

# Risks and Opportunities

We summarized the social changes and issues which are important to ROHM over the medium- to long-term based on external assessments, international guidelines, social norms, and requests, etc. from internal and external stakeholders. From here, we are extracting the “opportunities” for business growth and the “risks” which will become threats to business activities, assessing the issues which will lead to solving social issues (CSV) through our main business and the negative impact that ROHM's business has on society, and establishing measures aimed at solving each issue.

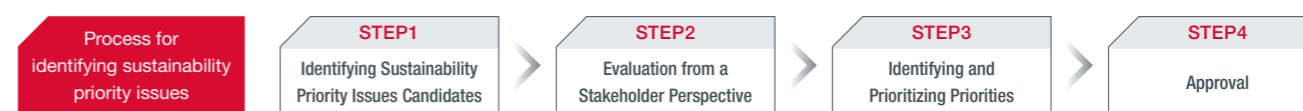
\* Explained in the Glossary

| Social Issues (Demands from Stakeholders) |  | Details of Risks and Opportunities  |  | Responses to Risks and Opportunities   |                              | Material Issues |  |
|---|--|---|--|--|------------------------------|-----------------|--|
| Technology                                | Increasing demand for electronic products that respond to social changes | <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>1 Intensifying competition to develop energy-saving and miniaturized devices</li> <li>2 Decreasing market share due to appearance of competition, including in emerging countries</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>3 Increasing numbers of electronic components installed in electronic equipment due to their increasing functionality and the growing need for energy savings</li> </ul>   | <ul style="list-style-type: none"> <li>1 Establish a function for understanding customers' needs in advance and linking these to product planning</li> <li>1 Develop advanced technologies and high-value-added products such as energy-saving and compact devices</li> <li>2 Deploy PMEs overseas to expand overseas sales</li> <li>3 Technology joint development and collaboration with customers, research institutions, etc.</li> <li>3 Solution proposals to customers using a broad product lineup</li> </ul> <p>▶P.8, 10, 40</p>   | Evolution of Technologies to Contribute to the Advancement and Progress of Culture   |                              |                 |  |
|   | Manufacturing that meets the trust and expectations of our customers     | <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>1 Decreasing trust due to failure to meet customer quality requirements</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>2 Growing need for quality assurance</li> </ul>  | <ul style="list-style-type: none"> <li>1 Use front-loading to achieve appropriate quality satisfying customers</li> <li>1 Improve rigorous employee quality awareness in line with our Company Mission</li> <li>2 Earn customer trust by achieving traceability through IDM activities</li> </ul> <p>▶P.9, 39</p>  | Stable Supply of High-quality Products   |                              |                 |  |
| Environment                               | Negative impacts of climate change                                       | <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>1 Decreasing sales due to stagnation in development of products that contribute to energy saving and miniaturization</li> <li>2 Soaring material prices and restrictions on production activities due to resource shortages (rare metals, water, etc.)</li> <li>3 Mandatory GHG emissions reductions and full-scale carbon taxation of GHG emissions</li> <li>4 Adverse effects on the environment due to lack of chemical substance management</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>5 Rising demand for electronic components due to growing new automobile sales in the electric vehicle (xEV) market</li> <li>6 Expansion in sales for the industrial equipment market, such as products for use in solar panels, with the introduction of renewable energy</li> </ul> | <ul style="list-style-type: none"> <li>1 Develop advanced technologies and high-value-added products such as energy-saving and compact devices</li> <li>2 Reduction of resource usage by developing and producing products that contribute to energy saving and miniaturization</li> <li>2 Reduction of water usage by introducing water recycling systems and other means</li> <li>3 Reduction of GHG emissions and waste, as well as promotion of renewable energy introduction</li> <li>4 Rigorous implementation of chemical substance management systems and reduction of chemical substance use</li> <li>5 Expansion of a broad product lineup (from resistors to ICs) and strengthening of production systems to support electrification</li> <li>6 Enhance customer development and support systems through digital marketing for wide-ranging industrial equipment market</li> </ul> <p>▶P.60, 62</p> | Strengthening Sustainable Technologies, Developing and Supplying Innovative Products | Mitigation of Climate Change |                 |  |
|   | Serious resource depletion   |   |  | Effective Use of Resources   |                              |                 |  |
| Society                                   | Securing human resources within a declining labor force                  | <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>1 Intensifying competition to secure human resources and sluggish retention rates</li> <li>2 Decreasing human capital capabilities due to delays in reforming legacy personnel systems and corporate culture</li> <li>3 Negative impact on employees due to occupational accidents and work-related illnesses</li> </ul>   | <ul style="list-style-type: none"> <li>1 Enhance employee engagement by fostering a corporate culture that creates challenges</li> <li>2 Promote diversity and inclusion</li> <li>2,3 Promote work style reforms, health and productivity management, and strengthen occupational health and safety systems</li> <li>3 Take measures to control infections in the workplace and introduce telecommuting</li> </ul> <p>▶P.46</p>  | Strengthening Employee Engagement  | Diversity Development        |                 |  |
|   | Ensuring the Health and Safety of Employees                              |   |  | Ensuring the Health and Safety of Employees  |                              |                 |  |
| Governance                                | Strengthening our management and business activity foundations           | <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>1 Occurrence of incidents due to legal/business ethics violations, etc.</li> <li>2 Stricter shareholder evaluations of management due to growing ESG investment, etc.</li> <li>3 Increase in number of large-scale disasters (earthquakes, flooding, typhoons, fires, etc.)</li> <li>4 Delays in responding to cyberattacks and information leaks from security breaches</li> <li>5 Litigation, including infringement of intellectual property such as patent rights owned by other companies</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>6 Ensuring management stability through a robust financial foundation</li> </ul>  | <ul style="list-style-type: none"> <li>1 Further evolve management (execution and supervision) systems and functions</li> <li>1 Ensure transparency in information disclosure</li> <li>2 Review remuneration system aimed at enhancing corporate value over the medium to long term</li> <li>2 Ensure effectiveness of the Board of Directors</li> <li>3 Diversify risks through establishing multiple production systems, seismic isolation of plants, and flood control measures</li> <li>4 Implement training to improve security literacy and implement measures to combat information system vulnerabilities</li> <li>5 Implement training to strengthen collection of patent-related information and reduce the risk of infringement</li> <li>6 Earn growth opportunities through aggressive capital expenditures and M&amp;A</li> </ul> <p>▶P.78</p> <p>▶P.30, 42, 86</p>                               | Enhancing Corporate Governance   | Risk Management              |                 |  |
|   | Fulfilling social responsibility throughout our supply chain             | <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>1 Suspension of stable supply to customers due to shutdown or decline in utilization rates at manufacturing sites</li> <li>2 Suspension of transactions with overseas companies and supply of materials such as rare metals due to changes in international affairs</li> <li>3 Compliance violations due to human rights violations in the supply chain or procurement of banned substances</li> </ul>   | <ul style="list-style-type: none"> <li>1 Use multiple production sites and diversify suppliers</li> <li>2 Global business continuity plan (BCP*) for avoiding geopolitical risks in production, procurement, and sales</li> <li>3 Establish management systems in line with OECD Due Diligence Guidance</li> </ul> <p>▶P.66, 86</p>  | Sustainable Supply Chain Management  |                              |                 |  |
|   | Ensuring product safety and strengthening product quality                | <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>1 Quality problems due to inadequate quality control system</li> </ul>   | <ul style="list-style-type: none"> <li>1 Reinforce quality control system enabling prompt sharing of serious quality issues with management</li> <li>1 Improve rigorous employee quality awareness and practice the Company Mission</li> </ul> <p>▶P.39</p>  | Strengthening Product Safety and Quality   |                              |                 |  |

Note: Short-term: 2022 to 2025, Medium-term: 2026 to 2030, Long-term: 2031 to 2050

# ROHM's Material Issues

ROHM regards contributing to the evolution of technologies which lead to the advancement and progress of culture based on the Company Mission and realizing the stable supply of high-quality products as important management issues. Moreover, to pursue sustainable development for both society and the company, we have identified "sustainability priority issues" by considering the concerns of our shareholders and the impact on our business. Together, these issues are set forth as "material issues = important management issues," and we aim to enhance our corporate value by creating social and economic value through our business activities.



Identifying Sustainability Priority Issues [https://www.rohm.com/sustainability/sustainability\\_issues](https://www.rohm.com/sustainability/sustainability_issues)

