

## Outside Directors' Roundtable Discussion

### The role of the Board of Directors in further strengthening the resilience of management



**Keita Nakagawa**  
Member of the Board,  
Audit and Supervisory  
Committee Member (Full-time)



**Tadanobu Nagumo**  
Outside Director,  
Member of the Board,  
Chairperson of the Board



**Peter Kenevan**  
Outside Director,  
Member of the Board



**Tomoyuki Ono**  
Outside Director,  
Member of the Board,  
Audit and Supervisory Committee Member

### What are your thoughts on the operation of ROHM's Board of Directors?

**Nagumo** ROHM's President had always served as the Chairperson of the Board of Directors, but in FY2024 I was appointed Chairperson. After working as President, Chairman & CEO and Chairman of the Board of The Yokohama Rubber Co., Ltd., since 2021 I've served as an Outside Director of ROHM. I hope to draw on my experience to make discussions at meetings more active than ever. Needless to say, the Board of Directors is the highest decision-making body of the company, and matters decided here hold great significance. As every Director bears the role of considering how to enhance the value of the company, as Chairperson I want to make sure that Directors can express various opinions without hesitation.

ROHM's Board of Directors has engaged in very open and free discussions, and President Matsumoto has provided attentive support. However, talk should not be so overly free that meetings become simple panel discussions. I want to make Board meetings a venue where all can express constructive opinions while taking clear positions for and against

propositions. Although we've operated without problems so far, at times I think that the Board of Directors' agenda could cover a wider range aimed at increasing the value of the company. From here on out, I think that the Board needs to hold in-depth discussions on a variety of issues, including human capital management and ESG initiatives.

**Kenevan** For 25 years at McKinsey & Company, I've closely watched a variety of industries, including semiconductors. I agree fully with what Mr. Nagumo said. Wide-ranging communication takes place within the Board of Directors, with active discussions from the standpoint of diverse stakeholders. In this tough market phase, though, if increasing shareholder value is our primary task, I feel that we should deepen discussions from shareholders' perspectives. In other words, I believe that we should deepen our discussions on return on investment and ROIC.

**Nakagawa** I've worked for financial institutions for many

years. With respect to the Board of Directors, I believe that the matching degree between what the company is thinking and the Board's actual agenda items is important. At the same time, as the company grows in size and aims to become a major global player, the content of agenda items will become more complex.

To date, ROHM's Board of Directors has engaged in decision-making and formulation of measures, but we need to advance this further and make the Board a venue for discussing our vision for the future. I think we should discuss the directions in which we will proceed, such as whether to create a monitoring-type Board of Directors or whether to

make decisions on individual issues at hand as we do now.

**Ono** Under Mr. Nagumo as Chairperson, I feel that discussions by the Board of Directors have become organized, and the environment has become one in which President Matsumoto can actively provide explanations, leading to the further deepening of deliberations. As a Certified Public Accountant and an Audit and Supervisory Committee Member, I have a lot of opportunities to visit ROHM sites. I'm grateful that I'm able to speak freely about my impressions and points of concern gained on these visits in Board of Directors meetings.

### What sort of discussions take place with regard to human capital strategy?

**Kenevan** The quality of ROHM's human resources seems very high to me. However, maintaining that quality while creating diversity in gender, country, age, and so on is difficult. ROHM's intent to make skillful use of diverse human resources comes through in meetings, and there are Directors

working to pull the company in that direction, mainly Directors specializing in global HR. Carrying this out at all levels of employees and systematizing it, though, are not tasks that we can achieve in just a month or two. Building that culture is a major issue to be tackled over the course of five or ten years.

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**Nakagawa** I feel that as ROHM is a company that has placed importance on quality, the quality of its human resources is accordingly high, as Mr. Kenevan noted. However – and these are matters faced by all companies – when I visit sites as part of auditing, there are concerns over intergenerational bias, passing on skills to the next generation, and outflows of human resources. Amid the changing age structure of employees and business environment, and questions over the vision for human resources, I believe ROHM is now in a transitional period of transforming its corporate culture. I agree that even if it takes five or ten years, we should discuss how we can mesh gears organically to create a new culture.

