

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