|             | Material issues  | Value for ROHM to create  | Initiatives  | FY2023 results  | Main KPIs (Medium-Term Management Plan)   | SDGs |
|-------------|--|---|--|---|---|------|
| Technology  | Evolution of Technologies to Contribute to the Advancement and Progress of Culture   | <ul style="list-style-type: none"> <li>Reduce environmental burden caused by promotion of automobile electrification</li> <li>Save labor and improve production efficiency through evolving production equipment functionality</li> </ul> | <ul style="list-style-type: none"> <li>Develop new, high-value-added products that contribute to energy saving and miniaturization</li> <li>Strengthen development structures creating products that can compete globally: Assigning PMEs</li> <li>Customer-oriented solution proposals using comprehensive capabilities from passive components to power devices and ICs</li> </ul> | <ul style="list-style-type: none"> <li>Net sales: <b>467.7 billion yen</b></li> <li>IC strategic top 10 products sales ratio: <b>31%</b></li> <li>Percentage of sales to customers outside Japan: <b>44.1%</b></li> <li>SiC sales: approx. <b>40.0 billion yen, 6.4%</b> market share</li> </ul>  | <ul style="list-style-type: none"> <li>Achieve net sales of <b>more than 600.0 billion yen</b> as the total amount of social contribution* (FY2025 target)</li> <li>IC strategic top 10 products sales ratio: <b>35%</b> (FY2025 target)</li> <li>Percentage of sales to customers outside Japan: <b>More than 50%</b> (FY2025 target)</li> <li>SiC sales: <b>More than 220.0 billion yen, 30%</b> market share (target from FY2027 onward)</li> </ul>  |      |
|             | Stable Supply of High-quality Products   | <ul style="list-style-type: none"> <li>A supply chain providing stable supply</li> </ul>  | <ul style="list-style-type: none"> <li>Strengthen production systems through IDM activities</li> <li>Improve productivity by introducing flexible lines</li> <li>Implement rigorous quality control and employee quality training</li> </ul>   | <ul style="list-style-type: none"> <li>Capital expenditures for quality improvement: <b>1.2 billion yen</b></li> <li>Capital expenditures for increasing production capacity: <b>97.7 billion yen</b></li> <li>Mass production and technical verification underway on flexible lines (overall equipment efficiency: achieved more than 85%; unmanned at night: 6 hours continuous operation achieved)</li> </ul>  | <ul style="list-style-type: none"> <li>Investments for growth over five years: <b>700.0 billion yen</b> (FY2025 target)</li> <li>Developed a high-productivity unmanned wide line utilizing elemental technologies of flexible lines (launch Unit 0 at the Head Office in FY2024, and deploy to production sites in FY2026 and beyond).</li> </ul>  |      |
| Environment | Strengthening Sustainable Technologies, Developing and Supplying Innovative Products | <ul style="list-style-type: none"> <li>Realize a recycling-oriented society</li> </ul>  | <ul style="list-style-type: none"> <li>Contribution by developing energy-saving products and supplying them to the market</li> <li>Contribution by developing and supplying miniaturized products</li> <li>Contribution by developing and supplying products pursuing functional safety</li> </ul>   | <ul style="list-style-type: none"> <li>Net sales: <b>467.7 billion yen</b></li> </ul>   | <ul style="list-style-type: none"> <li>Achieve net sales of <b>more than 600.0 billion yen</b> as the total amount of social contribution* (FY2025 target)</li> </ul>   |      |
|             | Mitigation of Climate Change   | <ul style="list-style-type: none"> <li>Reduce environmental impact by reducing GHG emissions</li> </ul>   | <ul style="list-style-type: none"> <li>Reduction in GHG emission</li> <li>Reduction of energy consumption</li> <li>Promotion of introduction of renewable energy</li> </ul>  | <ul style="list-style-type: none"> <li>Reduced GHG emissions by <b>34.9%</b> vs. FY2018 levels</li> <li>Reduced GHG emissions per unit by <b>44.5%</b> vs. FY2018 levels</li> <li><b>43.0%</b> introduction of renewable energy completed</li> </ul>  | <ul style="list-style-type: none"> <li>Reduce GHG emissions by <b>50.5%</b> vs. FY2018 levels (FY2030 target)</li> <li>Reduce emissions per unit by <b>45.0%</b> vs. FY2018 levels (FY2030 target)</li> <li>Promote the shift to renewable energy with the goal of <b>100%</b> implemented (FY2050 target)</li> </ul>   |      |
|             | Effective Use of Resources   | <ul style="list-style-type: none"> <li>Realize a recycling-oriented society through effective use of resources</li> </ul>   | <ul style="list-style-type: none"> <li>Water resource consumption reduction</li> <li>Reduction of waste</li> </ul>   | <ul style="list-style-type: none"> <li>Increased water recovery and reuse rate by <b>2.4%</b> vs. FY2019 levels</li> <li>Recycling rate of <b>98.6%</b> for consolidated companies worldwide</li> </ul>   | <ul style="list-style-type: none"> <li>Increase water recovery and reuse rate by <b>5.5%</b> vs. FY2019 levels (FY2030 target)</li> <li>Zero emissions (waste recycling rate of 99.0% or higher) on a worldwide consolidated basis (FY2030 target)</li> </ul>   |      |
| Society     | Strengthening Employee Engagement  | <ul style="list-style-type: none"> <li>An organization of challenge, improve motivation</li> </ul>  | <ul style="list-style-type: none"> <li>Foster a corporate culture that creates challenges</li> <li>Enhancement of job satisfaction</li> <li>Improve employee engagement scores</li> </ul>  | <ul style="list-style-type: none"> <li>Introduced program for attainment of Master of Business Administration (MBA) and other qualifications</li> <li>Introduced job posting system, with the result of transfer of about 50 persons to requested departments</li> <li>Conducted second engagement survey at the Head Office</li> </ul>   | <ul style="list-style-type: none"> <li>Establish a system to train world-class next-generation leaders and professionals (FY2025 target)</li> <li>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)</li> </ul>   |      |
|             | Diversity Development  | <ul style="list-style-type: none"> <li>Developing professional human resources with an autonomous, growth-oriented mindset</li> </ul>   | <ul style="list-style-type: none"> <li>Promote women's active participation</li> <li>Global capacity development and personnel allocation</li> </ul>   | <ul style="list-style-type: none"> <li>Female manager ratio for the ROHM Group: <b>13.0%</b></li> <li>Implemented job evaluations and prepared job descriptions for global executive positions across the Group</li> </ul>  | <ul style="list-style-type: none"> <li>Increase female manager ratio for the Group to <b>15.0%</b> by FY2025 and to <b>20.0%</b> by FY2030</li> <li>Accumulate strategic data on evaluation, remuneration, promotion, and assignment</li> </ul>   |      |
|             | Ensuring the Health and Safety of Employees  | <ul style="list-style-type: none"> <li>Realizing well-being of each employee</li> </ul>   | <ul style="list-style-type: none"> <li>Securing a safe workplace</li> <li>Promotion of health management</li> </ul>  | <ul style="list-style-type: none"> <li>Lost-workday injuries (at least four workdays lost): 5 cases</li> </ul>  | <ul style="list-style-type: none"> <li>Achieve and maintain <b>zero</b> lost-workday injuries in the Group (FY2025 target)</li> </ul>   |      |
| Governance  | Enhancing Corporate Governance   | <ul style="list-style-type: none"> <li>Build trusting relationships with society through correcting information imbalances and effective governance</li> </ul>  | <ul style="list-style-type: none"> <li>Secure diversity of the Board of Directors</li> <li>Review of compensation system to improve medium- to long-term corporate value</li> <li>Secure the effectiveness of management</li> </ul>  | <ul style="list-style-type: none"> <li><b>Maintained a 23%</b> ratio of female and foreign directors (ratio of female directors: <b>15%</b> and ratio of foreign directors: <b>8%</b>)</li> <li><b>Achieved a 54%</b> ratio of independent outside directors on the Board of Directors</li> <li>Continued discussions in the Director Remuneration Council on ideals for the composition of remuneration and for the holding of shares of the Company by directors</li> <li>Began the use of evaluations by outside agencies in FY2022; continued the use of outside agencies in effectiveness evaluations conducted in March 2024</li> </ul> | <ul style="list-style-type: none"> <li>Increase the ratio of executives who are female and/or foreign nationals to <b>10%</b> (FY2025 target)</li> <li>Increase the number of independent outside directors to a majority of the Board of Directors (FY2025 target)</li> <li>Introduce a remuneration system linked to the Medium-Term Management Plan (FY2025 target)</li> <li>Conduct evaluations by outside agencies once in three years (FY2025 target)</li> </ul>  |      |
|             | Risk Management  |   | <ul style="list-style-type: none"> <li>Strengthening BCM system</li> </ul>   | <ul style="list-style-type: none"> <li>Monitored signs of emerging risks and the progress of relevant countermeasures</li> <li>Conducted information gathering and monitoring and enacted countermeasures in response to growing geopolitical risks</li> </ul>  | <ul style="list-style-type: none"> <li>Strengthen the BCM system through company-wide risk management</li> </ul>  |      |
|             | Sustainable Supply Chain Management  | <ul style="list-style-type: none"> <li>A supply chain providing stable supply</li> </ul>  | <ul style="list-style-type: none"> <li>Strengthening BCM system</li> <li>Promotion of green procurement</li> <li>Promotion of CSR procurement activities</li> </ul>  | <ul style="list-style-type: none"> <li>Percentage of purchases from suppliers with completed comprehensive supplier activity evaluations: <b>87.5%</b></li> <li>Manufacturing site survey ratio for tier 1 suppliers: <b>71.0%</b></li> <li>Prior agreement ratio for emergency response among key suppliers: <b>78.0%</b></li> <li>Percentage of purchases from suppliers with CSR procurement self-assessment rating of B or higher: <b>80.6%</b></li> </ul>  | <ul style="list-style-type: none"> <li>Percentage of purchases from suppliers with completed comprehensive supplier activity evaluations: <b>More than 90%</b> (FY2025 target)</li> <li>Manufacturing site survey ratio for tier 1 suppliers: <b>100%</b> (FY2025 target)</li> <li>Prior agreement ratio for emergency response among key suppliers: <b>100%</b> (FY2025 target)</li> <li>Percentage of purchases from suppliers with CSR procurement self-assessment ratings of B or higher: <b>More than 90%</b> (FY2025 target)</li> </ul> |      |
|             | Strengthening Product Safety and Quality   |   | <ul style="list-style-type: none"> <li>Establishment and entrenchment of a quality assurance system through front loading</li> <li>Achieving appropriate quality by incorporating the customer's perspective</li> </ul>  | <ul style="list-style-type: none"> <li>FY2023 customer quality satisfaction score <b>improved by 4.5%</b></li> <li>Percentage of "Satisfactory" and "Somewhat satisfactory" responses <b>improved by 7.0%</b> (Reason: improvement in the "automotive on-board devices support" and "application for change" scores due to positive outcomes from improvement activities)</li> <li>"Unsatisfactory" and "Somewhat unsatisfactory" response selection rate: <b>decreased by 0.6%</b></li> </ul>  | <ul style="list-style-type: none"> <li>Customer quality satisfaction score: <b>+10%</b> (FY2025 target vs. FY2020)</li> </ul>   |      |

# Our Past Key Strategies and Progress of the Medium-Term Management Plan

ROHM grew dramatically with the rise of the IT industry in the 1990s, but our performance struggled when the collapse of the IT bubble in 2000 upended the business environment. We were further buffeted by crises including the global financial crisis, the Great East Japan Earthquake, and flooding in Thailand, and we fell into an operating deficit as sales dropped below 300 billion yen in FY2012. Since then, we have continuously tackled reforms aimed at flexibly adapting to market changes and achieving steady growth. At present, we are working to further strengthen our management foundation under the Medium-Term Management Plan formulated in FY2021.

## Major strategies from FY2016 onward

Setting market reform, product reform, and production innovation as the themes of our management strategy, we undertook business portfolio transformation and structural reforms, together with changes in our business model that had been focused on Japanese customers of the consumer equipment market. We set a new focus on automotive, industrial equipment, and overseas markets, and worked to strengthen our

lineup of power and analog semiconductors, and other products that had been our strength.

The result was expansion of our sales composition ratio for automotive and industrial equipment products to 48% and recovery of sales to well over 300 billion yen. To place the company on a full-scale growth trajectory, however, we had to further strengthen our management foundation.

## The positioning and goals of our Medium-Term Management Plan

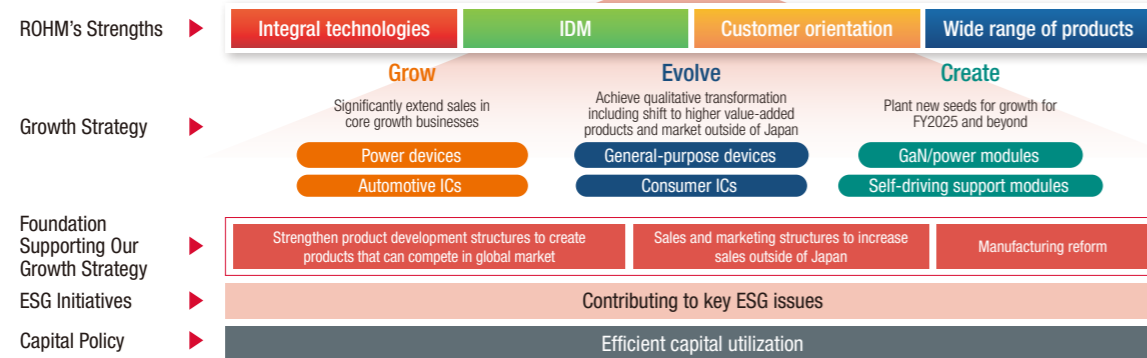
"MOVING FORWARD to 2025," our first Medium-Term Management Plan announced in FY2021, is a five-year plan for building a solid management foundation that will achieve growth in the automotive and overseas areas, with a view toward dramatic growth as we approach FY2030. Under an overall strong

semiconductor market, we made steady progress through its second year. In FY2023, however, the third year of the plan, market stagnation and customer inventory adjustments created difficult conditions. To achieve our plan for FY2025, we will work to improve earnings and return to a growth track.

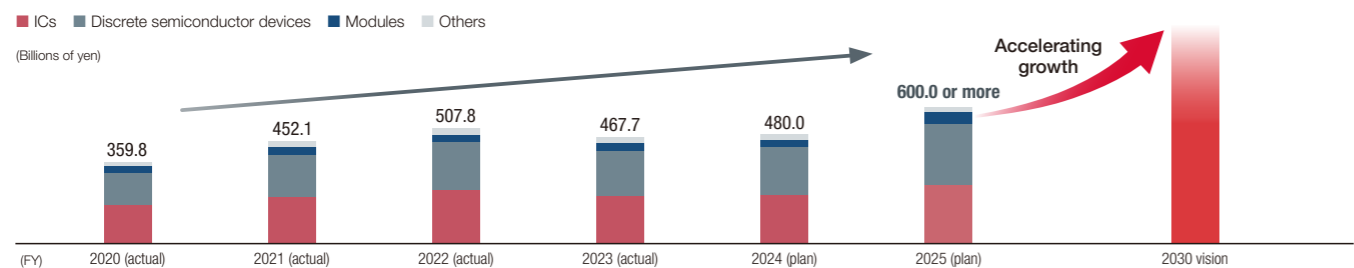
### Overview of Management Policy

**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



### Achieve growth in "automotive segments" and "market outside of Japan" and build a foundation for further growth



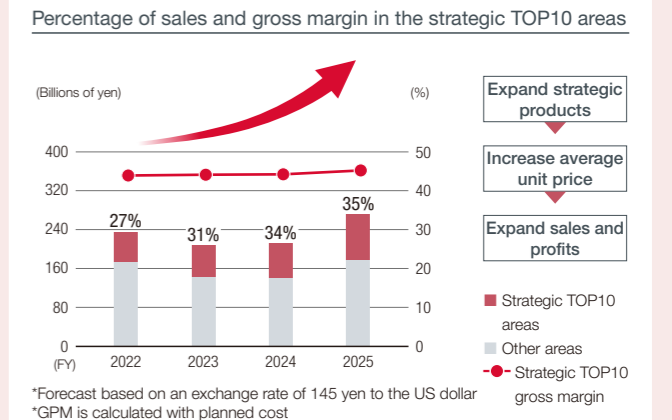
| Financial Goals        | FY2020 | FY2021 | FY2022 | FY2023 | FY2025 targets |
|------------------------|--------|--------|--------|--------|----------------|
| Operating profit ratio | 10.7%  | 15.8%  | 18.2%  | 9.3%   | 20% or higher  |
| ROE                    | 5.0%   | 8.3%   | 9.2%   | 5.7%   | 9% or higher   |

## Progress on the Growth Strategy

### IC Business ▶P.52

#### Expand sales and profit by enhancing strategic products

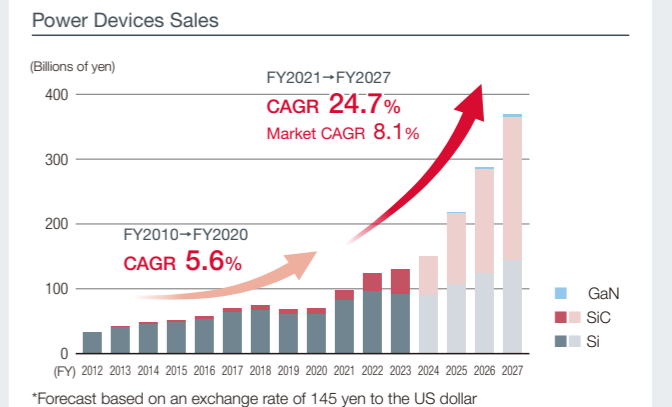
We had built up a track record of providing products customized for specific customers, primarily for the consumer equipment market. Taking development efficiency and excess dependence on customers into consideration, however, a degree of versatility must be built into some products. We are now advancing a strategy for the development of application specific standard products (ASSPs) that meet shared market needs at a high level in each market based on research done in advance. By raising the sales composition ratios of the high-value-added ASSP strategic TOP10 products, including isolated gate driver ICs and LED driver ICs, we plan to improve the profitability of the IC business overall.



### Discrete Semiconductor Devices Business ▶P.54

#### Raise the top line and grow into a core business

ROHM is engaged in two businesses related to discrete semiconductor devices: power devices and general-purpose devices. Power devices are expected to grow in the future as they can contribute greatly to energy savings and miniaturization. In the SiC power device business, which can contribute to a decarbonized society, we aim to build a system that can provide products beginning with wafer materials and attain the top market share in the industry. In the general-purpose device business, we will continue to secure further earnings and maintain the top market share by further improving productivity through measures such as the introduction of elemental technologies of flexible lines.



