

# Supply Chain Initiatives

High-quality, safe, and stable manufacturing demands the assured quality and stable supply of procured components and materials, as well as CSR procurement initiatives that consider labor, ethics, and the environment. Valuing our ongoing relationships of trust and cooperation with suppliers, we aim for procurement activities that allow both sides to grow sustainably.

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

Material issues	Sustainable Supply Chain Management	▶ P27 FY2023 results and KPIs
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## Promotion Structure

Our supply chain management system, positioned as a sub-organization of the Board of Directors and the EHSS General Committee, bears the role of appropriately managing and supervising supply chain risks within the Group. The EHSS General Committee evaluates and checks whether the PDCA cycle is functioning properly within the supply chain management system. It reports to and consults with the

Board of Directors as necessary to maintain and improve the precision of the management system. The Board of Directors works with the Sustainability Management Committee to discuss policies, directions, long-term targets, and other matters related to sustainability. It submits its decisions to the EHSS General Committee and, through supervision, ensures that the decisions are acted upon.

## Working Together with Suppliers

A cooperative structure with suppliers is essential in aiming for sound and sustainable procurement activities. ROHM has

adopted the RBA Code of Conduct\* and asks suppliers to strive for compliance with the code.

\* RBA (Responsible Business Alliance) Code of Conduct: A code created by a group of electronics-related manufacturers as well as automobile, toy, airplane, and IoT technology companies

### Evaluation and Audit Programs

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

### 1. Comprehensive evaluation of activities

ROHM comprehensively evaluates the activities of suppliers by examining product quality, delivery time, price, and BCP initiatives, as well as the results of the CSR procurement self-assessments described below. We conduct comprehensive evaluations of activities at the following times:

- When selecting a supplier and when concluding contracts: Suppliers cannot conclude contracts until they meet the minimum CSR procurement self-assessment score set by ROHM.
- Regularly (once per year): ROHM performs a comprehensive assessment of activities over the year and provides feedback to suppliers. Those that do not meet the minimum score set by ROHM within the given timespan are excluded from contracts.

### 2. CSR procurement self-assessment

To confirm the level of achievement of suppliers' CSR activities, every year ROHM asks suppliers to perform self-assessments in the areas of labor (including human rights), safety and health, environment, ethics, and management systems in accordance with the RBA Code of Conduct, as well as in the areas of information security, BCP for procurement, logistics and quality compliance set uniquely by ROHM. We rank suppliers based on overall self-assessment scores and identify suppliers' ESG risks. We recognize suppliers with a rank of C or worse, or a rank of B or worse in the case of critical suppliers, as "sustainability high-risk suppliers" toward

which we request corrective action and provide support for improvements. Our FY2025 target is a rating of B or better for suppliers that collectively account for 90% of our annual purchasing amount. In FY2023, suppliers with this rating accounted for 80.6%.

#### Self-Assessment Achievement Target

FY2025 target	FY2023 target	FY2023 results	FY2024 target
90% or higher (Monetary value basis)	80.0%	80.6%	85.0%

### 3. CSR procurement audits

Procurement audits are conducted in the form of second party audits by CSR procurement personnel, who perform document checking on-site or online along with checks of plants and dormitories. ROHM conducts at least one audit of critical suppliers over a three-year period, and reviews target suppliers every three years. When an audit finds a need for corrections, we consult with the supplier, request the preparation and submission of an improvement plan, and track the corrective actions until completed. We view these audits not only as opportunities for assessing the state of suppliers but also as training opportunities for communicating ROHM's CSR procurement policies and approach to suppliers and for

deepening mutual understanding of CSR activities. In FY2023, we conducted audits of 23 companies, an increase of 10 companies from FY2022.

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

#### CSR Procurement Audit Results

FY	2021	2022	2023
Number of Suppliers Visited	9	13	23

### 4. BCP for procurement

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

- a) **Definition of risk in the procurement divisions:** We have established the Risk Management and BCM Committee to manage risks in each division. In addition to the four existing risks of quality, delivery time, price, and compliance, the procurement divisions also evaluate risks in stable supply and their impact, and check the state of responses to the identified key risks each quarter.
- b) **Selection of suppliers:** In emergencies, we share information across the supply chain and select suppliers who can ensure a continuous supply. At the start of transactions, we ask that suppliers submit a consent form indicating an understanding of ROHM's basic stance.
- c) **BCP initiatives:** We are researching and compiling a database of information on the manufacturers and manufacturing locations of procured parts and materials so we can promptly confirm the damage, safety, and supply status of our suppliers in the event of an emergency.

