

# Refining Our Value Chain

ROHM effectively and efficiently utilizes various capital resources in its value chain to promote its business activities and ensure a stable supply of high-quality products. The source of our strength as an IDM lies in our assurance of high-quality products through rigorous quality control based on front-loading and employee education aimed at a mindset grounded in our Company Mission.



Material issues  
\* Explained in the Glossary

## 1. R&D ▶P.40

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

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

## 2. Product Planning ▶P.8, 11

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

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

## 3. Product Development ▶P.8, 10, 11

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

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

## 6. Sales/Customer Support ▶P.10, 11

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

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

## 5. Manufacturing ▶P.9, 38

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

Major Capital and Resources	ROHM's Features and Strengths	Action Areas for Further Strengthening
<b>Human and intellectual capital</b> Accumulated human resources in the areas of process technology and manufacturing technology, plus expertise in manufacturing technology <b>Social capital</b> Trusting relationships with customers/suppliers <b>Financial capital</b> Robust financial foundation enabling flexible capital investment <b>Manufacturing capital</b> A worldwide production network <b>Environmental capital</b> Water, electricity, metals, gases, raw materials, etc.	<ul style="list-style-type: none"> <li>Manufacturing technology development capabilities with a focus on power and analog</li> <li>Robust quality assurance and supply system based on integrated manufacturing system of front-end, back-end, and testing processes</li> <li>Actively introducing renewable energy in manufacturing processes</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Mitigation of Climate Change</li> <li>Ensuring the Health and Safety of Employees</li> <li>Effective Use of Resources</li> <li>Reducing GHG emissions, water resources used, and waste volume, and conducting rigorous chemical substance management</li> <li>Accelerating productivity improvement and automation of assembly process (utilizing elemental technologies of flexible lines*)</li> <li>Using multiple manufacturing sites and OSAT*</li> <li>Promoting zero defects</li> </ul>

## 4. Procurement ▶P.66

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

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