## Progress on Non-Financial Goals

|                         | Goals   | Main Initiatives in FY2023   | Main Results in FY2023   |
|-------------------------|---|--|--|
| Environment             | • Reduce GHG emissions by 50.5% by FY2030 (vs. FY2018 levels)   | • Upgraded to highly efficient chiller at plant in Thailand<br>• Reduced heavy fuel oil use by upgrading once-through boiler at LAPIS Semiconductor's Miyazaki plant | • 34.9% reduction in GHG emissions (vs. FY2018 levels)   |
|                         | • Advancement toward 100% implementation of renewable energy by FY2050  | • Achievement of 100% renewable energy at manufacturing site in the Philippines  | • Renewable energy ratio: 43.0% (19 percentage point increase vs. FY2022)  |
|                         | • Zero emissions  | • Effective use of sulfuric acid waste liquid  | • Domestic consolidated: Zero emissions, Overseas consolidated: 95.9% (Domestic and overseas consolidated: 98.6%)                |
| Diversity and Employees | • Reach global female manager ratio of 15% or higher<br>• Increase the ratio of head office executives who are female and/or foreign nationals to 10% | • Promote career development for women   | • Global female manager ratio: 13.0%<br>• Maintained 23% ratio of head office executives who are female and/or foreign nationals |
|                         | • Reach employee engagement score above industry average  | • Conducted employee engagement survey at the head office<br>• Creating opportunities for "dialogue" among employees   | • Conducted second employee engagement survey at the head office, resulting in decrease of 1 point from the previous survey      |
| Customers               | • Customer quality satisfaction score: 10% improvement (vs. FY2020)   | • Provided feedback on survey results to customers   | • Customer quality satisfaction score improved by 4.5% (vs. FY2020)  |

# Message from the Corporate Officer in Charge of Finance

Deepening the integration between financial and non-financial strategies to increase corporate value



**Motohiro Ando**  
Corporate Officer, in charge of Finance and Director of Corporate Strategy Headquarters

I started my career in IC development, and after heading the Power Devices Business Unit, I have been in charge of corporate planning, accounting, finance, investor relations, and public relations as the Director of Corporate Strategy Headquarters. Adding a financial perspective to my experience in both the power and IC businesses, I believe that my role is to draft corporate and financial strategies with an awareness of the capital costs and the stock price and steadily execute those strategies.

## Progress of the Medium-Term Management Plan

The first and second years of the Medium-Term Management Plan "MOVING FORWARD to 2025" posted record high sales for two consecutive terms, while FY2023, the third year of the plan, saw a year-on-year decrease of 7.9% to 467.7 billion yen, with operating profit decreasing by 53.1% year-on-year to 43.3 billion yen, and the operating profit margin declining from 18.2% in the previous fiscal year to 9.3%. In addition, EBITDA, which is emphasized as a management indicator, decreased 22.3% year-on-year to 115.3 billion yen.

In FY2023, the semiconductor cycle, which indicates the state of the semiconductor market, entered a trough, and it was a challenging year of stalled growth. At the same time, we steadily advanced the development of new products and technologies for power and analog semiconductors which are ROHM's strengths, aimed at the automotive and industrial equipment markets, which are expected to grow over the medium- to long-term. We also acquired land with existing buildings in Kunitomi, Miyazaki Prefecture as the main production site for SiC power devices to ensure production capacity. As a result, this will enable us to shorten the time to the start of mass production by approximately two years compared to a green-field investment which starts with constructing plants on a vacant lot, and address rapidly expanding demand going forward. In addition, because the investment plan for this site has been certified as a

plan concerning efforts to ensure a stable supply of semiconductors from the Japanese government, and up to 96.4 billion yen in subsidies are expected, it has become possible to reduce the investment burden over the next several years.

While the outlook for the global economy in FY2024 remains uncertain, the trend of energy conservation aimed at climate change measures and a decarbonized society is expected to steadily advance in the electronics market. Regarding the state of the semiconductor market, we expect that the adjustment phase from FY2023 will continue for a certain period of time, and we are planning for sales of 480 billion yen, operating profit of 14 billion yen, operating profit margin of 2.9%, and EBITDA of 106.7 billion yen. The increase in depreciation and R&D expenses through prior investment aimed at strengthening production capacity in SiC power devices renders the plan particularly challenging in terms of profitability, but we regard it as hunkering down in order to level up to significant growth.

It is expected that the state of the semiconductor market will gradually recover from the second half of FY2024, and there is a strong possibility that the semiconductor cycle will begin to improve in FY2025. We believe that this will bring us closer to achieving the Medium-Term Management Plan not only through the dramatic growth of SiC power devices but by once again putting our other businesses on a growth path.

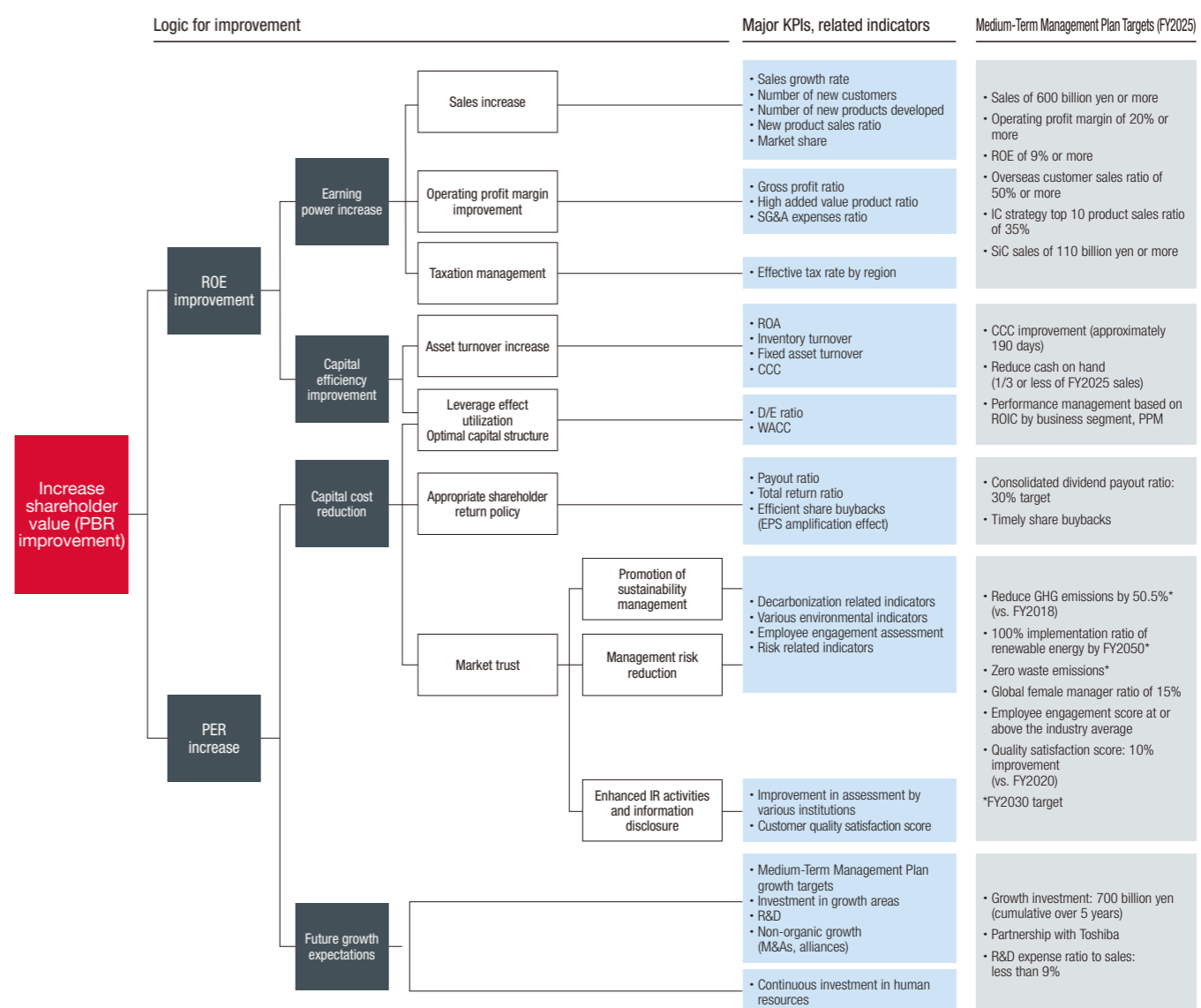
### Financial Position

|  | FY2019  | FY2020  | FY2021    | FY2022    | FY2023    |
|--|---------|---------|-----------|-----------|-----------|
| Total assets (millions of yen)                   | 848,873 | 926,240 | 1,029,132 | 1,123,283 | 1,481,274 |
| Shareholder's equity (millions of yen)           | 714,990 | 768,972 | 839,817   | 914,912   | 967,471   |
| Cash and deposits + Securities (millions of yen) | 315,723 | 319,430 | 342,400   | 329,247   | 244,575   |
| Equity ratio (%)                                 | 84.2    | 83.0    | 81.6      | 81.4      | 65.3      |
| Dividend per share (yen)                         | 37.50   | 37.50   | 46.25     | 50.00     | 50.00     |
| Payout ratio (%)                                 | 60.6    | 39.9    | 27.2      | 24.4      | 36.0      |
| ROE (%)  | 3.5     | 5.0     | 8.3       | 9.2       | 5.7       |

\*The company implemented a four-for-one common stock split, effective October 1, 2023. The "dividend per share" prior to FY2022 is calculated by taking said stock split into account.

## ROHM's Financial Logic Tree

$$PBR \div ROE \times PER$$



## Initiatives to Improve Corporate Value

ROHM believes that improving its ability to generate cash, cash management, and managing with an awareness of capital costs are important for improving corporate value. The results of achieving sustainable business growth, improving profitability, and finding the appropriate asset structure will be visible in our sales and ROE.

At the end of FY2023, ROHM's PBR was 1.0 or lower, but we believe that this is due to a low ROE relative to a PER of approximately 17. Our ROE, which was 9.2% in FY2022, declined to 5.7% in FY2023. We believe that the greatest issue in improving ROE lies in improving total asset turnover. While total assets increased by approximately 400 billion yen over these two years through an increase in fixed assets due to capital investment; an investment of 300 billion yen in Toshiba; and an increase in inventories, total asset turnover is

declining because the corresponding sales growth is in a period of transition. We believe that steady sales growth in previously invested businesses and the realization of synergies through a partnership with Toshiba will lead to an increase in ROE and in turn improve PBR. From the perspective of future profitability as well, we are striving to improve investment efficiency, which has been an issue to date, by conducting annual business evaluations through the business portfolio management introduced in FY2022 which is centered on market growth, our market position, and ROIC by business segment, introducing NPV and IRR methods in addition to the conventional pay-back period method in capital investment decision-making, and making decisions based on a comprehensive overview of profit advantages based on hurdle rates that take into account capital costs and business risks.

## Message from the Corporate Officer in Charge of Finance

### Investments in Intangible Assets

In deepening our understanding of corporate activities in recent years, the importance of disclosing not only financial information but also non-financial information is increasing. We recently reviewed ROHM's financial logic tree and incorporated non-financial information in addition to financial information to comprehensively visualize how such information will lead to increased shareholder value. (→P.31)

In particular, management strongly recognizes that strategic investment in human capital to achieve sustainable corporate growth is directly linked to increases in future corporate value, and from the perspective of appropriately securing and allocating investment funds and introducing company-wide systems, we are accelerating initiatives as company-wide issues rather than as an extension of conventional individual departments. In addition to the introduction of internal selective training and the job posting system, from FY2024 we offered increased career autonomy and skill development opportunities through the newly established MBA/MOT\* dispatch program supported by company stock transfers and realized a mechanism to achieve the mutual growth of employees and the company. In addition, we are promoting activities to encourage participation in the employee stock ownership plan as part of our efforts to improve employee engagement. With the Investor Relations Department taking the lead in holding regular internal briefing sessions, we are providing explanations of external evaluations of the company's performance and stock price. Our goal is to have the

employees take an interest in management by owning shares of the company and being exposed to related information to broaden their viewpoint while also sharing their perspectives with investors, which will lead to increased corporate value in the future.

In the field of research and innovation, we are investing in internal and external human resources to support future business through innovation days with external researchers, joint research with universities through open calls for research, and the promotion of CVC\* activities, in addition to conventional internal research and development activities.

In the environmental field, we are steadily implementing the introduction of ICP,\* planned investment in PFC\* detoxification equipment, and early progress on the introduction of renewable energy.

In considering non-financial initiatives as important activities tied to future increases in corporate value, we believe that quantifying the results of investments in such non-financial matters and indicating how they are tied to future corporate value will be an issue going forward. For ROHM's future prospects to be properly evaluated, we will strive to disseminate both financial and non-financial information to stakeholders in an easy-to-understand manner, such as increasing the frequency of dissemination through ESG briefings by top management while coordinating with the sustainability division and other related divisions.

\* Explained in the Glossary

### Growth Investment and Cash Management

Regarding capital investment, we are planning to increase the cumulative total over the five years of the Medium-Term Management Plan from 600 billion yen to 700 billion yen. This investment will focus on increasing the production capacity for 8-inch wafers for SiC power devices, which are expected to experience dramatic growth, as well as Si power devices and analog ICs, and it will be carried out as investment that is essential for future growth. Investment funds will, in principle, be covered by cash flow from operating activities. However, due to the prolonged slowdown in market conditions, the cumulative cash flow from operating activities over the five years up to FY2025 is expected to be lower than initially forecasted, and we plan to cover this by reducing cash on hand and utilizing Japanese government subsidies. Capital investment has reached a historically unprecedented high level due to prior investment in SiC power devices, and it will decline after peaking in FY2023. We will transition from the prior investment phase to a normal investment phase which will increase the likelihood of returns by delaying the investment

decision period as much as possible, while ascertaining market conditions and order trends to approach a level that is roughly 10 to 15% of sales over the medium term.