**Ono** Human resource strategy has to be linked to management strategy. However, looking back on the year since I became an Outside Director, discussions by the Board of Directors has been led by management strategy, with human resource strategy lagging behind and the two not necessarily linked together. Specifically, I've felt that there has been lot of weight on discussions concerning human resources needed to support large investments in SiC power devices, and that

discussions on how to develop human resources throughout ROHM as a whole have been somewhat lacking. Since its founding, ROHM has built up a corporate culture that values human resources, and all Directors have a strong awareness of the importance of human resource development. Looking ahead, I intend to pay close attention to whether human resource strategy and management strategy are meshing well.

**Nagumo** As stated in the expression "a company is its people," how to draw out employees' motivation is important. One could say that human resources is everything for a company. What concerns me is that the Board of Directors doesn't have a view of whether human resources in every department are sufficient for achieving our financial and non-financial goals. Regarding what Mr. Ono noted, I understand that human resources are needed in SiC power devices, but there are questions of whether our human capital is really sufficient in non-financial areas, how we should develop those human resources, and how we should build a reward structure that affects motivation. The Board of Directors will discuss what needs to be strengthened in a world of human resource shortages.

### Tell us about the next generation of leaders required by ROHM.

**Nakagawa** I feel that ROHM has ended an era of strong leadership under its founder, and the organizational culture is now at a turning point. What's needed under these circumstances are leaders who can take the initiative in moving the organization, who can communicate smoothly inside and outside the company, at home and abroad, and who engage in work with enjoyment. I think people will follow such leaders. What ROHM needs from here on out is someone who at times stands at the head of the Group to pull other runners along, and at times runs at the rear to consider overall placement and pace of runners, someone who has the capabilities for communication and coordination while running alongside others.

As succession planning is not a simple thing, it will be necessary to develop such leaders from among multiple personnel tracks not only within the company but also outside, taking a long-term view.

**Ono** I don't think that ROHM's vision for leaders will fundamentally change. ROHM has a Company Mission and a Basic Management Policy that were established when the company was founded. Both of these are very specific and

universal. I like the expression *fueki ryūkō* (valuing the unchanging essence while incorporating new things in line with the times). I think that ROHM requires its leaders to make the company's founding philosophy their own philosophy, instill this in employees using the leaders' own words, and put it into practice as appropriate to the times and the region. Toward that end, too, the communication skills that Mr. Nakagawa speaks of are necessary. ROHM's Basic Management Policy calls on the company to "Secure reasonable profit through a concerted company-wide effort for a comprehensive quality assurance program." If all employees affirm the significance of this and make it their foundation, our focus will not waver. In this era of dramatically changing environments, I believe that a leader providing solid focus will enhance the company's resilience.

**Nagumo** In my experience, too, remaining steady is important. Currently, there's talk of things like shareholder value management, but if asked who a company exists for, I think it's for the employees. If a company takes care of its employees, including in the distribution of profit, and thereby improves itself, that will in turn benefit

shareholders. With this conviction in mind, I continued making intranet blog posts once or twice a week during my 15 years as the President and Chairperson heading Yokohama Rubber. If what a leader says upon taking office as president differs from what the leader says later, people will not follow. Communication skills are indeed important, and I think that people who lack those skills or who just conform to the group aren't qualified to be leaders.

**Kenevan** While remaining steady, one has to avoid "stubborn management" in the wrong way. What we should return to is ROHM's DNA. It's because we don't waver from our founding spirit that we're able to compromise (find middle ground) and make decisions rationally. Also, the coming era

will not be one of "life equals work." Looking at ROHM's management team, I can't entirely escape the impression that ROHM is everything in their lives. ROHM's DNA is all very beautiful and good, but developing the next generation of leaders will call for change. At McKinsey where I worked, we had the expression "More than a career. Less than a life." This means that work was not merely for the purpose of a career, but also for a mission or purpose. For outstanding talent today, this is not a simple matter of work-life balance; it's about moving forward with a balance among work, time with beloved family, and a life lived as a human being. This balance is a point that I'd like to emphasize in our next-generation leaders.

### What challenges lie ahead in becoming a major global player?

**Nagumo** We can't deny that ROHM is now in a very difficult situation, including in terms of evaluation by the market. There was a time when selling and profiting were givens in the semiconductor industry, but the situation is now reversed. ROHM is a technology company, and I thought its technology was the best in the world, but is that really the case? We need to create more businesses that have competitive technology. ROHM's sense of urgency can be seen in the discontinuation of the CxO system and switch to a business unit system in 2024. This was decided based on the need to move quickly and regain our footing with a priority on businesses, things on which all Directors agreed. In Board meetings, we intend to continue discussing how to tackle things under the new structure.

