0%
3	ROHM	**10.0%**
4	Other	57.0%

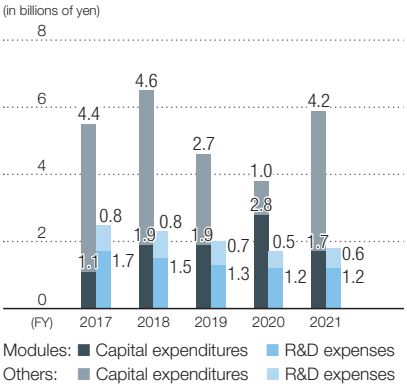
Source: Researched by ROHM

Performance Highlights

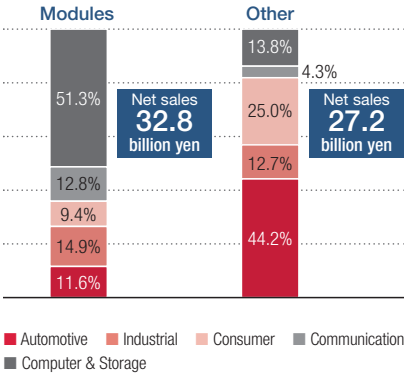
Net sales/operating profit/ operating profit ratio



Capital expenditures/R&D expenses



Sales by application (FY2021)



Progress of the Medium-Term Management Plan

Achieve high value-added modules and aim for qualitative transformation

In the module business, our major goal during the Medium-term Management Plan is to achieve qualitative transformation by adding higher value and shifting to overseas markets. In FY2021, sales of printheads for printers and optical modules for the industrial equipment and consumer markets increased. Going forward, we will focus on expanding sales of sensing modules for autonomous driving support and security (authentication). Demand for modules combining laser diodes for various sensor applications, such as particle detection, and non-contact sensors for life with COVID-19 is also growing. We will work to differentiate our products from those of other companies, such as through superior high-temperature characteristics, and aim to contribute to our business performance.

Expand the lineup of special resistors

By application automotive applications account for more than half of our sales of resistors, and our products are trusted by many customers. In FY2021, sales grew mainly in the automotive and consumer markets, and products were used in many applications. As the number of motors and ECUs will continue to increase in line with the higher functionality of automobiles in the future, the need for high-density mounting of components will increase and the demand for resistors to be more power-efficient and compact will also increase. To meet these demands, we are expanding our lineup of shunt resistors and other special resistors that are compact and can handle high power.

High value-added sensor modules Sales ratio			
FY2021 Results 4%	→	FY2025 Forecast 30%	

High value-added special resistors Sales ratio			
FY2021 Results 49%	→	FY2025 Forecast 54%	

Toward the Realization of a Sustainable Society

Develop high-speed thermal printheads for the increase in display of information

With the introduction of mandatory labeling of nutritional information on food products and the new food labeling system, going forward, the amount of date code information to be printed on barcode labels for food packaging will increase, becoming denser and denser. In line with this trend, there are increasing demands for high image quality and high-speed printing, as well as for printing on environmentally friendly printing media that are difficult to print on at high speeds, and the market for these products is expanding year by year.

ROHM manufactures high-definition, high-speed thermal printheads for date codes, and has been working to reduce head size and weight and achieve leaner printing. In January 2021, ROHM began production of a new product that cuts ink ribbon running costs by up to half. This product is seven times more resistant to corrosion than ordinary products and significantly reduces the maintenance load.

1-Inch Type High-Speed Thermal Printhead for Date Code Printers

Eleven-Year Summary

For the Year:	2011	2012	2013	
Net sales	304,652	292,410	331,087	
Cost of sales	209,046	213,275	227,014	
Gross profit	95,606	79,134	104,073	
Selling, general and administrative expenses	89,253	80,056	80,437	
Operating profit (loss)	6,352	-921	23,635	
Ordinary profit	7,286	11,786	35,915	
Profit (loss) attributable to owners of parent	-16,106	-52,464	32,091	
Capital expenditures	51,117	42,817	31,754	
Depreciation and amortization	35,915	38,879	25,559	
R&D expenses	39,763	37,750	36,536	
Per Share Information (Yen):				
Net income (loss) per share	-149.41	-486.63	297.65	
Net assets per share	5,880.27	5,688.21	6,149.79	
Dividend per share	60	30	50	
As of the end of Year:				
Total assets	737,326	699,014	754,407	
Total liabilities	103,046	85,367	91,019	
Equity	634,280	613,647	663,387	
Number of employees	21,295	20,203	19,985	