#### Survey of primary suppliers' production sites

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

#### Prior agreement on emergency response

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

## Supply Chain Initiatives

### Responsible Procurement of Minerals

ROHM strives to responsibly procure minerals throughout the supply chain in response to not only conflicts, but also mineral issues such as tin, tantalum, tungsten, gold, cobalt, and mica, which are related to risks and fraud involving human rights violations and environmental destruction, including OECD Annex II risks.

To ensure that customers can use ROHM products with confidence, we conduct an assessment process that follows OECD Due Diligence Guidance, with the Supply Chain Management Headquarters taking the lead. Our survey revealed a CFS\* rate of 97% in FY2023, 1 percentage point lower than in the previous fiscal year. We will encourage the remaining 3% of uncertified smelters to switch to CFS. In the event that any use of conflict minerals, which are a source of funds for armed forces, is found in ROHM's

### Green Procurement

ROHM views initiatives that consider and contribute to the global environment as an important management issue. To promote green procurement, we are working to enhance the precision of our investigations of chemical substances contained in the components and materials that we procure. We are constructing a mechanism that avoids the procurement of prohibited substances by screening substances contained in components and materials according to ROHM's proprietary standards and registering only those that meet the standards of our procurement system. We issue our Green Procurement

### Assessments

To raise the level of suppliers' environmental management systems to a passing level under ROHM's standards, we request self-assessments by suppliers. By continuously engaging in feedback and improvement activities based on the assessment results, we aim to achieve a 100% passing rate for self-assessments of suppliers' environmental management systems in FY2025.

From FY2023, our assessments cover not only ROHM Co., Ltd. but the Group as a whole. We check the status of suppliers that fail to meet ROHM's standards or that have not responded to the assessments, work to understand those suppliers' issues, and enact initiatives aimed at improvement.

### Carbon Neutral Initiatives in Collaboration with Suppliers

In response to the recent demand for decarbonization throughout the supply chain, ROHM held a "Carbon Neutral Explanatory Meeting" for key material suppliers ahead of time starting in 2023. Suppliers were asked to explain cooperation items and provide GHG emissions of materials supplied to ROHM, and collaborative reduction activities were initiated.

products, we will enact corrective measures with all due speed.

#### Survey Results for FY2023

Suppliers subject to surveys: 113 companies  
Suppliers who responded: 113 companies; response rate 100%  
Identified supplier smelters: 193 companies for all minerals (of which, 187 have received RMAP certification)

	Gold	Tantalum	Tin	Tungsten	Overall
Total number of smelters	89	33	42	29	193
Number of CFS* certified smelters	84	33	41	29	187
CFS* certification rate	94%	100%	98%	100%	97%

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

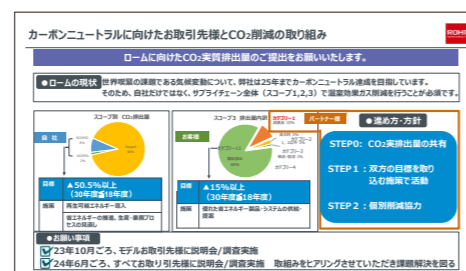
Guidelines\*1 and Control Standard of Chemical Substance in Products\*2 to suppliers and request their confirmation of compliance with specified standards for components and materials.

\*1 Green Procurement Guidelines  
[https://www.rohm.com/documents/11303/12022709/ROHM\\_Green+Procurement+Guidelines\\_006en.pdf/a484be56-37de-f77f-45ae-851e75884a5b?t=1722823755840](https://www.rohm.com/documents/11303/12022709/ROHM_Green+Procurement+Guidelines_006en.pdf/a484be56-37de-f77f-45ae-851e75884a5b?t=1722823755840)

\*2 Control Standard of Chemical Substance in Products  
[https://www.rohm.com/documents/11303/12022709/ROHM\\_Control+Standard-of+Chemical-Substances-in-Products\\_003en.pdf/e3b2b836-6d37-13e9-aae8-070bee14f990?t=1722823753390](https://www.rohm.com/documents/11303/12022709/ROHM_Control+Standard-of+Chemical-Substances-in-Products_003en.pdf/e3b2b836-6d37-13e9-aae8-070bee14f990?t=1722823753390)