**Kenevan** I'm of the same mind as Mr. Nagumo, that while the semiconductor industry is going through a tough time, we must not give up our technology. This could be said for Japanese companies overall, but if

we're going to aim to be a major global player, we must have a greater sense of urgency and heighten our "hungry" spirit. As the semiconductor industry is a world where scale particularly matters, in the future we'll also have to gain strength through scale. Whether that's through M&A or major investments, it's my impression that business is progressing along

its current path at present, without a goal in sight. What we need to do instead is watch the movements of the market and our competitors, draw up a "winning pattern" for what market share we should have in what product groups and at what business scale in order to win, and then calculate backwards from that to discuss how we can fill the gap between that ideal and our current situation. The situation is the same for all Japanese companies, and as a five- or ten-year span is too slow, I want ROHM to take the lead and show a way to win. I think we should start moving forward with this as an exercise, taking the thoughts of investors into account.

**Nakagawa** As an Audit and Supervisory Committee Member, I should be looking at this coolly, but when ROHM decides to do something, its speed, power, and focus are amazing. In the financial industry where I worked, quick action isn't readily seen and I felt frustrated at times, but at ROHM we all run together at once. As I've said repeatedly, though, we're now in a transitional period and I feel that a lot of things aren't meshing. ROHM's unique sources of power, such as healthy curiosity, are things that can't be imitated by just any company. If we make use of our corporate culture, if we create systems that let people join hands and closely mesh to move forward, and if we have the leadership to carry this out, I think we can fully adjust to being a major global player.

**Ono** As Intel founder and CEO Andrew Grove wrote in *Only the Paranoid Survive*, it's not possible to survive in



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the semiconductor industry without piling up worry upon worry. ROHM, which in the past had abundant funds under debt-free management, is now undertaking a lot of debt and investing to step out globally, so a change of mindset became necessary. However, this switch in mindset hasn't kept up, and our sense of urgency may not be enough. But if the company were to suddenly experience that sense of urgency to an excessive degree, it could be misunderstood,

and could result in the loss of talented human resources or a halt to new human resources coming in. I think we instead have to have a healthy sense of urgency if we're to survive. A lot of our Directors have engineering backgrounds and confidence in the company's technologies, but I think that all departments throughout the company need to share a healthy sense of urgency. I intend to join the efforts to reform awareness.

### What role should the Board of Directors shoulder in achieving ROHM's vision for 30 or 50 years ahead?

**Ono** Becoming a major global player is a milestone, not a goal. Since its founding, ROHM has held to a mission of being a profitable company that always provides components of outstanding value to end product manufacturers. Even 30 or 50 years from now, we should forge ahead with this mission as our never-ending challenge. To expand our scale of business and repeatedly develop new products, become a major global player in FY2030, and continue achieving our mission, we need to restructure our business portfolio. We must also discuss where in the portfolio to incorporate new products developed in the future, and develop human resources accordingly. I think the Board of Directors has a role in discussing how to bring management strategy and human resource strategy together, while collecting information on the matter.

**Nakagawa** As Mr. Ono said, we must not deviate from our Company Mission of always making quality our top priority and consistently supplying good products in large volumes to the global market. ROHM began with the invention of compact resistors and has developed various products since, but in the future, what to select as "good products" will be an issue. ROHM exists right in the midst of a society that is undergoing increasing electrification, which is fortunately not a field in decline. In line with the advancement of technology, I want the company to become a leader in the industry, through momentum that catches up to and overtakes others. I believe that in achieving this, the Board of Directors should serve as a place for deciding things as well as a place for holding discussions to draw up a vision for new things we might be able to do. We should explore directions for the ideas that employees on site want to make concrete, and move them toward commercialization through authority and capital. As an example of this, it would be good for Board of Directors meetings to serve as a venue for young researchers to make presentations and ask "I'm making something like this; what do you think?" or for Directors to ask "Do we have a product that could compete for first or second place in this field?" A Board of Directors that

only holds discussions from prepared materials won't get ahead of the major global players.

**Kenevan** To borrow Mr. Nagumo's words, for a company to continue winning, it's important for not only managers but also the company to "remain steady." Regarding the term "major global player," depending on the field of competition, there may be huge companies, as well as companies that are majors in that particular field. Amid this environment, a company has to have a unique presence in terms of its technology, business models, customers, company scale, human resources, and so on. ROHM is a household name for small signal devices, but if we don't have a reason for existing that is well known both inside and outside the company and that feels natural to all, we'll eventually be replaced. Management in each business unit creates action plans aimed at achieving this vision, but I think the Board of Directors bears the role of making sure that the plans are given appropriate resources and are carried out, and are also utilized with strong motivation by teams. That's the sort of Board of Directors that I want to create.