(Millions of Yen)

	2014	2015	2016	2017	2018	2019	2020	**2021**
	362,772	352,397	352,010	397,106	398,989	362,885	359,888	**452,124**
	235,042	230,662	234,967	252,591	254,727	251,125	242,252	**289,803**
	127,729	121,734	117,042	144,515	144,262	111,759	117,635	**162,320**
	88,929	88,099	85,215	87,510	88,352	82,269	79,146	**90,841**
	38,800	33,635	31,827	57,004	55,909	29,489	38,488	**71,479**
	59,218	36,625	35,579	54,213	64,689	35,774	40,672	**82,551**
	45,296	25,686	26,432	37,249	45,441	25,632	37,002	**66,827**
	48,739	56,686	42,182	55,911	57,291	38,941	44,114	**79,985**
	34,467	38,338	40,801	43,407	45,415	44,328	40,167	**42,027**
	39,996	40,868	37,277	38,852	39,578	33,384	31,537	**36,126**
	420.16	241.91	249.88	352.14	431.29	247.66	376.24	**680.62**
	6,975.07	6,672.33	6,854.01	7,104.04	7,332.04	7,185.83	7,835.49	**8,557.15**
	130	130	130	240	150	150	150	**185**
	864,380	804,134	834,503	864,072	874,427	848,873	926,240	**1,029,132**
	111,946	97,883	109,051	112,194	107,673	133,393	156,750	**188,778**
	752,433	706,251	725,452	751,877	766,754	715,479	769,490	**840,353**
	20,843	21,171	21,308	23,120	22,899	22,191	22,370	**23,401**

Glossary

Term	Meaning
AC/DC	Stands for alternating current and direct current.
ADAS	Stands for advanced driver assistance system, which is a system that helps drivers operate their automobiles.
ASSP	Stands for application specific standard product.
BCM	Stands for business continuity management.
BCP	Stands for business continuity plan.
BiCDMOS	Production technology that simultaneously creates three types of processes: a bipolar process, a CMOS process, and a DMOS process. It is an IC manufacturing process and a process technology that combines three processes—an analog bipolar process, a digital CMOS process, and a power/high-voltage resistant element DMOS process—all on one chip.
CSV	Stands for creating shared value.
CTO Office*	An internal organization under the direct control of the Chief Technology Officer for the creation of new business, innovation, and technology research.
CVC	Stands for corporate venture capital, which is a program whereby a business firm uses its own funds to support or invest primarily in nonpublic emerging companies (start-ups).
DX	Stands for digital transformation.
ECU	Stands for Engine Control Unit. A microcontroller that controls all the electrical auxiliary devices used to control engine operation.
FAE	Stands for field application engineer, which is a job in which an individual who does not belong to the product development division is responsible for selling products in regions or to customers. This position is held by an engineer who provides customers with technical support for products and various applications.
Flexible line	A production line that can manufacture various products on the same production line without human intervention.
FMEA	Stands for Failure Mode and Effects Analysis. A method for evaluating and eliminating risks associated with products and manufacturing processes at the design stage.
GaN	Stands for gallium nitride, which is a compound semiconductor material used in next-generation power devices. This substance is superior to silicon, which is the material normally used in semiconductors, in its physical properties, and it is starting to be used for its high-frequency properties.
General-purpose device*	An electronic component that can commonly be used in many areas, such as transistors and diodes.
GHG	Stands for greenhouse gas.
IC	Stands for integrated circuit.
ICE	Stands for Internal Combustion Engine. A common type of engine that burns fuel, such as gasoline or diesel fuel, in cylinders.
IDM (vertical integration)	Stands for integrated device manufacturer. This means that the manufacturer has all the facilities necessary for doing everything in-house, from product development through manufacturing.
IGBT	Stands for insulated gate bipolar transistor, which is a transistor that combines a MOSFET and a bipolar transistor. It has both low ON resistance and relatively rapid switching, and it is currently used in a broad range of areas for controlling high-power voltage.
IPM	Stands for intelligent power module. This product combines into one package the best drive circuits and safeguards for IGBT devices, and it improves the devices' efficiency and simplifies their design. The module incorporates the self-protection functions and drive circuits of power MOSFETs that control power as well as IGBTs and other power devices.