#### FY2023 Assessment Results

Evaluation category	Rate of compliance with ROHM's standards	FY2023		Actions taken
		Number of companies	Rate	
A	70% or higher	1,115	87.7%	—
B・C	Less than 70%	16	1.3%	<ul style="list-style-type: none"> <li>Confirm results of suppliers' environmental management system self-assessments and understand the status and issues of suppliers, beginning with low-scoring items</li> <li>Send requests for improvement to suppliers</li> </ul>
Correction requested		9	0.7%	Provide support for improvements to raise suppliers' environmental management system self-assessments to 40% or higher
No response		131	10.3%	—
Total		1,271	100%	—



Briefing materials for suppliers (excerpt)

### Enforcement of Fair Transactions

Our "ROHM Group Business Conduct Guidelines,"\* our rules of ethics for the conduct of business activities, call for fair and equal transactions. To ensure fair and ethical transactions with suppliers, we have established mechanisms for the prevention

### Declaration of Partnership Building

In January 2021, ROHM put forth a "Declaration of Partnership Building." This declaration is a mechanism created by the "Council for Promotion of Partnership Building to Open Up the Future," a group comprising the Chairman of the Japan Business Federation (Keidanren), the Chairman of the Japan Chamber of Commerce and Industry, the President of the Japanese Trade Union Confederation (RENGO), and relevant government Ministers. It aims to build new partnerships by promoting collaboration, co-existence,

### Education on Proper Business Transactions

We must build and maintain sound relationships with suppliers to engage in fair business transactions, never forgetting that every employee of ours is part of the "face of ROHM." Engaging in transactions based on proper pricing requires that employees have an understanding of Japan's "Act against Delay in Payment of Subcontract Proceeds, etc. to

### Promotion of the Fair Trade Program

To prevent the occurrence of collusion between procurement division members and specific suppliers, we rotate members among areas of responsibility every 60 months or less, and have established mechanisms to maintain fair and impartial procurement activities. Under our fair trade program, once a year we also conduct ESG-based education on topics such

of embezzlement, bribery, and other acts of corruption, and make these known to employees through education.

ROHM Group Business Conduct Guidelines  
<https://www.rohm.com/company/about/rohm-group-business-conduct-guidelines>

and co-prosperity with business operators to create value in supply chains.



Declaration of Partnership Building (Japanese)  
[https://www.biz-partnership.jp/declaration/937-05-20-kyoto.pdf?\\_fsi=b4BDSEip](https://www.biz-partnership.jp/declaration/937-05-20-kyoto.pdf?_fsi=b4BDSEip)

Subcontractors" and "Act on the Promotion of Subcontracting Small and Medium-sized Enterprises." ROHM conducts e-learning on proper transactions to ensure that employees have a deep understanding of laws and standards and are able to comply with these when engaging in transactions.

as fair and equal procurement activities, fair selection of suppliers, and CSR procurement.

#### Number of Participants in Fair Trade Program

FY	2021	2022	2023
Procurement division members	55	57	58

### Challenges for the Future

#### Contributing to becoming a major global player from the perspective of supply chain management

As a leader overseeing our import and export work, I am in charge of legal and regulatory management in importing and exporting, selection of appropriate logistics firms, logistics reforms aimed at reducing costs, and control of logistics BCP. The construction and management of logistics systems in the supply chain is vital to maintaining product quality, cutting costs, and responding quickly to market fluctuations. By completing the overall construction of logistics processes within the company, ROHM contributes to the enhancement of customer satisfaction and the strengthening of long-term competitiveness.

As an example of logistics efficiency improvement, we worked with related divisions to reform transportation. Due to the local system, there were routes that did not allow direct delivery from our overseas manufacturing sites to sales companies in the same country, resulting in a detour of re-importing products through other countries. To solve this problem, we collaborated with local sales companies, factories, sales, manufacturing and systems divisions to thoroughly review operations, and comply with laws, regulations and commercial distribution. As a result, we were able to shorten transportation lead times and reduce logistics costs.

We will continue to go beyond existing work frameworks to propose and carry out multi-faceted logistics reforms from the perspective of supply chain management, and strengthen its supply system, helping ROHM become a major global player.



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