We are gradually preparing to demonstrate the results of activities to improve the cash conversion cycle (CCC), which have been promoted since FY2022. From FY2024 to FY2025, we will generate cash internally, which will lead to the effective utilization of funds.

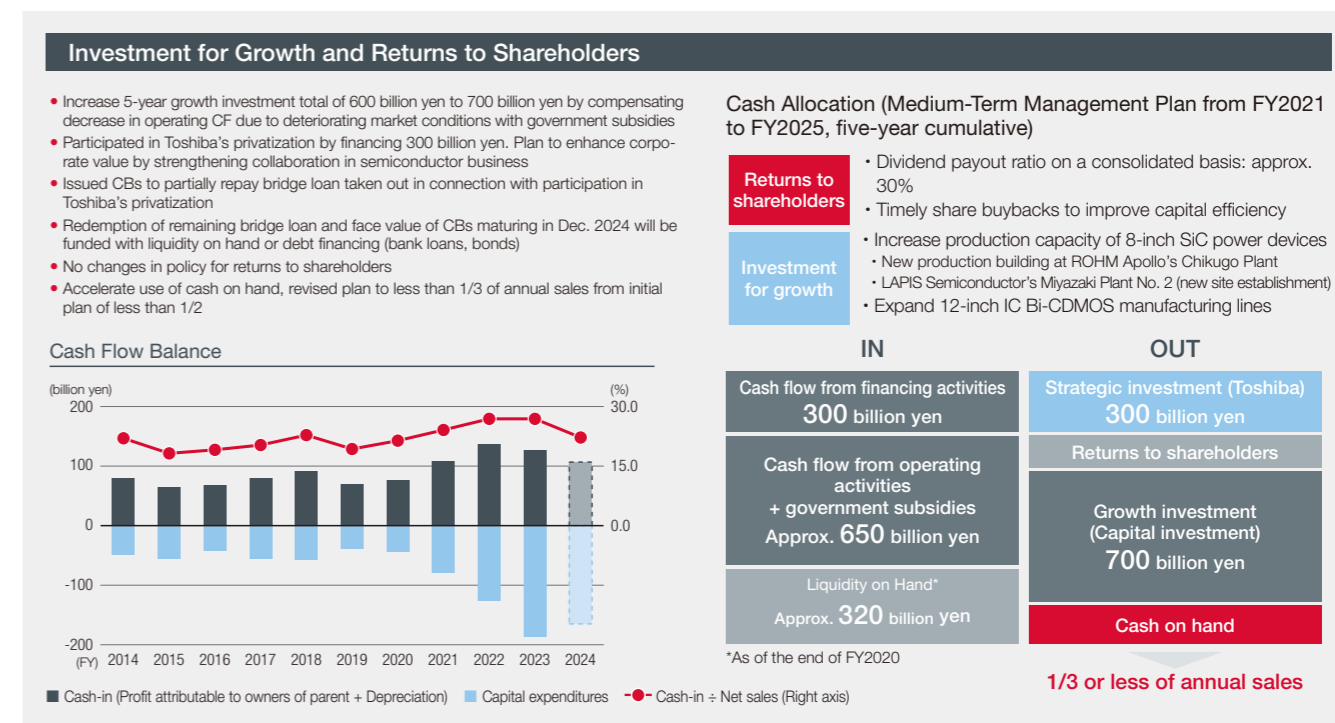
In FY2023, we raised debt financing in the form of a bridge loan for 300 billion yen as a financial resource for the investment in Toshiba. The 200 billion yen raised through convertible bonds (CB) in April 2024 was allocated to part of the repayment. For redemption of the 40 billion yen par value of the previously issued convertible bonds maturing in December, we plan to allocate cash on hand or debt financing. ROHM's balance sheet is significantly changing, and in terms of financial discipline we will set the D/E ratio to less than 0.5 and conduct balance sheet management.

### Shareholder Return

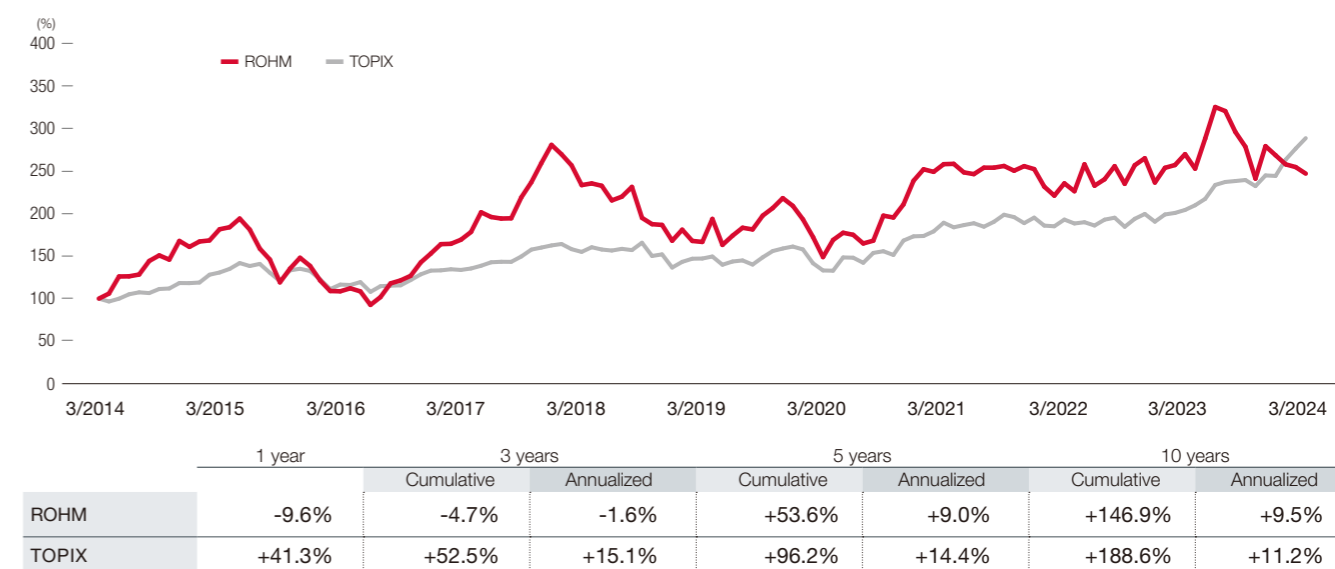
Our policy is to provide shareholder return with a consolidated dividend payout ratio of approximately 30%.

The next few years will be a phase of proactive investment aimed at strengthening business growth and future cash generating ability. However, we will review the balance between investment and shareholder returns according to the progress of future business growth.

Share buybacks will be carried out in a timely manner for the purpose of improving capital efficiency. In addition, we have set an upper limit of treasury stock to be held at roughly 5% of the total number of issued shares, and shares exceeding this limit will in principle be retired each period. We will continue to hold treasury stocks to ensure management flexibility such as utilizing it for M&A as needed.



TSR (10 years, dividends included)



\* 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, 2014, as 100 (assuming the stock was held until March 31, 2024).

## Special Feature

## Director in Charge of Research and Development Speaks with Engineers

**Tetsuo Tateishi**

Member of the Board, Senior Corporate Officer,  
in charge of Research & Development, IT, Legal  
& Intellectual Property and LSI Business

**Takuya Hattori**

Senior Engineer, Product Marketing Engineer Group,  
Power Management & Standard LSI Segment,  
LSI Business Unit

**Chinatsu Nakaoka**

Group Leader, HGD2G, Isolated Gate Driver Product  
Design Dept. 1, Motor LSI Product Development Div. 2,  
AFE & Motor LSI Segment, LSI Business Unit

**Shoji Takei**

Group Leader, Next-generation BCD Development  
Group, BCD Development Department, LSI Device  
Development Division, in charge of Technology  
Development, LSI Business Unit

## Initiatives to accelerate innovation to become a major global player

## Personal roles and experiences within ROHM

**Hattori** I am a Product Marketing Engineer (PME) of power management ICs for automotive and consumer/industrial equipment. My main job is to assess market and customer

needs to conduct product and strategy planning such as determining what products should be released to the market at what time, and what kind of products with specific strengths we can plan by utilizing ROHM's technologies and resources. The main issue that I am facing right now is how to depict a

winning story in the product field that I am in charge of, as it is becoming a commodity with no major differences from our competitors in terms of product characteristics, and prices are becoming the deciding factor in many cases.

I felt I grew most when I was transferred to ROHM's sales office in Germany. For seven years from 2015, I was in charge of development projects with overseas customers in Germany and technical support work. I had been doing the same work for many years in Japan, but at the beginning my language ability was insufficient and there were also differences in how people approach work and their values, so I really struggled to communicate with customers and local team members. By frequently engaging in communication and carefully conveying my thoughts and feelings, I think I was able to gradually earn their trust. The experience of launching projects after overcoming various hardships became a source of great confidence.

**Takei** I am in charge of the development of the BCD line, which is our main manufacturing line for analog power IC products. Because the power conversion and control required for ROHM's mainstay ICs such as power supplies and motors need to transmit power externally, power wiring technology for the conductor section is also an important technology. There

were two challenges in developing the copper wiring and wireless flip chip package. First, both technologies were extremely susceptible to thermal stress, which made the chips prone to cracking. In addition, because two different departments work on the chip manufacturing process and the assembly process, it was difficult to determine which was the cause when cracks occurred. When cracks occurred during initial development, sure enough it was a problem to figure out which section was the cause. However, the team at this time straddled the manufacturing department on the plant side and the assembly department on the package side. Therefore, the perspective on the problem was not which side was to blame, so each side did what they could to make improvements: the package side changed the resin and frame structure, while the chip side changed the wiring structure and established restrictions in the design rules. In this way, we were able to establish a robust technology that exceeded the temperature cycle test required by the "AEC-Q100" test standard for automotive electronic components several times over. I was so happy when it was decided that the product which used this technology would enter mass production, and it was a special experience in which we were able to achieve our goal as one team.

**Nakaoka** I work in the Product Development Division where I develop isolated gate driver IC products for traction inverters used in electric vehicles and hybrid vehicles. I am deeply moved whenever I see a vehicle that is equipped with the IC that I developed, and it is a moment in which I feel a sense of purpose in my work. This is because during the development of the IC, malfunctions occurred due to switching noise in the SiC power device. I was unable to determine what path the noise was propagating along and what kinds of voltage and current fluctuations were occurring, and I had a hard time solving it. I believe that overcoming that hardship and reaching mass production was very important for my growth.

**Tateishi** PMEs, such as Mr. Hattori, are focused on customers, which originates from the fact that solving customer problems is most important. However, what is difficult about this approach is that if, for example, you make a custom product according to what a customer specified, you will find yourself in a situation where you cannot sell that product to other customers. The customers are also competing with each other, and they have similar requirements, so it is most desirable to support different requirements with the same product. If you can find commonalities among individually different requirements and create a good plan, perhaps it will be worth doing. In addition, an understanding of overseas culture is important as we aim to become a major global player by 2030. I myself have experience working overseas for about four and a half years. Each country has completely different ways of thinking, and it is difficult to convey polite expressions and nuances in a foreign language. I think that, if possible, you should go overseas and accumulate such experiences, and I hope to promote such opportunities at ROHM. As Mr. Takei mentioned, I think that engineers working together is extremely important. I tell employees that they should also understand skills that are adjacent to their own expertise so as to be able to hold a discussion with engineers. When explaining what you would like them to do, you will not be able to convey your desires unless you use the right words. That is even more true overseas and it is essential for ROHM to become a major global player. ROHM has been supported by Superman employees who know everything, but now there is a movement to develop human resources with enhanced expertise. In such a case, gaps will appear between areas of expertise, so I would like to consider how we can fill those gaps with employees. Finally, the joy of social implementation that Ms. Nakaoka mentioned is the real thrill of manufacturing. That is what it means to "contribute to the advancement

and progress of culture," which is our Company Mission. The ability to engage in such work is a privilege for engineers, and I will also strive to create such an environment.

**Nakaoka** You mentioned that it is desirable to support different requirements with the same product, but when it comes to cost competition, for example, I think that the survivor will be the one who can reduce functions to the extreme and win on cost competitiveness. What is your opinion, Mr. Tateishi?

**Tateishi** The answer to that is extremely clear. The number one priority is to lower the cost, and I think that we should limit the included functions to a minimum. However, our goal is to satisfy the requirements of many customers. If we have customers A, B, and C, then they each have their own requirements, and we probably won't be able to sell the product if we include everything. That is because the price will increase. In fact, the key to solving their common problems may lie in what the three customers requested. Market requirements are also market challenges, so in that respect, each customer is saying, "If we could do this, then the problem will be solved," so that is why they are asking us to make the product.

The root of the problems are the same, and in some cases, the challenges that the market is currently facing will emerge. If the solution that you come up with meets the requirements of customers A, B, and C, then that will become an amazing product and plan. Market requirements do not refer to individual requirements, and you must determine what the real challenge is. I think that a company that can create products without overlooking that fact will become stronger.