**Nagumo** Earlier there was mention of communication, something that's important within the company as well as with parties outside the company. After around FY2030, our target year for becoming a major global player, we'll need executives who have the ability to communicate with other companies, including whatever companies we partner with in business. We may come to a phase when we expand this further, for example seeking lateral connections with Japanese companies overall to avoid losing to some world-class company. Even if this lies decades ahead, I think it would be good if the Board of Directors can offer proposals along these lines. First, though, if ROHM itself doesn't become stronger, we won't be able to convince other companies to get on board. With such a long-term vision in mind, the Board of Directors should discuss what sort of company ROHM should become in Japan.

## Messages from New Directors

### Communicating within the company and with customers based on years of sales experience, I will promote the development of products that can be sold worldwide

I've worked for many years in the sales division, obtaining accurate information from various customers faster than any competitor, quickly communicating the information within the company, and driving value-added product development. I've focused on sales closely aligned with customers and markets. It's my sense that ROHM's Board of Directors engages in broad and open exchanges of ideas together with Outside Directors. I look forward to actively commenting from a standpoint based on my sales experience.

ROHM has set a goal of becoming a major global player by FY2030. To achieve this, I think what's needed above all is closing the distance between workplaces and top management, as well as speedily carrying out product development in line with the market, including applications. We have to accurately recognize what we should develop in what fields, how to do so, and what we lack in doing so. Everyone involved needs to strive together toward the same goals.

Natural communication of this sort lessened under the COVID-19 pandemic. It's difficult to speak real feelings and to understand people's character in web conferencing, where information is only half conveyed. I personally want to engage in communication actively, globally, and without boundaries, both within the company and with customers, and from there, advance the development of products that we can sell worldwide as ONE ROHM.



**Tetsuo Aoki**  
Member of the Board, Senior Corporate Officer, in charge of Sales and Marketing

After joining ROHM in 1991, Tetsuo Aoki oversaw direct sales in the Japanese market for 29 years. He has served as the Group General Manager of Sales to Japanese customers in Asia, Director of the East Japan Sales Headquarters, and the Director of System Solutions Engineering Headquarters and in charge of Sales Management. He has served as a Corporate Officer since 2019. In his work, he has overseen domestic and overseas sales organizations, advanced cross-functional organizational reforms, and promoted global marketing and sales strategies through the maximization of resources.

### Tackling management issues to balance the expansion of corporate scale and the reduction of environmental impacts, and helping enhance corporate value

My impression of the Board of Directors under the leadership of Mr. Nagumo, the Chairperson, is that it hosts active, unrestrained discussions. The company also ensures that Outside Directors have access to various meetings, including the Executive Meeting, and actively provides us with information necessary to enhance the quality of discussions. The company also sets venues for discussion and exchanges of ideas with the executive side in line with individual Directors' professional areas. I believe that Outside Directors must perform monitoring of whether any points are overlooked in strategy and, through KPIs and other means, whether strategies for achieving goals are being steadily carried out, while also determining whether risk-taking is appropriate and offering counsel.

In order for ROHM to achieve the status of a major global player in FY2030, how it can balance the expansion of its company scale with the reduction of environmental impacts, and how it can enrich human resources and demonstrate its potential value, will be vital management issues. The company must also further evolve its diversity-related initiatives and communicate, in a simple manner, ways in which ROHM's strengths are leveraged to contribute to solving environmental issues. It's possible to create a virtuous circle by which the company actively undertakes information disclosure to investors and, while taking in constructive comments, further enhances its corporate value. I intend to fulfill my responsibilities as an Outside Director to aid such initiatives.



**Aiko Kozaki**  
Outside Director, Member of the Board

After gaining hands-on work experience at Nomura Asset Management Co., Ltd., Aiko Kozaki spent eight years at The Japan Research Institute, Limited, supporting financial institutions' development of ESG investment strategies and products. From 2020 to 2022, she worked at the Strategy Development and Management Bureau of the Financial Services Agency, where she was involved in the launch of a sustainable finance team and the formulation of policies. Since 2015, she has taken part in start-up companies and has supported career development for over 100 people, primarily women.