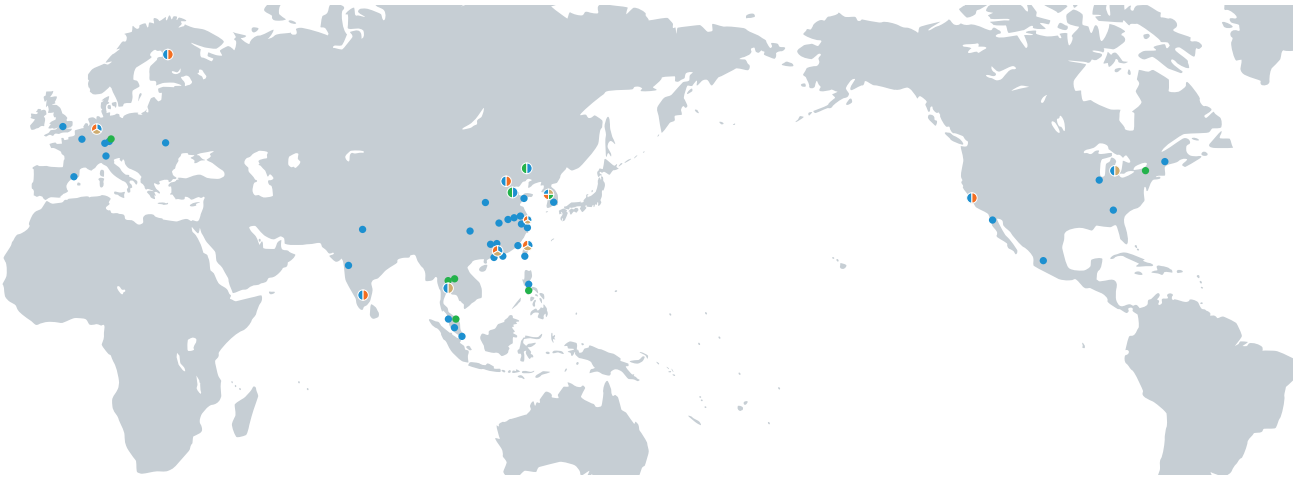
Term	Meaning
Isolated gate driver IC	An IC that drives SiC, IGBT, and other power semiconductors and that has a built-in insulating element that is needed to protect people and systems.
LiDAR	Stands for Light Detection And Ranging. A remote sensing method (using a sensor to detect from a remote location) that shines near-infrared, visible or ultraviolet light onto an object and captures the reflected light with an optical sensor to measure the distance.
MOSFET	Stands for metal oxide semiconductor field effect transistor. This type of transistor is commonly used in various electronic devices because it allows high-speed switching and low-power consumption compared with bipolar transistors.
OECD Due Diligence	The method for conducting due diligence recommended in the OECD Guidelines for Multinational Enterprises is helpful to corporations because it contains practical and clear explanations.
OSAT	Stands for outsourced semiconductor assembly and test. It refers to a manufacturer that undertakes assembly and testing, which are post-processes in the manufacture of semiconductors.
PME*	Stands for product marketing engineer. This is a person who possesses full knowledge of advanced technology and authority for new product development. This position is affiliated with the product development division and is responsible for both planning and sales of products developed by the development division.
PMIC	Stands for power management IC. ROHM's lineup consists of linear regulators, switching regulators, power management switch ICs, system power management, leakage detector ICs, and battery management ICs. (Integrated) power management ICs incorporate these technologies/circuits.
ROHM Music Foundation*	A public interest incorporated foundation established in 1991 by ROHM's founder, Kenichiro Sato, with the aim of continuously contributing to the diffusion and development of music culture. It focuses on fostering young musicians, and over the past 30 years or so, it has supported 4,732 musicians as ROHM Music Friends (as of March 31, 2022).
SCM	Stands for Supply Chain Management.
SiC	A compound semiconductor made of silicon (Si) and carbon (C). These have the properties of being high voltage, having lower ON resistance, and being faster than those made of Si, which has been used so far, and they have much better power conversion efficiency. These semiconductors also function stably even at high temperatures.
Specialists*	Human resources who can contribute technology for ROHM's continued development. These people possess the expertise and skills specific to the areas that they are responsible for.
STEM	Stands for Science, Technology, Engineering, Mathematics.
TCFD	Stands for the Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board (FSB) to consider climate-related information disclosure and financial institutions' responses.
TSR	Stands for total shareholder return, which is an equity indicator that shows the profitability of a shareholder's investment over a certain time period.
xEV	xEV (electric vehicle) is a generic term for electric vehicles (EV), plug-in hybrid vehicles (PHEV), and hybrid electric vehicles (HEV), and refers to electric vehicles that use lithium-ion batteries and motors or a combination of lithium-ion batteries, motors, and an internal combustion engine.