## What values does ROHM create and what social issues does ROHM face?

**Takei** ROHM's Management Vision states that we "solve social problems by contributing to our customers' needs for "energy savings" and "miniaturization" of their products." ROHM's wide range of products help improve energy efficiency, reduce the environmental load, and improve safety through robot automation and vehicle electrification, and they all provide energy savings and miniaturization. Although my job is not about products but building process lines, I conduct my work based on the idea that all of the products that we are developing solve social problems.

**Nakaoka** Isolated gate driver ICs, which I am now developing, are important components for electric vehicles and hybrid vehicles, so it can be said that the product development itself is helping to solve global warming, air pollution, and other environmental problems. I also think that in order to contribute to energy savings and miniaturization as stated

in our Management Vision, the establishment of switching technologies that can maximize the performance of power devices in particular makes isolated gate driver ICs valuable technologies. We are now confronting social issues by developing such technologies.

**Hattori** When it comes to the power management ICs that I am in charge of, their power consumption is increasing year by year due to the electrification and higher functionality of vehicles. Therefore, I believe that my mission is to plan devices with higher efficiency and lower power consumption and supply them to the market. In recent years, ROHM has leveraged its IDM strengths to create and expand the Nano power supply series. Going forward, I hope to produce unprecedented technologies and products that leverage ROHM's strengths through the continued unification of development and manufacturing.

## Special Feature Director in Charge of Research and Development Speaks with Engineers

**Tateishi** President Matsumoto often says that for a company, sales are the total amount of its social contribution. Sales increase because there are people who need the products, and it can be said that increasing sales is one form of social contribution. The three of you are in charge of power-related products, and as the world becomes increasingly electrified, it

can be said that the development that each of you is engaged in is connected to energy saving because motors are often used in power consumption. Technological progress is connected to resource and energy saving from a sustainable perspective as well. Therefore, I would like engineers to realize that all of their work is connected to social contribution.

### Corporate culture and personnel systems that produce innovation

**Tateishi** In order to produce innovation, I am thinking as a member of the board that I would like to train more engineers with a higher level of expertise than we have now. As I mentioned earlier, engineers that can do anything like Superman are certainly amazing, but some jobs suit people while others do not. My job is not to provide the same career path to every employee but to prepare various career paths and offer an environment that accepts diverse human resources and lets them decide which direction they want to take. They can choose to thoroughly investigate one area or broadly learn all of the technologies and then decide what they can do. Naturally, they can also be a Superman type of engineer who can handle anything. I would like us to have various types of engineers in order to consider how we can combine technologies to produce better products. When experts in the same field gather together, their perspective tends to narrow. In some cases, innovation is created by asking questions from a completely different field with a different point of view. I think that it is important to create an environment where experts can connect with one another and give each other advice based on different ideas.

**Nakaoka** As Mr. Tateishi mentioned, I think that it is a very good idea to experience everything and discover what you

are good at. I believe that innovation might be something that is first discovered when seriously facing problems and issues that are encountered in customer and internal interactions. From my younger days, I have been given the chance to experience meetings and in-person tests with customers and confronted

many problems. I believe that thinking seriously and solving the issues together in such situations led to innovation. Going forward, I hope that ROHM will continue to be the kind of company where employees can experience various situations.

**Hattori** I also think that we should further increase the number of engineers with a high level of expertise. For roughly 10 years after joining the company, I was in charge of designing power management ICs, but at the time there were no specialized positions such as PMEs or FAEs, and all of the designers were in charge of everything from product planning to customer support after mass production. I was able to gain a broad

range of knowledge and experience through various duties, but I myself was unable to pursue one area to the point where I could say that I was an expert. To beat the competition in terms of technology and product appeal in the future, I believe that we need to nurture engineers who have developed a higher level of expertise in each field.

**Takei** I think that there are two important points. First, I think that we should increase and hire more Ph.D.s with high-level expertise. Next, we need to build an organization for them to create innovation. As Mr. Tateishi mentioned, innovation is not created from homogeneity. If we can bring together people who possess various types of expertise with other people who conversely know and can connect a broad range of technologies and build an organization that can trigger a chemical reaction like a crucible, then innovation may spring up on its own.

**Tateishi** I think that innovation is created because there are various ways of thinking, and if we do not accept diversity, the chances of finding a direction that matches oneself will decrease. Working with a sense of enjoyment extends one's capabilities, and I think that there are many instances in which work actually becomes enjoyable, so I would like to provide various directions for all of the employees. However, it is not easy to cultivate experts. For example, even if someone studies technology at a university, the specialized courses last for two years. Considering the fact that even if someone joins the company and works for two years, we still cannot say that they are an expert. I wonder how much time it takes to cultivate a true expert. At the same time, there are many people who unexpectedly find their work enjoyable once they start and continue doing it for a long time. After all, it is important to provide various chances, so I hope to increase diversity going forward. As Ms. Nakaoka mentioned, innovation is created from solving problems. Solving problems makes yourself happy as well as the customers. That is the true nature of work. In some cases, solving a problem can take one or two years. In such a case, I think it would be a good idea, for example, to transfer to R&D for a year or two to solve the problem and then return to the LSI business unit. We have received such proposals from R&D, and I feel that it would be good to have such employees. The cause of the cracking problem that Mr. Takei described can be largely understood by conducting a thorough stress analysis. An expert within the LSI business unit could undertake that

stress analysis, but it would be good to have diversity by having R&D undertake such work. Increasing fluidity in terms of regions such as Japan and overseas and cross-organizational

fluidity within the company would likely increase opportunities for growth, so I hope that ROHM will move in such a direction.

### Career vision for becoming a major global player

**Takei** The semiconductor industry is a B2B business, and because in my case I am in charge of developing elements and lines for product manufacturing, while I am not specifically involved in finished products, it can also be said that I am



involved in every finished product. It is important that PMEs like Mr. Hattori carefully listen to market and customer opinions, and that Ms. Nakaoka's department determines the necessary characteristics and specifications to turn those requirements into a specific product, and communicate that information to our

departments. At that time, we must proceed with the development in the spirit of making what the customer requires instead of what ROHM is capable of making. We will need to build that system. I am the type of person who wants to understand technology broadly rather than dig deeply into one topic, so I would like to contribute to the company and society as an engineer and leader with a broader range of skills than now.

**Nakaoka** Going forward, I would like to continue to be engaged in the product development of isolated gate driver ICs. With the increasing demand for SiC power devices, I would like to develop isolated gate driver ICs that can produce even greater performance. My goal is to become an engineer that customers think of first when they have a problem with isolated gate driver ICs. Therefore, I wish to continue to work with our customers to solve the problems that they face.

**Hattori** I hope to further increase my expertise as a PME and be involved in planning and strategizing products and technologies that leverage ROHM's strengths. Although I've said it before, when it comes to the power management ICs that I am currently in charge of, I see that they are becoming commodities with no major differences in terms of characteristics and functions with products from our competitors, and in an increasing number of cases the deciding factors are the variety of product lineups and the price. To escape from this situation, I am working every day to find a new path to victory. Furthermore, in April we absorbed LAPIS Technology Co., Ltd., which was a wholly owned subsidiary. I expect that collaborative plans with their technologies and products will emerge in the future, and I hope to be involved in the creation of such new products and technologies for ROHM. In addition, to achieve ROHM's goal of becoming a major global player and reaching net sales of one trillion yen, I hope to be posted overseas again, apply my

experiences and knowledge, and help increase our overseas sales through business and product planning for overseas customers.

**Tateishi** Engineers tend to concentrate on organic growth, and sometimes it is difficult to ask them what else they can do. However, there are also competitors in a product line who appear from an unexpected direction. While there is a tendency to create something new as an extension of a technology that you already have, in many cases when we lose, a formidable opponent suddenly appears from a completely different direction with a similar but different technology. The flip chip mentioned by Mr. Takei is precisely a small example of that phenomenon. Wire bonding was used for many years in assembling packages when all of a sudden, the flip chip technology appeared. Despite improvements in wire bonding technology with the introduction of copper wire, we are no longer competitive. Engineers must be strongly aware that such game-changing technologies will invariably appear. When a disruptive technology emerges, it is very difficult to continue winning with a continuous technology. As digital technologies appear going forward, there will be some domains where we cannot win with analog control alone. POL power supplies for servers are a field where digital technologies are quickly introduced, and it is an issue that ROHM has not been able to provide support even though the market is growing. I expect innovation to be created through synergistic effects between the digital technologies of LAPIS Technology, which is now part of ROHM, and the analog technologies possessed by ROHM. However, what is concerning is the fact that the technologies are strong because they are continuous. In other words, determination has become important. Determining how far we can go with continuous technologies and where different technologies may emerge from is the job of PMEs like Mr. Hattori. Solving customer needs is certainly important, but if that is all we are doing, a good proposal may be produced by one of our competitors and they may simply take our customers. There's nothing unusual about that. We need to not only solve needs but also create innovation with seed technologies and deploy a solution proposal-based business. I want the engineers to be aware that continuous and disruptive technologies always come by turns. When engineers are dropped into a different environment, even if they are bewildered at first, they may think up something amazing after about two years. We need to think about placing people in such non-organic environments and accelerating innovation to become a major global player.

## Initiatives in Manufacturing

### Building next-generation production lines to provide a stable supply of high-quality products

**Katsumi Azuma**

Member of the Board  
Senior Managing Executive Officer, in charge of Quality, Production, General Purpose Device Business and Module Business  
ROHM Apollo Co., Ltd., President



As stated in the "Basic Quality Assurance Policy," ROHM has strived since its founding to be the first company to learn, study, and boldly incorporate new technologies for the "continual modernization of manufacturing systems." ROHM's strength that is essential for becoming a major global player is its in-house integrated production system "IDM," which is significant for practicing quality first and increasing cost competitiveness. To take advantage of this significance, it is a prerequisite that our technical, observational, and executional capabilities exceed those of our competitors.

At the same time, even if we beat other companies with our current production methods and materials, that will not last forever. We believe that efforts to further improve quality and

yield are needed while utilizing the three fundamentals of manufacturing ("genba (actual place)," "genbutsu (actual thing)," and "genjitsu (actual situation)") and ROHM's unique know-how.

Future issues are "transmission and evolution." For transmission, we must gather together the technical knowledge of the entire Group and incorporate it into our educational materials. For evolution, we will evolve our production lines and equipment including our flexible lines, carefully examine and analyze production site "big data," and build a management system with no "muri (overburden)," "mura (irregularities)," or "muda (waste)." Going forward, ROHM will continue to aim for evolved manufacturing in terms of both hardware (equipment) and software (management).

### Enhancing our production capacity around SiC power devices

To achieve a stable supply of SiC power devices, which are ROHM's main products, we are expanding production capacity through prior investment. The automotive and industrial equipment markets are expected to expand due to technological innovation around electrification to reduce environmental burden and achieve carbon neutrality. Although current EV demand is weakening, future growth and the strength of demand is unchanged, and we are accelerating plans to increase our production capacity. Currently,

production using 6-inch SiC wafers plays a leading role, but we are shifting to 8-inch wafers. Cost improvements of about 20% to 30% are expected for the same area, which will allow us to significantly increase the production capacity and cost performance. We are also advancing the launch of the Miyazaki Plant No. 2 acquired in October 2023 in parallel with mass production of substrates entering operation in FY2024 and devices in FY2026. The plant will be used as ROHM's main production site going forward.

### Flexible lines

The flexible lines, which integrate our uniquely cultivated technologies to automate our assembly process, began operation in April 2021. As a result, we achieved an improvement in product quality by increasing processing performance through Failure Mode and Effects Analysis (FMEA)\*. Moreover, we minimized variation through automation of production instructions, transportation and supply of materials and products, tool changes, and human tasks, doubling the existing labor productivity through labor-saving. In addition, the lead time was reduced to one-tenth of the existing figure by implementing process design from the planning stages. In

the automotive and industrial equipment markets, many customers want a long-term, stable supply of products even in small quantities. Flexible lines make it possible to meet the needs of such customers and enable the high-quality production of a wide variety of products in small quantities. We are currently utilizing this concept line and verifying various technologies. Our immediate mission is to apply the elemental technologies obtained through this process to the unmanned wide lines under development, and deploy them to mass production plants.

\* Explained in the Glossary

Material issues

| Stable Supply of High-quality Products

| Strengthening Product Safety and Quality

► P.27 FY2023 results and KPIs

## Quality-Related Initiatives

### Upholding the Company Mission of "quality first" to achieve quality that is worthy of a major global player

**Takashi Miki**

Corporate Officer,  
Director of Corporate Quality Headquarters



ROHM will use its quality first policy as a weapon with the goal of joining the top 10 global companies in power and analog semiconductors. To achieve this goal, we believe there are three important factors. The first factor is expanding the scope of our sales. To do so, it is important that we increase customer satisfaction, and we must have the mobility to anticipate market and customer changes and constantly change to optimized quality assurance. Next, we must build a robust quality assurance system that will not crumble even if the scope of sales expands. Quality assurance through front loading is particularly important, and a

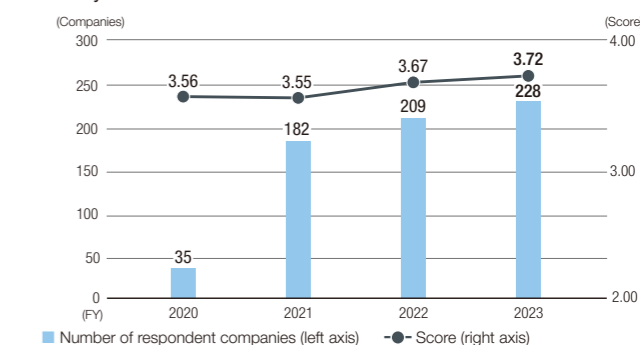
large part of product quality is determined in the design stage. By thoroughly reducing risks in the design stage and designing processes with consideration to the ease of manufacturing, we can continuously deliver products with stable and appropriate quality to our customers. The third factor is mindset. No matter how amazing the standards and systems, our goals are realized by people, and the quality of our people is what is truly important. We believe that ROHM's strength lies in the mindset by which every division and employee come together as one to perform quality assurance.

### Conducting Quality Satisfaction Surveys

Since FY2020, ROHM has been annually conducting a quality satisfaction survey covering the development, procurement, and quality divisions of customers that directly use ROHM products. The survey asks customers to perform a comparative assessment of ROHM on a five-point scale with "three points being the same level as competitors," which we have linked to improvement activities by analyzing our strengths and weaknesses and performing a gap analysis with the ideal vision for the company. Through improvement activities based on the survey results, our score for FY2023 was 3.72 points (benchmark comparison: +4.5%). We provide feedback regarding the results not only inside the company but also to customers as well and will continue to

pursue customer-optimized quality so that global customers may choose us with confidence.

Quality Satisfaction Score



### Human resource training

In the Basic Management Policy, ROHM indicates that the achievement of the Company Mission through the quality of actions and the quality of the people who realize those actions represents one system. The mindset by which every division performs its work with quality as a prerequisite and the employees conduct quality assurance as one is part of the DNA of ROHM. At ROHM, we founded an organization that is dedicated to training human resources who can put this mindset into practice. We established a program that consists of

"Mindset," "Self-Development," "Practice," and "Professional Training" which combines in-person and live online training with senior colleagues and experts along with on-demand training that can be attended over the company intranet to provide the optimal training according to their occupation and career history. In particular, they focus on the "Company Mission and Basic Management Policy Immersion Training" to learn about the Company Mission and Basic Management Policy established in 1966, which is carried out every year for all employees.

Material issues

| Stable Supply of High-quality Products

| Strengthening Product Safety and Quality

► P.27 FY2023 results and KPIs



# R&D Activities

## Selecting topics of use to society and allocating resources

**Ken Nakahara**  
Director of R&D Center



I see a company as a functional group with the purpose of creating products and services for purchase by society. As such, a company should pursue the achievement of that goal rather than new technology itself. Accordingly, we make it our basic policy to first thoroughly learn about unresolved issues in the market. As an example, in the field of power devices in which ROHM is active, attention tends to focus on the development of transistors with new material. However, the function of power devices is power conversion. Seen that way, it's not enough that the transistors are new. I think that what has led us to this viewpoint is our research from both physical and non-physical aspects to learn about the real issues concerning power devices, which aligns with corporate research.

As such, I believe that considering things only from the viewpoint of the semiconductor devices on which ROHM focuses development will not directly connect to solving social issues. What we should undertake is the development of devices from the perspective of their users. As a

company of engineers, however, we're not necessarily strong in market information. To shore up this weakness, we aim to use AI to bring a data-based backing to market perceptions that have mainly consisted of the opinions of marketers. With ready access to engineers engaged in such research, we expect that all of our engineers will become sensitive to markets.

At the same time, no matter how accurate information may be, it is human beings who consider what to do with it. Accordingly, we also pay attention to the development of engineers. A part of this is recommending that engineers obtain doctorate degrees. We do so because obtaining a doctorate is a process of taking a bird's-eye view of the present state to identify research topics, then creating and executing a research plan to resolve them. This is identical to the flow of actions in R&D. In other words, aiming for a doctorate is itself a form of human resource development, with the added considerable benefit that the engineer personally retains the title.

do not result in commercialization can also earn recognition of engineers' achievements in technical presentations outside the company. This recognition from outside the company stokes the enthusiasm of engineers and forms a stepping stone on our path to becoming a major global player. We are working to build up R&D capabilities that generate sustainable growth over the long term by actively releasing papers and making presentations at academic conferences, as well as by partnering with universities through our open research solicitation system and by creating an environment that facilitates a broad perspective in research.

## Our R&D Structure and Resource Allocation

Portfolio management is necessary for R&D in companies, which face demands for business growth. Accordingly, ROHM divides its technologies and its markets into the existing and the new, and uses the resulting four-quadrant matrix to visualize the allocation of R&D resources. To devote more resources toward new technology development in the interest of future growth, we conducted a review of resource allocation in 2024.

In R&D, ROHM also emphasizes the linking of individual efforts to recognition. All technological initiatives, including failures, yield knowledge that we can deploy laterally in some way. Efforts that

Material issues

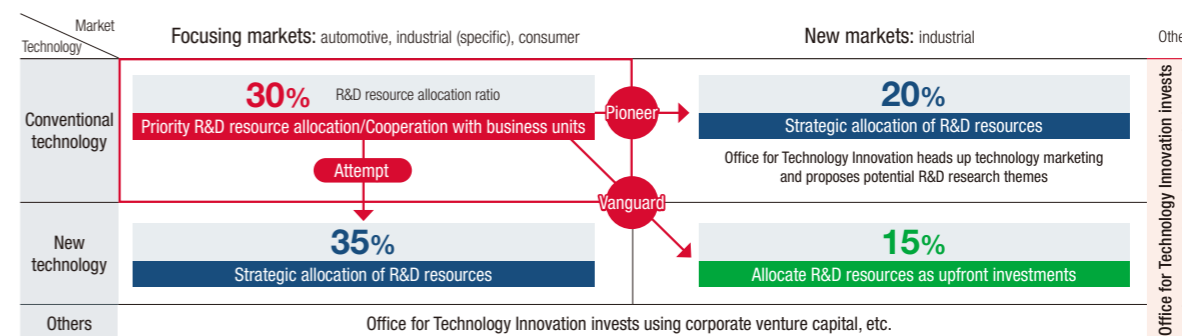
Evolution of Technologies to Contribute to the Advancement and Progress of Culture

Stable Supply of High-quality Products

Strengthening Sustainable Technologies, Developing and Supplying Innovative Products

▶ P27 FY2023 results and KPIs

## ROHM's R&D Resource Allocation



## Acquisition and Development of R&D Human Resources

In R&D, we adopt a human resource strategy that makes capabilities a basis for evaluation. Capabilities form our criteria for personnel assignment as well as for the acquisition and development of human resources. As a result, we achieve high diversity in R&D, which yields powerful synergies.

Enhancing the capabilities of our human resources boosts the level of activity in our R&D. We continue to invest in technology and people for the future by means that include acquiring cutting-edge technology through joint R&D with universities and

other research institutions, and providing environmental support to engineers who seek doctoral degrees after joining ROHM.

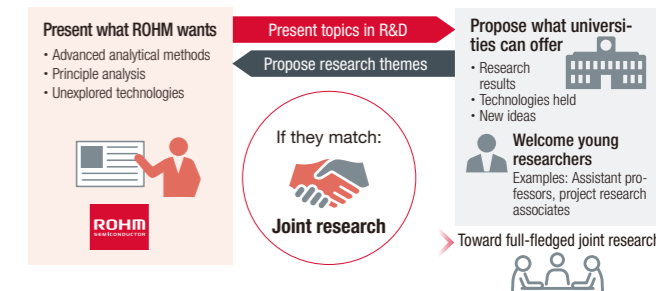
In human resource acquisition, however, ROHM also faces the issue of low recognition due to its status as a B2B manufacturing business. To directly communicate information on ROHM and its initiatives, our members have begun activities such as heading out to academic meetings where the next generation of R&D human resources gather, to take part in technology presentations and host luncheon seminars.

## Open Research Solicitation System

ROHM actively engages in open innovation as a means of effectively advancing future-oriented R&D. An example of this is our open research solicitation system.

We position this as an introductory form of joint research that seeks results through industry-academia collaboration, as opposed to support for academic research through subsidies, and we secure the resources needed to continuously operate the system. The initiative solicits proposals for solutions and ideas not obtainable through our efforts alone, and selects promising collaborative proposals as themes for joint research lasting up to three years, nurturing the seeds of future R&D. When further progress is

forthcoming, we move to full-fledged joint development with an expanded scale and time frame to achieve outcomes.



## Example of R&D

### Pioneering new frontiers for terahertz wave application! ROHM's compact terahertz device

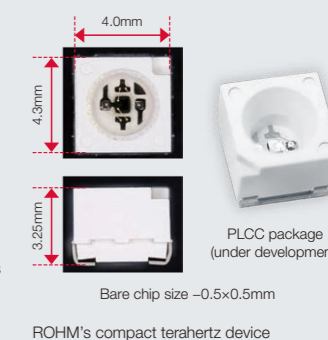
Said to be the last unexplored domain in electromagnetic waves, terahertz (THz) waves combine the rectilinearity of light waves with the transmittance of radio waves, a characteristic that has greatly boosted expectations for their application in future products and for potential markets.

ROHM has developed a terahertz wave generation and detection device that uses resonant tunneling diodes (RTDs). To make maximum use of the device's compactness, lightness, and low power consumption, we are undertaking R&D of applied technology while utilizing open innovation. In addition to a device with a 4mm-square size usable in any location and 10mW power consumption that can run on batteries, we are also developing an optical device that controls radiated terahertz waves. By enhancing directionality through radiated wave convergence, we are working to pioneer applications for the device in ultra-high-speed wireless communication and sensors.



The Engineer Social Hub™ technical support forum operated by ROHM hosts explanations and discussions on the current state of terahertz wave application and the future envisioned by ROHM (Japanese only).  
URL: <https://esh.rohm.co.jp/s/esh-blog/terahertz-main-20240701-1-MCZSFRA36TQZBXDJUAY-B3ETWN6YA?language=ja>

\* Engineer Social Hub™ is a trademark or registered trademark of ROHM Co., Ltd.



# Actions for Intellectual Property

## Promote intellectual property activities to support innovation and contribute to the realization of sustainable growth

**Koji Taniuchi**  
General Manager, Legal & Intellectual Property Division

ROHM's Medium-Term Management Plan states that reaching net sales of one trillion yen and entering the top 10 manufacturers for power and analog semiconductors is our goal as a major global player, and efforts are underway to focus on "power" and "analog" areas in our intellectual property strategy as well. We must build an intellectual property portfolio that is suitable in terms of both quality and quantity to ensure our competitive advantage in the market in fields of strategic sales growth such as the power device business represented by SiC and the ASSP strategic top 10 products

in the IC business. In addition, we will promote the creation of know-how that will become a strength of IDM for the purpose of further increasing productivity and reliability in production areas that underpin sales and income.

To increase our earning power, it is important that we tie patents, know-how, and other forms of intellectual property to sources of added value and competitiveness. At ROHM, we are focusing our efforts on training inventors, particularly young employees, and aim to become a major global player through the continuous creation of inventions.

## Patent Strategy to Become a Major Global Player

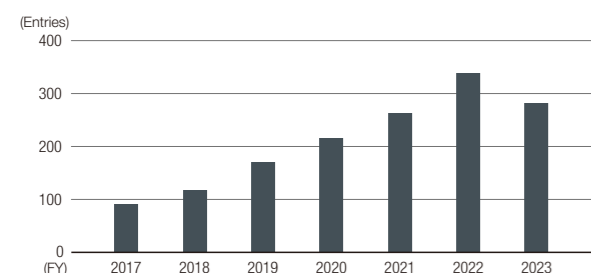
The strength of the IDM adopted by ROHM is the fact that productivity and reliability can be improved by integrating technologies. The integrated technologies of semiconductor manufacturing consisting of "circuit design," "layout," and "process" are our bodies of know-how accumulated over many years and the most important form of intellectual property for ROHM to grow sustainably.

At ROHM, we have been registering know-how in an internal database since FY2016 to utilize it as shared wisdom rather than individual expertise. The number of registered know-how

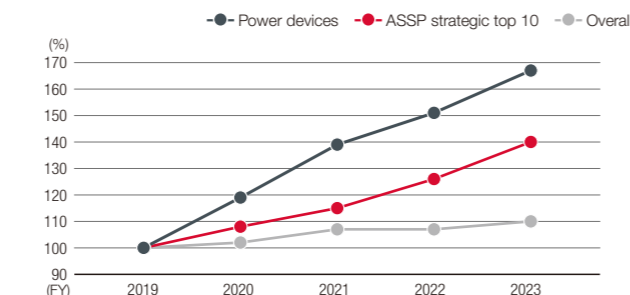
entries is increasing every year with less than 100 entries in FY2017 growing to over 300 in FY2022. The registered know-how is developed into standards, guidelines, and design rules and embedded into mass production workflows, equipment, and tools, which has led to increased reliability and productivity.

In terms of strategy, we are focusing on know-how related to SiC, IGBT\*, GaN\*, and other power devices and the ASSP strategic top 10 products in ICs to secure our competitive advantage by acquiring patent rights for technological inventions that realize high added value in these areas.

Number of retained know-how entries



Increase rate of patents held since FY2019 in ROHM priority areas



Material issues

Evolution of Technologies to Contribute to the Advancement and Progress of Culture

Risk Management

▶ P.27 FY2023 results and KPIs

\* Explained in the Glossary

## Securing and Developing Human Resources to Promote Intellectual Property Strategy

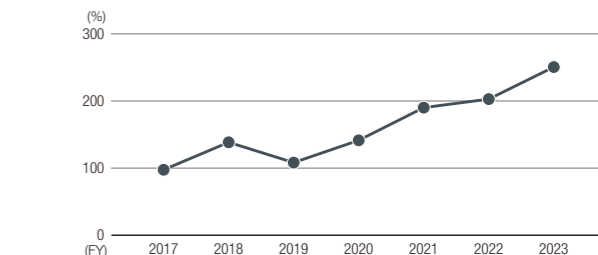
At ROHM, we believe it is important to nurture young, flexible minds for the continuous creation of innovation. This is why we have been striving to foster a mindset of intellectual property creation among young engineers since FY2016. There is a system which grants a "new inventor award" to engineers who have applied for a patent or registered their know-how by the fifth year after joining the company. In the last six years, the number of young employees who filed such notifications by their fifth year after joining the company increased by roughly 2.5 times, showing that the seeds of innovation creation are clearly taking root.