*ROHM's terminology

Global Network (as of March 31, 2022)

Locations outside Japan

● Sales Offices ● R&D Centers ● QA Centers ● Manufacturing Sites



Main Sales Offices

ASIA	ROHM Semiconductor Korea Corporation ROHM Semiconductor (Beijing) Co., Ltd. ROHM Semiconductor (Shanghai) Co., Ltd. ROHM Semiconductor (Shenzhen) Co., Ltd. ROHM Semiconductor Hong Kong Co., Ltd. ROHM Semiconductor Taiwan Co., Ltd. ROHM Semiconductor Singapore Pte. Ltd. ROHM Semiconductor Philippines Corporation ROHM Semiconductor (Thailand) Co., Ltd. ROHM Semiconductor Malaysia Sdn. Bhd. ROHM Semiconductor India Pvt. Ltd.
AMERICA	ROHM Semiconductor U.S.A., LLC LAPIS Semiconductor America
EUROPE	ROHM Semiconductor GmbH

QA Centers

ASIA	Shanghai QA Center Shenzhen QA Center Taiwan QA Center Korea QA Center Thailand QA Center
AMERICA	Americas QA Center
EUROPE	Europe QA Center

R&D Centers

ASIA	Korea Technical Center Beijing Technical Center Shanghai Technical Center Shenzhen Technical Center Taiwan Technical Center ROHM LSI Design Philippines, Inc. India Technical Center / India Design Center
AMERICA	Americas Technical Center (Santa Clara)
EUROPE	Europe Technical Center Finland Software Development Center

Manufacturing Sites

ASIA	ROHM Korea Corporation ROHM Electronics Philippines, Inc. ROHM Integrated Systems (Thailand) Co., Ltd. ROHM Semiconductor (China) Co., Ltd. ROHM Electronics Dalian Co., Ltd. ROHM-Wako Electronics (Malaysia) Sdn. Bhd. ROHM Mechatech Philippines, Inc. ROHM Mechatech (Thailand) Co., Ltd.
AMERICA	Kionix, Inc.
EUROPE	SiCrystal GmbH

Locations in Japan

● Sales Offices ● R&D Centers ● Manufacturing Sites ● Distribution

Sales Offices

Kyoto	Nagoya	Tokyo
Utsunomiya	Sendai	Yokohama
Matsumoto	Takasaki	

Manufacturing Sites

ROHM Co., Ltd.
ROHM Hamamatsu Co., Ltd.
ROHM Wako Co., Ltd.
ROHM Apollo Co., Ltd.
ROHM Mechatech Co., Ltd.
LAPIS Semiconductor Co., Ltd.

R&D Centers

Kyoto Technology Center (Head Office)
Kyoto Technology Center (In front of Kyoto station)
LAPIS Technology Co., Ltd.

Distribution

ROHM Logistec Co., Ltd.