To create an invention, one must have considerable technical capabilities in their field. We are building a foundation for invention by creating a ranking list of patents that have contributed to ROHM sales and sharing how those patented technologies were created and the key conceptual points with other engineers.

To become a major global player, it is essential that we nurture

intellectual property personnel who can play an active role on a global level, and we are systematically promoting both off the job training and on the job training. In addition, we promote the upskilling of each team member through semi-annual discussions between supervisors and subordinates about their skills and career path.

Change in the ratio of inventors in their first five years after joining the company



\*1 Change in the ratio of inventors in their first five years after joining the company calculated based on the number of inventors in 2017

\*2 Employees at the Head Office

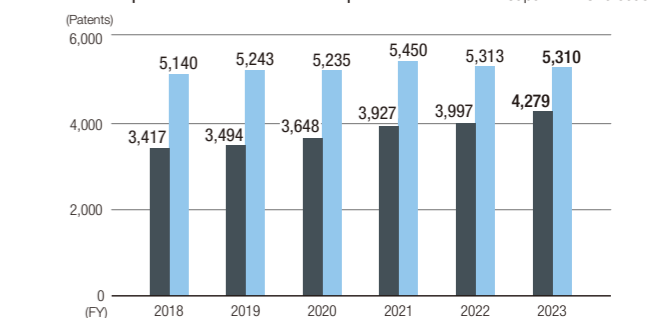
## Proactive Filing of Patent Applications for Sustainable Growth

Due to the correlation between the market share of sales and the number of patents in the semiconductor industry, ROHM has set a target number of applications for each year based on our plan which aims to enter the top 10 in power and analog semiconductors in FY2030. The foundation of our patent application strategy is to ascertain the number of U.S. patents with respect to ROHM's sales share and apply for enough patents to maintain our competitiveness.

In priority technology areas, we are filing not only our own applications but also procuring patent rights from outside the company. Furthermore, we are monetizing patents that are underutilized due to changes in the business environment

through sales and licensing to strengthen our intellectual property portfolio while swapping out patents as needed.

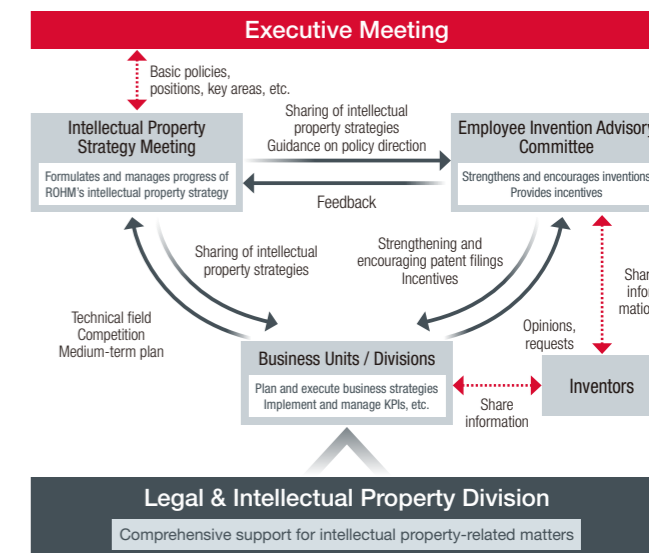
Number of patents held in the Group overall



## Intellectual Property Governance System

Intellectual Property Strategy Councils, headed by the General Manager of Intellectual Property and composed of business unit heads and several senior corporate officers, are held four times a year. During each meeting, the members discuss and formulate intellectual property strategies for the entire company. The formulated intellectual property strategies are reported once a year to the executive meeting, which is attended by corporate officers including the president, and become the guidelines for intellectual property management. Important matters deliberated at executive meetings are also reported to the Board of Directors, and the Directors can directly supervise intellectual property. These intellectual property policies are also shared with the business units, and the intellectual property strategy is promoted in a top-down manner. In addition, the Expert Committee on Employee Inventions composed of General Managers from research, development, and manufacturing plays a central role and coordinates with the Intellectual Property Strategy Council to create new inventions in a bottom-up manner and encourage the conversion of those inventions into intellectual property. Each year, we recognize

inventors who have satisfied the requirements with an award to promote the conversion of inventions created at ROHM into intellectual property through incentives.



## Discussion: Human Capital Initiatives



Further Enhancement  
of Human Capital  
Management

**Koji Yamamoto**  
Member of the Board, Senior Corporate Officer,  
in charge of SCM and Administration

**Fukuko Inoue**  
Outside Director,  
Member of the Board

### Ideal human capital and human capital portfolio required to become a major global player

**Yamamoto** ROHM has grown with a focus on domestic Japanese customers and is now trying to recreate itself as a growing global company by becoming a “major global player.” Human capital strategy can be described as the process of acquiring talented human capital, thoroughly developing them in-house, and linking them to increased corporate value. I believe that there are two important points in formulating such a strategy. The first point concerns dialogue. No matter how much management communicates the way in which they want to grow the business, the message will not be conveyed unless the employees have high engagement. Engaging in dialogue so that all employees can increase their engagement and demonstrate their own capabilities is positioned as the foundation of human capital management.

The second point concerns the development of the next generation of world-class leaders and highly talented professionals. Specifically, from the previous fiscal year, we have been building a common global foundation for human capital management that covers core positions throughout the entire group. This initiative does not simply end at the general manager level and above but also covers the group companies. It identifies positions with a high degree of influence on management and aims to create a pipeline for the next group of managers through a common framework guided by the head office rather than each group company individually with regard to the management of the human

resources that will fill those positions. The goal is to monitor if there are enough human resources developed within the company that are suitable for core positions, including their successors, through this policy and apply that information to future hiring, development plans, and the creation of a talent portfolio to increase corporate value.

**Inoue** I have been involved with global human resources at foreign companies and international organizations. Based on this experience, I think that it is not an overstatement to say that “a company is only as good as its people” and “the quality of a company = the quality of its human resources.” To become a major global player, ROHM must win the global competition for human resources.

I am now in my second year serving as an outside director of ROHM. During this time, I have engaged in dialogue with the employees, especially female employees. I feel that they all have high potential, love the company, and have a strong desire to contribute. Currently, ROHM is stepping into a world that nobody has ever experienced and facing a significant challenge in trying to become a completely different organization. As you mentioned, Director Yamamoto, new initiatives for human resources which are not an extension of the previous personnel system, and organizational culture reform have only just begun. We must clearly define the talent skill portfolio, mindset, and ideal form of the organization that can keep up with global competition, and align and accelerate the multifaceted activities needed for their realization.

**Yamamoto** Thus far, we have provided support for employees to build their own career paths through the global trainee program and the specialist system. In FY2022, we introduced a job posting system that enables transfers initiated by employees instead of the company to provide employees with the opportunity to voluntarily transfer. Roughly 50 people have already used the system and are thriving in their preferred department. In addition, during the previous fiscal year we established a dispatch system for MBA and other programs, and three employees are aiming to earn an MBA this fiscal year. Through such systems, we will promote the creation of structures to develop the next generation of leaders and highly talented professionals.

\* Explained in the Glossary

### Creating a mechanism to encourage innovation

**Inoue** ROHM has set a target of “a 15% or higher female manager ratio for the Group and a 10% or higher female and/or foreign national executive ratio by FY2025.” Regrettably, I have felt that ROHM has made little investment in female and foreign national employees, but improvements are now underway. In addition, we must also create an organizational foundation in which anyone, including women and foreign nationals, can contribute to the success of the company. In other words, this means the creation of an open organization with a high degree of psychological safety. Initiatives related to these goals are now underway as well.

**Yamamoto** I cannot deny that ROHM was a male-dominated society. The company is now considering initiatives that will allow female and foreign national employees to greatly demonstrate their capabilities.

**Inoue** I think that the roles played by bosses and managers will become larger than ever. First, bosses will need to carefully look at the strengths of each female and foreign national employee and leverage those strengths to increase results. In addition, it is important to not only establish target values for managers and officers, but also set goals for increasing the pipeline and talent pool for those positions and implement initiatives for development while utilizing mentoring systems and networking.

**Yamamoto** I recognize that dialogue with employees is essential for innovation. Engagement surveys were carried out twice at the ROHM head office in FY2021 and FY2023, and once for worldwide group companies in FY2022. Three issues emerged from these surveys. First, it is difficult to say

that management understands the thoughts of employees. Next, employees are unable to get a sense of how their work is connected to the customers. Finally, we need to build an environment that is able to accept different opinions. To improve on these issues, we are working to spread the thoughts of management throughout the entire group, and organizational leaders are engaging in dialogue with the employees to take action for solving issues.

**Inoue** The company is to be commended for introducing the surveys to overseas and group companies and for having those in charge of each department look at the results and engage in repeated dialogue. For the sake of healthy organizational management, it is important to have the head of each organization objectively look at the state of the organization and take the time to engage in dialogue within the organization rather than exert command and control from the top. Currently, the survey is implemented at a low frequency of once every two years, and it should be conducted more frequently even if some fields are curtailed.

**Yamamoto** The survey results also show the trends in each organization, and as you said, dialogue within each organization is extremely important. Members of the Human Resources as Business Partner (HRBP) team will also get involved in these dialogues and create a system to thoroughly take up issues that require company-wide efforts and take action.



### Issues that ROHM should address for the further enhancement of human capital management

**Yamamoto** The results of the engagement surveys clearly showed that there is a gap in awareness between management and the employee level. Although there are opportunities to receive various types of education outside of ROHM, I feel that the development of world-class leaders is insufficient. In order to develop the kind of human resources that can share their opinions on equal terms with the top levels of other companies in each field, we will have a system that thoroughly supports the aspirations and capabilities of individuals.

**Inoue** In order to beat global competition, we must keep a close eye on human resources with potential in the worldwide group, support their growth, and proactively engage in the global hiring of top global talent. The talent pool must not be fixed. We should open the doors wide so that anyone can tackle challenges. This must apply not only to management human resources, but also to the talent pool of each strategically important field as in the initiative that ROHM is implementing for core positions. To expand the talent pool across

the entire company, it is important to “visualize” the strengths of all the talent in the worldwide group and match them to positions, and these accumulated efforts will lead to the expansion of the talent pool of management human resources.

**Yamamoto** I believe that we should identify important and strategic positions and clarify where, when, and to what extent a person with specific skills is needed. To achieve this, management will engage in thorough discussions, decide on the positioning, and promote the “visualization” of talent skills across the entire group.

**Inoue** The form that ROHM aspires to is not an extension of what was done in the past. I feel that on the contrary there is an extremely great potential for growth by doing something that has never been done before. By establishing a system where all employees can demonstrate their individual capabilities and continue to tackle challenges, I think that ROHM will increase its corporate value and get closer to becoming a true major global player.

# Human Capital Initiatives

ROHM's Basic Management Policy states that we will "search extensively for capable human resources and cultivate them as cornerstones for building long-term prosperity." Our company's history, technologies, and assets accumulated since our foundation are important assets for the company, and it is undeniably our human resources that have cultivated these assets. That is why ROHM invests in the growth of each employee with the determination to fully demonstrate his or her capabilities, focuses on human resource development, and aims for the cyclical growth of the company and its employees through the provision of a stage where a wide range of talented personnel can play an active role.

Human Capital Management  
<https://www.rohm.com/sustainability/human-capital>



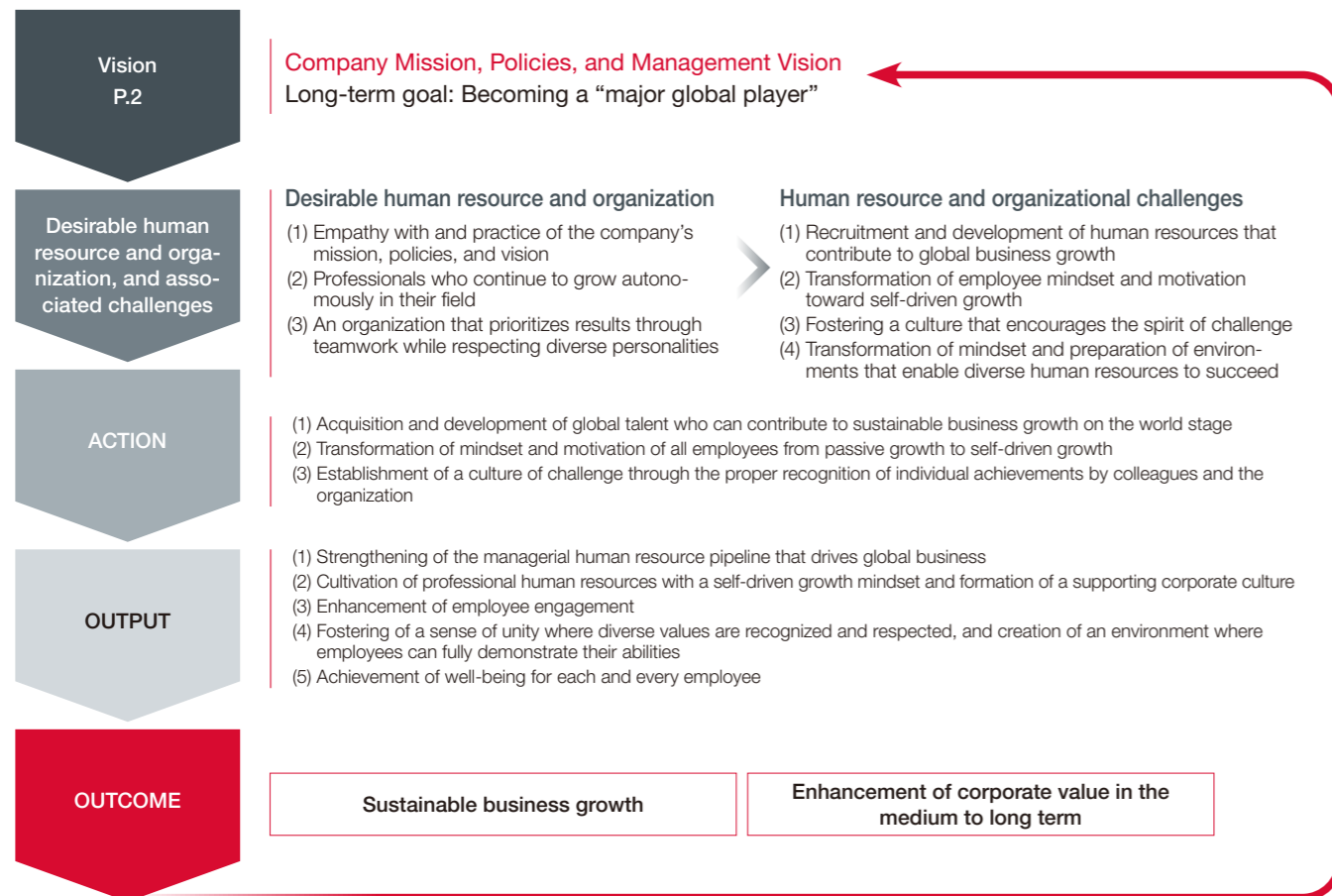
## ROHM's Approach to Human Capital Management

ROHM defines human capital management as follows: Incorporating employees' growth into the company's corporate value, and reinvesting the corporate profit into human resources so that employees' personal value in the labor market can be enhanced, thereby achieving a sustainable growth cycle that involves individual employees and the company.

The company provides employees with the appropriate environment and opportunities for growth, and actively supports their development. Attracted by these, individuals gather at ROHM, grow through their work, and enhance their own market value. As a result, the company's value increases, which in turn

enables further reinvestment in its employees. This continuous cycle is the essence of ROHM's human capital management.

Furthermore, our image of the ideal human resource and organization we need to become a major global player includes professionals who empathize with the company's mission, policies, and vision and who continue to grow autonomously. While respecting diverse personalities, these professionals come together as ONE ROHM to contribute to the growth of our business. By promoting human capital management, ROHM aims to achieve sustainable business growth and increase corporate value in the medium to long term.



## Human Resources Strategy

In order to strongly promote ROHM's human capital management and become a major global player, the Head Office Human Resources Division underwent a structural change in April 2024. As part of our corporate transformation, this included the organization of the Human Resources as Business Partner (HRBP) function.

With this, ROHM aims to explore the talent and organizational frameworks that will support becoming a major global player, and drive actions on the key material issues of strengthening employee engagement, diversity development, and ensuring health and safety of employees.

### 1. Human resources strategy function

A team that assembles human resource strategies from a managerial and comprehensive perspective of the entire global landscape. The team develops global common rules and decides how to separate them from local rules, thereby moving the company forward toward becoming a global enterprise through trial and error.

### 2. Human resources function

A team responsible for most of the traditional human resource functions. The key difference from before is that the team pursues best practices across Group companies, aiming to consolidate and standardize human resource systems, documents, and know-how across the organization. The team also promotes efficiency through the introduction of technology.

### 3. HRBP function

ROHM follows the IDM model and has a wide variety of job roles, leading to extremely diverse human resource and development challenges. This internal consulting team works closely with each business unit's strategy and human resource issues, to help solve them together.

### 4. Welfare function

A team that focuses on realizing the well-being of each employee in alignment with the Health and Productivity Management Declaration, from a perspective separate to systems and management. In these turbulent times, the team focuses on the importance of ensuring that employees have stable and healthy lives while nurturing their humanity and intellect.

## Strengthening Employee Engagement

To ensure the continuous development and retention of human resources over the long term, it is crucial to create a stage where a wide range of talented personnel can play an active role. It is also important to strengthen and enhance

human resource measures and systems to increase employee engagement and productivity, as well as to ensure that each employee can fully demonstrate his or her capabilities.

## Job Posting System

Since FY2022, the Job Posting System has offered employees the opportunity to voluntarily apply for internal transfers. As of FY2023, 48 employees have used this system to start working in their departments of choice. This system encourages employees to take an active and continuous role in shaping their own career development while the company supports them, thereby stimulating career development and enhancing

internal mobility of human resources. Additionally, the system enables a quick response to rapid environmental changes, helping to secure the necessary human resources for key business areas. A survey conducted among 30 employees within 1-2 months of transferring using the system showed increased satisfaction with their work content and career, as well as greater motivation to engage with their tasks.

## Challenges for the Future

### Fostering a continuously evolving corporate culture through the Job Posting System

Until November 2023, I was involved in production management for the Print Head Division of the Module Business Unit. However, I applied to the Job Posting System, which provides opportunities for voluntary transfers, and in December 2023, I was transferred to my current department, where I am now responsible for profit and loss control and cost management for the SiC power device business. In the past, most organizational changes were made at the company's discretion. However, similar to how I was able to transfer departments, I feel that system enhancements have been implemented through ROHM's human resource strategy, allowing employees to reflect their own intentions, find a sense of purpose in their work, and increase their motivation and willingness to contribute.

I applied for the transfer because I felt that the Power Devices Business Unit exemplified ROHM's goal of fostering a corporate culture that boldly takes on challenges and continues to evolve. In fact, in the SiC power device business, which I am responsible for, each of us is taking on challenges to increase sales and profits in our assigned roles.

I believe the SiC power device business will continue to grow, and I aim to support department and division heads as a business partner by analyzing metrics, competitor comparisons, and other data. I look forward to the company supporting me in attending external training and seminars in order to achieve this.



**Shizuko Kawamoto**

Supervisor  
 Cost Management Group  
 Power Devices Business Planning  
 Department  
 Business Management Division

## Human Capital Initiatives

### Specialist System

In order to develop products that are chosen by customers in the global market, it is necessary to enhance the expertise and capabilities of individual engineers. As part of our career development framework, we have established the Specialist System to ensure that highly specialized human resources who support ROHM's sustainable growth can fully demonstrate their abilities. This system recognizes employees, regardless of whether they have subordinates or not, who contribute to the company with high-level specialized skills as "specialists" and clarifies their career paths as leading experts in their fields. Among these specialists, top-level professionals are given the titles of "Fellow" and "Senior Fellow," with the expectation that they play a role in developing human resources that maximize results and contribute significantly to the company through their expertise and technical skills. To date, three Fellows and Senior Fellows have been appointed. Senior Fellows are treated as equivalent to directors of headquarters or corporate

### Conducting Engagement Surveys

To further reinforce unified Group management, ROHM recognizes that understanding and empathy from employees regarding the company's goals and desired outcomes are essential. Since FY2021, we have conducted engagement surveys across the entire Group to measure the level of employee engagement, analyze the findings, and develop

#### FY2023 Survey Results (ROHM Co., Ltd.)

The percentage of employees who responded favorably to questions on "sustainable engagement," which is a KPI, was 75%, significantly exceeding the industry average. Across all 14 categories, including "Challenge" and "Communication," the percentage of employees giving positive responses was higher than the industry average. On the other hand, the survey also highlighted issues, such as in the "perceived understanding of employees by management," "employees' understanding of the connection between their work and customers," and "whether different opinions are accepted, and employees feel comfortable voicing their opinions."

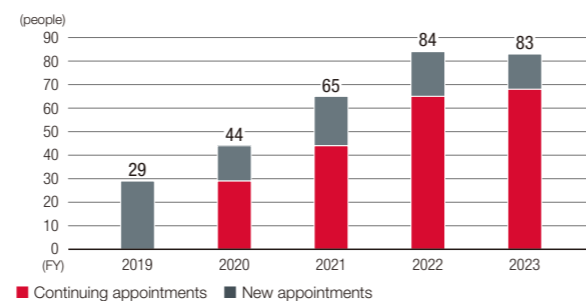
To further improve employee engagement, organizational leaders will engage in dialogue with employees based on the survey results, linking these discussions to actions aimed at solving issues. In addition to this, we will work to cultivate a

### 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 leads to corporate innovation,

officers, providing a structure that motivates continued growth as highly specialized personnel. We are systematically developing professional human resources with the aim of passing on technology and expertise, fostering future generations, and enhancing corporate value through innovation.

Appointments of Specialists



strategies to address evolving challenges.

The employee engagement score has been set as a non-financial KPI in the Medium-Term Management Plan. Based on the honest feedback gathered through the survey, ROHM aims to create a company where each employee works with pride and rises to new challenges.

culture of open dialogue within the organization, by planning and implementing initiatives such as the "Web Cafe" to foster interaction among younger employees and between younger employees and management.

Engagement Survey Response Results (ROHM Co., Ltd.)

| Fiscal year | Number surveyed | Number of respondents | Response rate | Score |
|-------------|-----------------|-----------------------|---------------|-------|
| FY2021      | 3,625           | 3,606                 | 99.5%         | 76.0% |
| FY2023      | 4,004           | 3,744                 | 93.5%         | 75.0% |

Engagement Survey Response Results (32 Group Companies (excluding ROHM Co., Ltd.))

| Fiscal year | Number surveyed | Number of respondents | Response rate | Score |
|-------------|-----------------|-----------------------|---------------|-------|
| FY2022      | 19,761          | 17,743                | 89.8%         | 91.0% |

\* The score represents the percentage of employees who responded favorably to questions regarding "sustainable engagement"

\* ROHM manages engagement scores through the Willis Towers Watson (WTW) employee engagement survey.

and furthermore contributes to solving social issues and increasing corporate value. In particular, we believe incorporating diverse ideas, rather than relying on homogeneity in decision-making, can enhance our competitive advantage.

### Women's active participation

Our Medium-Term Management Plan calls for the promotion of women's career development and the appointment of women and non-Japanese to management positions, and sets the target of increasing the ratio of female managers in the entire Group to at least 15% and increasing the ratio of female or non-Japanese executives at ROHM Co., Ltd. to at least 10% by FY2025.

The active participation of women is not only expected to lead to the securing of excellent human resources, but also to various effects 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 corporate climate in which anyone can play an active role regardless of gender.

Currently, the proportion of female managers in the Group is 13.0%, while at ROHM Co., Ltd., the ratio is 1.6%. We will continue to revise existing systems, introduce new systems, and expand training opportunities to achieve our targets for women in managerial roles.

### Course Change System

ROHM has revised its career track system to promote change of career for limited position staff\* who wish to become core position staff\* to broaden the scope of their duties and take on the challenge of further career advancement. Under this system, all employees who wish to apply for

### Ensuring the Health and Safety of Employees

Accidents in the workplace threaten the lives of employees and can also impact business continuity. We consider it important to create a workplace where all employees, as well as stakeholders involved in operations, can work safely in order to protect the lives and human rights of our employees. Moreover, for each employee to find purpose in their work and maximize their potential, it is necessary for them to be both physically and mentally healthy. Therefore, we actively work to ensure a safe, secure, and sanitary workplace while promoting and maintaining the physical and mental health of employees.

#### Efforts to promote health management

The "Health Management Declaration" has been established by top management and has identified employee well-being as a material issue for achieving the goals of the Medium-Term Management Plan and for ROHM's sustainable growth. ROHM has set up the "Health Up Challenge 7," in which each employee makes efforts to achieve the seven health-related goals (sleep, stress, exercise, diet, drinking, non-smoking, and communication) with the aim of improving their presenteeism and achieving well-being.

core positions can do so, and those who pass the examination can transfer career tracks.

To date, 68 employees have successfully transferred to core positions and expanded the scope of their work.

#### Active participation of senior employees

With the advent of the era of the 100-year lifespan, work and lifestyles are changing dramatically and it is crucial to create an environment where senior employees with the willingness and ability to work can play an active role. The experience, skills, and internal and external human networks that seniors have cultivated over their long careers are precious assets for ROHM. By introducing systems such as post-retirement reemployment and career design training, we will continue to improve the environment for senior employees to play an active role, aiming to strengthen the organizational framework that enables them to consistently produce significant output.

#### Active participation of people with disabilities

In promoting diversity and inclusion, we are proactively hiring people with disabilities and promoting their participation with the aim of creating a working environment where employees with disabilities can play an active role.

As of June 2024, our domestic Group employs 116 people with disabilities, an employment rate of 2.35%.

\* Explained in the Glossary

#### Ensuring a safe workplace

The 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 bias at the safety management level. In FY2023, we conducted safety checks and discussions with members at a total of seven manufacturing sites in Japan and overseas, and are systematically confirming and correcting the risks and issues we have identified.

#### Health and safety activities with contractors and on-premises vendors

In order to create a safe working environment for everyone involved in our business, we must create a comfortable and safe working environment not only for our employees, but also for the contractor and on-premises vendors (cafeteria, cleaning, etc.) who work with us on our premises. ROHM cooperates with contractors and on-premises vendors on our sites to conduct various safety initiatives.