Correlation between Business Segments and Major Manufacturing Sites

Products/services by segment

Name of segment	Names of major product(s) and business(es)
ICs	Analog, logic, memory
Discrete semiconductor devices	Diodes, transistors, light-emitting diodes, laser diodes
Modules	Printheads, optical modules, power modules
Others	Resistors

	Name of company	ICs	Discrete semiconductor devices	Modules	Others
Japan	ROHM Hamamatsu Co., Ltd.	●	●		
	ROHM Wako Co., Ltd.	●	●	●	
	ROHM Apollo Co., Ltd.	●	●	●	●
	ROHM Mechatech Co., Ltd.	●	●	●	●
	LAPIS Semiconductor Co., Ltd.	●	●	●	
Overseas	ROHM Korea Corporation	●	●		
	ROHM Electronics Philippines, Inc.	●	●		●
	ROHM Integrated Systems (Thailand) Co., Ltd.	●	●	●	●
	ROHM Semiconductor (China) Co., Ltd.		●	●	
	ROHM Electronics Dalian Co., Ltd.			●	
	ROHM-Wako Electronics (Malaysia) Sdn. Bhd.		●		
	ROHM Mechatech Philippines, Inc.	●	●		●
	ROHM Mechatech (Thailand) Co., Ltd.		●	●	●
	Kionix, Inc.	●			
	SiCrystal GmbH		●		

On the publication of the ROHM Integrated Report 2022

ROHM began publishing Integrated Reports in FY2017, so that we could further improve awareness about our medium- to long-term growth and how we are enhancing our corporate value.

In this year's Integrated Report, based on the progress made in the second year of the Medium-Term Management Plan, we describe ROHM Group's financial and non-financial initiatives to realize its vision, as well as a special feature on its response to the increasing global demand for automobile electrification as a measure against climate change. We have also expanded our disclosure in line with the Task Force on Climate-related Financial Disclosure (TCFD) in order to fulfill our responsibilities as a semiconductor manufacturer.

This report was produced by the Investor Relations Division, which played a central role in its editing, in cooperation with related divisions. As the division responsible for creating the Integrated Report, we declare that the production process was appropriate and that the content of the report is accurate.

We hope that this report will help all of our shareholders, investors, and many other stakeholders understand how we are growing and improving our corporate value, as well as our initiatives geared toward attaining a sustainable society.

Investor Relations Division　Corporate Strategy Headquarters

Company Information/Stock Information

Company Name	ROHM Co., Ltd.
Date Established	September 17, 1958
Headquarters	21 Saiin Mizosaki-cho, Ukyo-ku, Kyoto 615-8585 Japan Tel: +81-75-311-2121 Fax: +81-75-315-0172
Capital	86,969 million yen (as of March 31, 2022)
Representative	President CEO Isao Matsumoto
Sales Volume	Consolidated 452,124 million yen (fiscal year ended March 2022)
Number of Employees	Consolidated 23,401 (as of March 31, 2022)

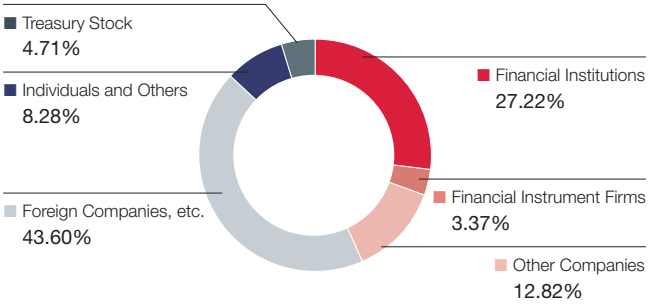
Total Number of Shares Authorized to be Issued	300,000,000
Total Number of Shares Issued	103,000,000 (Including 4,856,340 shares of treasury stock)
Total Number of Shareholders	28,274 (as of March 31, 2022)
Listing Stock Markets	Prime Section, Tokyo Stock Exchange
Securities Code	6963
Administrator of the Registry of Shareholders	Mitsubishi UFJ Trust and Banking Corporation
Independent Auditor	Deloitte Touche Tohmatsu LLC

Major Shareholders (Top 10 Shareholders)

Name	Number of Shares Held (Thousands of shares)	Ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	15,401	15.69
Rohm Music Foundation	10,385	10.58
Custody Bank of Japan, Ltd. (Trust account)	5,569	5.67
The Bank of Kyoto, Ltd.	2,606	2.65
THE BANK OF NEW YORK 134088	1,540	1.56
STATE STREET BANK WEST CLIENT - TREATY 505234	1,513	1.54
GOVERNMENT OF NORWAY	1,090	1.11
JP MORGAN CHASE BANK 385781	1,061	1.08
BBH FOR FINANCIAL INVESTORS TRUST-SEAFARER OVERSEAS GROWTH AND INC FD	1,050	1.06
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	987	1.00

Notes 1. 4,856,340 shares of treasury stock are excluded from the list above.
2. Ownership is calculated by deducting the number of treasury stock from the total number of shares issued (98,143,660 shares).
3. The percentage of ownership less than two decimal places are rounded down to the nearest unit.

Breakdown of Shareholders



For further information, please visit:
https://www.rohm.com/investor-relations

FAQ for Investors

Question 1

You have claimed that you will seek to become a major global player by FY2030. What exactly do you mean by a major global player?

Answer

We will further expand sales and increase our share in overseas markets, aiming to become a company that is recognized globally as a household name for power and analog products. Specifically, our goal is to become one of the world's top 10 companies in the field of power and analog semiconductors and achieve sales of 1 trillion yen. (→ Page 7, Message from the President)

Question 2

What is your reasoning for revising growth investment from 400 billion yen to 500 billion yen during the period of the Medium-Term Management Plan?

Answer

We will further improve our own production capacity in order to meet the strong demand for electronic components due to advancing electrification of automobiles and to fulfill our responsibility to supply electronic components to our customers. To do this, we should make aggressive capital expenditures, and we have revised our investment plan to that end. Although cash outflows will temporarily increase, they will be linked to long-term increases in corporate value. (→ Page 28, Financial Strategy)

Question 3

With the growing electrification of automobiles, SiCs and other power devices, plus ICs and peripheral components are gaining attention. How do ROHM's products contribute to the automotive market?

Answer

We provide LED driver ICs for headlights, turn signals, and brake lights, including drivers and timing controller ICs for LCD panels for automotive clusters, as well as the most suitable PMICs for each ECU. ROHM's power and analog semiconductors are also used in all areas of automobiles, including SiC power semiconductors required for high-voltage portions of electric vehicles (xEVs) and the isolated gate driver ICs that drive them. (→ Page 30, Special Feature: Contributions to Automobile Technological Innovation)

Question 4

Comparing profit margins by segment over the past five years, IC profit margins seem lower than discrete semiconductor devices. How will you improve profit margins for IC going forward?

Answer

It is becoming increasingly difficult to increase sales and development efficiency by providing customization services tailored to the needs of individual customer firms. Therefore, we are strengthening the development of high value-added application specific standard products (ASSPs) that are suited to multiple customer applications. In addition, by designating IC areas with sales growth potential that offer added value to our top 10 strategic fields and by raising the sales composition ratio in these fields, we will strive to improve profit margins by increasing the average IC unit price. (→ Page 26, Progress in the Medium-Term Management Plan, MOVING FORWARD to 2025; → Page 66, Business Overview by Segment: LSI)

Question 5

One of ROHM's strengths is as an integrated device manufacturer (IDM). Has the global semiconductor shortage changed external parties' assessments of your strengths as an IDM? Also, are business continuity management (BCM) measures in place?

Answer

In order to achieve stable supply to our customers amid the shortage of semiconductors, we are striving to fulfill our supply responsibility to our customers through integrated manufacturing and sales. We feel that the power of being an IDM has helped us to win the trust of our existing customers as well as orders from new customers. We are also preparing for various risks to avoid any impact on our customers, such as a multiple manufacturing site system and thorough flood and earthquake countermeasures. (→ Page 48, Risk Management)

Question 6

What was the context behind deciding to bring in the two new outside directors?

Answer

For some time now, there has been a common understanding that in order to increase the diversity of the Board of Directors, we should bring in management experts and people with expertise in ROHM's business areas. For this reason, we have invited Peter Kenevan, who is skilled in finance and M&A from his experience at a consulting firm, and Kuniko Muramatsu, who is engaged in sustainability and diversity promotion and comes from an overseas semiconductor manufacturer.
(→ Page 63, Message from the New Outside Directors)

www.rohm.com

Note : This report is a translation of the Japanese integrated report. The original version of this report is written in Japanese. In the event of any discrepancies in words, accounts, figures, or the like between this report and the original, the original Japanese version shall govern.